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NTV's Last Stand (or How Russia Learned to Stop Worrying and Love President Putin)

By Gregory Feifer

APRIL 2001

MOSCOW—Yevgeny Kiselyov retreated from the crowded reception room in front of his office and strode down a long hallway. He turned into an empty news editor's room and sat down behind one of several desks, glaring over his half-glasses. The mustachioed, immaculately-coiffed general director of NTV television took a lengthy, debonair drag on his cigarette and began to issue commands to a stream of people who'd followed him into the cramped room. "We go back to the normal logo tomorrow!" he announced to no one in particular, glancing at one of the three television screens broadcasting NTV feed. "What are the latest figures?" he asked. The channel's imposing chief had just returned from a rally outside the entrance to the Ostankino TV complex building held in support of NTV. The event had been organized by the Union of Journalists and drew about 25,000 Muscovites, according to the "latest figures" tallied by the liberal Yabloko Party.

Kiselyov—Russia's highest-profile journalist, whose Sunday-night news analysis program, "Itogi," has long been a political event in itself—was at the center of one of the biggest storms to have hit Russia in the past ten years. NTV, the country's only independent national television station, was under siege by shareholders acting on behalf of a state-controlled company. Its moves, critics



Crowds outside the gates of the Ostankino television complex, where NTV has its studio, daily protested NTV's takeover.

said, were dictated by a government that wanted the station shut down for its negative coverage of official policy. Meanwhile, down the hall in Kiselyov's own and very large and modern-looking corner office, a collective of some of Moscow's most prominent journalists drank and smoked and laughed while NTV journalists, editors and technicians hustled in and out. Liudmilla Novodvorskaya, a liberal iconoclast politician, sat behind a secretary's desk in the reception room of Kiselyov's office, waiting to air her own criticisms in front of a camera. The telephone rang; she answered. "NTV!" rasped her heroically hoarse voice as she looked around the room through Coke-bottle glasses for appreciation. The atmosphere was jovial, but it failed to mask a gloomy sense of impending defeat.

Yuri Kobaladze, a giant, bald-headed former KGB spymaster and Tass news agency deputy director, arrived, come to offer Kiselyov support in conspiratorial tones. He smiled his customary big grin—even at NTV technicians and the pathetic-looking foreign journalists bashfully hanging around, waiting to speak to Kiselyov. His booming, baritone, Georgian-accented voice projected down the linoleum-floored hallways. Ironically, Kobaladze is now managing director of Renaissance Capital, the investment bank founded by one Boris Jordan, a 34-year-old American banker who was helping spearhead the government efforts to take over NTV. (No one said business and politics in Russia are easy to work out.) A number of other television personalities were also at NTV, knocking back Cuba libres and griping at the enemy, Gazprom Media, a subsidiary of the Gazprom natural gas monopoly, which holds 46 percent of the stock in NTV's parent company, Media Most. Gazprom Media is also a large Media Most creditor. The gas company says it doesn't want to stifle free speech; that it's simply interested in recovering over a billion dollars of its own money invested in the television station.

Media trackers had been expecting the crisis for over a year. The standoff had been dragging on even longer, but the war began in earnest several days before NTV's rally, when, on April 3, the channel was subject to a hostile takeover attempt by Gazprom. The natural gas behemoth called a shareholders' meeting to appoint a new board and new management for NTV headed by Jordan, the American banker who made his reputation—and many millions of dollars—during Russia's first big privatization wave in the 1990s. Meanwhile, NTV's founder and Media Most chief, the even more notorious Vladimir Gusinsky, sat powerless in Spain awaiting the outcome of an extradition hearing that could have sent him back to Moscow to face criminal charges he says were politically motivated.

"This is not a financial affair," NTV

general director Kiselyov told me the afternoon of the channel's rally on April 7. "There's no doubt about that. This is a hostile takeover by the government. It wants to nationalize the channel because it criticizes the government and asks questions. 'Who is Mr. Putin?' for example. Other channels have the answer to that. It's prepared for them in the Kremlin. Putin is a national hero, a genius. But those channels are brainwashing the country."

Following Gazprom Media's shareholders' meeting, most NTV journalists refused to submit to their new managers. Calling the meeting illegal and the new directors illegitimate, the journalists holed up in their studio and continued broadcasting, appealing to their viewers and the country's politicians to support them. They had been let down by the legal system: two federal courts had ruled in favor of banning Gazprom's meeting—only to announce a day later that they had overturned their own decisions. The legislative system had also abdicated responsibility: both upper and lower houses of parliament voted against even bringing the topic to the floor for discussion. Meanwhile, the Kremlin remained silent.

In the balance hung the fate of the only television station to have aired reports critical of the Kremlin, and especially of its war in Chechnya. NTV's reputation had suffered after having become involved in political catfights during a parliamentary election season in 1999 and refusing to contest optimistic government reports about the second Chechen war. But the station—which claimed more than 100 million regular viewers throughout Russia and other former Soviet republics—remained a thorn in the Kremlin's side nonetheless. On April 3, the day of Gazprom's onslaught, hundreds of prominent politicians, journalists and celebrities spoke up on behalf of the channel. Citizens came



NTV director Yevgeny Kiselyov was suddenly at the center of attention, spearheading the channel's efforts to remain independent.



Under Siege: The NTV flag propped outside a window on the eighth floor of the Ostankino

to the television studios to say they were angry at having to lose the one source of news they trusted. Regardless of one's feeling about the channel, there was no mistaking that it had come to symbolize freedom of speech in Russia, and that Gazprom was acting on the Kremlin's behalf to bring NTV under its control. As days passed without resolution, it became clear the Kremlin was either afraid of saying anything, or, more ominously, was waiting to find out just how much it could get away with. Maintaining a Kafkaesque silence, Russia's authorities seemed to be turning their backs on public opinion once and for all. Openness, so crucial to the functioning of democracy—so new and precious and fragile in Russia—was being slowly smothered once again. This was a return to Soviet-style intimidation. It was clear that a crucial boundary was being crossed and that the country wouldn't be the same afterward.

Word and Deed

The showdown began at midday on April 3. At noon, President Vladimir Putin addressed both houses of parliament, reading a long-awaited state-of-the-nation speech that called for liberal economic reforms and warning that the economic growth of last year was already grinding to a halt.

"We should not be afraid of change," Putin said sternly, one week after having introduced his first major government changes since the end of the Yeltsin era (installing Sergei Ivanov—a former KGB spy and close ally and personal friend—as defense minister). Putin outlined judiciary, tax, currency and investment reforms. He also defended the right to private property and lashed out at government bureaucracy for slowing development. The speech laid a clear blueprint for reform applauded by all liberal quarters.

That night, CNN and BBC satellite channels carried images of a confident Putin. NTV, however, began its

nightly news with another item: Gazprom's attempted takeover, which had taken place almost simultaneously with the president's speech. Critics said Gazprom's actions, not the speech, represented Putin's real intentions—to resurrect a degree of Soviet-style political control over society.

NTV faced a powerful enemy. Gazprom is the world's largest gas company with an annual operating cash flow of \$5.3 billion. The monopoly accounts for around 7 percent of Russia's GDP and represents 25 percent of government revenues. With about 20 percent of the world's proven gas reserves under its control, it is Russia's biggest single hard-currency earner.

Over its usual logo in the bottom right-hand corner of the television screen, NTV superimposed a red circle with the word "protest" written across the symbol. The channel reported that its shareholder and creditor Gazprom Media had won the backing of a minority U.S. shareholder to oust Gusinsky and his associates from the board of directors and appoint new management. Jordan was installed in Kiselyov's spot as general director. Vladimir Kulistikov, a former NTV news director who left the channel to head the state-run RIA news agency last fall, was brought back to replace Kiselyov in his other post as chief editor (a position to which Kiselyov had been nominated days earlier by the channel's journalists).

NTV staffers refused to accept Gazprom's decision, saying the move was made illegally with the sole goal of establishing political control over the station. The journalists also complained about several specific oddities at the Gazprom meeting. Chief among them was that the NTV "coup" took place amid a number of contradictory court decisions. Most surprising was that courts in Moscow and the Volga River city of Saratov—where Media Most had hoped to find a less politically influenced court—had banned Gazprom's shareholders meeting only to reverse their decision the following day. The Saratov court changed its decision the very night before the meeting, boosting numerous accusations that the courts had been threatened. (Kiselyov even went to Gazprom's offices during the shareholders' meeting to present the Saratov court's ruling—only to be given a paper signed by the same judge backing out of his decision. The last-minute one-upmanship added to speculation of foul play.) Saratov lawyers were also shown on NTV saying that even if the judge had reneged his decision, it would take several days for the decision to take legal effect.

Another strange circumstance: At least formally, it was a minority shareholder, Capital Research Management, a U.S. mutual fund that bought 4.5 percent of NTV from Gusinsky in 1999, that made the difference at Gazprom's April 3 shareholders meeting. Capital Research had been seen as Gusinsky's ally in the battle with Gazprom. It is also part of a western consortium of potential investors in NTV, including CNN founder Ted Turner and financier



Besides the NTV, the Soviet-era Ostankino television complex also houses RTR and ORT television stations. During a standoff between President Boris Yeltsin and a nationalist parliament in 1993, an angry mob came here, shots were fired, and several people killed.

George Soros. (The consortium had been in talks with Media Most and Gazprom since January about buying shares in NTV and its sister companies.) Following the shareholders' meeting, Gazprom Media general director Alfred Kokh said Gazprom Media and Capital Research Management had come up with a quorum during the shareholders' meeting of 50.44 percent of NTV shares. Reports immediately surfaced that Capital Research had acted through a representative of the Bank of New York, who was to vote for the company by proxy. The bank denied the claim. Capital Research representatives later said they had abstained from voting altogether. That meant Gazprom Media would not have obtained a majority enabling it to oust Kiselyov and his team.

Gazprom Media brushed off the nagging questions about procedure, however, and moved to consolidate its position beginning by holding a news conference. Meanwhile, NTV journalists presented a statement expressing their determination to stick by Kiselyov at their own rally-like press conference outside the doors of the Ostankino television center north of the city center. The staff displayed a list of signatures and said about 300 out of the 410 people who worked in producing news programs had signed the statement. NTV journalists also said they expected no help from Putin. "We have no doubt that Vladimir Putin, as before, knows full well what is going on and is thus responsible for the consequences," the statement said.

"We are now witnessing how NTV is turning into something different: either an NTV with different people or a non-NTV," said one NTV journalist, adding that the "Czech option" wouldn't work in Russia because masses of people would never come out in support of NTV journalists. (Ear-

lier this year, employees of Czech state television went on strike to protest the appointment of a new head. The government backed down after thousands of people protested for days in central Prague. NTV supporters might have also mentioned that NTV differs from the Czech station in that it is a private company locked in what is ostensibly a business dispute. Parallels were drawn nonetheless.)

Gazprom Media Makes its Case

The same day, at its news conference following the shareholders' meeting, Gazprom Media chief Kokh—who had taken Gusinsky's place as NTV chairman—announced that Jordan, the U.S. investment banker, could provide skilled management that was necessary to "save" the company from looming debt-payment default. In a statement later ridiculed by NTV representatives, Jordan added that the decision would "make life easier" for Kiselyov by allowing him to concentrate on journalism instead of the business dispute. Jordan pledged his allegiance to the "independence and precision" of quality television, to which he said he has been accustomed since his childhood in the United States. He offered a slide presentation to illustrate NTV's present financial crisis and his plan to improve its finances. "There are two NTVs," Jordan said. "The journalists, about whom there are no questions, and the business, about which there are questions."

At the same briefing, Kulistikov, the newly appointed chief editor, said NTV had the country's best team of aggressive reporters but had "turned into something like a law firm, political party, public movement, etc., etc." Now the reporters, including Kiselyov, had a chance



Gazprom Media chief Alfred Kokh, the former privatization minister whom the gas company hired to take over NTV.

to "return to their immediate duties."

One reporter at the news conference likened Kokh, Jordan and Kulistikov to the "GKChP leaders," referring to the acronym describing the leaders of the attempted coup against Soviet President Mikhail Gorbachev in 1991. (Those plotters had also held a news conference after their attempted takeover during which some of them famously couldn't control their shaking hands.) Another journalist's question about Gazprom's failure to improve finances at its other media companies remained unanswered.

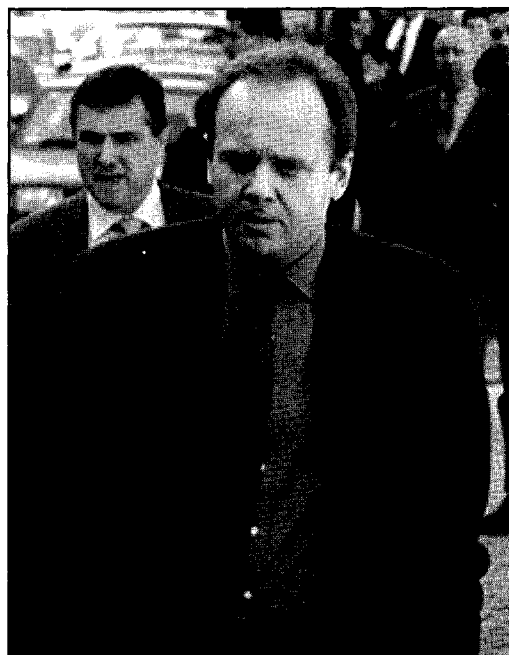
Those who believe Gazprom is simply interested in finances—and there are many—are adamant. "It's a question of being able to use the shares you own fairly and squarely," another partner of Jordan-founded Renaissance Capital investment bank told me shortly after the takeover attempt, speaking on condition of anonymity. "It's not an issue of free speech. I'm willing to bet you won't be able to tell the difference on NTV if Gazprom does take it over."

NTV supporters countered such arguments with the help of their own knowledge about the state of the country's media industry. Some went hoarse pointing to the fact that state-run television stations are in much worse financial shape than NTV. "Two weeks ago, Press Minister Mikhail Lesin announced he was postponing the payment of \$100 million owed the government by ORT [state-controlled television]," Kiselyov told me. "So is this really about finances or is Putin enhancing his own power at the cost of liberal reforms?"

A Chorus of Support

NTV broadcast its evening news that night with rows of journalists standing behind anchor Mikhail Osokin. Following the program, Kiselyov hosted a special edition of his "Itogi" political show, usually broadcast on Sundays. The topic of discussion was "Russia After NTV." Prominent journalists and political figures spoke out, often emotionally, in the channel's defense. If there had been any doubt about an outcry against NTV's looming fate, the two-hour show dispelled it.

Liberal Yabloko party leader Grigory Yavlinsky, who had recently emerged as one of NTV's most vocal supporters, reiterated the comparison of the attempted takeover of NTV to the country's failed 1991 coup d'état: "This is a kind of GKChP with the participation of foreign capital," he said. "Everything we have heard in the Kremlin today [Putin's state-of-the-nation address] has neither content nor sense. The real course [of the



Boris Jordan, the new NTV director, on his way to a news conference. Behind him is Vladimir Kulistikov, the former NTV chief editor who left to head a state news agency before being hired by Gazprom to help quash his former colleagues.

government] has been demonstrated here with NTV. The authorities are not interested in having independent mass media in Russia."

The evening's surprise comments came from former Soviet president Mikhail Gorbachev, who had recently created a council to help mediate the NTV dispute. Gorbachev, who has often lavished high praise on Putin and his poli-



A rally in central Pushkin Square organized by NTV on April 1—just ahead of the April 3 Gazprom Media shareholders' meeting—to help galvanize public support ahead of the final showdown.

cies, now spoke with a shaking voice. "The way the channel and its team is being dealt with is a challenge to the entire society, humiliating to all Russian citizens," he said.

Igor Yakovenko, head of the Union of Journalists, summed up the point most repeated: "I refuse to discuss the prospect of Russia without NTV... The liquidation of NTV would throw Russia back by decades."

Hunkering Down

NTV journalists remained in their studio overnight. A number of police vans were seen around the television center's perimeter late in the evening and there was talk of a violent eviction. However, nothing happened. NTV continued its news broadcasts through the night, suspending



NTV supporters at the Pushkin Square rally carrying NTV balloons and "I love NTV" flags.

all other programming. During the hour-long gaps between programs, NTV aired scenes of its empty news studio.

NTV's studios were housed on the eighth floor of the Soviet-era Ostankino television complex, from where a white flag with an NTV logo had been stuck out of a men's bathroom window in a symbol of protest that enjoyed several days of fame. The shoddy-looking rectangular building is also home to the country's other two national television stations, Russian television (RTR) and ORT, Russia's most-watched channel. RTR is state owned and run. ORT's majority shareholder, oil tycoon and State Duma deputy Roman Abramovich, recently bought his shares from his old colleague, the controversial oil and media magnate Boris Berezovsky, after a bitter dispute—and handed them over to the state. Across the street from the building looms the city's massive television tower, which caught fire and nearly toppled last summer. Ostankino has seen con-

troversy before. In 1993, when President Boris Yeltsin faced off against a rebellious nationalist parliament, angry mobs of protestors tried to storm the television center. Shots were fired and several people died.

The scene in early April was much calmer. About 30 mostly young protestors stood placidly outside the building's main gate. They tried several times to form the NTV logo—to be videotaped by cameras from NTV's windows upstairs—but failed. Police, no doubt with instructions not to cause any provocation that might lead to violence and embarrassment for the government, were unusually courteous. Eight stories up, more than fifteen cameras were pointed at the floor's elevator banks, awaiting the arrival of "Kokh-and-Jordan," the Gazprom Media chief and the newly appointed NTV director. Cameras had also

been set up in NTV's hallways and some offices, and in the dead time between news broadcasts, these were hooked up to live feeds that would presumably broadcast any attempt to take the station by force. In the meantime, television screens tuned in to NTV showed hallways clogged with people awaiting the confrontation. It was a surreal scene of reality-television—a channel reporting its own moment-by-moment goings on. But that was the only recourse open to the NTV staff; remaining on the air by dint of will was the last means of survival.

Russian and foreign journalists swamped the hallways, waylaying NTV correspondents for interviews. Jokes quickly spawned, some comparing Kokh and Jordan to the cartoon chipmunks "Chip and Dale." Despite the attempts at humor, however, the air grew tenser with expectation and uncertainty. At no time since the Soviet collapse in 1991 had members of

the liberal elite come so far toward coalescing to repel repressive government-sanctioned actions. But in 1991 things were looking up, the evil empire was crumbling. Now a new Russian government was once again building the mythology and machinery of state for a new regime. It was once again clamping down on any who stood in its way—in short, on most of society.

Meanwhile, the NTV news presenters and correspondents at the center of the hubbub were philosophical about the sudden precariousness in their professional lives. "We're working the same as before," said Tatyana Mitkova, one of the channel's anchors. A popular fixture on NTV, Mitkova's dark good looks have helped earn her celebrity status. She first made her name refusing to announce falsified reports as a newsreader in the final Soviet years. She wasn't appearing on television that day, but had come to support "the collective" as the group of over 300 staff had come to

be called. She had on a thick layer of makeup, sunglasses and fake python trousers. "If people come here in black masks and guns, then, of course, work would be more difficult," she added.

Up to that point, NTV's journalists had been solid in their support for general director Kiselyov and the decision not to talk to "the pretenders," Kokh and Jordan, or any of their representatives. Mitkova was the first to set off rumors that perhaps some of the journalists weren't above being bought off. "We don't know if the staff will talk to the new management," she said. (Mitkova and another prominent NTV journalist, Leonid Parfyonov, both resigned the following weekend, prompting accusations that the Kremlin's main strategy was to concentrate its efforts at buying off journalists to split the NTV collective.)

I asked if Mitkova attributed the channel's current situation to the period in 1996 when, in return for sweetheart privatization deals, the country's media magnates provided favorable coverage to a vastly unpopular Yeltsin ahead of presidential elections. It was then that Gusinsky said the Kremlin felt it had "bought" the country's national media once and for all. "The situation is different now," Mitkova replied. "In 1996, privatization was taking place. We were all hoping for something better. Now something like the opposite is taking place. The president has no choice but to intervene," she added, providing a refrain that had rung



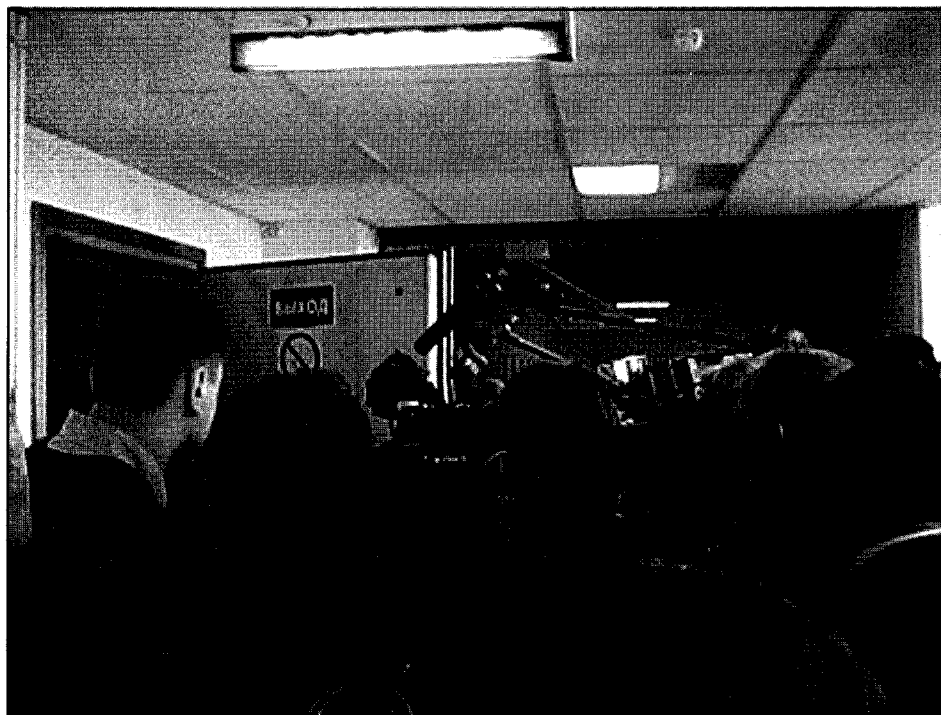
Choked pedestrian traffic during the NTV Pushkin Square rally.

out loudly from many of those defending NTV.

"Putin says a lot of things about democracy," said program director Grigory Krichevsky, editorial second-in-command after Kiselyov. Krichevsky is a tall, reedy, generally soft-spoken man. Now, a pair of sunglasses propped on his head day and night, he calmly set out NTV's position. "At the moment, the truth can't be much clearer. Gazprom is trying to take over the country's only independent television channel. Whoever organized [the shareholders' meeting] certainly gave him a great present [on the day of his state-of-the-nation address]. They appointed pretenders in an illegal meeting—and of course the president must have known about it."

Commenting about negotiations between media mogul Ted Turner and Gusinsky over Gusinsky's remaining shares of the company that might have ensured NTV's independence, Krichevsky said, "Gazprom says its only interest is to raise money. On those grounds, how could the company or the government be opposed to Turner's involvement? If Gazprom is interested only in money, why is it threatening NTV's journalists, its top asset?"

As cameras remained fixed on NTV's crowded corridors, Press Minister Mikhail Lesin issued a statement appealing to Kiselyov to meet Jordan.



Inside NTV's offices, reporters and cameramen crushed together to barrage each NTV journalist with questions about his or her opinion during the final standoff's opening salvos.

Kiselyov predictably refused. (Lesin, a former advertising mogul connected to a number of Yeltsin-era reformers, was reportedly instrumental in appointing Kokh at Gazprom Media. He also tried unsuccessfully in the past year to help Gazprom in its bid to take over NTV.) Kiselyov scoffed. "Who is Jordan that I must speak to him?" he asked, speaking by cell phone from his car to Echo Moscow Radio (also owned by Gusinsky's Media Most). Kiselyov was on his way to meet instead with Gorbachev's NTV council. The gathering lasted several hours. When he was back in the NTV hallways, reporters instantly swamped the NTV chief.

"The public council has resolved to fully back the position of NTV's journalists," Kiselyov announced after unsuccessfully trying to fend them off. That meant there really would be no talks with the "pretenders." Kiselyov added that Gorbachev wanted to meet with Putin to discuss the issue. "But we don't expect any results from such a meeting," he said, ducking into a bathroom to shake off more questions. I'd just entered the john myself, seconds earlier, and saw Kiselyov looking out of the window from where the NTV flag was flying. He shook his head at the hoi polloi below. Perhaps he was dismayed there were only about 30 supporters instead of 30,000.

Outside, the hallways by the elevator bank were taped up with telegrams of support from other media companies and regions. "No Trespassing" read one sign, fixed to a bulletin board adorned with numerous letters of support—including a message from the Moscow Zoo side by side with a letter of encouragement from outspoken Communist Duma Deputy Vassily Shandybin: "Don't give up! Of course, it's your own fault because you didn't fight against thieves well enough. But don't give up, nonetheless! Keep on fighting! I'm with you." Several members of the Yabloko Party also showed their support by having spent the night at NTV and announcing that they would continue patrolling the station in shifts 24 hours a day.

More letters were taped up as hours passed—but there was still no word from the Kremlin. By late afternoon, fatigue had set in. Bored journalists roamed the hallways dejectedly ignoring the cameras beaming their images around the country.

Those watching NTV at home were far from bored.



As the conflict began, NTV continued broadcasting its newsbulletins, but cut out all other programming.

"Everyone's watching NTV," Alexei Kondulukov, an NTV correspondent, told me as we leaned against a hallway wall. "The other channels are showing their favorite sitcoms, but we're getting all the attention. Advertisers are calling to buy more air time." Indeed, NTV's ratings had grown to a 41.6 share on April 4, the day after the Gazprom shareholders' meeting, compared to 15.5 for ORT and 17 for RTR.

"It's like 'reality television' in the United States," I ventured.

"Hey!" Kondulukov's eyes lit up. "Maybe we should have cameramen following correspondents around the hallways!" he said, then bolted off, mumbling something about wanting to talk about the idea with "Grishka" (Krichevsky, the news director).

Convoluting History

NTV's fate may have lately come to represent the state of press freedom in Russia, but that was far from the *status quo ante*.¹ The station's history involves tales of high-stakes treachery that reveal a lot about the country's post-Soviet politics. The story began in 1993, when Kiselyov stormed out of the studios of once-liberal Russian Television with his colleague Oleg Dobrodeyev. The two were disgruntled over the atmosphere at the state-run station, which had begun to curtail journalists' freedom in the wake of Yeltsin's conflict with parliament. The journalists soon sought a meeting with Gusinsky, a theater-director-turned-banker

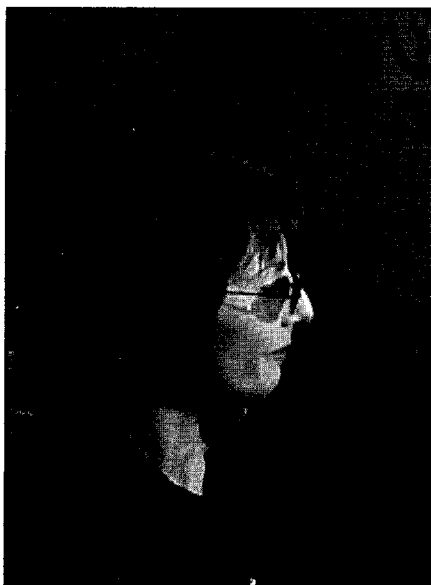
¹ It is widely believed that the "N" in NTV stands for *nezavisimaya* (independent). In fact the letter "N" was chosen according to a practice in Russian literature, where it was once common to refer to settings as "the town of N." (As in Lermontov's, *A Hero of Our Time* and Ilf and Petrov's, *The Twelve Chairs*.)

who had launched the liberal *Segodnya* newspaper the previous year. Gusinsky was apparently tickled by the idea of starting his own television station; he and Sergei Zverev, a Most Group executive, had been looking to start something bigger than *Segodnya*. Together with onetime-Dante scholar Igor Malashenko, the new collaborators set up NTV.

The group enlisted the help of Pavel Borodin, the powerful head of Kremlin household affairs—which controls billions of dollars worth of property—to help lobby government officials to grant NTV its license. (Borodin subsequently became one of NTV's prime targets in its criticism of the Kremlin. He was arrested in New York earlier this year on a Swiss-issued warrant for allegedly taking tens of millions of dollars in bribes.) When Yeltsin finally issued NTV's license, it was by decree. No other television companies were allowed to compete for use of its frequency, which the channel had to share with Moscow State University. NTV began life broadcasting from six p.m. to midnight.

Gusinsky's growing status brought him into conflict with powerful new rivals, and he soon experienced his first open confrontation with the Kremlin. In late 1994, armed presidential guards raided Gusinsky's Most Bank Moscow office and Gusinsky, fearing for his life, fled to London. The press dubbed the episode "the 'faces-in-the-snow' raid" after a broadcast image of beaten members of Most Bank's formidable private security service lying on the ground. The event was part of a political turf war between Yeltsin's chief bodyguard and close pal Alexander Kozhakov, and Gusinsky's political protector, Moscow Mayor Yuri Luzhkov. The result was a division of powers. Luzhkov got to lord it over Moscow as long as he stayed out of national politics. The arrogant Kozhakov seemed to have secured the upper hand—until he was unceremoniously fired two years later in what was seen as a coup for the country's liberal reformers.

Meanwhile, Gusinsky continued to build his media



Tatyana Mitkova, a popular NTV news broadcaster who was one of the first to leave "the collective" and join the channel's new managers.

empire, working closely with the Moscow mayor, who sent Gusinsky's Most Bank lucrative contracts in return for financial backing for his political clique. Although his insider practices may not have differed much from those of his fellow tycoons, Gusinsky was different in that he built new businesses from scratch. While others snapped up oil fields, nickel mines and other former state properties in often corruption-tainted auctions, Gusinsky founded television and radio stations, a newspaper, a weekly magazine and other media outlets.

His new television station made a reputation by reporting on the first Chechen war, which began in 1994. The channel's reporters risked their lives filing stories from the field and presenting figures contradicting official statistics aired on other channels. Two years later, by the time Chechen rebels had driven Russia's hapless soldiers out of the Chechen capital Grozny, NTV had contributed much toward galvanizing public opinion against the conflict. But the channel's independent line didn't last long.

In 1996, Gusinsky and other oligarchs forged a pact with the Kremlin to present a new image of the ailing president as an energetic man of action—in return for lavish business favors. It was a politically turbulent time. Presidential bodyguard chief Kozhakov, who had ordered the 1994 attack on Most Bank, and his supporters were lobbying Yeltsin to cancel elections and continue ruling by decree. Meanwhile, liberals feared that the Communist Party candidate, Gennady Zyuganov, had a real chance of winning the elections. Gusinsky and other media tycoons such as the controversial Boris Berezovsky helped rally media and money against the Communist Party. At the same time, Kiselyov aired falsified reports to protect then-First Deputy Prime Minister Anatoly Chubais after his aides were caught carrying more than half-a-million dollars out of the government's headquarters. NTV reported the money was planted by presidential security-service men, a claim that helped convince Yeltsin to fire Kozhakov.

NTV ended up getting its own frequency on channel four and began broadcasting full time. Not only had the station received its original license in violation of established procedures, it also won its second license in what was widely viewed as a political payoff. NTV faced no competition and paid less than \$1,000 for the license. (Other gifts to the network over the years included an exemption from customs duties on imported equipment, preferential rates for state-controlled transmission services—far less than the fees charged other private television networks—and loans including the one from Gazprom.) NTV's relationship with the Kremlin was even more incestuous than a simple a major scratching of backs. Both Malashenko and Zverev went to work for Yeltsin's campaign as public relations advisers. Zverev later left the Most Group and worked as head of the Kremlin's PR machine until 1999.

Gusinsky later described his support for Yeltsin in 1996 as a big mistake. "We supported Yeltsin against the Communists, but by doing so we taught the powers that be how

to take hold of mass media, to turn them into their own instruments of agitation and propaganda and use them in the same way as happened in 1996," he told *The Wall Street Journal* earlier this year. "I can't discount my own guilt for what is happening today."

Meanwhile, in order to build his new media, Gusinsky had to borrow money, often from the state. His creditors included state savings bank Sberbank, the Moscow city government and the state-owned Vneshtorgbank. The Finance Ministry also helped. Good connections, cemented by the 1996 election, also helped him secure foreign loans. Gazprom, 38 percent state-owned, guaranteed loans of \$211 million and \$262 million from Credit Suisse First Boston (CSFB). The gas giant was more than happy to ally itself with NTV in the hope that the channel would help in its own struggle with the state. (NTV obliged by airing reports supporting Gazprom in 1998, when the company publicly ran afoul of government regulators.) The total debt of Media Most and its affiliates, including a satellite television project—Russia's first and only—came to more than \$800 million.

Those who claim the NTV affair is purely a business matter say Media Most was done in by Russia's ruinous 1998 economic crisis, when the ruble collapsed and the all-important cash source of advertising dried up. Media Most had been building up to an initial public offering, but the crisis stopped the company in its tracks. By 1999, it was clear that Media Most's debt had become a major liability. But finances are hardly ever the explanation in Moscow—unless they have something to do with politics. NTV was no exception. Despite his growing money problems, Gusinsky had continued to back his old patron Luzhkov, helping the Moscow mayor by attacking the Kremlin ahead of parliamentary elections that year. The campaign was seen as an indicator of what would happen in presidential elections in 2000 and the Kremlin was desperate to do anything to hold back Luzhkov, who was rival number-one for the presidency. It was then that NTV began airing news reports in earnest smearing Yeltsin and the Kremlin and boosting Luzhkov. ORT, controlled by then-Kremlin insider Berezovsky—who had become a bitter Gusinsky foe—fought back by stooping to even lower levels, accusing Luzhkov of corruption, mismanagement, and even murder.

By the end of summer, the Kremlin's fortunes had begun to look up. Yeltsin picked the unknown security service chief Vladimir Putin as his successor in the presidential elections while Berezovsky and other Kremlin strategists set about forming a political party that would compete in the parliamentary elections. The Kremlin's strategy proved spectacularly successful, not least because Putin launched the

country's second war in Chechnya and issued hard-line rhetoric that sent his approval rating among an impoverished and desperate population skyrocketing. The Kremlin's Unity Party trounced Luzhkov's Fatherland-All Russia alliance in the December elections, setting up Putin for a landslide in early elections in 2000. As a result, Luzhkov lost his political standing, leaving Gusinsky wide open to reprisals from a Kremlin that saw loyalty as the chief political virtue.

Already in the fall of 1999, the state-owned Vneshekonombank told Media Most it wouldn't renew a \$62 million loan. Soon after, Video International, an advertising company that had had an exclusive contract with NTV, abruptly jumped to a state-owned channel. Media-Most scraped together cash to pay Vneshekonombank but defaulted on the CSFB loan guaranteed by Gazprom.

Gazprom began calling in its debt soon after the gas giant's chief, Rem Vyakhirev, emerged from a Kremlin meeting to complain about NTV's coverage of the new war in Chechnya. NTV's journalists said it was pressure organized by Putin. Events unfolded quickly thereafter. In January 2000, general director Dobrodeyev resigned. He had been seen as a stalwart of high journalistic standards and his leaving was taken as a sign of disturbances among NTV's management, a result of the political pressures associated with the election season and the Chechnya campaign. In June, Gusinsky was arrested and jailed for three days in the notorious Butyrskaya prison on charges of embezzlement. The following month, the charges against him were mysteriously dropped, prompting speculation that Gusinsky had made a deal to trade NTV for his freedom.

On July 20, Gusinsky and Gazprom Media indeed signed an agreement under which Gusinsky pledged to sell



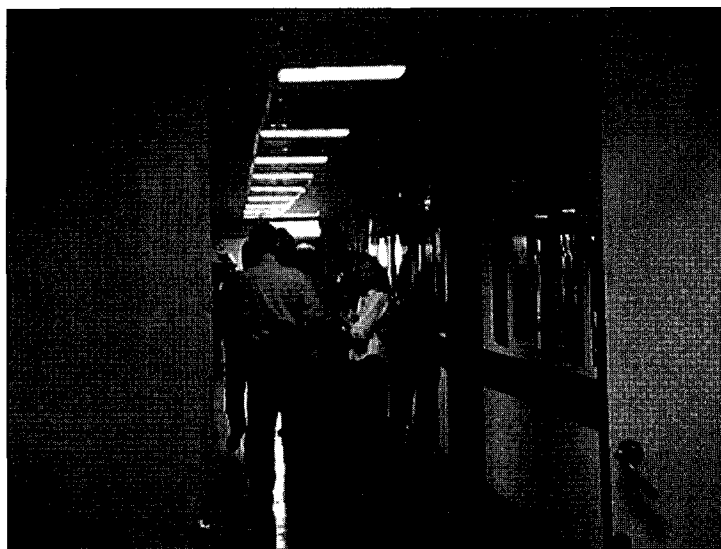
News director Grigory Krichevsky (second from right) remained faithful to Kiselyov, becoming NTV's spokesman when his boss tired of the job.

all of his holdings to Gazprom Media for \$473 million in debt and \$300 million in cash. The deal collapsed soon after, and Media Most went on the offensive, publicizing Appendix six—a now-infamous attachment to the agreement. Signed by Press Minister Lesin, it promised Gusinsky freedom to leave Russia in exchange for signing away his companies. The document was dubious both legally and—as many pointed out—morally. Lesin later admitted it was a mistake for him to sign it “as a minister” instead of a private citizen, but insisted his intentions had been good. (As if the NTV saga hadn’t seen enough ironies and twists-of-fate, Lesin was a onetime president and co-founder of Video International, the advertising company that worked closely with NTV for years only to drop it abruptly in 1999 ahead of the channel’s debt payments.) Loud calls were made for Lesin to resign, but Prime Minister Mikhail Kasyanov let his colleague off with a public slap on the wrist.

Another set of negotiations began soon after, and ended in another agreement. Gazprom Media chief Kokh signed that deal in November, only to recall his signature two days later—on the same day the Prosecutor General’s Office filed new criminal charges against Gusinsky and issued an international arrest warrant for him. With slight changes, Kokh re-signed the deal a week later. The following month, Gusinsky was detained in Spain in response to Moscow’s warrant. Meanwhile, masked tax police and prosecutors staged a series of raids at Media Most headquarters to confiscate documents allegedly pertaining to Gusinsky’s case.

Released from Soto del Real jail on the outskirts of Madrid after his case hearings ended in March, Gusinsky holed up in his large villa in the exclusive development of Sotogrande. At the time of the NTV “coup,” he remained there awaiting the outcome of his extradition hearings. The court ruled in Gusinsky’s favor in late April, when the newly freed media tycoon vowed never to return to “Putin’s Russia.”

He had good reason. The official explanation for the first raid on Media Most by masked commandos, which took place on May 11, 2000, was that it was part of a criminal probe into Media Most’s security department for allegedly conducting illegal eavesdropping and illegally obtaining and disclosing commercial and bank secrets. When Gusinsky was arrested a month later, it was for something completely different: his alleged involvement in embezzling more than \$10 million in state funds from the St. Petersburg company Russkoye Video during its privatization several years earlier. It was only some months later that the Prosecutor General’s Office started making accusations in connection with Media Most’s debts to Gazprom. At the end of September 2000, prosecutors accused Gusinsky and Media Most of embezzlement for having allegedly transferred assets abroad, including those put up as collateral for Gazprom’s loans. By early November 2000, these charges had transmuted into new ones—that Media



NTV's corridors bustled with NTV staff and foreign and Russian reporters from other outlets for days.

Most had committed fraud by taking out the loans in the first place. (According to Deputy Prosecutor General Vasily Kolmogorov, Media Most and its affiliates had by 1999 suffered “multibillion [-ruble] losses” and assumed debts considerably larger than their total assets.)

To those who saw the accusations as politically motivated, what was happening at the country’s other two national television stations clinched the argument. Investigations by parliament’s budgetary watchdog, the Audit Chamber, of the state television and radio corporation (VGTRK) and ORT (which is 51-percent state-owned) found both companies guilty of financial malfeasance similar to Media Most’s. However, aside from one police raid on ORT in December 2000—connected to an investigation into alleged contraband and evasion of customs tariffs that subsequently died—ORT and VGTRK were allowed to continue broadcasting without threat of a takeover.

Gazprom also began parallel moves to shut down *Segodnya*, the daily newspaper Gusinsky founded, and *Itogi*, a weekly magazine begun jointly by Media Most and *Newsweek* magazine. That, Kiselyov said, did even more to show Media Most’s situation had little to do with financial matters. Prompted to say what the moves reflected about the country as a whole, he replied that they were part of a pattern of development in society. “Russia is facing the problem that reform hasn’t yielded the results that were expected of it,” he told me. “The majority in this country is disillusioned with reform and the notion of liberal democracy. Many don’t care what happens to NTV.”

NTV vs. Kokh, Jordan and Gazprom: A Case of Black and White

The difference between the Kremlin’s previous scandals and the NTV standoff was that for the first time, there was no mistaking right from wrong for many observers. NTV, for all its countless faults, had come to symbolize the



Photograph portraits of NTV's journalists line the studio's walls. The channel's staff ripped them down in the final hours.

existence of freedom of speech. There was also no question that Gazprom's actions constituted an attempt to exert political control over the channel—even though it was guised as an ostensibly free-market transaction. Worst of all was the Kremlin's silence. No one knew what to expect. Some said the president and his advisers were closely watching the events unfolding at NTV, wondering what to do next. More likely was that the silence was Putin's strategy. NTV journalists would become tired of protesting. They'd recognize that working under new management was better than not working at all. Viewers would turn against the channel for refusing to broadcast their favorite programs. The situation would slide off the front pages of foreign newspapers. And Gazprom would quietly complete the takeover. There would be no record of Putin having said one thing or another in the affair—he'd come out of it squeaky clean, perhaps to say later that the matter was entirely a business deal that had had nothing to do with him.

It was nerve-wracking in the NTV offices. There was a sense that the Kremlin was also waiting to see how much it would be able to get away with. Every voice added to the protest was treasured—especially that of Gorbachev, who, as a former president and someone who had evidently good relations with Putin, had some real clout.

The sense of good-versus-evil was only heightened by the Kremlin's choice of its players. It showed both shortsightedness and betrayed a clear line of political interests. Alfred Kokh, the Gazprom Media chief spearheading the takeover attempt, is a former state property minister who helped design and carry out a notorious, so-called "loans-for-shares" program last decade. The scheme, which lasted from 1995 to 1997, saw some of the nation's leading raw-materials concerns virtually given away to a few insiders at openly rigged auctions. Under the program, a select group of banks loaned money at outrageous interest rates to the state in return for the management of shares in major companies. The tacit understanding was that the loans

would never be repaid and the shares would automatically be transferred to the lenders.

It was that period to which many political observers trace the origins of Russia's "oligarchs" (who coalesced, as I've mentioned, in 1996 to run Yeltsin's re-election campaign). By 1997, however, the oligarchs were openly turning against one another over the auction of the *Svyazinvest* telecom holding company. Overseen by Kokh as property minister, the bid for 25 percent of *Svyazinvest* was awarded to a consortium assembled by Uneximbank chief Vladimir Potanin (a former finance minister), financial speculator George Soros and the Moscow-based Alfa Group (headed by another former finance minister), which put forward a bid of \$1.87 billion. The losers, Berezovsky and Gusinsky, cried foul, insisting the auction was rigged. The two oligarchs soon launched a hate campaign against Kokh on their television stations, ORT and NTV.

In response to the accusations, Yeltsin fired Kokh in August 1997, saying "the scandal around *Svyazinvest* and Norilsk Nickel [another controversial privatization awarded to Uneximbank] is connected to the fact that a number of banks are closer to Kokh's soul."

Kokh's troubles weren't over. Moscow city prosecutors launched investigations into why he'd been paid a \$100,000 book advance by a Swiss company with links to Potanin's Uneximbank—an enormous sum for the proposed academic tract on privatization Kokh was supposedly planning to write. In November, *Novaya Gazeta* broke another book scandal: First Deputy Prime Minister Chubais, Kokh and his successor as property minister, Maxim Boiko (another young reformer ideologue who is now president of Press Minister Lesin-founded Video International advertising company) along with two other fellow "young reformers," had accepted a total \$450,000 fee for a book they planned to write on privatization. The *Segodnya* Press publishers offering the \$90,000-per-author advance were also linked to Uneximbank.

The following year, prosecutors charged Kokh with embezzlement, saying that in 1993, as deputy head of the property committee, he was involved in a scheme under which 21 Moscow apartments were given to Kremlin bureaucrats, including two to Kokh himself. Kokh was barred from leaving Moscow. Yuri Boldyrev, deputy head of the Audit Chamber, went even further. The ^ reported him as saying the chamber and the Prosecutor General's Office both possessed "documents [about matters] much more serious than manipulations with a few apartments or receiving large payments for writing books."

Kokh defended himself by accusing the *Svyazinvest* auction losers—Berezovsky and Gusinsky—of organizing a smear campaign against him and hinting that Gusinsky wanted prosecutors to put him in jail. (At a news conference last summer, when someone suggested an order by the prosecutor's office forbidding Gusinsky to travel abroad represented political pressure on the media, Kokh re-

sponded: "So what? I spent two years under a travel ban.")

Kokh kept a low profile until he made headlines again in November 1998 when news of an interview with a New York Russian-language radio station was reported in a Russian paper. In the interview, Kokh dished out contempt and sarcasm about his countrymen back in Moscow. Russia was "bankrupt," he said, a nation with no economic future, and Russians deserved that fate. "This long-suffering people suffers for its own guilt. Nobody occupied them, nobody conquered them, nobody herded them into prisons," Kokh was quoted as saying. "They tattled on each other [to the KGB], jailed each other, and shot each other at firing squads. That is why this people deserves to reap what it has sowed." In Moscow, critics perceived Kokh's views as representing the opinions of the country's reforming technocrats as a whole.

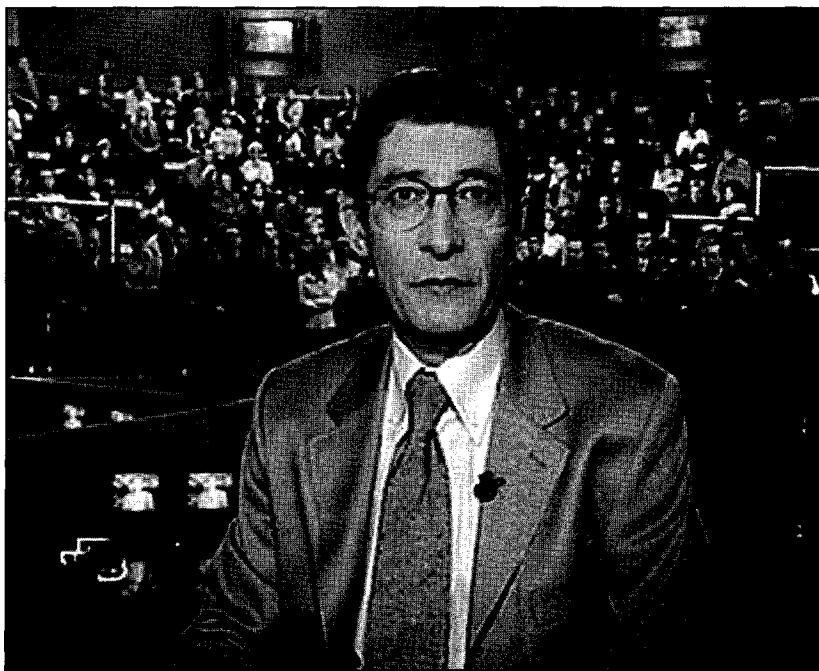
On his next trip to the United States, in January 1999, Kokh was turned back at New York's JFK airport because he was under criminal investigation in Russia. But the charges against him were eventually dropped, although it's not clear exactly when. (Nor is it clear even precisely what they were about in the first place.) Kokh again eschewed public scrutiny until June last year—months after Gusinsky's Media Most started talks with its creditor Gazprom Media to swap debt for equity. Gazprom put Kokh in charge three days before Gusinsky's arrest. The gas company, which has invested hundreds of millions of dollars in various media outlets, had never raised a finger to manage its media stakes. Kokh promised that would change. He said he would bring in a strict, hands-on management of the gas giant's media stakes, and in particular those of NTV—in which Kokh stated he wanted to either receive "influence" or sell the stocks.

Kokh is also closely tied to Jordan, the New Yorker son of Russian émigré parents. He came to Russia in 1992 on behalf of Credit Suisse First Boston, and was key in helping organize the country's first wave of privatization—as opposed to the later loans-for-shares—that lasted from 1992 to 1994. As then-privatization minister, it was Chubais who oversaw the program, under which every citizen was offered vouchers that could be swapped for shares in newly privatized state enterprises or be traded on the open market. CSFB kicked off by organizing the first voucher auction in 1992—of Moscow's Bolshevik Biscuit Factory—and in the following years managed to snap up 17 million vouchers for western investors, according to various reports.

Jordan soon left CSFB, taking the cream of the bank's Moscow staff to set up his own investment company, Renaissance Capital, which merged in 1997 with Vladimir

Potinin's MFK bank. Jordan is believed to have helped Kokh and Potanin engineer the "loans-for-shares" auctions. (During the young reformers' book scandals, Kokh was also reported to have received one honorarium from a Swiss company, Servina, which was tied to Uneximbank and founded by a law firm headed by a relative of Jordan's.) Jordan also helped found Renaissance's Sputnik Fund, an investment vehicle that attracted high-profile investors such as George Soros and the Harvard Management Company, Harvard University's endowment fund. Critics say it was Jordan's close business ties that enabled Soros and Harvard Management to become the only foreign investors permitted to participate in the loans-for-shares auctions.

Like Kokh, Jordan was also tainted by accusations of corruption. In what was seen as fallout from several privatizations opposed by other powerful oligarchs, Jordan was denied a Russian visa on several occasions. He dropped out of public view after the 1998 financial crisis when he left Renaissance Capital and turned his attention to the Sputnik Fund, which was renamed Sputnik Group. The organization owns stakes in over a dozen companies including technology firms Sputnik Technology Ventures



Anchor Mikhail Osokin, known for his wry manner, announcing the news on April 3, the day of the Gazprom shareholders' meeting. Behind him stand members of NTV's staff. In the bottom left corner of the screen, the channel imposed a red circle with the word "protest" over its usual logo.

and in Ventures, the telecommunication companies Svyazinvest and Kievstar and the National Timber Company. It also partly controls Renaissance Insurance, Sidanko oil company and media outlets such as the popular Evropa-Plus radio station.

Jordan never openly gave his reasons for accepting the post of general director at NTV. He did say he was an intermediary in talks between Media Most minority shareholder

Capital Research Management and Gazprom—and that his appointment was seen as a benign compromise between shareholders. The move sparked immediate criticism from all sides of the political spectrum. The Communists had the best claim for crying foul, having been the most vocal opponents of last decade's privatization deals. "In which other European country would it be possible for a foreigner to lead a nationwide television channel?" said Communist Party leader Gennady Zyuganov in televised statements. "I cannot even imagine a more inept decision... than the appointment of shady characters like Kokh and Jordan," said Duma speaker Gennady Seleznyov, also a Communist.

Kiselyov, continuing to refuse handing over his post the week of Jordan's appointment, echoed the opinions of more liberal critics. "He was picked by the government for the job of breaking into the company, raping it and introducing total censorship," Kiselyov said. "Jordan certainly has a bad reputation in this country."

The Fyodorov Theory

Boris Fyodorov, yet another former young reformer and finance minister—this one not associated with plunderous privatization deals—had another theory. "It would be a great, great exaggeration to think things are well planned in the Russian government," he said in a speech in Washington in mid-April. Fyodorov is an outspoken government critic, and was elected by Gazprom minority shareholders to represent their often-ignored interests on the company's board. Gazprom managers are accused—among many other things—of helping form Itera, a private sister company to which they are secretly transferring Gazprom's best assets and awarding lucrative contracts for their own benefit.

"When questions that I was instrumental in raising, like transparency, asset stripping, why Gazprom is shrinking and alongside there is Itera company which is, like, getting bigger, it's like enigma, Russian miracle," Fyodorov said. "You know, somebody's shrinking, somebody's getting bigger and there are no answers; nobody can understand how this happens."

Fyodorov spoke about "questions I am raising about transparency, asset-stripping, the structure of the Gazprom-share markets, about dividend policy, about how to increase efficiency, how to get rid of a lot of strange investments because Gazprom is, for the last 10 years, investing \$300 [million] to \$600 million a year in non-core activities, including, like, yacht clubs, hotels, nice things which have nothing to do with gas industry. And obviously there's no money for investment in gas industry but there's always money for investment in other spheres... And, obviously, if for many, many years Gazprom was a state within a state, and basically not controllable by anybody, people got accustomed that this can go probably forever."

Fyodorov says the gas monopoly's moves to control NTV and Media Most's print publications were deliberate

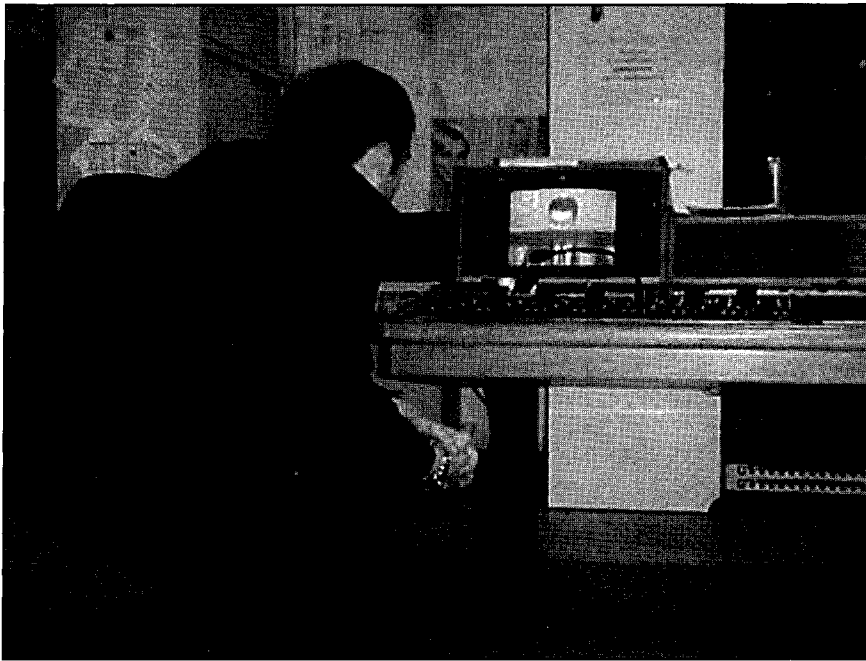
plots to prevent change at the company that might be forced by the government. (Perhaps key in such calculations would be a planned May 31 annual shareholders' meeting, where the Kremlin is expected to oust Gazprom chief Vyakhirev and appoint its own representative to the post.) "NTV is a game on the part of Gazprom to try and be of use to the government," Fyodorov said, adding that it was unlikely that each of Gazprom's moves against the television station was orchestrated from the Kremlin.

If Fyodorov's statements are true, the Kremlin would have been wise to try to distance itself from Gazprom's tactics. The company may have been trying to trump NTV and its critics by appointing a foreigner (albeit as a puppet) head of NTV, but it seems its choice could hardly have been worse for public relations. Kokh and Jordan are closely linked and have profited tremendously from their ties to former Finance Minister Potanin, one of several oligarchs whose fate under the Putin presidency seems as rosy as ever (as opposed to those of Berezovsky and Gusinsky, who became open critics). In the final analysis, for all his talk of distancing himself from the oligarchs, Putin is in the position of being seen as having sanctioned the recruitment of two of their most notorious representatives. The Kremlin's long silence only confirmed those suspicions. The pairing of Kokh and Jordan provided a surprisingly transparent view into the increasing extent to which business interests are indistinguishable from political ones. It is also a window into how the Kremlin goes about achieving its chief end of political domination. Far from trying to clean up the corruption of the Yeltsin years, Putin seems to be building on its foundation something much more dangerous: a bastion of cynical authoritarianism.

White Knight? The Turner Deal

As the Gazprom-NTV standoff came to a head, Gusinsky stepped up his efforts to negotiate a deal with U.S. media mogul Ted Turner that would allow NTV to retain its independence. The day after the Gazprom Media shareholders' meeting, Turner announced he'd struck a deal with Gusinsky to buy stakes in several Media Most companies. The agreement had been signed a day earlier and it seemed Turner might play a role that would have allowed Gazprom to save face by making a compromise possible.

Turner and Gusinsky began negotiations last year over Gusinsky's stake for a reported figure of \$300 million. Other potential investors, including Soros, said they'd join the CNN founder in a consortium to help save NTV. By early April, however, it was unclear who remained on board. Under negotiation was the purchase of the 19-percent stake in NTV that Gazprom holds as collateral for a loan due in July. The *Moscow Times* reported an anonymous source as saying Turner intended to buy 11 percent of NTV from Gusinsky and the 19 percent from Gazprom when it takes possession of the stake. Gusinsky would still own 20 percent of NTV but would give Turner voting power. Turner also said he would most likely refuse to work with Jordan, so, despite news that a deal had been struck, the real out-



In an NTV editing room: watching events at NTV unfold—as told by NTV.

nel whose independence had already been lost.

Time Working Against NTV

As the standoff at NTV stretched into the first week of April, Kiselyov continued to call for calm, warning supporters against falling prey to “provocations by the state security services,” which he said were aimed at prodding NTV’s supporters into committing rash actions of protest. The longer the conflict continued, the more irrevocable the positions on each side became. A number of politicians, including the staid Federation Council (upper house of parliament) Chair Yegor Stroyev lent support to NTV. But the Kremlin—which could have issued the only opinion that counted—maintained its deafening silence and remained at the center of speculation.

come remained unclear—especially since Turner’s spokesman denounced Gazprom’s actions.

Meanwhile, critics said Turner wasn’t the savior NTV needed. Last January, when Turner’s consortium first made its interest in NTV publicly known, it said it would seek Putin’s approval and guarantee that NTV would remain free of political influence. After failing to receive the guarantee, Turner didn’t seem fazed. A *Wall Street Journal* editorial slammed the tycoon for that, saying it was “troubling” that Turner went ahead with the Media Most deal without securing the guarantees from Putin. The newspaper also criticized him for meeting with Putin to discuss nuclear disarmament and other issues last year—on the very day of the first raid on Media Most’s headquarters.

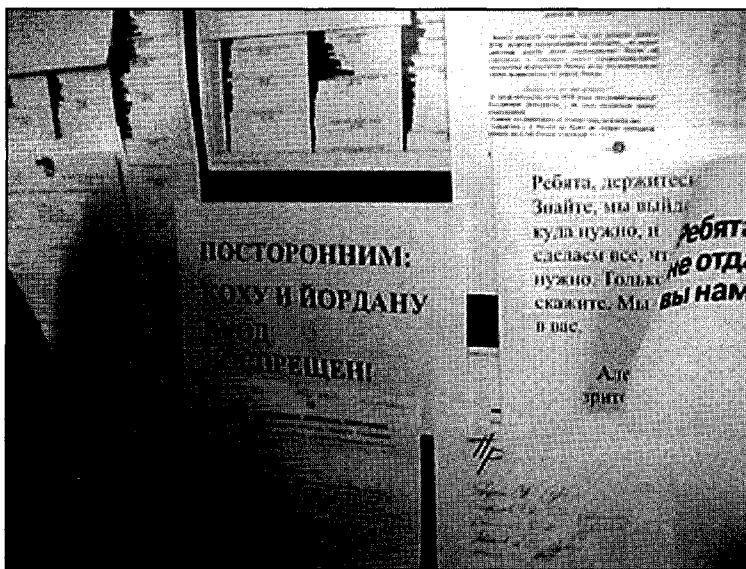
Turner, the maverick billionaire who has called himself a socialist at heart, has a history of making grandiose philanthropic gestures, such as launching the Goodwill Games to allow athletic competition between the Soviet Union and the United States after each boycotted Olympic Games held by the other in 1980 and 1984, respectively. Among his other good deeds, Turner also recently pledged a billion dollars to the United Nations. But clamoring for an end to the Cold War in the 1980s was one thing. Becoming involved in internal Russian political struggles under President Putin is another. From the start, Turner’s bid for a part of NTV seemed far-fetched, a fantasy that didn’t have a chance of realization. Most likely the Kremlin shrugged it off, hoping it would die quietly while fully expecting the channel’s affairs to become too murky for Turner to really push for involvement. By the end of April, it was clear that any outside investor would have to be crazy to invest in a chan-

“It’s like an iron curtain being lowered,” Anton Arens, Kiselyov’s top aide, told me, adding that apathy on the part of most Russians would probably help sink NTV. “People come out in support for us in Moscow and St. Petersburg, but the bulk of the population could care less about freedom of speech. In fact, many people in the provinces don’t even like NTV. They’re jealous about the results of privatization. They see Gusinsky as a grubby Jew who deserves to be thrown in jail.”

At the same time, an increasing number of critics began complaining about NTV’s newfound dissident status. “All of a sudden it’s a great television station, a symbol of free speech and a repository of everything great,” grumbled



Kiselyov’s own portrait—with the logo of his famed “Itogi” program in happier days—outside his office at NTV.



A bulletin board with letters of support outside NTV's elevator banks. In the middle is a sign saying "No Admission for Kokh and Jordan!" Above it are graphs showing the previous night's ratings. As the standoff escalated, NTV's figures soared.

one Russian newspaper journalist roaming NTV's hallways. "That's the way it always is in Russia. But I don't think NTV is much better than any of the other stations."

A colleague disagreed. "Gusinsky created something of his own despite the gangsterism," he insisted. "That was the first sign that we were moving toward something beyond our usual morass."

On April 5, Kiselyov decided to resume regular broadcasting. "But we're continuing our protests against the illegal new directors," he told the viewing public. NTV also appealed to Gazprom to agree to a three-month moratorium on any management changes. Gazprom refused. Kiselyov in turn continued to spurn meeting with Jordan and Kokh. Then, in the early afternoon, a lawyer representing Kokh showed up at NTV's studio. It was the moment the hordes of journalists had been waiting for: a palpable conflict. Beefy NTV security guards barred the meek lawyer's way. Pavel Astakhov, a prominent NTV lawyer who'd by now earned celebrity status, materialized (he'd earlier been chatting up Mitkova in the hallways). "There's no 'new management' with whom we're going to talk!" Astakhov insisted, under the glare of about 20 cameras. Kokh's lawyer, also swamped by reporters, smiled bashfully in reply. Nothing more came of the visit.

Meanwhile, Anatoly Blinov, a Gazprom Media board member and a lawyer acting as the company's chief counsel, resigned. "The authorities use all the methods at their disposal to reach their goals," Blinov said in an interview with NTV that day. "There's no such thing as legal defense when it comes to the authorities."

Later in the afternoon, Kokh himself showed up at NTV.

The channel's journalists allowed him entrance and a number of them sat down with him in a conference room. "Will you review the results of your shareholders' meeting?" they asked. Kokh balked. "Do you accept NTV's new director?" he shot back. The meeting ended after two hours—the only resolution was to set up a negotiation commission with ten members from each side that would meet the following day. (The commission did meet, but only to reach another single decision: to disband itself after hours of fruitless talks. NTV had insisted on appealing to the constitutional court, but Gazprom Media objected to the idea that the case should be initiated by first appealing to President Putin.)

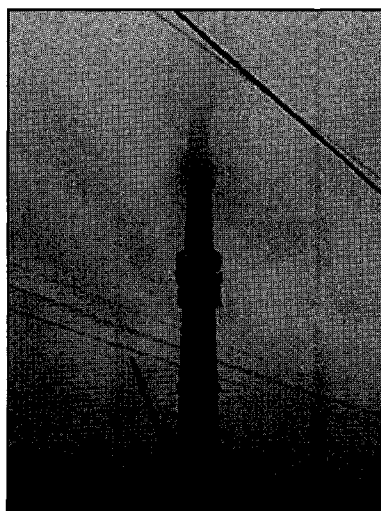
Signing off after the ten-o'clock news, anchor Mikhail Osokin told his viewers, "Don't believe the situation is resolved until we say it is. It's either that or we're taken off the air—that's also a way of settling this affair." That evening, as if to boost NTV's argument, all state-run television in the Siberian region of Krasnoyarsk went off the air after power companies shut off electricity to stations that hadn't paid their bills for months.

Only NTV remained on-air.

The following day, former Press Minister Mikhail Fedotov further reinforced NTV's position by citing a clause from the Russian constitution saying that the government is required to support media in financial disputes because of its "duty to society" which takes precedence over "financial duties."

Last Hurrah

On Saturday, April 7, the Union of Journalists staged its rally outside NTV's Ostankino building. The previous week, anticipating its troubles with Gazprom, NTV had organized a similar protest at central Pushkin Square, and claimed over 15,000 people had attended. More actually came, the organizers said, but the relatively small space precluded all the attendees from gathering together at one



On the day of NTV's April 7 rally outside its studios, low-lying clouds obscured most of the soaring television tower. Protest organizers were actually happy it rained that day, saying those who came to support the channel weren't actually out for an afternoon stroll, as critics had claimed after the first protest.

time. Critics shot back, saying the so-called supporters had only come to see several rock groups that were scheduled to perform at the rally. A week later, when there were no bands, the event was held at the more remote location of Ostankino—and it was raining. Those who came must have really cared about the channel—as did the thousands who attended NTV rallies in St. Petersburg and other provincial Russian cities.

As I've suggested, however, those who showed up at the Ostankino rally were just a drop in the bucket in a city of around 13 million inhabitants. Upstairs, a few minutes after leading shouts of "Hurrah!" And "NTV! NTV!," the channel's leading lights couldn't suppress the ever-growing gloom despite the hustle and bustle and nervous excitement of protest organizing. Yabloko Party members shuffled around the hallways waiting for their scheduled interviews. Beefy bodyguards in dark blue shirts with lighter blue ties and black leather jackets patrolled the premises. Marianna Maximovskaya, one of the channel's news presenters, summed up the overall feeling. "I'm afraid there's a very real possibility that the process will drag out as long as possible and people will begin to forget us," she told me. "We're already beginning to split," she added. "People have been made offers that are hard to refuse." (The prominent journalists Parfyonov and Mitkova had just resigned, with Parfyonov bitterly denouncing Kiselyov for using the NTV staff as "cannon fodder" in his quest to retain control.)

Kiselyov refused to comment on a possible outcome. "Too many things have changed since the Saturday rally [a week earlier]," he told me. "It's the first time in many years that we have realized here in Russia that public opinion really matters and that public opinion still exists. Our future hope and our strength comes from public support. Everything else is irrelevant."

Two days later, on April 8, the Kremlin finally ended its silence by issuing a statement saying Putin had told Gorbachev he would like to see the NTV affair settled in court. That seemed to indicate the standoff would continue indefinitely—something that gave NTV some hope for survival. But to many observers, the Kremlin's real position had already been made all too clear—and it didn't favor the channel. Putin's tactics had by then become predictable. Last summer, the government carried out a crackdown against some of the country's top companies, hoping to signal that the era of oligarchs and their political influence was over. Formally, nothing came of the many threatened lawsuits and tax-police raids (with which the Kremlin also had ostensibly nothing to do). When the dust settled, Gusinsky had fled abroad together with Berezovsky. The powerful businessmen who remained in Russia did so by publicizing outward support for the president. In turn, their control over industries such as oil and metals was allowed to blossom through a series of mergers and acquisitions. It



Crowds at the April 7 rally

wasn't the end of the oligarchy, as the Kremlin had claimed, but the beginning of its slavish support for the top dog.

The same kind of ham-fisted, crisis-provoking approach brought about Moscow's ongoing second war in Chechnya—at the cost of thousands of innocent lives and misery for hundreds of thousands. And it is also true for the media. The Kremlin may have once again sparked a massive outcry from critics about its methods of control, but that was the price it paid (and brushed off) to emerge as a power that opponents must now think twice about confronting. Russia still formally has a free press, but the stock of any independence has fallen to a new low in a country where formalities mean less than unofficial reality.

"It's a big moment for society," Maximovskaya said after NTV's rally at Ostankino. "I think we've crossed the point of no return, and it might take us back many, many years." Exactly a week later, at three a.m. on the following Saturday, Jordan finally arrived at the NTV studios he officially headed. He came with an army of security guards who forced their way in. It was a good time to show up: the city was asleep, newspapers don't usually publish on Sundays, and a lot of media coverage would have anyway been taken up by the Easter

celebrations that had already distracted the public.

The sleep-deprived journalists were tense; some shouted at the uninvited guests. Then they shouted at one another, the lines drawn between those who chose to stay and those who wouldn't compromise at the last minute. Most of the defecting journalists blamed Kiselyov for subjugating their channel to his own ambitions by refusing to negotiate. Several mentors and protégés, such as onetime news director Kulistikov and the younger Krichevsky, just fired from the same post, found themselves on opposite sides of the barricade. Even Oleg Dobrodeyev, the NTV co-founder who quit in 1999 to head VGTRK, the state television and radio broadcasting corporation, appeared at the studios. (At first he seemed to defend NTV by announcing he'd quit his new position, but days later, he wrote a scathing open letter to Kiselyov, accusing him and Gusinsky of politically motivated, biased coverage. Putin refused to accept his letter of resignation from VGTRK.)

The dissenters soon left the building, taking with them the photo portraits of themselves that had lined the NTV corridors. They proceeded across the street into the offices of TNT, another Media Most channel, this one broadcasting chiefly to about 60 percent of the capital and some of the surrounding region. There the journalists cobbled together reports handwritten on scrap paper and planned broadcasts by shouting down corridors teeming with supporters. Newscasters appeared on screen haggard and unshaven. Western news bureaus helped by donating video footage. But it was clear the TNT offices, crammed with the new personnel, were too small and that the NTV journalists couldn't remain there long.

At the same time, Media Most began negotiating to transfer what remained of its NTV team to the smaller TV6



Kiselyov and other NTV staff on stage at the April 7 rally at an electrifying moment. Their station was taken over exactly a week later.

*News presenter
Marianna
Maximovskaya:
"We've crossed the
point of no return."*



channel, 75 percent of which Berezovsky owns. The channel was directed at the youth market and chiefly broadcast what passes for "entertainment" programming, a large portion of which included B-grade Hollywood films-for-export. Its mediocre news programming was generally appraised as "objective," which meant it was generally unpoliticized, unlike NTV's. Kiselyov was appointed the channel's deputy general director pending further negotiations. But the talks didn't proceed smoothly. In another dramatic turnaround, Berezovsky had given his old foe Gusinsky his complete support. He was no doubt glad for the attention and potential windfall NTV's old staff would probably bring his channel. But TV6 staff complained that the NTV collective was doing to TV6 what Gazprom did to NTV and its general director and one of its two chairmen resigned almost immediately.

There was also talk that TV6 and TNT might merge. Both channels have regional affiliates that broadcast

some of their programming—but neither channel has NTV's direct national broadcast network. A merger would therefore likely throw off-balance the situation of many rival regional broadcasting companies that carry one channel or the other. Coming after Gazprom Media's seizure of NTV, which had already massively altered Russia's media landscape, changes at TNT and TV6 promised to help throw the country's media structures into further disarray.

The long-term implications of April's events for the profession of journalism in Russia and the country's media infrastruc-

ture are only just beginning to emerge. Meanwhile, circumstances continue to change. One rumor has it that Berezovsky aims to fatten up TV6 and sell it at a huge profit to one of its minority shareholders, LUKoil, Russia's number-one oil company. That would, essentially, mean handing Kiselyov, *et al.* back into the clutches of the Kremlin, which is closely tied to the oil company. Berezovsky seemed to confirm the rumors in late April by saying he planned to get out of the media business for good. He'd already indicated that one of his two most important print mouthpieces, *Nezavisimaya Gazeta*, would be up for sale.

Meanwhile, the dust still hadn't settled from the onslaught against Media-Most. Two days after NTV's takeover, the government swung into action again. Top managers at TNT found themselves facing charges of tax evasion. (Media Most also announced that if it fails to repay a \$262 million loan due in July, Gazprom would gain a controlling stake in that company, too.) And in another stag-

gering blow to Gusinsky's media empire in the same week, Gazprom finally closed the liberal *Segodnya*—one of the country's best newspaper—once and for all. The following day, the entire editorial staff at *Itogi*, Russia's top news magazine, was sacked and replaced. It was a dark week for journalism in Russia. The media outlets may have all been controlled by Gusinsky's Media Most, a company many justly criticize for corruption. But it just so happened that Media Most also ran the only independent national media. They were among Russia's most liberal, and, frankly, best outlets.

Whatever the fate of NTV's dwindling "collective," the real damage has been done. The Sunday after the channel's studios were taken over, the station didn't show Kiselyov's "Itogi" program, the popular show that had become a staple for many Russians. Instead, NTV aired a 1970s screwball comedy. How much more pleasant for the population to watch! Just like old times! □



One of the last issues of Media Most's *Itogi* magazine featured a cover lambasting Russia's leading politicians around the time of Putin's first anniversary in office as president. "The Sweet Days of Power" reads the headline. After Gazprom's takeover, the magazine underwent a sea change. Gone is the Newsweek logo (the magazine had already pulled out of the venture). Instead, the new cover featured a version of nostalgia: a Soviet-era statue of a soccer player. The missing arm is a symbol indicating the artwork is from what is by now a classical era. However, behind the stoic sportsman flies not the red flag one would expect, but Russia's new tri-color. As one sees so often in official images, here is the appropriation of symbols from different periods of history, plucked out of context and thrown together to glorify the country's current rulers (in this case, one assumes this is a tribute by Gazprom to the Kremlin). As if that weren't enough, the tease headline at the top of the page reads: "Russia is Ready to Rip Through the American Anti-Missile Defense System." The new *Itogi* shows the face of the "power" that the old *Itogi* criticized. There couldn't be any clearer illustration that a new age in Russia has dawned. And while Gazprom's tribute might well have been voluntary and opportunistic, critics dread the day when such journalism will become mandatory.

INSTITUTE OF CURRENT WORLD AFFAIRS FELLOWS AND THEIR ACTIVITIES

Shelly Renae Browning (March 2001- 2003) • **AUSTRALIA**

A surgeon specializing in ears and hearing, Dr. Browning is studying the approaches of traditional healers among the Aborigines of Australia to hearing loss and ear problems. She won her B.S. in Chemistry at the University of the South, studied physician/patient relationships in China and Australia on a Thomas J. Watson Fellowship and won her M.D. at Emory University in Atlanta. Before her ICWA fellowship, she was a Fellow in Skull-Base Surgery in Montreal at McGill University's Department of Otolaryngology.

Wendy Call (May 2000 - 2002) • **MEXICO**

A "Healthy Societies" Fellow, Wendy is spending two years in Mexico's Isthmus of Tehuantepec, immersed in contradictory trends: an attempt to industrialize and "develop" land along a proposed Caribbean-to-Pacific containerized railway, and the desire of indigenous peoples to preserve their way of life and some of Mexico's last remaining old-growth forests. With a B.A. in Biology from Oberlin, Wendy has worked as communications coordinator for Grassroots International and national campaign director for Infact, a corporate accountability organization.

Martha Farnelo (April 2001- 2003) • **ARGENTINA**

A Georgetown graduate (major: psychology; minor, Spanish) with a Master's in Public Affairs from the Woodrow Wilson School at Princeton, Martha is the Institute's Suzanne Ecke McColl Fellow studying gender issues in Argentina. Married to an Argentine doctoral candidate and mother of a small son, she will be focusing on both genders, which is immensely important in a land of *Italo/Latino machismo*. Martha has been involved with Latin America all her professional life, having worked with Catholic Relief Services and the Inter-American Development Bank in Costa Rica, with Human Rights Watch in Ecuador and the Inter-American Foundation in El Salvador, Uruguay and at the UN World Conference on Women in Beijing.

Gregory Feifer (January 2000 - 2002) • **RUSSIA**

With fluent Russian and a Master's from Harvard, Gregory worked in Moscow as political editor for *Agence France-Presse* and the weekly *Russia Journal* in 1998-9. He sees Russia's latest failures at economic and political reform as a continuation of failed attempts at Westernization that began with Peter the Great — failures that a long succession of behind-the-scenes elites have used to run Russia behind a mythic facade of "strong rulers" for centuries. He plans to assess the continuation of these cultural underpinnings of Russian governance in the wake of the Gorbachev/Yeltsin succession.

Curt Gabrielson (December 2000 - 2002) • **EAST TIMOR**

With a Missouri farm background and an MIT degree in physics, Curt is spending two years in East Timor, watching the new nation create an education system of its own out of the ashes of the Indonesian system. Since finishing M.I.T. in 1993, Curt has focused on delivering inexpensive and culturally relevant hands-on science education to minority and low-income students. Based at the Teacher Institute of the Exploratorium in San Francisco, he has worked with youth and teachers in Beijing, Tibet, and the Mexican-American agricultural town of Watsonville, California.

Peter Keller (March 2000 - 2002) • **CHILE**

Public affairs officer at Redwood National Park and a park planner at Yosemite National Park before his fellowship, Peter holds a B.S. in Recreation Resource Management from the University of Montana and a Masters in Environmental Law from the Vermont Law School. As a John Miller Musser Memorial Forest & Society Fellow, he is

spending two years in Chile and Argentina comparing the operations of parks and forest reserves controlled by the Chilean and Argentine governments to those controlled by private persons and non-governmental organizations.

Leena Khan (April 2001-2003) • **PAKISTAN**

A lawyer who formerly dealt with immigration and international-business law in the Washington, DC area, Leena will study the status of women under the "islamization" of Pakistani law that began in the 1980s and continues to this day. Born in Pakistan and immersed in Persian and Urdu literature by her grandfather, she is a Muslim herself and holds a B.A. from North Carolina State University and a J.D. from the University of San Diego.

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