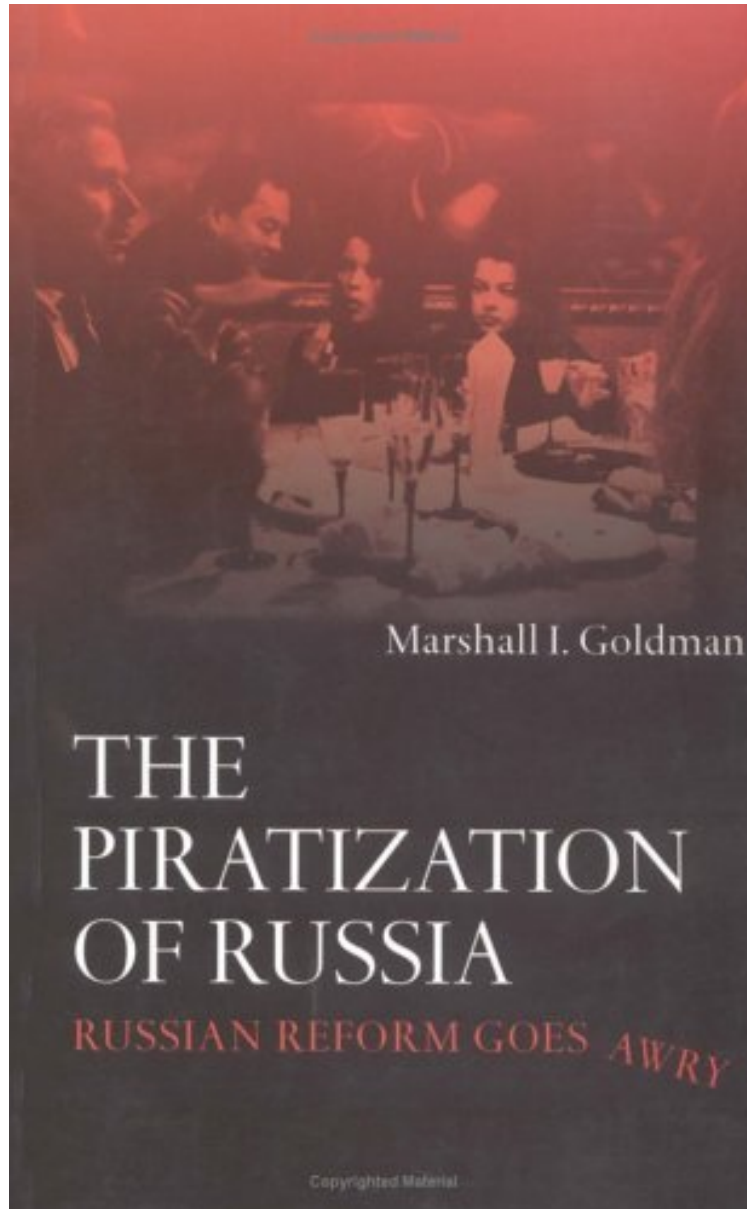


[Pdf free] The Piratization of Russia: Russian Reform Goes Awry

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Marshall I. Goldman

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Marshall I. Goldman : The Piratization of Russia: Russian Reform Goes Awry before purchasing it in order to gauge whether or not it would be worth my time, and all praised The Piratization of Russia: Russian Reform Goes Awry:

15 of 19 people found the following review helpful. How The Russian Mafia Destroyed Russia By S. Annand I first became acquainted with this work through an NPR interview. The author, Marshall Goldman, was suddenly asked by

the reviewer what he thought about top Mafia thug Mikhail Khodorkovsky giving a million dollars to the Library of Congress (as a means of legitimizing himself). Naturally, as I work at the Library of Congress, I perked up, paid attention, and then bought the book. Wow. Khodorkovsky (currently in jail) started out as a good little communist, belonging to the Komsomol, and going to college. Johnny on the spot, he parlayed a small bank charter for Menatep to become Russia's richest man. Unfortunately, Menatep was involved in the Bank of New York money laundering scheme, bilking the US out of billions. In 1994, the Federal Reserve ordered the CIA to investigate Russian banks, a study which concluded most Russian banks are Mafia controlled. Although the study is still classified, Menatep was the only bank publicly noted for being Mafia controlled (page 148). Khodorkovsky started Yukos Oil, which was a swindle. Using this money, Khodorkovsky, with Henry Kissinger as a member of his board, gave one million dollars to the Library of Congress to start the Open Russia Foundation (page 149). Another Library of Congress rent-a-thug was Vladimir Gusinsky. Gusinsky predated Khodorkovsky--probably because he's currently on the lam--and had helped fund the Librarian of Congress' Russia documentary film. Gusinsky had actually attended the University of Virginia to study financial management. He named his business empire MOST (a play on the word bridge) after the sign on ATM machines. Goldman also provides us with the "how" of how these two Mafia "oligarchs" could seem presentable given their backgrounds. Somebody got them the services of APCO, which is an offshoot of Arnold and Porter, a top DC law firm full of congressmen and other movers and shakers (page 129). The rest is history, as they say. I also just have to mention one of the Russian jokes that Goldman repeats. Due to broad government theft this one circulated: A man parked under Yeltsin's office and walked away. A guard rushed up and said "You can't park under Yeltsin's office." "It's okay, the man replied, "I locked the car." Goldman gives us the backgrounds and histories of all the top "oligarchs" and an explanation any layman can understand regarding just how Russia became so corrupted. This book, then, is not just for Library of Congress employees looking to see who the latest donors to our institution are. Our Librarian of Congress, James Billington, is a former Sovietologist and "Russian scholar," so I suppose he knows what he is doing. Here is what Goldman thinks, though, "The more involved Russian businessmen become with the West, the more likely it is that they will come to adopt Western business practices, presumably good ones. But there is no guarantee. Given how deeply ingrained some of the less desirable practices are among Russian administrators (past and present) it is only to be expected that some of the more nefarious behaviour we have encountered inside Russia will also surface outside (page 118)." 13 of 15 people found the following review helpful.

Study of the theft of a whole country
By William Podmore
The author gives us a good picture of the club of greedy criminals who have hijacked an entire country and wrecked it. Their real money-spinner was grabbing pieces of Russia's immensely rich natural resources under the Loans for Shares [...]. For a fraction of their market value, the capitalists offered to look after the shares that the government put up as collateral for the loans, 'managing' the state's stake in the energy companies in exchange for loans to the deficit-ridden state. This allowed them to claim that the nation's assets were not being sold off. In these corrupt insider deals, the Yeltsin government let the new capitalists take the companies from their directors, buying Yeltsin their support against the communists. The government could not repay the loans. The capitalists then sold the shares to themselves very cheaply, as repayment for the loans, through offshore companies. The government used companies' book values as fixed in January 1992, before the great inflation, as the basis for the voucher auctions. Yeltsin's Deputy Prime Minister, Yegor Gaidar, freed prices in January 1992, causing 2500% inflation, wiping out workers' life savings, 70 million accounts in the state-owned Sberbank alone. In November-December 1995, the government auctioned 12 of Russia's biggest companies. A tiny handful of banks ran the auctions, disqualified their rivals, excluded foreigners, bid in the auctions and won the bids. The capitalists admitted that they paid 40 times less than the enterprises were worth. In a closed auction run by his own bank, Unexsimbank, Vladimir Potanin (the deputy prime minister in charge of finance) bought, for just \$170.1 million, Norilsk Nickel, the world's biggest producer of nickel and platinum, whose profits that year were \$1.2 billion. The bank disqualified a rival bid of \$350 million on a technicality. Potanin also bought oil companies at non-competitive prices and then sold the products at below market prices to trading companies he owned. He sold Gazprom, the natural gas monopoly, for \$228 million, a thousandth of its value. Potanin sold 51% of the Sidanco oil company, for which he loaned the government \$130 million. Then he bought the company for \$130 million in the auction: in 1997, BP paid \$571 million for just a 10% stake. Not surprisingly, Potanin's bank was the biggest winner from the Loans for Shares [...]. Capitalists created parasitic subsidiaries, whose profits they divided amongst themselves, not with the shareholders. They exploited arbitrage opportunities between low Russian prices and high world market prices, particularly in gas, oil, gold, platinum and other precious metals. They profited from the Central Bank's negative real interest rates, and speculated in currencies, mainly against the rouble. The capitalists' government took barely any taxes: in 1995-96, Gazprom paid \$3.5 million tax on \$2 billion earnings. Anatoly Chubais, head of the State Privatization Committee, said of Russia's capitalists, "They steal and steal and steal. They are stealing absolutely everything and it is impossible to stop them." By 1999, 38% of Russia's people existed below the poverty line. 90% of the people endured worsening conditions, while the handful of arrogant capitalists made colossal profits by theft and corruption. If you want a picture of 'free enterprise' in action, here it is! 15 of 17 people found the following review helpful. Best book on the topic
By A Customer
I have read many books on the transfer of the USSR state economy to

private hands and this is, by far, the best and clearest on the topic. If one has to read just one account, this is it. Since this is one of the great economic changes of the 20th century, and robbery on a scale that has few if any precedents, Goldman's book is very valuable and important. He is candid about the monumental errors his colleagues made as advisers (ignoring those who dipped into the honey pot and made, by professorial standards, fortunes). He has interviewed countless people and made the arcane clear. Authoritative, well-written, an excellent piece of work.

In 1991, a small group of Russians emerged from the collapse of the Soviet Union and enjoyed one of the greatest transfers of wealth ever seen, claiming ownership of some of the most valuable petroleum, natural gas and metal deposits in the world. By 1997, five of those individuals were on Forbes Magazine's list of the world's richest billionaires. These self-styled oligarchs were accused of using guile, intimidation and occasionally violence to reap these rewards. Marshall I. Goldman argues against the line that the course adopted by President Yeltsin was the only one open to Russia, since an examination of the reform process in Poland shows that a more gradual and imaginative approach worked there with less corruption and a wider share of benefits. *The Piratization of Russia* is an accessible, timely and topical volume; that is required reading for those with an interest in Russian reform. Its appeal will range from students, academics, economists and politicians to the interested lay-reader keen to understand Russia's problems and learn how they could have been avoided.

"All in all, Goldman provides a clear, freewheeling version of his side of the argument." -Foreign Affairs
Author Marshall I. Goldman is Davis Professor of Russian Economics, Emeritus at Wellesley College and Associate Director of the Davis Center for Russian and Eurasian Studies, Harvard, USA.