

TABLE 2

Collapse of Russian agricultural production, 1990-95

	1995	1994	1995-94 (Percent change)	1995-90 (Percent change)
Grain (harvest, million tons)	64.7	81	80%	60%
Potatoes (harvest, million tons)	37.7	34	110%	94%
Livestock (millions of head)				
Cattle	39.2 ¹	44	89%	81%
Hogs	22.6 ²	25	89%	75%
Sheep and goats	28.4 ³	36	78%	62%
Milk production (million tons)	5.8	7.2	80%	32%
Meat production (million tons)	2.3	3.2	71%	28%

1. Or 29 (from non-government studies).
 2. Or 13 (from non-government studies).
 3. Or 18 (from non-government studies).

complex, oriented to the West, and 2) the collapsing industries that previously consumed domestic production within the country. The domestic system of research and development was “liquidated.” And, food self-sufficiency was demolished.

For the first time last year, the services component of the (already notoriously fraudulent) category Gross Domestic Product in Russia, exceeded the goods portion. Services reached 53.3% of GDP (49.9% in 1994, 43.3% in 1993). The fastest so-called growth rates occurred in “market services”: finance and credit, insurance, foreign exchange and stock operations, which now are estimated to comprise between 33 and 38% of Gross Domestic “Product,” although they are really no product at all!

The criminalization of Russia’s economy

by Tatyana Koryagina

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The growth of economic crime in Russia in the 1990s has confirmed the worst forecasts of specialists. In 1988, this

author had occasion to speak at an expanded session of the U.S.S.R. Council of Ministers, on the problem of the development of cooperatives. We stated there, that our scientific research data showed the beginning of large-scale mafia penetration of the cooperative structures and the laundering of “dirty” money through them.

Since that time, our initial work on the shadow economy in the cooperative movement has been supplemented by data on the criminalization of the private sector of the economy, mixed-ownership companies, and State enterprises. The past two to three years have seen an especially intensive fusion of economic crime with hard-core criminal activity. The vertical and horizontal ties of the organized criminal structures were strengthened. Their contacts with the international mafia were broadened, especially in the areas of narco-business, the weapons trade, the trade in living wares, including the sale of human organs on the international market.

Criminalization is taking place in practically all spheres and sectors of the economy, with a marked tendency to more overtly criminal economic activity. This is the most dangerous feature, characterizing the shadow economy in Russia today.

In quantitative terms, our data at the end of 1995 show that the volume of the shadow economy had reached approximately 750 trillion rubles, or nearly 45% of Russia’s Gross Domestic Product. Out of the indicated huge shadow “gross product,” up to half of its volume can be strictly linked with the activity of organized crime. Tens and hundreds of trillions of rubles or tens of billions of dollars are “earned” in the areas of production, sale, and consumption of narcotics, and production and sale of arms, which breed violence, terrorism, immorality, and callousness in society. . . .

In this connection we note a very important, extremely negative tendency of the most recent period: the absence of possibilities to earn income by legal means. The legal and social defenselessness of people, under conditions of a total shutdown of Russian enterprises, pushes many people into the arms of the mafia, converting millions of workers into a contingent of shadow economy employees. Thus, the shadow economy has been converted into the basic reservoir, which extends the borders of the labor market in Russia.

According to our expert estimates at the end of 1995, approximately 59 million people had come into contact with the shadow economy as workers. This number includes simple hired workers, as well as owners of private enterprises, managers who work at enterprises of all forms of ownership, and functionaries from the administrative apparatus at all levels, law enforcement employees, and so forth. As is known, the giving and taking of bribes by Russian officials has even been theoretically justified by government and political figures, for example, former Mayor of Moscow Gavrill Popov.

But we must once again stress, that the phenomenon of

the growth of monetary incomes for a part of the Russian population, conceals a negative potential that is accumulating year after year, with regard to the market reforms which have been carried out, because the wealth of small groups is based on the impoverishment of large masses of people, the acute criminalization of the economy, and, ultimately, the repulsion of honest Russian and foreign producers and investors from Russia. For Russia and its partners, the prospects in this connection can be highly pessimistic, which makes the business and intellectual elite strain every nerve in order to shift the situation in favor of honest business.

Next Russian President may be a communist

by Yuri Skubko

Yuri Skubko, Doctor of Economics, was a founding member of the "Memorial" human rights society in the Soviet Union and of the Democratic Union party—the first anti-communist opposition party during Gorbachov's perestroika.

The December 17, 1995 election in Russia to the State Duma, a rather impotent parliament under the Yeltsin 1993 constitution, was seen by many as important not in itself, but rather as a test of public opinion in the run-up to the Presidential election in June.

According to the results of this test, there is a high probability that the next President of Russia may be a communist. Official results gave the Communist Party of the Russian Federation (CPRF), headed by Gennadi Zyuganov, 22% of the overall vote, with the more extremist "Communists Labor Russia for the U.S.S.R." of Viktor Anpilov as well as the pro-Communist Agrarian Party and the Women of Russia gaining around 4% each (with other small groupings and individuals, the "red" deputies comprise almost half of the 450-member Duma, not to mention certain groups of moderate nationalist orientation supporting Zyuganov).

The real result for the CPRF may have been even higher, because the Central Election Committee, headed by Yeltsin loyalist Nikolai Ryabov, made a suspicious nine-hour delay in reporting further results, after the CPRF took an early lead on the morning of Dec. 18. In those early returns, the CPRF had about 26% of the vote, leaving all other parties far behind, including the pro-government Our Home Is Russia, which had little more than 5% before, but 10% after the strange pause.

Western observers preferred not to notice any irregularities and vote-rigging, which could not conceal the message of the electorate, anyway.

Would it be so bad for Russia and the world if this country had a leader like Zyuganov as its President? I do not think so, taking into account, albeit with some apprehension, his declarations of support for political pluralism and a mixed economy with a greater role for the State to save the country from deindustrialization, even from disintegration, and to restore some basic social guarantees for the impoverished people.

Anyway, it would be much less of a mess than keeping on top the former CPSU Politburo member Yeltsin. The worst enemies of democracy and the market economy could not have done more to discredit these values in the eyes of Russian people, than the rampantly corrupt and incompetent regime that inherited communist rule here.

Phony 'reform'

Yeltsin, like Gorbachov, loves to pose before the West as a great reformer. Both were anything but reformers, never introducing a single significant reform and succeeding only in the destruction of the country (Russia was abruptly reduced to its pre-mid-17th-century borders), its economy, its people's welfare.

Instead of reforms, the country has undergone, as the well-known Russian film producer Stanislav Govorukhin put it, a "great criminal revolution" in which the huge State property of the former U.S.S.R. was divided between the former CPSU-KGB *nomenklatura* and the criminal mafia.

Speculation, racketeering, practically total corruption of all power structures and an enormous gap between the few criminally rich and the sub-poverty-line majority, are the main features of Russia's "market reform." Industrial production and the living standards of the bulk of the population have collapsed, the latter best demonstrated by the drastic reduction of the duration of life. During 10 years of "kastroika," the life expectancy for men dropped from 69 to 58 years.

One could also mention the bloody Chechen adventure of the Yeltsin regime. It is not only exacting a heavy price of its own (the economic price alone is billions of dollars, while the government "cures" inflation and budget deficits by non-payment of salaries), but also rapidly destroying the only positive aspect of life in post-communist Russia—the relative individual liberty.

A country at war can hardly avoid becoming a police state. A popular expression today is "Russia is pregnant with dictatorship." So what is next?

According to the latest opinion polls, Yeltsin has the support of less than 5% of the Russian electorate—that leaves him practically with no chance of being reelected in a normal democratic way.