

Bob's



Quarterly Update

BOB DREIZLER, CHARTERED FINANCIAL CONSULTANT

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Russian Trip 2007

I've always been fascinated with Russia. In July, I traveled there for 12 days with my mother, brother and 24-year-old son, Ross. We flew to St. Petersburg, cruised along rivers and lakes for a week and ended up visiting Moscow. Below are some random comments, vignettes and insights from this trip.

After spending a couple of days in the lovely, yet blighted city of St. Petersburg, we started cruising down the Neva River on our ship, the MS Pushkin, stopping daily at rural Russian cities. In Goritzky, I skipped another ancient cathedral tour and spent the afternoon in this Russian village of 8,000. My limited Russian language skills allowed me to perform some minor

transactions in some of the local shops. Then I sat and sketched in a town's square that could have been in the American Midwest. Children played on the swings. Mothers talked on their cell phones as they pushed their baby carriages. Boys on bikes drove by yelling at each other. But you knew this wasn't Kansas because through the trees, next to the billiards parlor, you could

I update my website with a new commentary at least quarterly. I also update it if there is significant volatility in the stock market or if urgent issues need to be addressed. The current commentary, dated July 12th, is titled "S&P 500 Nears All-Time High!!! - So Why am I Worried?" Please check my website occasionally for updates.



see a statue of Vladimir Lenin.

There is a statue of Lenin pointing toward the horizon in nearly every city. One guide said that the joke was that Lenin usually points toward the local prison or a vodka store.

Russia is changing. Several times I saw young Russian women wearing short skirts and high-heel shoes walking arm-in-arm with babushkas, their mothers or grandmothers, dressed in clothing that might protect them from a Siberian winter.

During one of the educational sessions on the ship, Katya, a charming young guide, gave a passionate response to a question about peace and youthful political activism. Later, I gave her my English "Peace" pendant, one of the two that my daughter Sonya had given me for Father's Day. I kept the one that said "Peace" in Russian.

"МИР" is the Russian word for peace, but this word has several meanings. It also means "world" and "community," as in community of peasants.

On the ship we were taught a Russian bow. First, you touch your heart, and then raise your hand to salute the sky, and finally bow in reverence to the earth.

Arbot Street, where the Moscow Hard Rock Café and various hip nightclubs are located, is the lively pedestrian mall. In addition to buying tourist mementos, you can have your picture taken beside life-size statues of

Pamela Anderson, Shrek, or Vladimir Putin.

Between the 1917 revolution and the end of the Stalin era, more than 60% of the churches and cathedrals were "exploded." Most of the rest were turned into government or military headquarters. It wasn't until Boris Yeltsin came to power that some of the most beautiful churches were restored.

Mikhail Gorbachev, according to the always-evolving Ronald Reagan Myth, was a Russian hero. This is not what I discovered in Russia. Despite Gorbachev's charm, he is not a popular figure to modern Russians. He did not take action as the Soviet economy struggled when transitioning from socialism to capitalism. His failed economic reforms during "perestroika" led to the breakup of the Soviet Union in 1991.

One guide said that during 1990, inflation in the price of consumer goods reached 30% a month. Another said that a certain quantity of rubles in 1989 would buy two average Russian cars. Two years later, that same quantity could buy only a kilo of sausage.

Russian Federation President Putin seems to be very popular. His approval rating is between 70% and 80%. I saw pictures of him at many businesses where Putin had visited. As an American, it seemed odd to me that the Russian president is comfortable being with his citizens while the American president is afraid of being among the people he governs.

The consensus seemed to be that Putin is appreciated for the perception of safety he has brought to the



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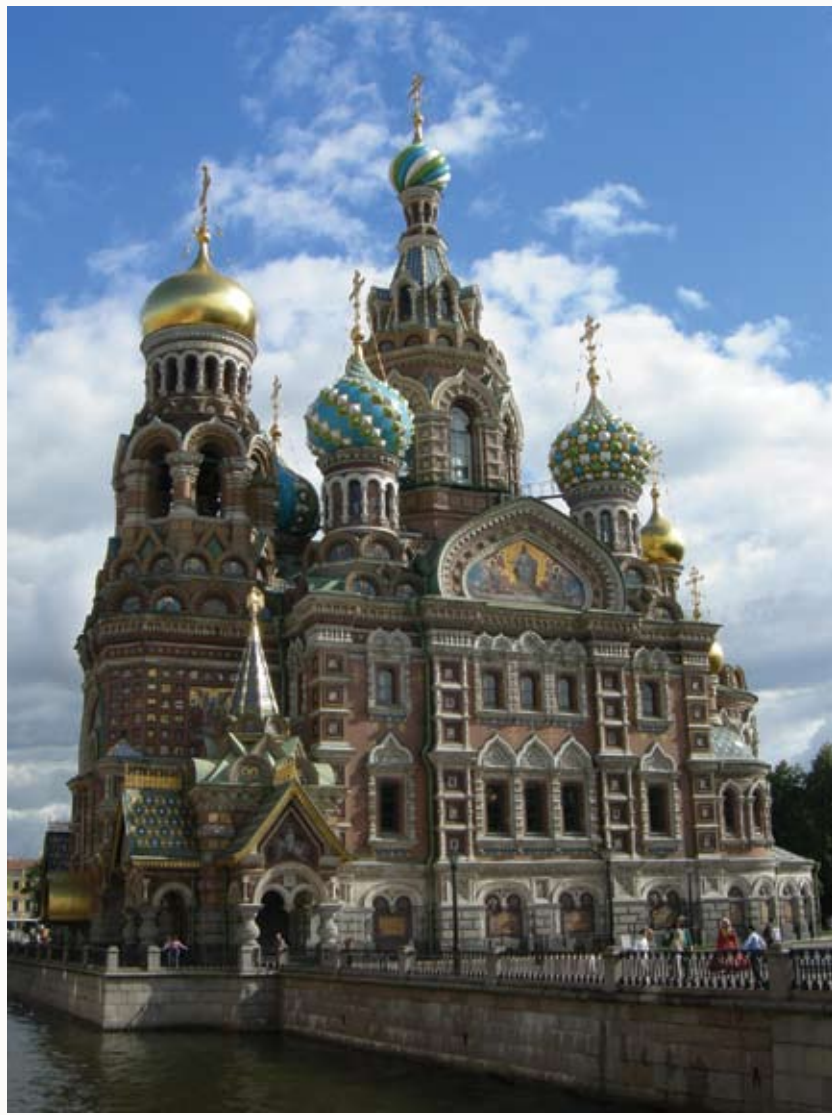
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country. The liberty that was sacrificed in the process seemed to be less of a public concern. Sounds familiar, doesn't it?

Putin's second term ends in March of 2008. There is speculation that the Russian constitution may be changed to allow for a third term if the current candidates remain unpopular. One potential replacement is called "Misha two-percent," a name he earned for the extra money he received whenever any government project went through his office.

The guides seemed to be proud of recent Russian progress, but were very critical of Stalin. However, they were less willing to discuss current Russian politics except for the coming presidential elections. Two topics that seemed to be avoided or minimized were Chernobyl and Chechnya.

The issue mentioned by most guides was the changing weather and their concerns about global climate change.

When checking in for our Air France flight home, a stern French security attendant closely scrutinized a chocolate dog in my carry-on bag. I thought she would declare it contraband and throw it away, but

eventually returned it to me with a stern look, then said, "Bon Appetite."

During the last year, the United States and Russia seem to have shifted from evolving co-operation to escalating hostility. This new adversarial attitude seems to politically benefit both Bush and Putin, though it reverses one of the few positive trends in recent world history.

Despite my ranting about flawed leadership of both of our countries, I loved my trip to Russia. It exceeded my expectations and I loved the staff members from the ship.

If you'd like to view some of my 800 photos, check my website (www.bobdreizler.com.)

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WHAT FOLLOWS ARE SOME SELECTED MEDIA COMMENTS ABOUT THE RUSSIAN FEDERATION. UNFORTUNATELY, MANY OF THESE COMMENTS WOULD BE JUST AS VALID IF THE WORDS "RUSSIA" WERE EXCHANGED FOR "AMERICA," "PUTIN" WAS TRADED FOR "BUSH" OR "CHECHNYA" WAS SWITCHED TO "IRAQ."

"High oil prices have encouraged a consumer boom, but they are a mixed blessing. The giant, state-controlled gas and oil companies, Gazprom and Rosneft, overwhelm the rest of the economy and dominate Russian politics—with several of Putin's closest advisers holding energy directorships. Energy politics and democratic politics don't mix easily."

—"Energy Politics, Democracy in Russia,"
The Sacramento Bee, Feb. 17, 2007, B7.

"There will now be an increasingly small number of news outlets that are not managed by the Kremlin, directly or through the state national gas company, Gazprom, a major owner of media assets.

Parliament is also considering extending state control to Internet sites that report news, reflecting the growing importance of Web news as the country becomes more affluent and growing numbers of middle-class Russians acquire computers."

—"Russia's Media Told to Run 'Positive' News," *The Sacramento Bee*, April 22, 2007, A9.

"Bush and Putin are expected to forge an agreement to allow U.S. civilian nuclear cooperation with Russia. It would let Russia import and store thousands of tons of spent nuclear fuel from U.S.-supplied reactors world-wide, and give billions of dollars in profits to U.S. suppliers from a Moscow government flush with petrodollars."

—"Little Progress Expected at Bush-Putin Meeting,"
The Sacramento Bee, July 1, 2007, A12.

Katrina vanden Heuvel is the editor and publisher of *The Nation* and a longtime analyst on US-Russian relations. The following excerpts are from an interview with Amy Goodman on Democracy Now shortly after Anna Politkovskaya, prominent Russian Journalist, Putin critic and human rights activist was murdered in Moscow about a year ago.

Well, Anna was an intense, brave, courageous reporter, whose mission was to document and chronicle the human catastrophe of the war in Chechnya. This is a war, Amy, which, since 1994, in the first and second phases of this war, has killed perhaps 100,000 civilians.

[T]he media landscape in Russia today is in some ways reminiscent of this country, because oligarchs control so many of the papers. On the other hand, state control of television, I think, is now the real impediment to independent reporting. The State now controls the television. And 85% of Russians get their news from television.

[T]he "Bush-Blair war" gave cover to Putin, who called his war in Chechnya a war against international terrorism, when, in fact, so many analysts understand that it's the occupation of Chechnya which has fueled and engendered the very terrorism Anna feared and which she tried to defuse.

I think what democracy is associated with is the de-modernization of a country, because some 60% of Russians live in poverty, according to government statistics. And that is linked to the looting of a country (by the oligarchs), which is the greatest fire sale of the 20th century.

<http://www.democracynow.org/article.pl?sid=06/10/09/1358259>

"I cannot forecast to you the action of Russia. It is a riddle wrapped in a mystery inside an enigma: but perhaps there is a key. That key is Russian national interests."

—Winston Churchill

"Why did we bother to beat the Soviet Union if we were just going to become it? Shame. Shame. Shame."

—Molly Ivins, November 10, 2005

ANSWERS TO LAST PAGE QUESTIONS
1. c, 2. c, 3. b+c, 4. e (Boris Godunov was tsar from 1598 to 1605), 5. d, 6. a+d (Russia is currently a close second to Saudi Arabia in oil production. The U.S. is the third.), 7. c.

Are the American and Russian Economic Systems Converging?

As I learned more about the evolution of the formerly Communist/Socialist USSR economy into the current Russian economy, I started forming a theory about how the U.S. (under Bush) and Russia (under Putin) are developing similar economies. Both seem to be run by what Russians call “The Oligarchs.”

“Oligarchs” is a term Russians use to describe those individuals (including 33 Russian billionaires) who became fabulously wealthy during the transition to Russian capitalism. They now own a large percentage of Russia’s resources that were initially divided among all Russians fifteen years ago.

American oligarchs have more transparently acquired an increasing percentage of American wealth through tax cuts for the rich and favorable regulation/legislation during the Bush administration. In both countries, the term “piratization” may be more accurate than “privatization”.



Scheduled Photo Exhibits

- Megami Bento-Ya Restaurant (1010-10th Street). Scheduled to start in September.
- Lush (20th and I Street) Scheduled for September or October
- Every Second Saturday in Studio 2 of the gallery behind Michelangelo’s Restaurant (1727 1/2 I Street).

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RUSSIA QUIZ

1. In 2001, George W. Bush said this about Russian Federation President Vladimir Putin, "I found him to be very straightforward and trustworthy. We had a very good dialogue. I was able to get a sense of his soul." Bush's revelations came after he looked into Putin's:
a) wallet; b) nostrils c) eyes; d) CIA file; e) KGB resume.
2. Which of the following is not an independent nation that was formerly a republic in the USSR? a) Georgia; b) Ukraine; c) Chechnya; d) Azerbaijan.
3. What are two former names of St. Petersburg? a) Stalingrad; b) Petrograd; c) Leningrad; d) Gorbacheville; e) Del Webb City.
4. Which of the following was not a Russian Czar? a) Boris Godunov; b) Peter the Great; c) Ivan the Terrible; d) Catherine the Great; e) Mildred the Mediocre.
5. Which of the following was not a Russian President? a) Boris Yeltsin; b) Yuri Andropov; c) Konstantin Chernenko; d) Karl Marx; e) Leonid Brezhnev.
6. The Russian Federation leads the world in which two categories?
a) land area; b) Communists; c) oil production; d) vodka consumption.
7. Which city was recently named the world's most expensive city?
a) London; b) New York City; c) Moscow; d) Elk Grove; e) Paris.

Answers are on page 4

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