

***THE INSTITUTE OF CURRENT WORLD AFFAIRS***

***THE DARKER THE NIGHT: THE KAMCHATKA REGION IN DECLINE, 1993***

October 1, 1993

Petropavlovsk-Kamchatsky  
Russia

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Dear Peter,

The Kamchatka Region stayed calm during the latest political upheaval in Moscow. While Russian Federation President Boris Yeltsin relieved the Congress of People's Deputies and the Supreme Court of their duties pending elections in December, locals held their breath waiting for a reprise of the August 1991 coup attempt. The Kamchatka Region Council of People's Deputies met for emergency sessions during an extraordinary session on September 22, and again on September 25, and came down clearly on President Yeltsin's side, with the Standing Council voting 46 to 16 in favor of Presidential Decree 'For Accelerated Constitutional Reform'. Commented the Chairman of the Kamchatka Region Council of People's Deputies Pyotr G. Premyak regarding support for Yeltsin,

"The ship has sprung a leak, it's sinking, and it's a poor captain indeed who sits idly at such a moment and leafs through a Decree instead of fighting for the ship's survival and the crew's lives. So any decision the captain makes at such a time, even a harsh or unconstitutional one, will find concord, even as history judges."<sup>1</sup>

Although diehard Communists on the Council raised dissenting voices, the prevailing opinion was that Yeltsin's hand was forced; only a decisive move could break the political deadlock in Moscow. Patience with the seemingly endless political

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crisis has long been exhausted in the Russian Far East. Over a half year has passed since the nationwide referendum in April, and while the Kamchatka Region then voted in favor of President Yeltsin's policies, this support has weakened considerably. Moscow's infighting means little to Russian Far East politicians struggling to solve seemingly intractable economic problems; they need stability to keep their regions alive. The Kamchatka Region's politicians have worked hard in the past months to force the issue and settle the quarrels paralyzing the central government. They especially want ratification of the 'Presidential Variant' of Russian Constitution, the version granting far more liberty to Russia's territories to utilize their natural resources for regional economic development. Russian Far East politicians consider the key not only to the survival of the Yeltsin Administration, but the best hope for keeping Russia unified by consensus. Viktor V. Yershov, Chairman of the Kamchatka Region Standing Legal Commission, offered this opinion,

"Russia is suffering from a crisis in the very way the government is run, and if there are problems in Moscow, then those problems are far worse in the provinces. Here, our difficulties are with how Moscow's representatives interfere in our affairs. If the President can solve the problem of rights for federal subjects, then he will have wide support here; if not, Yeltsin will not find a consensus, and the crisis will continue." <sup>2</sup>

Moscow's political crisis makes the challenge facing Russian Far East politicians all the more difficult; with little support from their traditional patron, they must somehow revive the region's economy and halt its catastrophic social decline. The Far East's unique place in the Russian community of territories complicates matters. The Far East has traditionally been a temporary place for Russians; they come to work for a few years, make their fortune, and leave for more hospitable climes. During the Soviet period, workers who stayed on to live here were either former political prisoners sentenced to 'administrative exile' (free to live outside forced-labor camps, but without the right to return to their former homes), or people who came to work, fell in love with region's natural beauty and comparative liberty, and decided to make a home here. Workers were well compensated for putting up with long, cold winters and hard living conditions, usually receiving two or three times the salary they could earn in European Russia. "There was a lot of excitement here in the 1960s and 1970s," one Kamchatka resident told me. "We were opening up the territory, and we considered ourselves a separate breed. We were rich, doing rugged work, building something."

Economic chaos and price liberalization during the past two years put an end to most of the benefits (and romance) of living in the Russian Far East. Many workers here watched helplessly as inflation and the rising cost of living devoured years of hard-earned savings in just a few months and destroyed their dream of the good life. The Yeltsin Administration announced early on that it would halt many subsidies for enterprises and workers in the Russian Far East, directly threatening the viability of the region's industries,

many of which traditionally operate at a loss. As the Russian Far East went from rich to poor seemingly overnight, a greater social explosion loomed as a real threat. Many workers left the Russian Far East for other regions in Russia; those that stayed on grumbled their dissatisfaction with 'economic reform' and threatened strikes, or worse. Something had to be done for the Russian Far East to keep its work force intact.

Following a long winter of lobbying in Moscow, Russian Far East politicians and professional union representatives met with apparent success. In April 1993, the Russian Federation government announced the enactment of the 'Law of the North'. The Law of the North entered into force July 1, 1993, and affects all Russian citizens both in Russia's extreme northern regions, and the Russian Far East. The Law of the North provides Russian Far East workers with a comprehensive package of pay incentives and social benefits.<sup>3</sup> Included are advantageous wage scales, (called a 'regional pay coefficient', varying in amount depending on the place of residence), and an additional pay bonus, or '*nadbavka*'. Workers earn their *nadbavka* in proportion to the number of years spent working in the region. Workers in the Kamchatka Region, for example, receive a 10 percent pay increase after the first six months, with an additional 10 percent added to their pay until it equals 100 percent of their normal wage. The result is that workers affected by the new law can earn two or three times what they could in other parts of Russia. The Law of the North grants workers significant discounts on travel, early retirement, insurance and medical benefits, and extra vacation time.<sup>4</sup>

The Law of the North appears to be a remnant of old-style Soviet administrative patronage, but there are important differences. First, Russian Far East workers themselves agitated for the law. Second, although the law's most vocal proponents are former communists in professional unions, the law found widespread consensus and support all across the political spectrum. Workers simply must be guaranteed a measure of security until reforms bring real economic benefits.

The long delay between the announcement of the law and its enactment provoked rumors this summer that the Yeltsin Administration planned to abridge or even revoke the Law of the North. Distressed, The Association of Far East Professional Unions in Vladivostok threatened a series of transportation strikes. Kamchatka workers and professional unions joined in the protest, and promised their support. Professional unions and workers throughout the Russian Far East also clamored for rapid action on two Presidential Resolutions of immediate concern, long delayed by the political intrigues in Moscow. The first, 'On Measures to Insure the Delivery of Foodstuffs and Goods to the Far North and Its Neighboring Regions', would break transportation snarls delaying food deliveries to the provinces by giving them priority over other goods. The second, 'On Measures for the Social-Economic Development of the Far North and Its Neighboring Regions', provides increased government subsidies for hardship enterprises. Workers agitated for governmental control over prices on energy, transportation, medical care, transportation, and food, and for lower taxes to stimulate local industry. They called for

the restoration of a controlled economy, and demanded to be paid in full by September 1 for all wages owed to them by employers.<sup>5</sup>

An August swing through the Russian Far East by Russian Federation Prime Minister Victor Chernomyrdin epitomized Moscow's reaction to the political confusion, economic hardships, and worker unrest. All business, Mr. Chernomyrdin stayed only a single night in the Kamchatka Region, and spent his time in closed meetings with top regional officials and enterprise directors. To many local observers, his visit to the Kamchatka Region resembled nothing more than the old-style visits of Communist Party bosses during the Soviet period. His entourage included Russian Federation Vice-Premier Alexandr Zaveryukhi, Minister of the Oil Industry Yuri Shafrannik, the Russian Navy Commander in Chief Valerian Kylikov, and other ministerial representatives. The delegation was accompanied by a 72-man squad of bodyguards from the former Ministry of Internal Affairs Ninth Department, which functioned during the Brezhnev era as a personal security force for the highest Communist Party officials. Prime Minister Chernomyrdin's visit would suggest that he came more to assess support for President Yeltsin than to test the mood of Kamchatka's local populace. He did not meet with local workers, and gave only a half-hour long press conference for Kamchatka's journalists.<sup>6</sup>

In his own words, Mr. Chernomyrdin came to resolve some of the Kamchatka Region's more painful economic dilemmas. He pledged to "'solve the problem' of opening the Port of Petropavlovsk-Kamchatsky to foreign vessel traffic", thereby giving the city the opportunity to earn hard currency, develop its port infrastructure, and create new jobs. Mr. Chernomyrdin further pledged that the Yeltsin Administration would help Kamchatka ease its chronic energy shortfall by backing local initiatives to construct a geothermal electric generating plant at Mutnovsky (a volcanic area near Petropavlovsk-Kamchatsky), and help the region renew its aged shipping and transport fleet. He promised to increase the amount of fish allowed for export, ease import and export duties, and leave more hard currency in the region. These points were earlier listed in yet another, stalled Presidential Resolution 'On Immediate Measures for Governmental Support for the Social and Economic Development of the Kamchatka Region'; so Mr. Chernomyrdin's support and promise to speed things up in Moscow was welcomed.

Mr. Chernomyrdin, however, took a dim view of local initiatives for greater political autonomy, calling Kamchatka's aspirations for 'regional sovereignty'<sup>7</sup> "narcotic and pernicious". He only remarked noncommittally that Russia needs greater separation of administrative powers, and that regional problems should be addressed on the regional and local level.<sup>8</sup> The Prime Minister's style was vintage Soviet; in the words of one journalist, "It was, 'Moscow's decided, Moscow will help', just like in the good old days."<sup>9</sup> Clearly, the final say for economic reform and substantive political change remains firmly with the central government.

Perhaps most telling was Mr. Chernomyrdin's attitude regarding Petropavlovsk-Kamchatsky's workers. During his visit to the Lenin Shipyards, one of Petropavlovsk-

Kamchatsky's largest enterprises, he did not even bother to speak with the workers gathered there to meet with him. This won him few friends on the docks. Workers complained about low pay ("the money spent on his visit would have been better spent paying us," fumed one) and lack of confidence in the Shipyard's management. Mr. Chernomyrdin's unimaginative solution to the enterprise's problems: "combine the interests of the factory, its collective, and the government."<sup>10</sup>

In his favor, Prime Minister Chernomyrdin quickly made good on at least a few of his promises. An August 30, 1993 Presidential Decree allocated the Kamchatka Region \$124,160,00 US dollars in credits to acquire seven transport vessels in Japan; the credits are to be repaid in the course of eight years. The Decree allows for an increase in fish exports to help pay back the credits. The Russian Federation further allocated the Kamchatka Region Shipping Line (a government enterprise) four million dollars in annual subsidies to defray transportation costs, while the Russian Federation Foreign Trade Bank will supply credits of up to two million dollars per year to the region to help repay the loans.<sup>11</sup>

Unfortunately, it turns out the region will have to wait for action on the Resolution, 'On Immediate Measures for Governmental Support for the Social and Economic Development of the Kamchatka Region'. Even without considering the support promised in the Resolution, The Russian Federation government (itself running a budget deficit of over thirty trillion rubles) still owes the Kamchatka Region over 18 billion rubles in unpaid subsidies and credits from the 1992 budget.

Kamchatka Region Vice-Governor Boris Sichenko visited Moscow to check up on the financial support promised by Prime Minister Chernomyrdin. His efforts to do so offer a rare view into the inner workings of Moscow ministries, and demonstrate the great harm bureaucratic factionalism at the top causes in Russia's provinces. Mr. Sichenko reported to local journalists:

"How did the government in Moscow look on the Resolution? We visited over 50 offices. We had to agree on every point with numerous ministers and agencies. We found support at the Ministry of Petroleum and Energy. Also at the Ministry of Transportation. We got total support from the Ministry of Foreign Trade and the Ministry of Agriculture."

"But when we got to the Ministry of Finances, all the points of the government's Resolution were immediately liquidated. They proposed to cross out six of the ten points. So the entire point of working on the Resolution was lost."

"After all that, I wrote a note to the Council of Ministers First Assistant [Mr.] Soskovits, who heads the review committee for

questions concerning the Far East. Everybody else is running to them, our territory [Kamchatka] is not the only one, it's everybody who Chernomyrdin visited in the Far East. And in the ministries everybody's got the same attitude towards them."

"So what were we left with? We had to resolve the differences between us and the Ministry of Finance. Soskovits wrote a Resolution founding a commission to resolve the differences in response to my note. I will have to fly there again, and speak with the Ministry of Finances in the presence of the Chairman of the Council of Ministers just to leave in the points in the Resolution we already agreed on. There's not a hundred-percent guarantee, but [only] about a seventy-percent chance, that the Resolution 'On Immediate Measures for Governmental Support for the Social and Economic Development of the Kamchatka Region' will go through."

"From making the rounds in all those offices, I would conclude the following: the situation in the Russian Federation is difficult. They count every kopek. Roughly speaking, our Resolution costs about 160-180 billion rubles, if every point is resolved and accepted. However, we firmly believe that, especially where money is concerned, it's compensation for the fact that it's not our fault we live on Kamchatka. Kamchatka's always been Russia's frontier post in the Far East. Nobody ever paid any attention to costs and payment mechanisms for Kamchatka. Suddenly, today, all this has come up. But I don't think the people who live on Kamchatka are to blame. Therefore, the government must take the responsibility and sign the Resolution. It's a government Resolution. We agreed on practically everything with Chernomyrdin himself."

"But here, naturally, there our differences between the Chairman and his apparatus [of bureaucratic functionaries]. And so the promises Chernomyrdin made aren't being supported by the ministries, especially the Ministry of Finance and the Ministry of the Economy. These are the people who decide 'to give or not to give', that is, the [old] distributive mechanism still remains. Nothing in that structure or in its attitude has changed."

"If other territories can allow themselves to raise their voices with Moscow instead of [just] asking, we are unfortunately in a different situation. Our own budget is two-thirds subsidized by the government. Only one third of our budget comes from local sources. So we can't take any talk of breaking away from Russia

seriously. Even living the lousy life we lead now, two-thirds of our budget gets subsidized by the 'center'." <sup>12</sup>

So it goes with Moscow; its politicians promise help they can't deliver and leave Russian Far East politicians to deal with the consequences as best they can. The major concern in the Kamchatka Region is that even if the political deadlock in Moscow gets broken soon, economic relief will still come too late to do much good. The region's slide into economic depression continues unabated in 1993, and Kamchatka's fishing industry suffered yet another serious decline in the year's first quarter. The Kamchatka Region Bureau of Statistics reports:

"Productivity in the [region's] leading industry, fishing, fell by twenty-three percent. Every third enterprise in the industry experienced more than a fifty percent drop in finished goods. The fish catch dropped by nineteen percent; production of fish intended for consumers fell by twenty-seven percent, and canned fish, by 3.8 times. Because of the high price of canned fish, and a consequent lessening in demand among consumers, many of the region's enterprises completely stopped making this product, including the Krotogorovsky, Khairozovsky, Olyutorsky Fish Canneries, the enterprise Rybkhodflot, and the joint-stock companies Poseidon, Khailyulinskoye, and Ossora." (note: these enterprises, except Rybkhodflot, are in native villages along the Pacific coast and Sea of Okhotsk.)

"The fishing industry's largest enterprises, Okeanrybflot and Rybkhodflot, lost more than thirty percent of their productivity since March of this year. The major reason for the drop in production can be attributed to downtime by fishing vessels caused by fuel shortages, a decrease in fishing quota allocations, and the chronic insolvency of buyers...because of the non-availability of material resources, the fishing industry enterprises lost 11,407 man-days [of labor]." <sup>13</sup>

The situation at the Kamchatka Region's largest fishing enterprise, UTRF (the Trawl and Refrigerator Fleet Administration; in Russian, '*pravleniye Tralovogo i Refrizheratornogo Flota*'), characterizes the complex problems facing Kamchatka's fishing industry. UTRF, which employs over 6000 people and has a fleet of 78 vessels, recently became a joint-stock company, with ownership shared among its workers, private investors, and the Russian Federation Committee of Fisheries Management.

According to an independent financial analysis of UTRF, "...[while] the state of affairs at UTRF in Petropavlovsk-Kamchatsky puts [the enterprise] at about the average in the joint-stock enterprise 'Dalryba' <sup>14</sup> system, UTRF was far from being the most successful

enterprise. For the first five months of the current year, UTRF produced 28 percent less consumer goods than for the analogous period in 1992. The enterprise experienced considerable supply difficulties, and fuel and materials prices seriously effected the cost of goods." 1993's depressed prices for pollock on the world market--caused mainly by a flood of cheap product from the Russian Far East--seriously hurt UTRF's fiscal health.<sup>15</sup>

UTRF Chief Executive A. Ya. Abramov bitterly summed up some of the enterprises difficulties for August, 1993:

"It's awful that plans don't get fulfilled, and that the level of production is falling. I put the blame on both UTRF's management and the [vessel] crews themselves. Management is liable for not keeping the fleet supplied with fuel, and liable for the fact that our fuel gets held up by the Primorsky Administration (note: in the Primorsky Krai, the territory including Vladivostok), ostensibly because of a tsunami. (note: a tsunami hit the Primorsky Krai in July.) Well, that's what happened, but time passed, and the Requisitions Department and Operations Department could have worked something out: it's a question that comes up everyday, one a line engineer could solve. And as far as that goes, we've had many instances when hard-won diesel fuel was sold on the side by fishermen themselves. We established cases of that on the mother ships 'Orochon' and 'Novaya Kakhovka', and who knows how many we don't catch. Because if somebody offers to sell 60 or 70 tons of diesel, how in the world did he get it? It's just plain thievery..."<sup>16</sup>

Theft of fuel used to be attractive because the Russian Far East got guaranteed allocations of government-subsidized fuel. It was easy enough to skim a little off the top, resell the fuel, and hide the shortfall. Price liberalization, increased oil exports, and production drops in Russia's petroleum industry dried up cheap fuel supplies this year, so fuel thieves changed tactics. Now they exploit the almost total lack of accountability among transportation workers. Fuel intended for a fishing fleet (and often already paid for) can be 'lost' before delivery and resold to the fishing fleet or other buyers through commercial structures. The practice, known in Russian as '*perekachka*' (pumping over) is popular in large, anonymous government enterprises, where workers and management tend not to feel responsible for ownership or the financial well-being of their organization. *Perekachka* sometimes backfires. One mechanic I spoke with sold some fuel cheaply 'over the side' at sea, only to be forced to frantically buy it back later at market price when an expected fuel delivery didn't arrive in time to cover his theft.

Mr. Abramov proposes one solution to UTRF's endless fuel crisis: direct federal intervention. "There's only one way out," he writes. "The government should stop this bacchanalia and take control of fuel prices from producers into its own hands. I



understand that this problem won't get solved on Kamchatka, but fishermen must know how matters stand."<sup>17</sup>

UTRF's production for August fell short of targets by 22 percent, again due to fuel shortages and poor fishing conditions. With no end to the troubles in sight, the fishing enterprise has been forced to take drastic measures for survival. UTRF's machinations to survive are typical for all of Kamchatka's fishing enterprises, and show how much the rules in the Russian Far East fishing game have changed. Mr. Abramov reports:

"Fishermen from the October Revolution Kolkhoz and the joint-stock company 'Aroma' helped us on the West Coast [on the Sea of Okhotsk]; they even overfulfilled contract fish deliveries. And although we had to withhold payments to them, we tried to keep them supplied with fuel. Work with the kolkhoz workers showed convincingly how interdependent we all are. If you believe the statistics, our partners have some of the highest wages [on Kamchatka]. The higher their wages, the more expensive their fish, and that [drives up] the price of the product we make from it. The more expensive the product, the harder it is to sell, and to pay for; the kolkhoz workers themselves can't even buy it...despite all that, we're grateful to the kolkhoz workers for the cooperation and we hope that they understand our general market difficulties."

The solutions to UTRF's problems, however unfamiliar to Russian enterprise directors, sound much like those used by Western fishing companies in trouble; get credit, diversify, be creative, and cut overhead.

"How are we hanging on this month?" continued Mr. Abramov. "We sold some hard currency on the Russian market. We got some credit [from a local bank], which allows us to continue to buy material-technical supplies, petroleum goods, and pay salaries..." The credit (new for UTRF but defended by Mr. Abramov as "typical for a [modern] system of production") will allow UTRF move forward during difficult economic times, since "we have billions of rubles' worth of fish in our holds to repay the credits". He noted that UTRF acquired a 15 percent share in the Petropavlovsk Fish Cannery, to boost the enterprise's production capacity, and a controlling interest in the Petropavlovsk Fishing Equipment Plant to supply UTRF's fishing fleet with gear and rope. Mr. Abramov hinted that he would restructure and streamline the enterprise's management, and reduce staff by computerizing many UTRF departments.<sup>18</sup>

But the painful solutions to economic problems will be slow in taking an effect, and real change for the better in the lives of the average person in the Russian Far East cannot be expected any time soon. Russia's general economic chaos and the politically volatile mood in the country intensify the social maladies afflicting the Russian Far East. The Kamchatka Region show these ills in microcosm as it copes with the aftershocks of

the Soviet system's collapse. While non-Russian visitors to Petropavlovsk-Kamchatsky may react with shock to the city's filth, ugliness, and disorder, they see only the outward symptoms of serious social sickness. A deeper look into the Kamchatka Region's demographic situation shows a frightening, and accelerating, downward spiral. The Kamchatka Region Bureau of Statistics reports:

"During the course of the past year, demographic processes indicate extremely negative tendencies. Natural movements (birth and death rates) may be regarded as the most negative for all of the years since statistical data has been collected, beginning in 1940. During the past year [1992], the number of births lessened by .6 thousand persons, or 12 percent, at the same time the death rate increased by 18 percent. The death rate per thousand persons reached 7.4, as opposed to 6.2 for 1991."

"During the present year [1993], these process intensified, and the death rate now exceeds the birth rate, so that Kamchatka has joined the ranks of territories having a natural population loss. The drop in the birth rate in the first quarter [of 1993] was 24.3 percent..."

"To this, we [must] add also negative indicators characterizing marriage and family relations. For every ten marriages in the first quarter of the current year, nine ended in divorce."<sup>19</sup>

The divorce rate for the Kamchatka Region is the second highest in Russia, behind only the Magadan Region (also in the Russian Far East). Kamchatka families are subject to unbelievable pressures. The chronic lack of adequate housing in the region often forces newlyweds to live for years in tiny apartments with their in-laws, or crowded together into single rooms in dormitories. Wives face long periods of separation from their husbands as sailors leave for months-long fishing expeditions. Families despair for their future in a society wracked by economic and political uncertainty. The precariousness of their situation compels many to leave the peninsula for a better life on the *'materik'*, the Russian mainland. The Bureau of Statistics report continues:

"Along with the natural loss [of population], the Region is losing population as a result of migration. And here the intensity of [negative] demographic indicators has sharply risen. If during the first quarter migration loss (population departing the region relative population arriving for permanent residence) reached 0.8 thousand persons, in the first quarter of the current year it has already reached 2.6 thousand persons."<sup>20</sup>

Particularly hard hit by out-migration are the northern regions of Kamchatka, and the Sea of Okhotsk coast. The fishing villages that so long supported local economies are dying, and their inhabitants, fed up with chronic food and fuel shortages, flee to the *materik* in droves. Many of the migrants are ethnic Ukrainian, torn between staying on Kamchatka or returning to their traditional homes in the newly-independent Ukraine.

Cost of living--especially food prices--also motivates emigrants. The peninsula's distance from the Russian mainland made supplying its population with fresh produce and quality food a hard task even during the 'good old days' of the Soviet period. Liberalization of food prices and inflation have driven the cost of feeding a family into the stratosphere. Petropavlovsk-Kamchatsky is, by most estimates, among the two or three most expensive cities in Russia. The average cost of feeding a family of four is just about nine thousand rubles a month, and the average wage is a little over forty thousand rubles a month--and many families bring home far less than the average.<sup>21</sup> There is plenty of good food in Petropavlovsk-Kamchatsky; in fact, locals tell me stores have never had such a good choice of food. The Central Market is well-stocked with previously unheard-of luxury items like bananas, oranges, and pineapples.

But the prices of these delicacies puts them tantalizingly beyond the purchasing power of most consumers. Fruits and vegetables are far more expensive than in the West. "I make only thirty thousand rubles a month," complained one dockworker from the Lenin Shipyard during Prime Minister Chernomyrdin's visit in September, "And tomatoes cost two or three thousand rubles per kilo. At those prices, I can't even afford to buy my kids tomatoes." Thirty-nine percent of Kamchatka's population is now officially living below the poverty line.<sup>22</sup>

Kamchatka's next generation suffers the most from events beyond their control, and their troubles begin at the cradle. The Kamchatka Region Bureau of Statistics calls the situation "critical", and reports: "The increase in psychological and physical overstress during the past years disrupts the normal course of pregnancy. In 1992 alone, difficulties during birth and in the post-birth period were counted for 77.2 percent of the total number of births. The number of children born with illness is increasing. For every 1000 births in 1990, 124.2 were born sick, in 1991, 158.8, and in 1992, 189.4." The Bureau further reported an increase in single-mother families, orphans, and the already abnormally high abortion rate.<sup>23</sup>

Petropavlovsk-Kamchatsky's deteriorating industrial plant, besides being economically inefficient, generates significant amounts of air and water pollution. A recently published joint study conducted by the Kamchatka Region Bureau of Statistics and the Department of Social Statistics reports,

"According to data published by the Kamchatka Region Meteorological Bureau, the level of air pollution in Petropavlovsk in 1992 was significantly higher than the average for Russia. The

average coefficient of nitrous oxide exceeded the allowable level by 1.5 times, phenol, by 2 times, benzopyrine, by 5 times, and formaldehyde, by 6 times. The levels of air pollution by nitrous oxide and formaldehyde in Petropavlovsk increased by 1.5 and 3 times, respectively, compared to 1991."

Twenty-one percent of Petropavlovsk-Kamchatsky's drinking water falls below the Russian national standard, while 79 percent of the city's waste water enters Avacha Bay without any treatment whatsoever. In 1992, Avacha Bay registered 2.5 times higher levels of petroleum wastes compared to the previous year.

The pollution has a devastating effect on the state of the populace's health. The report continues,

"Environmental pollution has increased the level of sickness among [Kamchatka's] populace by 25 percent. Four out of every one hundred citizens in the past year was seriously ill, or registered with respiratory or cardio-pulmonary illnesses. Ecological difficulties have a particularly harmful effect on children; two of every hundred children suffers from lung disease. The number of adults sick with active tuberculosis increased by 35 percent (from 1992), and among children, by 2 times."<sup>24</sup>

Sickness rates for lice infections, syphilis, and gonorrhea for the Kamchatka Region have also increased alarmingly during the past year.<sup>25</sup>

Two trends that damage the Kamchatka Region populace's health--cigarette smoking and drinking--do not appear in locally published statistics. Television advertisements for cigarettes and alcoholic beverages reach millions of Russia regularly and without restriction. Watching them, it is easy to get the message that life without these habits Russian life is dull indeed. Non-enforcement of existing laws ensures the advertising's effectiveness. Smoking is very popular among Kamchatka's young people, including children. Cigarettes are easily available at virtually every 'kiosk' in the city, and may be freely purchased by anybody with rubles, regardless of age.<sup>26</sup>

Alcohol may be the single worst factor affecting the health and welfare of Kamchatka's populace. Drinking to excess is a long-standing Russian tradition, but Kamchatka's reputation for drinking is so bad that even Russians on the mainland joke about 'the drunk peninsula'. Kamchatka's isolation, and its maritime orientation, contribute heavily to alcohol abuse. Sailors and fishermen just returned from long lonely months at sea roam the streets in search of drink and good times, and they can't imagine one without the other.

Petropavlovsk-Kamchatsky itself seems to encourage the hard-drinking atmosphere. Hard liquor can be bought any time by anybody (regardless of age), day or night, at any of the city's ubiquitous kiosks. Although the city has one theatre, and a number of movie houses, the choice in shows is limited and not always that good. The city completely lacks inexpensive, non-alcohol oriented entertainment for the average person, especially in the dark winter months. Petropavlovsk-Kamchatsky's restaurants (pricey by Western standards and astronomical by Russian) feature drinking as a central part of their 'cultural programs', and are poorly-suited for a quiet night out with the family. Many people prefer to sit at home.

People in Russia get drunk to forget their lack of control over the upheavals in their nation and the endless frustrations of daily life. These latter tendencies are especially pronounced in the Kamchatka Region. Many get sucked into a downward cycle of despondency and alcoholism and become '*bichi*' (pronounced bi HI), the local word for a former sailor who is 'beached and drunk'; it also means, derisively, 'a former intellectual', in Russian, '*Byivshy Intelligentny Chelovek*'). *Bichi*, in their filth, intoxication, and hopelessness, personify all the worst characteristics of Russian life in the provinces. Recall that until very recently Russia never suffered from the problem of homeless people. The *bichi* serve as a rude daily reminder of how far and how fast the nation has fallen. When Petropavlovsk-Kamchatsky opened its first homeless shelter in August locals joked with typical black humor that they were glad to have finally reached an 'American level of civilization.'

Rampant alcohol abuse factors into most of the automobile accidents in the Kamchatka Region, and plays a significant role in the region's rising crime and murder rates. Statistics on the rate of alcohol abuse for the Kamchatka Region offer spotty data at best, but indicate that, although the price of liquor is increasing, the number of alcoholics continues to climb. There have been 19 recorded deaths (not including alcohol-related fatalities in automobile accidents) by alcohol poisoning for 1993.<sup>27</sup>

The attitude of Russia's leaders towards alcohol abuse among the general populace deserves some comment. If the abuse of alcoholic beverages, and the attendant hazards this abuse causes to the health and well-being of the Kamchatka Region's citizenry, is barely noticed by local politicians, the comments of politicians at higher levels show total indifference. One fishing executive who visited Petropavlovsk-Kamchatsky reported to me that, during a conversation with the Russian Ambassador to Japan, the Ambassador asked if there was plenty of vodka on Kamchatka. When the fishing executive said, yes, there certainly was, the Ambassador smiled and said, "Good. As long as there's plenty of vodka in Russia, all is well."<sup>28</sup>

The All-Russian Center for the Study of Public Opinion recently asked 1,649 Russians for their opinion on drunkenness and theft in Russia and the Russian Far East. The first question, "In your opinion, has the number of drunks in your city and region increased, decreased, or stayed the same?" Forty-three percent of respondents said the

number in the Russian Far East increased, while thirty-four percent said the number stayed the same. The second question, "And has the number of thefts and criminal acts committed lately in your city and region increased, decreased, or stayed the same?" Eighty-five percent said the number in the Russian Far East increased.<sup>29</sup>

Crime, both large and small scale, is the most prominent features of Russia's social landscape in 1993, and illegal activity scourges the Kamchatka Region. Petropavlovsk-Kamchatsky is particularly hard hit; 3,920 crimes were registered during the first five months of 1993, 7 percent less than for 1992. The drop is due mostly to an 18 percent decrease in theft of government and personal property. But crimes against persons soared. Violent crimes increased by 11 percent from 1992, from 357 to 561. Premeditated murder increased by 2.5 times, assaults resulting in serious injury increased by 28.1 percent, rape increased by 60 percent, theft by 44 percent, and petty assault and theft by 88 percent.

Commented Petropavlovsk-Kamchatsky Militia Colonel B.G. Kopeikin,

"One of the characteristics of the period is the increase in serious assaults against persons. The reason for this lies in the economic collapse of the country and political instability. 'Little things', like video equipment, show their influence, too, when arguments get solved with a knife or axe. The fact that the old laws aren't valid anymore while new ones haven't been adopted plays its part, as well as a widespread 'social lawlessness' among the majority of the population."

For all this, Colonel Kopeikin noted "some changes for the better" and concluded, "In sum, crime in the [Kamchatka] Region, in my opinion, is under control."<sup>30</sup>

The Kamchatka Region's children, predictably, get caught up into criminal activity. Crime among juveniles increased 50 percent compared with 1992, with 377 registered for the first five months of 1992. Not included in this statistic were 170 juveniles caught under the influence of alcohol.<sup>31</sup>

Alcohol and crime are symptoms of despair, of which there is no shortage in modern Russia. In one shocking case in Petropavlovsk-Kamchatsky this summer, a man, drunk and down on his luck, decided to steal a videocassette recorder from his sister; he knew that his 13-year-old niece was in the apartment, and would let him in because she would recognize him. He then murdered her because she might call the police later. One woman told me her twelve-year-old son had concluded life was not worth living, and that he was planning to kill himself because "he would rather be dead than grow up." Another man, a father of two, complained to me that he stopped planning for the future, because he didn't even want to think about it. The pervasive hopelessness is a direct function of Russia's political and economic chaos. Another report by the All-Russian Center for the Study of Public Opinion concludes,

"The majority of those questioned (in a recent poll) explained [their] pessimism for improving their material situation by the fact that in no way does the most important thing, from their point of view, the condition of well-being depend on them--the change of consumer goods prices. Their income (consider Russia's citizens) will [in the future] grow slower than prices, and all their efforts to maintain a standard of life will be swallowed by inflation...the populace's growing awareness of its own poverty leads to increased social tension."

"The appearance of rich and poor, and social stratification, are particularly painful to accept. There is an especially harsh reaction to the formation of a wealthy class. This concerns not only those called 'the nouveau riche'--the newly rich, but the lifestyle boom of the 'pre-perestroika nomenklatura', which was never in want, and has now adapted to new market conditions, while retaining [its] former advantages."<sup>32</sup>

Average citizens may not know exactly how the 'new rich' and the 'pre-perestroika nomenklatura' acquired the wealth they need to support their 'lifestyle boom', but they have their suspicions. Although the details are usually sketchy--as the old Russian proverb puts it, 'the darker the night, the more profitable for the thief'--the resulting hardships caused by nomenklatura greed are felt by many. One KOTINRO (the Kamchatka Branch of the Pacific Research Institute of Fisheries and Oceanography) biologist I spoke with told me although he had long waited in line for an apartment, he gave up hope of ever getting one. He was told KOTINRO no longer had money to build apartments, even though they received a large government subsidy to pay for housing. The Institute bureaucrat assigned with allocating the money for construction "went on a spree and drank it all away. He took close to five million rubles (at last year's exchange rate of about 300 rubles to the American dollar) and spent half of it living up. He turned up later murdered by the mafia."

An even more serious abuse of position occurred this year at the Lenin Shipyard, one of Petropavlovsk-Kamchatsky's more antiquated industrial enterprises. Russian Federation Prime Minister Chernomyrdin's dropped by the docks in September and commented that he "did not like the Shipyard." No doubt many enterprise employees share the Prime Minister's opinion. This summer the Shipyard was wracked with scandal as workers charged management with predatory and brazen corruption.

The Lenin Shipyard (reorganized this year as a joint-stock company and renamed 'the Petropavlovsk Shipyard') is dying an ugly death in 1993. The Shipyard has steadily lost business to other yards in China, South Korea, and the United States, which reoutfit fishing vessels from Kamchatka's fishing enterprises with modern fishing technology

cheaper and faster than in Russia. Locally, the tribulations in the Kamchatka Region's fishing industry mean less fishing capacity, so enterprises earnings are down. This leaves them less free capital to put into repairing vessels that would normally be upgraded. Because of the lost business, the Lenin Shipyard's workforce has been reduced from over 200 workers to less than 70 in 1993.

The Shipyard's worst problems, however, are caused by internal, and not external factors. High-level corruption wrecks any chance for improving the Shipyard in the near future and aggravates the troubles caused by Russia's economic difficulties. Reports one regional newspaper:

"On the 15th of June, Evgenii Savitsky, 11 years the General Director of the Lenin Shipyard (now the joint-stock Company 'The Petropavlovsk Shipyard') handed in his resignation. Viktor Rudnikov, Director of Fleet Operations for the Russian Federation Committee of Fisheries Management, attended the organization's board meeting, at which the resignation was accepted. The Moscow bureaucrat said that he had not expected to see such disorganization at the Shipyard, but blamed the state of affairs on the general chaos in Russia, and not on Savitsky."

"The official version of Evgenii Savitsky's departure is for personal reasons. But shipyard workers tie him to the shady history of the sale of a modern, Polish-built, ten-thousand ton dock to a Hong Kong firm. At first it was announced that the dock, along with a floating crane and two tugboats, would be leased to a Greek firm for five years. But, as it later developed, the dock never reached its port of destination. The Russian Federation Attorney General is now examining the case. Evgenii Ivanovich [Savitsky] is remaining calm, and as far as the story of the dock is concerned, he attributes it to a lack of experience in foreign trade."

"On June 20th, by initiative of the 'Petropavlovsk Shipyard' Hull Repair Shop workers, shipyard workers met with Alexandr Kuzhim, the Assistant Representative of the President to the Kamchatka Region. The worker's collective expressed total disagreement with the suggestion that, after all his unseemly machinations, Savitsky left his post of his own free will."

"Alexander Kuzhim informed the meeting's participants that Savitsky's resignation was not entirely of his own choosing. Citing evidence provided by the Ministry of Security and police agencies, the Assistant Representative explained to the shipyard workers that, indeed, the main reason for Savitsky's resignation was the doubtful



sale of the floating ten-thousand ton dock in Hong Kong. In Mr. Kuzhim's opinion, much more serious players, including higher officials in Kamchatka's corridors of power, were involved in the sale, along with the Shipyard's General Director Evgenii Savitsky and Chief Engineer Mikhail Melnikov."

"...Albert Usov, former Kamchatka Region Vice-Governor, and now working as the Chairman for the Regional Property Management Committee, became the new General Director of the Ship Repair Yard. Albert Ivanovich already served as the Ship Repair Yard's General Director before Savitsky, and consequently spent time in an interrogation cell and in prison. Later, he was completely absolved and rehabilitated."<sup>33</sup>

Malignant corruption in government-run enterprises and collusion by local politicians encourages the same behavior at all levels, right down to vessel crews. On September 15, the Kamchatka Region Ministry of Internal Affairs Department for The Fight Against Economic Crime brought charges against the crews of three vessels belonging to one of the region's largest fishing enterprises, *'Okeanrybflot'*. 82 crew members of the factory trawler *'Kizir'*, 88 crew members of the trawler *'Moscovskaya Olympiada'*, and 21 crew members from the *'Tesei'* were charged under Statute 93 of the Russian Federation Criminal Code with grand larceny. The vessel crews and their captains organized a large-scale conspiracy to sell 74 tons of salmon roe in Japan and South Korea for \$222,000 US, about one-third its market value. The roe, say prosecutors, was caught and processed illegally, then sold in Pusan, South Korea. Commented Ministry of Internal Affairs representative Ivan Gromitsky,

"More than likely, the confusion in the country and inflation permits many highly-placed officials to acquire immunity for their illegal actions. It's no secret to anybody that illegal deals are done at sea. But we have no way to control that; we don't have any vessels, and we can't put an agent on every [fishing] boat."

Sources say the Ministry of Internal Affairs and the Kamchatka Region Administration now has agents in Japan and other foreign ports to control and oversee the offloading of seafood products. The agents have already returned over 7 million yen to the region this year by blocking illegal crab sales.<sup>34</sup>

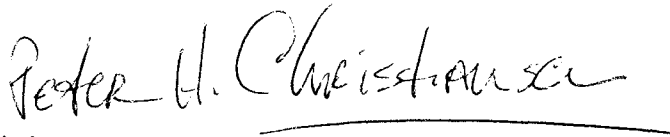
Kamchatka in 1993 is a region in decline, an outpost lonelier than ever as winter approaches. Local politicians talk bravely about Kamchatka's potential as the a transportation hub in the North Pacific, about its vast natural reserves of natural gas and gold, and fish, but they are realistic enough in their assessment of the region's chances to make it through another year. They can see that foreign investment, or any assistance from

overseas for their region, depends first of all on bringing order and sense into the Russian legal system. As Kamchatka Region Governor V.A. Biryukov said in a recent interview,

"[Western businessmen and investors] are waiting, they're afraid to invest their money: there are practically no laws to protect their interests."<sup>35</sup>

The Kamchatka Region, along with Russia, stands at the crossroads of politics and economy; the future promises worse economic and social shocks. Time will not wait, and the dawn may be long in coming before the darkness ends. Russia must save herself, and protecting the interests of her own beleaguered citizens, rather than just those of foreign investors, would be a good place to begin.

Best wishes,



Peter H. Christiansen

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- <sup>1</sup> "Forced But Necessary Measures", Vesti, September 23, 1993.
  - <sup>2</sup> Kamchatka Television interview, September 28, 1993.
  - <sup>3</sup> The Law of the North--in Russian, '*Zakon Rossiskoi Federatsii o gosudarstvennikh garantiakh i kompensatsiakh dlya lits, rabotiyushchikh i prozhivaiyushchikh v raionakh Krainogo Severa i pripravlennikh k nim mestnostyakh*'--was first published in Rossiskaya gazeta on April 16, 1993.
  - <sup>4</sup> "Commentary For the Russian Law of the North", Rybak Kamchatki, September 17, 1993.
  - <sup>5</sup> "Professional Unions Go Onto the Square", Rybak Kamchatki, August 13, 1993.
  - <sup>6</sup> "Kamchatka: The Premier Was Laconic", Vostok Rossii, N33 (107), August, 1993.
  - <sup>7</sup> See my June 25, 1993 ICWA newsletter, "The New Federalism and Economic Self-Determination on Kamchatka", for discussion.
  - <sup>8</sup> Op cit, 6.
  - <sup>9</sup> "Nobody Survives Alone", Kamchatskaya Pravda, August 19, 1993.
  - <sup>10</sup> Op cit, 6.
  - <sup>11</sup> "Decree No. 873, August 30, 1993. On The Acquisition Of Vessels By the Kamchatka Shipping Line", Vesti, September 14, 1993.
  - <sup>12</sup> "It's Not Our Fault We Live On Kamchatka", Vesti, September 23, 1993.
  - <sup>13</sup> "Social-economic Condition of the Kamchatka Region for The First Quarter of 1993", Vesti, May 6, 1993.
  - <sup>14</sup> 'Dalryba' is the usual reference in Russian for the '*Dalnevostochnoye Basseinovoye Proizndstvennoye Rybkhozyaistvennoye Obyedeneniye*' or the Russian Far East Basin Industrial Fishing Union, the Russian Far East executive branch of the Russian Federation Committee of Fisheries Management.

- 15 "Investor, Big and Small, Come and Catch", Rybak Kamchatki, 20 August, 1993.
- 16 "UTRF Press-Center", Rybak Kamchatki, August 6, 1993.
- 17 Op cit., 9.
- 18 "UTRF Press-Center", Rybak Kamchatki, 17 September, 1993.
- 19 "We're Living Without Grieving. We're Drinking and Eating", Vostok Rossii, N32, August, 1993.
- 20 Op cit., 13.
- 21 "You Can't Always Afford To Keep Your Food Basket Full...But Still", Vesti, September 28, 1993.
- 22 "Almost 39 Percent of the Population Lives Below the Poverty Line", Kamchatsky Komsomolets, October 1, 1993.
- 23 "Kamchatka Women Live Longer, Give Birth Less", Vesti, August 27, 1993.
- 24 "There's Nothing Comforting About Kamchatka's Ecology", Vesti, September 17, 1993.
- 25 Op cit., 19.
- 26 For a good discussion of smoking in Russia, see the publication Vital Signs 1993 (Worldwatch Institute, W.W. Norton Company, New York, 1993). Vital Signs reports, "Russia's appetite for cigarettes is so large that supply annually falls 100 billion cigarettes short of demand." ('Cigarette Smoking Drops Again', pg. 98.)
- 27 "The Drunk Peninsula", Kamchatsky Komsomolets, September 4, 1993.
- 28 Conversation related to me by Robert Seidel, President of New West Fisheries, Inc. According to Mr. Seidel, this blithe comment was made without even a second thought as to the effect it might produce; imagine the sensation that would result if the American Ambassador to Japan commented that everything in the United States is fine as long as there is plenty of cocaine to go around.
- 29 "Drinking and Stealing", Vesti, June 25, 1993.
- 30 "Crime Under Control", Vesti, June 26, 1993.
- 31 "The Worst Children", Vesti, June 26, 1993.
- 32 "Most of the Populace Considers Itself To Be Poor", Vesti, June 18, 1993.
- 33 "It's One Step From The Director's Job To Prison", Vostok Rossii, N30 (104), August, 1993.
- 34 "I'm Sure Nobody Ever Stole Like This Before", Kamchatsky Komsomolets, September 24, 1993.
- 35 "No, We Can't Stand On Our Own Two Feet", Rybak Kamchatki, September 10, 1993.