

# Scientists to Putin: Russian Infrastructure Needs Investment Now!

by Rachel Douglas

On the eve of Vladimir Putin's April 3 Presidential Message on the state of the Russian Federation (*EIR*, April 13), Russian scientists from several fields confronted him with reports on the dire need for investment in essential sectors of the economy. Not only the world financial collapse and strategic instability, but also the physical exhaustion of Russia's productive capacities and infrastructure, are constraints that require the Russian President to shift from neo-liberal formulas towards economic dirigism, if Russia is to be the "strong state" Putin desires.

President Putin has warned that the benefits accruing to Russia, as a petroleum-exporting nation, from high world oil prices are "conjunctural" and cannot be relied upon to continue. One of the reports he received in March, made clear that neither may the availability of Russian petroleum resources, for export or other purposes, be taken for granted.

On March 30, the government daily *Rossiyskaya Gazeta* wrote about the exhaustion of the "easy oil" from the West Siberian fields. The warning of Viktor Orlov, president of the Russian Geological Society, was quoted: that industry, if it begins to revive, will suddenly need more raw materials, but the necessary investment to make them available has not taken place. "During the past ten years," Orlov said, "we have used up what was already discovered. These reserves will allow us to hold on for maybe another ten years, but not at increased rates of extraction." It would take 100 million tons of oil per year to compensate for the decline of West Siberian production, but already-developed areas like Nenets Autonomous District, the Komi Republic, and East Siberia can account for no more than 60 million tons, combined. "Only the offshore fields in the Far East and the northern seas are equal to West Siberia," said Orlov. "They should have begun to be exploited ten or fifteen years ago. The Soviet Union did not do this, so Russia should. But, without strict state regulation, this is impossible." He elaborated specific investment incentives that could be used.

## Electricity Grid Strained

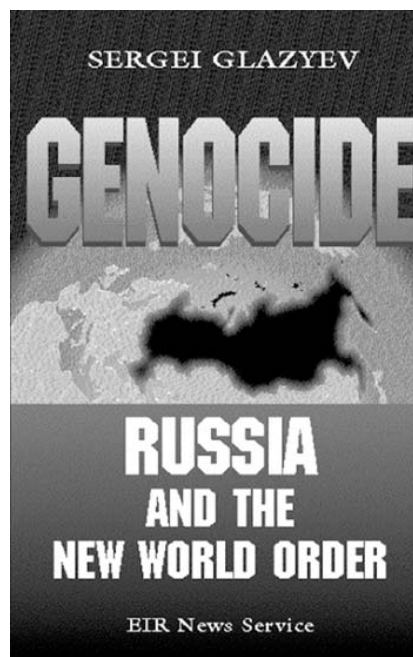
On March 29, the leadership of the Russian Academy of Sciences department for power engineering appealed to the

President at a special press conference, on the topic of the "pre-crisis state of the national economy," portending a severe shortfall of generating capacity within two years. Academician Oleg Favorsky, Academy Secretary of the Power Engineering Section, was joined by Academician Alexander Sheindlin and Academician Yevgeni Velikhov, the senior nuclear physicist.

Academician Favorsky laid out a stark picture: "The country's energy sector was developed in the 1960s and 1970s." By and large, Russia is still using steam turbines, the efficiency rates of which are around 25%, as against 40-42% for modern gas turbines. "In the last decade and a half, this part of the power industry has not been modernized. . . . Russia did manufacture gas turbines 30 years ago. The Leningrad Metal Works made very good gas turbines. It was the first plant to have made 100,000 kilowatt turbines. These were the first such powerful turbines in the world, but then everything disappeared. This potential was not used. It was not developed. . . . If we don't take giant steps to modernize our power industry, we will not only fail to carry out development programs in the country, but we will also fail to provide the country with electrical power, if there is even a slight increase in power consumption by growing industry."

## Hope Is Nuclear Power

The existing capacities, said Favorsky, are 30- or 40-year-old plants, and "equipment cannot work forever." The Academician faulted the government for "washing its hands of the matter," while the national utility company UES's various schemes for attracting investment through sales of some of



*The consequences of the unbridled international looting of Russia's human and natural resources under the 1990's "privatization" policies, were laid out in this 1999 book of State Duma economist Sergei Glazьев. Glazьев's policies are now among the most important being debated in Putin's cabinet.*

its assets, make insufficient provision for “concrete financial support or modernization of the power plants.”

Academician Velikhov called for urgent implementation of plans to develop the nuclear power industry, which requires not only investment, “but various types of government assistance, including supporting legislation.”

On March 30, the first generator of the Rostov Nuclear Plant, in southern Russia, came on line. Begun in the Soviet Union, and then delayed for years, Rostov is the first new nuclear power plant to go into operation in over a decade. For the first time in an even longer period, construction recently began on a new nuclear power plant in Russia. In January, the government announced plans to build 40 new reactors by 2020.

### **Rail and Rivers**

On March 30, a key link in the biggest infrastructure project to be prioritized so far—first, by the Yevgeni Primakov government in 1998, and now under Putin—was completed. The company BAMtonnelstroy completed construction of the longest tunnel in the former U.S.S.R., the 15.4 kilometer Severomuysk Tunnel of the Baikal-Amur Mainline (BAM). Begun in 1977, the tunnel languished with 2 km to go, from 1991 until Primakov’s decision to finish it. Replacing a 52 km circumvention railroad that crossed a dangerous, 50-meter-high bridge and required extra locomotives for climbing mountains, the Severomuysk Tunnel cheapens BAM travel by a factor of four. Railway Ministry specialists plan for BAM to be a main freight line from Russia’s Far East to Europe, leaving the more southerly Trans-Siberian Railroad for passenger traffic and containerized freight.

It may also be, that in the course of carrying out President Putin’s policy commitment to upgrade economic cooperation within the Eurasian Economic Community (Russian, Belarus, and three Central Asian Republics), one of the great infrastructure blueprints of the Soviet period will come off the shelf. The Moscow daily *Nezavisimaya Gazeta* reported on March 22 from Tashkent, that Uzbekistan’s President Islam Karimov will ask Putin to revive the scheme of turning part of the flow of Siberia’s great rivers southwards, for purposes of developing Central Asia. Karimov comes to Moscow in April.

The Siberian rivers project was shelved by Mikhail Gorbachov’s Soviet regime. It was advocated in January 1994 by then-Chairman of the Russian State Committee on Water Resources, Mikheyev, during discussions about the drying up of the Aral Sea. Today Mikheyev’s committee no longer exists, but the initiative is coming from Uzbekistan—a nation stricken with drought, as is all Central Asia. *Nezavisimaya* reports on the desperate situation of agriculture in Uzbekistan, where the Amu-Darya River (historically the Oxus, flowing into the Aral Sea) has been depleted, and where the drought weather patterns are continuing.

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## Report from Macedonia

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# ‘LaRouche: A Story of Knowledge And Courage’

by Umberto Pascali

A small pamphlet carrying this title is circulating these days in Skopje, Macedonia. Copies have been passed from hand to hand and, according to sources, “digested” cover-to-cover by many readers, especially young people. In early April, in the middle of the Macedonian mobilization against the Kosovo Liberation Army (KLA) armed aggression, when it seemed to many that Macedonia was going to be split apart, the “story of knowledge and courage” surfaced again, becoming for example, the focus of a debate broadcast by Macedonian Radio.

Macedonia having been one of the main casualties of “balkanization” since before such expression entered the political dictionary, and having been treated by the big oligarchic powers as disposable, Macedonians have become painfully aware of the need to “understand the world.” Recently a Macedonian observer told *EIR* that “more and more people here, also in the elite, are beginning to understand that if we want to save our countries from the disaster, we have to do the impossible. We have to contribute in some way, to change the international strategic geometry. Thus the interest in LaRouche—someone who challenged the oligarchic establishment using both his intellectual power and his courage.”

The pamphlet includes such chapters as, “LaRouche: Who Is This Guy?” and “British Geopoliticians Lead the World to a New Barbarism”; “The IMF Destruction of Eastern Europe”; and, “Britain Is Exploding the Middle East.”

### **Igniting the Balkans Hot Spots**

Although Macedonia succeeded in escaping the first destabilizing assault, and did not become the trigger point for the “Clash of Civilizations,” the present relative calm is only momentary. The operation unchained against the small Balkan country in February/March was not an isolated one. In addition to attempts to activate super-radical groups within the ethnic Albanian communities in Montenegro and northern Greece, the KLA also got a green light for a simultaneous military assault against Serbia.

Also, provocative ultimata were delivered to Croatia, Yugoslavia, and Bosnia to give up the indicted individuals to the War Crimes Tribunal in The Hague, often while ignoring the country’s laws. The Tribunal’s prosecutor Carla del Ponte of