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1. EDITORIAL
TOP ECHELONS OF POWER BEING RESHUFFLED

All major Russian executive institutions have entered a stage that will witness the reshuffling of personnel. This is the dominant view of all political observers. The President's Staff is expected to undergo substantial changes. The number of units within the President's staff is expected to be reduced dramatically, with many set to be abolished or transformed into secondary consultative bodies with little - if any - access to the President.

The institution of the "President's Aides" is expected to undergo dramatic changes, and may even be abolished. Of the present aides, first aid Victor Ilyshin has very good reason to expect a promotion. Some observers believe he will be appointed as a First Deputy Prime Minister, while others believe he could be appointed as the chief of the new President's Staff.

Alexander Livshits, the economic aide to the President, is also

expected to get a promotion. Some sources say he is likely to be appointed as either Minister of the Economy, Minister of Finance, or even as Deputy prime Minister in charge of economic issues.

Alexander Lebed will certainly retain his seat as the President's national security advisor, although his influence (if he manages to retain it) will be based not on this position, but on the mandate he received in the election.

Other aides to the President face an uncertain future. Nevertheless, even if they leave the President's Staff, they are likely to take good positions either in government institutions or in public or political organizations.

The future of Sergei Medvedev, press secretary of the President, seems most uncertain, as sources say that President Yeltsin was not impressed by his performance in the election campaign. The future career of Nikolai Egorov, presently chief of the President's Staff, is also very uncertain. Although he was put in charge of the inauguration ceremony, many analysts believe that he is unlikely to retain his present seat for long.

Victor Chernomyrdin has stayed as Prime Minister. He seems to be the only person in the present Cabinet who should not worry about his portfolio. Most observers believe that he will face no serious problem is getting the State Duma to vote in favour of his appointment. No other member of the Cabinet -- be it the first and ordinary deputy prime ministers, ministers or chairmen of state committees -- can be sure they will retain their portfolios.

Grigory Yavlinsky stands practically no chance to get the portfolio of First Deputy Prime Minister in charge of economic reform, while a Communist party representative stands no chance to get a deputy prime minister portfolio (although a ministerial portfolio is a likely prospect).

The most likely officials to leave the Cabinet are believed to be Minister of Economy Yevgeny Yasin, Minister of Finance Vladimir Panskov, and especially Andrei Vavilov, the First Deputy Finance Minister, who until recently was considered second-in-command in the ministry with leverage that was equal, or even more extensive than that of Panskov. A file requesting an immediate prosecution against him was addressed to the President's Staff and to the Prime Minister.

Meanwhile, there is still no certainty as to who will be appointed as the new Defense Minister. Even those who are reputed as knowledgable political pundits cannot say. As to sectoral ministers, their political future will depend on how - or if - the Cabinet will be restructured.

Sources say that two options are now under consideration. Under the first one, the cabinet should undergo dramatic structural changes, and will be transformed into rather compact institutions with 5 to 7 deputy prime ministers and about 20 to 24 federal ministers and other ministries, committees and services to be merged with the federal ministries. Under the alternative concept, the Cabinet should preserve its present structure and functions, and will undergo only superfluous changes.

2. POLITICAL INSTITUTIONS

* Cabinet to be Reshuffled

MOSCOW NEWS (1996, No.27): Boris Yeltsin's victory in the presidential election has made experts change their views concerning the composition of the future cabinet. Victor Chernomyrdin, who was considered by many as doomed to be dismissed, now feels self-confident again. He makes it clear that no radical reshuffle is in store, and appears irritated by Alexander Lebed's growing influence over the government and Grigory Yavlinsky's possible appointment to the cabinet. In all likelihood, Chernomyrdin will not be dismissed in the foreseeable future.

The cabinet's contours remain rather vague. Chernomyrdin does not object to Zyuganov's joining the government, though he resolutely rejects such a possibility for Yavlinsky. At the same time, he says that professionalism and not a coalition must become the basic principle for chosing government members.

As to possible appointments, informed courses say that presidential economic aide Alexander Livshits could take the post of First Deputy Prime Minister in charge of economic policy. In that case, First Deputy Prime Minister Vladimir Kadannikov could be directed to supervise industry.

Vladimir Panskov is likely to be replaced by either Vitali Artyukhov, head of the State Tax Service, or Mikhail Zadornov, head of the State Duma budgetary committee. There is also speculation that State Duma member Tatyana Yarygina could be appointed Minister of Social Protection, or even Deputy Prime Minister.

There is little doubt about the resignations of Alexander Zaveryukha, Deputy Prime Minister in charge of agriculture, and Oleg Davydov, Minister of Foreign Economic Relations. Nothing, though, is known of the persons who will replace them.

At the same time, informed sources name Yuri Petrov, head of the State Investment Corporation, and Sergei Glaziev, former Minister of Foreign Economic Relations, as candidates for future cabinet members. ("Telling Fortunes" by Vladimir Gurevich, p.2).

NEZAVISIMAYA GAZETA (12.7.1996): Mikhail Zadornov, head of the State Duma budgetary committee and a Yabloko faction member, said that Grigory Yavlinsky was prepared to join Victor Chernomyrdin's reshuffled cabinet. Zadornov argued that during his meeting with the Prime Minister on June 9, Yavlinsky delivered his views on ways of settling the country's economic problems and the government's tasks stemming from that. The State Duma committee head argued that Chernomyrdin's reaction had been positive.

Zadornov noted that Yabloko was aware of the need for political

change in Russia, and was prepared to contribute to that change -- provided that Yavlinsky is given real powers in the cabinet. These powers must include involvement in decision-making on economic issues and appointments. ("Yavlinsky's Position Clearer", p.1).

* Strategic Planning Group to be Formed on the Basis of the "Movement in Yeltsin's Support"

SEGODNIA (11.7.1996): First presidential aide Victor Ilyushin said that Boris Yeltsin intends to form a "strategic planning group" on the basis of the movement that was created in his support in the presidential election. The center is to become a kind of brain trust which would tackle strategic issues.

Ilyushin made clear his preparedness to head the center. However, informed sources say that Anatoly Chubais is the most likely candidate for that post.

Speaking on his own future career, Ilyushin said nothing definite. However, informed sources say that President Yeltsin intends to appoint his first aide to the post of first deputy prime minister. There are also rumors that Victor Chernomyrdin has offered the post of his first deputy to Grigory Yavlinsky. ("New Brain Trust to Emerge in Russia" by Tatyana Malkina, p.1).

* Security Council Powers Expanded

SEGODNIA (12.7.1996): On July 11, President Yeltsin signed a decree on the Security Council, which outlines its powers. Security Council secretary Alexander Lebed told a press conference that the decree directed the council to create conditions that would allow the President to perform his functions on protecting human and civil rights.

Lebed noted that the decree had expanded the Security Council's powers; responsibilities now include the elaboration of strategies on Russia's domestic, foreign and military policies, drafting presidential decrees concerning security, and implementing measures on improving the security system. Lebed said that the main areas of the Security Council's activity would be military, public, economic and information security. These four directions would serve as the basis for the Security Council staff structure.

The Security Councils' new statute transforms it into a working body in which the President and the council secretary play the key roles. Contrary to the old statute, the new one does not envisage the participation of member- territory representatives in the council. Neither does it provide for the approval of the Security Council resolutions by the respective governmental agencies.

The Security Council Secretary's extra powers that are envisaged by the decree include filing criminal cases against government employees involved in activities infringing upon Russia's security. Likewise, he can collect information on nominees for top state posts and submit it to

the President; chair the Security Council sessions; and submit to the President a list of candidates for Security Council positions. In addition
to that, draft decrees received from the President for approval should be considered by a Security Council session, chaired by the council chairman.

The above innovations mean that the Security Council is being transformed into a workable instrument for implementing the President's policy. Until recently, the implementation of Kremlin policies was based on the balance of influence within the presidential team. With the recent resignation of the power ministers, this balance was upset. It can be further upset should the Security Council outweigh the Prime Minister. ("Alexander Lebed Fills Vacuum", by Tatyana Malkina, Anton Trofimov, Dmitry Volkov, p.2).

MOSKOVSKI KOMSOMOLETS (12.7.1996): The Security Council's new structure appears clear cut and workable enough. At the present time, the council's staff has slightly above 150 employees. Therefore, in all likelihood officials from the power ministries, other government agencies and the President's Staff will be attached to the Security Council for tackling specific issues.

The Security Council's new structure appears military- like, and thus
efficient enough. At the same time, the scope of its prerogatives is too wide, and it appears to be involved in tackling minor issues. ("Experimentalist of Law Protecting Moves" by Vladimir Kartashkov, pp.1, 2).

3. POLITICAL PARTIES

* Communist and Democratic Opposition Passing Through Difficult Times

MOSCOW NEWS (1996, No.27): The opposition's leading pundits believe that Gennadi Zyuganov had been doomed to failure in the June presidential election, since he represented a symbol of a possible communist revanche. Meanwhile, the attempt to overcome this obstacle and form a coalition of left and nationalistic forces was made too late.

Sergei Baburin said that the election coalition had been of a provisional nature, while Vladimir Isakov argued that the Communist Party would most likely be replaced by a broad opposition coalition of social-democratic orientation.

The election results are to be discussed by the Communist Party Central Committee plenary session to be held this month. Zyuganov is likely to retain his post as the party leader. But even in the event of his substitution with Valentin Kuptsov or Alexander Shabanov, the party will most likely continue along the gradual course towards nationalism and
traditionalism.

The government is seemingly interested in preserving the Communist Party as the major opposition force. Reasonable and predictable as they are, the party leaders have seemingly concluded a deal with Yeltsin's team

in the election. This explains the Communist Party leaders' reserve and refusal to raise the question of violations committed in the course of the election.

In any event, the Communist Party's fate will become clearer this fall, as the attempt to form a coalition of all opposition forces along a non-communist basis will be made. In that case the Communist Party will have to give up its claim to the role of the opposition's sole guiding force.

Meanwhile, the democratic opposition's prospects appear no better. In the election, this opposition not only failed to beat Yeltsin, but also failed to even force him to accept some of its demands. After the protracted bargaining, the democratic opposition had to reduce its claims.

Presidential chief aide Victor Ilyushin seems the only person in Yeltsin's team inclined to invite Grigory Yavlinsky to join the cabinet. Neither has the Kremlin revealed any intention to offer a ministerial post to Svyatoslav Fedorov. ("Disarray and Vacillation" by Yevgeni Krasnikov, p.3).

4. POLITICAL FIGURES

* Anatoly Chubais Plunges Into Private Business

INTERFAX-ARGUMENTY I FAKTY (1996, No.28): Former First Deputy Prime Minister Anatoly Chubais is reportedly engaged in establishing a company of his own. The sphere of his company's specialization can be outlined as crisis management. Informed sources say that Chubais has no intention to return to the civil service. At the same time, Chubais obviously intends to act as an intermediary between the upper echelons of power and big business.

Chubais made a decisive contribution to Boris Yeltsin's victory in the June presidential election. He was Russian big business' representative in the Kremlin, and will continue acting as such.

The are few political figures in Russia that could compete with Chubais in terms of political weight. Now he can afford to quit politics and do business on his own. However, there is every reason to believe that some day Chubais will once again emerge on the political scene. ("Chubais Plunges Into Private Business" by Natalya Pustyrnikova, p.5).

* Confrontation Between Prime Minister and Security Council Secretary

NEZAVISIMAYA GAZETA (11.7.1996): Contrary to his promise to initial the statute on the Security Council's secretary on July 4, President Yeltsin has so far failed to do so. Sources in the Security Council secretary staff attribute this delay to the Prime Minister's visit to the President that day. The party held to celebrate Yeltsin's victory in the

presidential election was too protracted to allow Lebed the opportunity to
meet with Yeltsin.

However minor, this event appears quite significant in light of the confrontation between the Prime Minister and the Security Council secretary. The Prime Minister and Lebed are struggling for the right to have the decisive say in nominating the key figures in the upper echelons of power, as well as for direct access to the President.

Chernomyrdin and Lebed, who represent two centers of influence in the
ruling group, have already clashed over some specific appointments. It is known that Yeltsin appointed Nikolai Kovalev as head of the Federal Security Service after meeting with Chernomyrdin, and that he did not hold
consultations with Lebed.

Another clash is still awaiting, as Lebed has to fulfil his obligations to Sergei Glaziev. Chernomyrdin considers Glaziev as his personal enemy, and hates the very idea of his appointment to the cabinet.

Likewise, Chernomyrdin resists Glaziev's appointment to the post of the Security Council deputy secretary in charge of economic security issues. This was probably the reason why Lebed is considering the candidacy of Vladimir Groshev, a member of the Inkombank supervising board. ("Prime Minister-Security Council Secretary Confrontation" by Ivan Rodin, p.2).

IZVESTIYA (12.7.1996): We need a respected and serious person at the post of deputy of the Security Council secretary, said Alexander Lebed. Vladimir Groshev, a Ph.D (Economics) and professor, is the former dean of the V.Plekhanov Institute of the National Economy. Now he is the head of the academy's supervising board, president of the Management and Market Academy, and chairman of Inkombank's supervising board.

It is worth mentioning that Groshev is the author of a strategy developed for overcoming the economic crisis, and the Russian economy's restructuring in 1996-2000 and after the year 2005. The investments required for the concept's implementation are estimated at two trillion dollars. Groshev believes that this amount could be received from domestic
and foreign investors. The concept provides for concessions on developing Russian natural resources for foreigners.

The daily notes that Groshev is known not only as an academic, but also as a prominent lecturer in economics. His former students currently occupy important positions in Russian business. Together with Groshev's colleagues and followers, they could make a workable team. This seems Groshev's strongest point. ("General Meeds Chief Economist" by Dmitry Dokuchaev, Yulia Ulianova, p.2).

5. DOSSIER
RUSSIA'S 50 MOST POLITICALLY INFLUENTIAL BUSINESSMEN

The weekly INTERFAX-ARGUMENTY I FAKTY (1996, No.28) published a list of the most politically influential Russian businessmen, which follows

below.

Businessman	Company/Bank	"Influence Rate" March 1996	"Influence Rate" June 1996
1. Rem Vyakhirev	Gazprom	8.08	8.42
2. Boris Berezovsky	LogoVAZ	6.94	7.34
3. Vladimir Gusinsky	Most Bank	6.86	7.10
4. Vagit Alekperov	LUKoil	7.00	7.02
5. Alexander Smolensky	Stolichny Bank	6.68	6.96
6. Vladimir Potanin	ONEXIMbank	6.70	6.72
7. Andrei Kazmin	Savings Bank	--	6.70
8. Mikhail Khodorkovsky	Rosprom	6.72	6.66
9. Sergei Lisovski	Reklama-ORT	3.54	6.58
10. Vladimir Vinogradov	Inkombank	6.60	6.48
11. Nikolai Bekh	KamAZ	6.20	6.30
12. Yakov Dubenetski	Promstroibank	6.16	6.06
13. Yuri Poletaev	Vneshtorgbank	5.24	5.82
14. Svyatoslav Fedorov	Ophtalmology Center	5.88	5.80
15. Nikolai Pugin	GAZ	6.20	5.76
16. A.Dyakov	Russia's Common Energy System	6.10	5.74
17. V.Bogdanov	Surgutneftegaz	5.10	5.72
18. Sergei Rodionov	Imperial Bank	5.62	5.58
19. Sergei Muravlenko	YUKOS	5.04	5.40
20. Vsevolod Genmeralov	Norilsky Nickel	--	5.26
21. Victor Gerashchenko	Moscow International Bank	5.64	5.22
22. Vladimir Bukato	Mosbiznesbank	5.40	4.92
23. A.Nikolaev	AvtoVAZ	--	4.90
24. S.Monakhov	Menatep	--	4.84
25. Mikhail Fridman	Alfa Group	--	4.80
26-27. Pyotr Aven	Alfa Bank	5.12	4.76
26-27. V.Khokhlov	Tokobank	5.36	4.76
28. Vladimir Yakovlev	Commersant	--	4.70
29. Kakha Bendukidze	NIPEK	4.46	4.65
30. Alexandra Kozyreva	Tveruniversalbank	5.34	4.48
31. A.Zakharov	Moscow International Currency Exchange	4.78	4.44
32-33. A.Raevskaya	Avtobank	4.78	4.40
32-33. Iosif Kobzon	Moskovit	4.36	4.40
34-35. Yuri Trushin	Agroprombank	4.28	4.38
34-35. V.Shtyrov	Almazy Rossii-Sakha	4.86	4.38
36. A.Vlasov	Russian Exchange	3.98	4.34
37. V.Korovin	Uralmash	3.64	4.28
38. A.Soldatov	Relkom	2.66	4.16
39. Vladimir Bryntsalov	Ferein	4.02	4.06
40. Alexander Lyubimov	Intervid	3.24	4.04
41. Andrei Nechaev	Russian Financial Corp.	4,08	4.02
42. Mark Massarski	Russian Gold	4.30	3.86
43. Garegin Tosunyan	Tekhnobank	4.30	3.84

44. Vladimir Palii	Nizhnevartovsk-neftegaz	3.80	3.80
45. Yuri Kolpakov	Krasnoyarsk Aluminum Plant	3.92	3.78
46. S.Derezhev	Gazexport	3.54	3.72
47-48. Yuri Agapov	Kredobank	4.24	3.70
47-48. A.Yefanov	Mikrodin	4.06	3.70
49-50. V.Reznik	Rosgosstrakh	3.36	3.46
49-50. Dmitry Orlov	Vozrozhdenie	3.30	3.46

("Russia's 50 Most Influential Businessmen" by Alexander Komozin, p.5).

BACKGROUND OF YURI URSOV, PRESS SERVICE CHIEF OF ALEXANDER LEBED

YURI URSOV was born in 1958. In 1984, he graduated from the faculty of journalism at Moscow University. International journalism, a very prestigious specialization at that time, that was available mostly for the people with connections with the nomenklatura. He also graduated from the Higher Economic Courses under the USSR State Planning Committee (Gosplan). These courses were used for professional training of those professionals in economics who were considered as promising and suitable for promotion within the government hierarchy.

He then reportedly worked in the press, namely with the newspapers STROITELNAYA GAZETA, PRAVDA and TRUD. In 1988, he was awarded with a prize and laureate title of the USSR Union of Journalists.

According to some sources, he served abroad as an officer of the 8th directorate of the USSR Defense Ministry, and served in Afghanistan and Iraq (as a journalist). He also visited Japan, USA, Germany and Switzerland. Some sources assert that Ursov is an intelligence officer with the rank of colonel, and his professional career gives sound reason to believe this assertion is true.

In 1995-1996, according to official sources, Ursov was a freelance journalist and was involved in consulting on information and political campaigns. Sources say that Ursov has extensive connections in the Federal Security Service (FSB) and in the External Intelligence Service (SVR), as well as among senior industrial managers. He is believed to be on close terms with industrialist Nikolai Bekh, the general director of KAMAZ truck-manufacturing plant.

In the presidential election campaign, Ursov reportedly provided consulting services to Alexander Lebed as a presidential candidate. Ursov has the reputation of espousing strong-state ideology ("gosudarstvennik"), and is an adherent of Russian cuisine and traditions. President Yeltsin's associates reportedly recommended that Alexender Lebed appoint other persons as his spokesmen, although Lebed nevertheless opted for Ursov.

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