

# Russians seek help to revive agriculture

by Rosa Tennenbaum

Berlin's international "Green Week" has become an important meeting ground between East and West in recent years. This Jan. 19-20, it provided an opportunity for discussions among Russian and German officials and businessmen. The Russian representatives presented a stark picture of the crisis in their agricultural system, and solicited the partnership of German entrepreneurs to rebuild the economy, which has been wrecked by the International Monetary Fund's shock therapy policies.

In a seminar titled "Economic Partner Russia," the Eastern Committee and the Cooperation Office of the German Economy offered assistance to those searching for economic partners. They had invited members of the Russian government to participate, as well as leading representatives of 12 of the 89 regions of the Russian Federation. These Russian spokesmen identified many specific projects for which they would like to have western participation. One hundred entrepreneurs from Germany's medium-sized industry attended, and translators were provided to enable them to discuss concrete plans with the Russian guests.

## Lack of technology

What the Russians were most interested in, was German technology. Russia's food industry is antiquated and works very ineffectively and unprofitably. The representative of the district of Altai said, for example, that it costs twice as much to process milk, as what the consumer pays—and the price of milk in the grocery store is not low. Processing, storage, transport, and distribution of meat and milk are all very ineffective, and, as a result, unprofitable. The Russians are seeking western partners in all these areas, whether to build joint enterprises with the Russians, or to establish their own enterprises.

The district of Samara was named as a successful example of cooperation. With the help of some German enterprises, at the Amazone farm equipment firm, the production of potatoes was started on a 3,000-hectare area, three years ago. This pilot project became a profitable business in a very short time, since the seeds of Samara are of an extraordinary quality.

## Disaster of shock therapy

Russian Deputy Agriculture Minister Ivan Usachov, addressing the group, emphasized that relations with Germany

mean "a pilot project to modernize our agricultural economy." Russia has just had the worst year in its recent history. The grain harvest was 56 million metric tons, the worst in 30 years. The average yield decreased to 1.18 metric tons per hectare, the use of fertilizers to 11 kilograms. Had Russian bankruptcy law been enforced, up to 60% of agricultural firms would have gone bankrupt. In 26 of 89 districts, the harvest was nearly totally destroyed by drought. According to Usachov, the drought is a "punishment of God" for the shock therapy policy. "We carried out major surgery, instead of therapy."

Big mistakes have been made in the privatization of State-owned enterprises, Usachov admitted. "We have forgotten the producers, and have built up monopolies." Food-processing has decreased 70% since privatization began. Russia cannot even supply half of its domestic requirements. The rest comes from foreign countries—not only the finished goods, but frequently even the raw materials. The big cities are supplied 70% by imports. Usachov's ministry has worked out a program for building up the food industry and the agricultural economy past the year 2000, and he hopes that it will be accepted.

The next day, Russian government representatives were even more harshly critical of shock therapy, at a seminar titled "The East-West Agrarian Forum." The West has to understand that the reforms have a negative side; an enormous economic collapse has taken place, Usachov said. The situation has come to such a point that "we have to talk about a national food-guarantee program." Deputy Economic Minister Starikov complained that within the privatization policy, the main question was to increase trade. But the measures that were carried out had a quite different effect "in the Russian reality." No investment is going to the physical economy and agriculture, but only to the stock market and the banks. Through speculation, a great deal of "hot money" was earned, and later was partly returned to agriculture. We would call this money laundering, he said.

## The German view

The German side emphasized that it is not enough just to export. Business in the medium and long term can only be carried out if money is invested in Russia's processing industries. It is an illusion to think that Russia can be supplied through imports. "Domestic production is the future," the hosts underlined, "and Russia's economic reconstruction non-negotiable." Only in that way can the living standards of the population be raised, thereby ensuring that there will be customers found for German products.

This meeting revealed a welcome contrast to the policy that is being promoted by banks and international organizations. The representative of the administrative district of Tyumen summed it up in the following way: "We're not asking you for help; we're offering partnership. Share with us the responsibility to rebuild Russia."