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The Moscow Times

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## COME CLEAN ON U.S. RECORD FOR AID TO RUSSIA

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In response to "U.S. Aid Not 'Strange,'" a March 6 letter.

Editor,

In his letter to The Moscow Times regarding its favorable review of my new book, "Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998," USAID administrator Donald Pressley states that the book "provides a limited account of a vast subject" and "focuses on a few sensational issues." As "Collision and Collusion" clearly states, the book deals primarily with priority projects in priority countries, as defined by the donors. The book examines big projects to which donors devoted much money and lip service (and which Mr. Pressley and other U.S. officials frequently presented in congressional testimony as the hallmarks of this country's aid successes) such as USAID's economic aid to Russia and USAID's privatization program in Central Europe. The former, which was largely managed by the Harvard Institute for International Development, has proven destructive to the Russian people and to U.S.-Russia relations; the latter was misconceived and largely ineffective.

Tellingly, Mr. Pressley offers no response or defense of these projects, with which he was personally involved through the 1990s in various capacities. For example, Mr. Pressley represented the U.S. Agency for International Development on a high-level interagency "steering committee" that favored HIID projects in Russia and Ukraine. Some of the participants from HIID in those projects are now under criminal and/or civil investigation by the U.S. Justice Department.

Mr. Pressley's only defense of U.S. assistance programs - and only criticism of "Collision and Collusion" - appears to be that it misses the themes of "enthusiasm and idealism" that characterized the aid effort and especially the American volunteers working in myriad efforts overseas. But the purpose of my study was to analyze the effects of U.S. grant aid in priority areas, not to study volunteers, whose motivations, enthusiasm and idealism I do not question. Indeed, it is telling that Mr. Pressley trots out volunteer programs in defense of the aid program: Volunteer programs were never a central monetary or strategic focus of U.S. assistance programs, as many of the leaders and participants of these programs would attest to, especially if they tried to raise money from the U.S. government for their basic operations. And, although many of the volunteer programs and people have made positive contributions, it was not solely because of the "enthusiasm and idealism" that Mr. Pressley cites.

In fact, I found that enthusiasm and idealism were constructive virtues in the context of the policy and development challenges of eastern Europe only when accompanied by expertise, willingness to learn, and cultural sensitivity. As detailed in "Collision and Collusion", the aid programs that were most effective largely became so only after the initial phase of East-West contact that I call Triumphantism, which was characterized by high (and often unrealistic) expectations on both sides after the fall of the Berlin Wall. It was only if and when recipients got through the subsequent phase of Disillusionment - during which hundreds of often ill-prepared Western consultants landed on

the doorsteps of overextended East European officials - and after a tense process of learning on both recipient and donor sides, that there emerged a more constructive phase: Adjustment.

Adjustment was not characterized by blind "enthusiasm and idealism" on the part of Western consultants and volunteers, but rather, as I describe in my book, by the developed expertise of those willing to learn, the mutual interest of donors and recipients, and good working relations.

I, along with Mr. Pressley, hope that eventually the "benefits and results" of assistance programs will "far outweigh the errors along the way." But what of the hopes of the recipients, especially Russians? Do U.S. officials feel no responsibility for the record of U.S. economic aid policy to Russia? What of the fact that many Russians now believe that the United States, with its aid programs, deliberately set out to destroy Russia?

Until U.S. policy-makers come clean about the record of U.S. assistance - especially in Russia, where assistance is especially tarnished - I fear that such hopes are mere fantasies and may further damage U.S.-Russian relations.

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No Illegal Transfers

In response to "Russia's Default Left Banks in Crippled State of Survival," a column by Irina Yasina on Feb. 23.

Editor,

Mrs. Yasina's article discusses the state of the Russian banking system after the default, and the author puts forth her opinion on the nepotistic attitudes of the Central Bank of the Russian Federation regarding the provision of stabilization credits to banks. In the author's opinion this leads to the "active withdrawal of liquid assets from lifeless, debt-burdened structures.

Seemingly to emphasize her point, the author writes: "It has yet to come to light, but there is talk that an underground transfer of liquid assets left at Inkombank after the crash to the small Lanta Bank has been going on.

Neither Mrs. Yasina nor The Moscow Times staff made even the smallest effort to verify these very damaging remarks.

Lanta Bank wishes to state, in the strongest possible terms, that the information published about Lanta Bank in the above-mentioned article is absolutely false. There have never been such transfers from Inkombank to Lanta Bank. Moreover, Lanta Bank has never engaged in any "underground transfers.

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Board of Directors

Lanta Bank

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