

PHC-16

INSTITUTE OF CURRENT WORLD AFFAIRS

SIGNATURE CZARS GET RICH WHILE THE RUSSIAN FAR EAST FISHING
INDUSTRY SUFFERS THROUGH THE HARD SUMMER OF 1993

July 28, 1993

Petropavlovsk-Kamchatksky
Russia

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Dear Peter,

Late one evening recently, I was drinking coffee with a friend from the fishing industry and discussing Petropavlovsk-Kamchatksky's latest juicy gossip. The hot rumors in town almost always concern administrative corruption; who took bribes, who's in whose pocket, how much cream Official X or Boss Y skimmed off of a deal--typical scandalous political hearsay for modern Russia. For us this evening, the topic concerned the alleged dirty dealings of a top official in 'Kamchatenergo' (the Kamchatka Region's official fuel supplier), who apparently just earned a big personal windfall by selling one thousand tons of fuel 'on the side' for hard currency.

When I expressed my astonishment at the rumor, and the fact that anybody would be so cynical as to sell fuel desperately needed by Kamchatka's populace just to fatten his own wallet, my friend laughed at my naivete. "You've got to understand, these people don't even consider what the consequences of their actions are--they just do whatever they want," he said. "It's like a fever with them. They only live for today. Nothing matters but getting as much as possible now, and the hell with tomorrow."

My friend, like most people I speak with during my everyday rounds in the city, is disgusted by the shady behavior of most Russian public officials, but not much surprised by it. In the rough summer of 1993, it seems people on Kamchatka have come to expect venality from their leaders--harm instead of help, theft instead of thrift, and a callous disregard for the public interest. During the fuel shortage last winter, hospitals and orphanages went without heat in this city; how many sick people died, how many children became ill, because Petropavlovsk-Kamchatksky had no fuel? Petropavlovsk-Kamchatksky's Mayor Dudnikov predicted during a July 19 broadcast of the local

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Since 1925 the Institute of Current World Affairs (the Crane-Rogers Foundation) has provided long-term fellowships to enable outstanding young adults to live outside the United States and write about international areas and issues. Endowed by the late Charles R. Crane, the Institute is also supported by contributions from like-minded individuals and foundations.

television show 'Pozitsia' that the upcoming winter would be difficult, and said that he saw no immediate prospects for heading off yet another serious fuel crisis in the city. The situation in Kamchatka's 'outback'--the fishing villages far from Petropavlovsk-Kamchatsky--is already critical; in Nikol'skoye (on the Kommandor Islands), the village's electricity was almost completely turned off for over 10 days in June, and only one of six of the village's generators is in working condition ('Without Fuel or Light', Kamchatsky Komsomolets, June 16, 1993). And it is almost axiomatic that the dramatic fall in productivity experienced by Kamchatka's fishing fleet in the past year is mostly due to chronic fuel shortages.

Selling a region's lifeblood during its grimmest hour might be regarded as one person's amorality, a mere anomaly. But the above rumor pales before established facts of bureaucratic misbehavior at all levels of government in Russia; evidence which, when multiplied through hundreds and hundreds of similar incidents of administrative corruption throughout Russia, indicates a pathological condition of criminality infecting the whole of Russia's political, economic, and social organism. My friend laughed again when I asked him how the 'Kamchatenergo' official could have gotten away with selling one thousand tons of fuel during an energy crisis, and why nobody did anything about it. "Of course, lots of people knew that he sold the fuel, but the 'verkhushki' (top officials or bosses) all cook in the same pot, and they've all got something on each other, like insurance. If somebody raises his voice, they'd drop on him like a pack of wolves. Besides, what would anybody gain by speaking up?"

Seemingly all-pervasive administrative corruption goads Russia's economic crisis along the road to catastrophe by costing the nation billions of dollars annually in lost revenues. During an April 16, 1993 presentation before a joint session of the Russian Republic and Nationalities Congresses and the Russian Federation Supreme Soviet, Russian Federation Vice-President A.V. Rutskoi (himself accused by political opponents of getting rich by abusing executive privileges) remarked, "According to an Institute of World Economy and International Relations estimate, the absence of a system of control over hard currency facilitated the outflow of hard currency, raw materials, and strategic materials from the country in an amount of nearly 17 billion dollars in 1992, and by some estimates (including those by foreign experts), an amount of about 40 billion dollars."

Corruption links Russia's criminal underground with dishonest government officials, directly inhibits the formation of legitimate business, and poses a serious threat to Russia's political stability. As Vice-President Rutskoi observed, "A network of openly criminal commercial enterprises and

organizations, oriented exclusively on illegal enrichment, is being formed by criminal gangs with the help of laundered illegal capital. By the way, these groups cause moral and material harm to those financial-industrial groups, banks, and enterprises wanting to engage in honest business, and invest their means into production spheres. By means of criminal deals for 'moving' money, raw materials, and governmental goods into private enterprise, large-scale bank scams, illegal hard-currency operations, and avoiding payment of taxes, these criminal groups create fortunes not in the millions, but in the billions. A significant portion of these fortunes are in personal bank accounts in foreign banks..."

"At present, (there is) an intensive and open mingling of the leaders of the general criminal economic crime with officials, and representatives of the executive. As a result of this process, organized crime is becoming a powerful and pervasive system, competing for dominance in economy and politics."

Administrative corruption often gets associated with the term 'mafia'--and most Russians refer to corrupt bureaucrats as belonging to a 'mafia'--but the Russian 'administrative mafia' differs from other Russian 'mafias' in significant ways. It has little in common with lowly criminal 'rackets', which generally concern themselves with prostitution, gambling, extortion and protection, automobile imports, and control over restaurants or kiosks. The modern Russian administrative mafia grew from the fertile soil of the former Soviet administrative-command system, and traces its roots back to the officially-sanctioned Communist Party practices of patronage: 'naznacheniyе nashikh', or appointing our own people to positions of authority and responsibility. The Russian administrative mafia remains a legal being in the present day; its dons and henchmen operate legitimately in official capacities, and for the most part, they work within the fuzzy, mutable parameters of Russian law.

In this sense, it is useful to regard Russian administrative mafias the way an acquaintance of mine, a former Agricultural Attache at the United States Embassy in Moscow, used to--as bureaucratic fiefdoms and old-boy networks competing among themselves for influence and control over manpower and assets. In the resource-rich Russian Far East, administrative mafias live and thrive in those bureaucratic structures and industries based on the the extraction, processing, and export of lumber, gold, oil, coal, minerals, and fish. The main operating principle of these 'Signature Czars' is a throwback to the economics of feudal times: "Khochy--dam, ne khochy--ne dam"--if I want to, I'll give it (my signature) to you, and if I don't, I won't.

In the world of the Russian Far East administrative mafia a bureaucrat's power depends on his ability to perform the paper

alchemy that transforms the nation's natural resources into hard currency. He must master an intricate export ritual of licenses, permissions, authorizations, approvals, signatures, and stamps, solemnly enacted by chairmen, functionaries, and clerks. A very few top Russian Far East administrative players command the distribution of the region's natural resources, and their 'blat' (influence) gives them fantastic benefits-- access to overseas markets, relatively well-appointed offices, plush apartments, imported goods, trips abroad, and plenty of hard currency in foreign bank accounts. These people enjoy a life-style far beyond the reach of the workers who actually dig, log, and fish.

As opposed to economic reform, administrative corruption is no fuzzy abstraction for the average citizen in the Russian Far East. On the Kamchatka peninsula, the tremendous difficulties fishermen experience supporting their families, and the obvious, grinding poverty they live in (the average wage here is 86,000 rubles a month, about 86 dollars at the current exchange rate, ^{RND} does not come close to keeping pace with inflation) contrasts painfully with the region's vast natural wealth. Kamchatka's poverty becomes even more painful considering the personal wealth concentrated in the privileged hands of the region's 'verkhushki'--the directors of large fishing enterprises and the administrators trusted with issuing licenses and permissions to work in Kamchatka's waters.

As under the old Soviet system, contemporary Russian bosses and administrators play a game of exclusion. The Kamchatka Region's old-boy fishing industry network was established long before August, 1991; virtually all of the big fishing enterprise bosses came to their present posts under Soviet power, as did the fisheries bureaucrats who distribute the region's holdings. They are used to the game being played a certain way, and to running the game their way, with their people making the rules and choosing the players. While some of them may pay lip service to privatization and free enterprise in public (or while meeting with foreigners passing through on business), they show their true colors when businessmen not belonging to the inner circle ask to play in the game.

Take the case of the Kamchatka Independent Entrepreneurs Union, which is lobbying the Kamchatka Regional Administration for fishery quota allocations. The Union represents the interests of several small, independent fishing companies that have sprung up in the Kamchatka Region during the past year. During a recent interview, I spoke with Union President Sergei Sharov, who described how the Kamchatka Regional Administration works to keep independent fishermen out of the Kamchatka fishing game. Mr. Sharov, a congenial and outspoken businessman, is the President of 'Kamsudo', an independent ship-repair and trade company trying to break into the fishing business. A passionate

believer in small business and economic reform, Mr. Sharov has spent much of the past year tussling with a recalcitrant Regional Administration for access to fishing quotas.

"The big enterprises can't always catch their quotas," said Mr. Sharov. "The total catch for Kamchatka's fishing enterprises was thousands of tons less in 1992 than in our record year, 1989. Independent fishermen like ourselves could help make up the shortfall and catch Kamchatka's fish. We would also create more private-sector jobs and contribute to the diversification of the local economy."

"Instead, we are being prevented from fishing by old-style bureaucrats in the Kamchatka Regional Administration." At this point, Mr. Sharov's tone changed. "According to the Russian Basic Law on Entrepreneurs, private businessmen have the same rights of access to natural resources as large enterprises do. When we were first denied our right to fish by the Kamchatka Regional Administration, we complained to Moscow, and finally went to the Russian Federation Arbitration Court for a decision. The Court upheld our rights, but so far, under various pretenses, the Administration has denied us access to resources, and refuses to allocate us fishing quotas." Mr. Sharov estimates that his factory trawler, which remains idly tied up at a dock in Petropavlovsk-Kamchatsky, costs Kamsudo hundreds of thousands rubles a day in expenses and lost revenues. "But I won't give up," he said. "I'm convinced that developing small, independent business is the only way Russia will ever get out of her economic crisis."

Officially, the Kamchatka Regional Administration's policy regarding the independents is not to give them quotas at the expense of Kamchatka's largest fishing enterprises. "We are not going to take quotas away from one fishing enterprise and give them to another," said M. Dementyev, Chairman of the newly-formed Kamchatka Region Department of Fisheries Management, during a July 7 news conference. "It's going to be difficult for the independents to find a place under the sun, but we will find them quotas." Mr. Dementyev promised that "all of Kamchatka's fishing vessels will be allocated fish", but put the independents at the bottom of the list, since "our fisheries are already being fully utilized, and there aren't enough resources in the big fisheries (salmon, cod, pollock, and crab--author.) to support more fishing vessels." This last remark seemed contradictory, considering there are many foreign vessels fishing in joint-ventures and directed fisheries for these species in Kamchatka's waters. But given that it is also the Kamchatka Regional Administration's stated policy to stimulate hard-currency earnings for the region by selling more fish to foreign countries, taking dollars and yen over developing a local private fishing industry and creating jobs makes a sort of bureaucratic sense. Control over resources remains safely

in hands trained to distribute, and lets the Kamchatka Region earn hard currency.

During the press conference, Mr. Dementyev further noted that the privatization process has about run its course in the Kamchatka Region's fishing industry. Nineteen ninety-two's drastic decline in productivity seems to be levelling off. Kamchatka's fishing industry may even be recovering, however with unforeseeable consequences. "Although the tendency now is towards consolidation, and many enterprises are reforging ties with suppliers and buyers that were broken during the initial phases of privatization, it is entirely possible that some of Kamchatka's big fishing fleets will disintegrate into smaller companies in the near future," he said.

Maintaining the status quo in Kamchatka's fishing industry may, in the long run, be harming the region more than helping it. Take the situation with the salmon fishery. Everybody agrees that Kamchatka must have more salmon hatcheries to boost the region's declining salmon stocks. The Regional Administration's official policy--to bring in foreign technology, workers, and know-how, and have them build a series of joint-venture salmon hatcheries (like Kamchatka's highly-touted 'Kamchatka-Pilenga-godo' hatchery) is expensive, and according to some critics, may not be the wisest course for the region, since the projects are paid for in advance by giving Japanese partners salmon quotas, often at prices far below those on the world market. Worse, the Japanese partners in 'Kamchatka-Pilenga-godo' have been permitted to fish for the salmon with driftnets in the Russian Exclusive Economic Zone, a method banned by international convention in the open ocean because of the devastation it wreaks on marine life. It would seem far healthier for the Kamchatka Region's economy, and less harmful to the ecology of Russia's oceans, to encourage locals to build their own salmon hatcheries.

But attempts by locals to get homegrown salmon hatchery projects off the ground have been stonewalled by corrupt administrators. One KO TINRO (the Kamchatka Branch of the Pacific Research Institute of Fisheries and Oceanography) salmon biologist, who requested anonymity, described with sorrow his frustration after working for the better part of a year developing a small, 'mom and pop' salmon hatchery on the upper reaches of the Paratunka River, about 70 miles from Petropavlovsk-Kamchatsky. The biologist obtained a lease for the land, and had the project construction approved by the appropriate agency; financing seemed forthcoming from local investors, who would receive salmon quotas based on the expected return from the hatchery. But once he reached the Kamchatka Regional Administration, his troubles started. "First, I was told that my project wouldn't be approved because it would be competing with the Paratunka River Salmon Hatchery, which was ridiculous, since my hatchery would be very

small scale, and produce only about one-tenth of the hatchlings as the other one. I didn't want to compete with anybody, I said, I just wanted to put my knowledge to use, start my own business, and boost local salmon stocks. Finally, after hearing my arguments, they got tired of me and said, 'Look, can you offer us a trip to Japan? Money? Electronics? What can you give us? Nothing. Why should we help you do anything?'" Thoroughly disenchanted by his experience, the biologist dropped the project.

It sometimes seems as though administrative corruption forms the backdrop against which all Russian Far East commercial activities take place. Russia's legal confusion creates nearly ideal conditions for dishonest dealings. There are no clear laws prohibiting government officials from engaging in commercial activities. The Kamchatka Region's officials gladly play the role of economic boosters, and have been instrumental in creating some of the region's 'showcase' joint-ventures, such as the 'Holkam' (a partnership between a Dutch firm and the Kamchatka Regional Administration; hence the name, Holland-Kamchatka). The popular Holkam Supermarket, located next to the Regional Administration Building in downtown Petropavlovsk-Kamchatsky, is one of the few places in the city where the shopping experience even vaguely approximates that of a Western supermarket. Being a booster for the region does not, of course, automatically make any official corrupt (and many on Kamchatka are scrupulously honest), but it certainly gives them an opportunity to collect a hard-currency commission for their services, as well as travel overseas at the public expense.

Perhaps more problematic is the situation with Kamchatka's elected officials, the People's Deputies. People's Deputies may legally own their own companies, or serve on the Board of Directors of an enterprise, all the while happily serving in government. This makes lobbying (a word which has entered the Russian language with a vengeance) an exercise in self-interest far surpassing even Washington's modest imagining. In Russia, a People's Deputy can directly work for his own company's benefit without worrying about pesky details like conflict of interest.

Even if appointed or elected officials are caught criminally abusing their posts, they are unlikely ever to feel the wrath of the Russian legal system. Many key officials enjoy official immunity from criminal prosecution, including some People's Deputies and Regional Administrators, and Governors. People's Deputies may be removed from their posts following a no-confidence vote from their colleagues, while administrators may be removed following a no-confidence vote by the People's Deputies, and administrative review of the case by the federal government; however, high-level support for a no-confidence vote against, say, a Governor, is unlikely, since Governors are federal appointees. Not only that, but Russia's prosecutors

and judges often 'stew in the same pot' as the corrupt administrators who appear before them, and are unlikely to be very aggressive in pushing for thorough investigations or punishment of wrongdoing. In practice, very few corrupt officials get prosecuted for anything. This is particularly true regarding the most common Russian bureaucratic crime, bribe-taking, where the bribe-giver and bribe-taker have a common interest in both seeing to it that the bribe succeeds, and in making sure that maximum discretion is maintained.

In the Alice-in-Wonderland world where Russian business and officialdom merge, it's practically impossible to separate rumor from truth. Often, the official truth is a blunt fiction, and the reality hides in fantastic rumors. The June 15, 1993, sentencing of the Russian Federation's tax agent to the Kamchatka Region, a certain Ms. Mitrehevaya, to four years in prison for demanding bribes from a private company, is a prime example. The woman allegedly took twenty thousand rubles and a bottle of Amaretto from the General Director of the the private company 'Cheremushki' in lieu of taxes. Twenty bucks and a bottle of booze may be enough to get somebody fired, but in 'reform' Russia this piddling amount hardly qualifies somebody for four years of hard time.

And perhaps it didn't. According to a source close to the case, the tax inspector earned her four years for rather more avaricious crimes. Apparently, Ms. Mitrehevaya had amassed a small fortune in confiscated goods, including 22 containers of imported furniture, electronics and other goodies, \$20,000 worth of American dollars and other foreign currencies, and 10 kilograms of gold, during her year-long tenure as the Russian federal government's agent of fiscal responsibility on Kamchatka. No wonder she fainted upon hearing the judge pronounce sentence.

Russia's pricing system for fish encourages corruption at all levels of the fishing industry, from the highest levels of government to fishermen, and the inspection and regulatory agencies entrusted with protecting Russia's resources. At present, Russia has a two-tier pricing system for fish, with one price for export, and one for internal markets. To ensure a supply of marine products for Russia's consumers, the Russian government sets prices for fish for internal consumption; this fish is sold to Russia's fishing enterprises for far less than it would fetch on the open market. The result is that fish intended for Russian consumers often gets "bought" and exported through dummy corporations, and sold overseas for far below market price, but at a hefty profit for the organizers of the scam and their foreign buyers. There's simply too much profit to be made, both by Russians and foreigners, to halt this practice.

In the Kamchatka Region, the situation has gotten so out of

control that the Department of Fisheries Management recently decided to permit the export of fish through only two licensed agencies, 'Sovrybflot' and 'Kamchataallimpex', each of which take up to a two percent commission for their service. "We (the Kamchatka Regional Administration) felt we had to take steps to keep everyone honest, and so we are restricting export through these two agencies," said M. Dementyev, Chairman of the Department of Fisheries Management. "This will enable us to keep track of the volume of fish being exported by the Region's fishing enterprises, as well as the price."

Adding yet another bureaucracy to the export maze for Kamchatka's fish may be a way to keep track of volumes, but prices and methods of payment are another story. The fact that, according to Russian commercial law, a company can keep profits earned from the export of fish, as well as the conditions of a contract, a 'commercial secret', makes checking actual profit margins and profits a difficult task for overworked tax inspectors. There is no feasible way to trace how much money is being made, where it is going, and who is making it. Nobody even seems to know approximately how much fish is caught in Russia anymore, much less how much goes for export. One commentator writes, "Nobody even knows if the (nation's) catch has fallen (from last year). The fact is, operative data about catches is provided, as it should be, by the major fisheries management organizations and the Russian Fisheries Collective Organizations. But these data do not include catches by commercial organizations and enterprises--various unions, joint-ventures, cooperatives, associations, and so on. And even the major fishing enterprises provide data with (as they say) 'violations of the established order', that is, willy-nilly." ('Time Will Tell', Rybatskiye Novosti 15, May, 1993.)

Millions of dollars in profits from exported fish leave the Russian Far East via back channels, all arranged and approved by corrupt administrators at even the highest level of the Russian Federation Committee of Fisheries Management. Writes another commentator: "...a certain limited partnership, 'Magadanmoryeprodukt' (note: from the Russian Far East city of Magadan, on the Sea of Okhotsk), signed a contract with foreign investors allowing a catch of five thousand tons of fish in our waters for consequent sale in Japan. Among other things, the contract permitted the catch of three and one-half thousand tons of spawning herring, which is absolute, blatant poaching. For all this, the partnership was obliged to pay the Russian Federation Committee of Fisheries Management 368,000 rubles and \$330,000 dollars...A ton of herring roe costs \$30,000 dollars in Japan, which means that, only considering the roe, our side lost \$4,170,000 dollars with this upsetting contract.

"How much of this sum economized by the Japanese the Committee

of Fisheries Management bureaucrat put into his own pocket for signing this contract in the name of the people, isn't shown on paper. But shouldn't Vladimir Fedorovich Korelsky (the Chairman of the Committee of Fisheries Management) ask him about it? Or, since it's his job, ask the prosecutor to do so?

"Vladimir Fedorovich didn't do anything, and as I hold a xerox copy of the contract, it seems I can guess why. Korelsky himself signed the paper." ('Are You Rich? Pay Up!' Ogonyok 44-46, November, 1992.)

Closer to home, the Kamchatka Region suffers huge losses in revenue from the illegal export of fish by corrupt executives and bureaucrats. Determining the exact costs to the region is next to impossible, but the available local data at least shows the tip of the iceberg: "In only five days in February, 1992, 11,792 tons of pollock fillets worth approximately two million dollars was illegally loaded onto foreign vessels, as well as pollock paste (used to make surimi) worth one-and-a-half million American dollars." The results of administrative corruption in the Russian fishing industry are being felt, not just on Kamchatka, but around the world's markets. The price per ton for pollock has fallen from over \$700.00 per ton to just a little over \$350.00 per ton in the last year due to an influx of cheap product from the Russian Far East. ('Fish Drain', Vesti, July 27, 1993.)

The anecdotal evidence makes this picture of systematic robbery of the Kamchatka's marine resources for the personal benefit of a very few even more disheartening. A highly-placed executive in one of Kamchatka's biggest fishing enterprises told me during a private conversation that in the winter of 1992 his company worked an almost completely underground venture for cod with a Norwegian fishing company. Apparently, the Russians caught and processed the cod according to the Norwegian partners' specifications, although the cod was officially marked for the internal Russian market and priced accordingly. The Russians then illegally offloaded the cod--over 4,000 tons--onto a transport at sea and quietly shipped it out of the country. The fish was paid for with a combination of cash, commodities, and deposits into hard-currency accounts in third countries. The exported cod appeared on no official documents, except those used in Norway. To make up the difference to the Russian government, the Kamchatkan enterprise falsified catch figures for its other vessels, and thus accounted for the 'ghost' cod.

A number of psychological factors help spur on the dynamic of administrative corruption; regional politicians, administrators, and enterprise bosses climbed the ladder of success in a milieu that put a premium on careerism, cheating the system, and using connections for personal advantage and enrichment. The Soviet system may be officially dead, but the people who directed it

are building the new Russia, and they want to keep their advantageous place--which, they will tell you, was earned by great effort and sacrifice--in society. They don't belong to the Communist Party any more, but they want to keep leading the same life of privilege and power they did before the August, 1991 Coup.

More than anything, it's a question of lifestyle; the utter exhilaration of living well in a collapsing society. With very, very few exceptions, life for the privileged handful of Russian Far East 'verkhushki' is far better than it ever was under Soviet power. Travel to the United States, Japan, Korea, or Europe is easy, having hard currency is legal, and there's a special prestige from working with foreign partners that plays well not just in Russia, but around the world. When the Chairman of Petropavlovsk-Kamchatsky's largest fishing collective signed a joint-venture contract earlier this month with a group of Seattle investors and sent eight specialists to America for a month of training and education, his son was at the top of the list of those to be sent; and if other workers grumble that the boy never spent a day at sea and knows nothing about the fishing industry, well, too bad for them.

The old false Soviet paradigms--"everything for the good of the people, everything for the Motherland"--have crumbled to dust before an overwhelming urge to acquire Western goods and a new-found love of commerce and business. There is a lot of adrenaline in the Russian economy now; a payday rush from the possibility of sudden wealth, and a dizzy, desperate grasping for the good life. The Russian media are full of taunting images of rich people enjoying vacations in sunny foreign lands, of wheelers and dealers with cellular phones and stunning women, of the near-mythological lifestyles enjoyed by those living "beyond the cordon" (as Russians bitterly say), "in civilized countries." For the Russian Far East's wealthiest people--those with access to exportable resources, like lumber, coal, oil, and fish--there is little thought as to whether it is wise, much less moral, to trade away resources and bankrupt the nation to slake their thirst for electronics, fancy cars, and trips overseas.

As the old Russian proverb puts it, "Veselo vremya proidyet, da chto v rot popaidyet?"--The good times come to an end, and what winds up in your mouth? There are signs the revels of the Russian Far East fishing industry's corrupt bureaucrats may be coming to an end. The region's resources just can't take the constant, illegal pounding. The Russian Federation Attorney General V. Stepanov recently published a letter warning that, "The fisheries resources in Russian territorial waters and the Exclusive Economic Zone in the Sea of Okhotsk and the Bering Sea are on the verge of destruction...according to the Attorney General's investigation, there have been many instances of

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blatant violations of the law on biological resources." ('The Attorney General Sounds the Alarm Over Fisheries Resources', Ryabak Kamchatky, July 23, 1993) The Kamchatka Region's lucrative Kamchatka crab fishery was closed in early July until September because of the resource's poor condition, with only 7,000 tons caught. Insiders say that the season opened too soon following the winter fishery, which included many foreign participants.

The social costs of the wide disparities in wealth are adding up, too, as the average Russian becomes increasingly fed up by plundering bureaucrats getting rich at his expense. During the July 26 'money reform' indignant people lined up at banks in Petropavlovsk-Kamchatsky complained loudly that they were losing even their modest savings by exchanging their pre-1993 currency for current bills. "It's just another trick by the 'verkhushi' to take our money away and get rich at our expense," fumed one woman. "They're all cannibals, destroying the nation, making up ways to get rich while we suffer. Soon, we'll be left with nothing."

How long until the party's over?

Best,

A handwritten signature in black ink, appearing to read "Peter H. Christiansen". The signature is written in a cursive, somewhat stylized script.

Peter H. Christiansen