THIS is not meant as an analytic article on the current situation in Russia. It is rather an attempt to share with **Manushi** readers a sort of diary of my experiences and impressions of the aftermath of economic and political collapse in the Soviet Union, based on a month long business trip in Russia.

Growing up in a Communist family I had been raised on stories of the Soviet Union, where, I was told, everyone was ensured food, clothing and shelter — a kind of heaven on earth. My father was involved with the Communist student movements in the 1940s. Around 1950, when the Telangana movement was banned, he went underground. Even after he joined government service he continued to work for the Communist Party of India and is still an active member of the party after his retirement.

I finished school in 1976, at which time I entered college and became associated with the All-India Students Federation. That was also around the time when Brezhnev and the Shah of Iran came to India; there was plenty of unrest among students - marches, demonstrations and jail breaks. We believed that in the Soviet Union everyone was getting jobs through government patronage and therefore everybody in India should also be ensured government jobs. Our general idea was that everything was fine there and everything was very bad here. We were led to believe that in Russia, not only were the citizens provided with their basic necessities - they also had access to free health care, technical education, and employment. Under communism there was no inflation ----Metro charges were two kopeks in 1930 and were still two kopeks in 1990.

^{*}Sunil Gandhi is not the author's real name. Name withheld on request.

The Breakdown of a Myth

Notes from a Visit to Russia

Sunil Gandhi*

I began to have serious doubts, however, when I started working for a manufacturer of tractors in Faridabad and came into contact with the All-India Trade Union and Congress (AITUC). These doubts arose when I first encountered the AITUC leadership in my factory and saw their corruption, nepotism and all sorts of other behaviour which I felt was un-communist. From 1982 to 1984, there were union strikes in my factory, but the conflicts were mainly due to infighting for the union leaders' own personal ends, like trying to get bribes out of the management. Rather than taking care of the workers' interests, the local leadership and the state leadership would fight among themselves on small pretexts. That

was my first encounter with communist workers in the movement. Earlier, I was just a theoretical communist. I became really disillusioned when I saw people who called themselves communist union leaders scrambling for money and resorting to corruption. At that point I had not yet questioned the viability of communism in the Soviet Union. Nor had I yet become disillusioned with the top leadership of the CPI, mainly because I had no contact with them. I was only doubting our lower level worker leaders, thinking that they are just not educated enough, or that in my particular factory, the perspective on social change is not wide enough. I didn't think there were similar problems at the top level.



Lenin in his study reading Pravda

No. 92-93 (January-April 1996)

As a young man I used to see newspaper advertisements offering Indian students opportunities in the Soviet Union, but since my academic record didn't match the required qualifications, I never really thought of going there. It was mainly the sons and sons-in-law of the CPI's top leadership that used to go. Indian companies like Chinar Exports, Pandit Brothers, Woodland and Phoenix had all been doing business with Moscow for many years using their CPI connections to build trade ties. Communists who originally went there as students and learned the language are now working as touts and commission agents for both Russian and Indian companies. Phoenix has opened a restaurant in Moscow called Tandoor, where almost 50 percent of their cooks, waiters, and bartenders, are from the original Indian student community who went to Moscow to become trained as engineers, doctors, and space scientists.

Now they're choosing to stay over there because they are making more money than they could back here. They usually work in the bar only in the evenings. In the mornings they are involved in other activities, such as working as commission agents for various companies.

Illegal Alien

I went to Moscow for the first time in 1995 to explore the possibilities of doing some business there. What I saw during the brief month and a half that I spent there came as a big shock. Because India was for long and still continues to be influenced by Soviet ideology, especially on economic issues, I feel we need a serious reappraisal of the collapse of the Soviet economy and polity. Unfortunately, neither the Congress party nor the Communist parties are

Even a brief stay in the former Soviet Union comes as a profound shock.

willing to undertake this exercise. This is because they are not willing to acknowledge the disastrous policies they followed under Soviet influence. Most of our leftist intellectuals are also silent on the question and pretend the world is still the same and, therefore, continue advocating protectionist policies. Their ability to go on chanting the same old mantras may well be related to the fact that very few of them actually lived or studied in the Soviet Union. Most of their Marxist studies were done in British or American universities. Even a brief stay in the former Soviet Union comes as a profound shock. It forced even a convinced communist like me to reevaluate my entire political orientation.

I went at the invitation of the Russian Federation of the Chamber of Commerce and Industries, who also arranged my visa. It was originally



Restaurant run by Phoenix Corporation in Moscow

through the Indo-CIS Chamber of Commerce and Industries, who have an office in Delhi, that I found out that there was a vast market for Indian cotton products in Russia. Since I was already dealing in cotton products, I thought there would be no problems with doing some business there.

I arrived in Moscow in November on the anniversary of the "Russian Revolution". At the airport when I arrived I was warned that the water quality was bad. Most foreigners drink mineral water which is imported from Finland and costs three dollars a bottle. A similar sized bottle of vodka costs one and a half dollars, half the price. Though the locals drink sarkari water, I decided to drink the mineral water to play it safe — I didn't want to develop any stomach problems. I went to stay as a paying guest with one Professor Boris, an Indologist living in Moscow. There were three days of national holidays. On the next working day, I had my first encounter with the Russian bureaucracy about mv visa registration.

Even Professor Boris didn't know that upon entering Moscow, the first thing you must do is get your visa registered with the Russian authorities.

Even prior to the Russian revolution you had to have the proper documents to live in Moscow. Otherwise, you were not allowed to live there. Today, anyone coming to Moscow, whether Russian or foreign, has to register his visa. All Russians carry their passports wherever they go. Even when entering a railway station or any government building, you may be required to produce your passport.

When I went on the next working day to register my visa, the Russian officials asked me to show them my formal invitation letter. I told them that I obtained my valid Russian visa in Delhi based on such an invitation letter, but the Russian embassy didn't give me the letter nor tell me that it would be required once I reached Moscow. I was told that I had already committed a crime by not getting myself registered within three days. They advised me to return to India or leave for some other destination, with the warning that if I remained there I would be an illegal immigrant.

After receiving this warning, I immediately went to the Indian embassy in Moscow to ask them for advice. The commercial secretary there was very helpful. He wrote a letter to the Russian ministry requesting them to regularise my visa, but the ministry refused. I was then informed by an embassy employee that I would have to bribe them, but I didn't know whom to pay or how much I

should pay them. I was very worried because I didn't know the language and I didn't know anyone who could help me.

Thinking that I may be forced to leave the country shortly, I tried to settle some business matters as quickly as possible because that was the sole purpose of my trip. My initial idea was to start a garment factory there. Since India is not a favoured nation but the Ukraine is, it becomes logical to export fabric from India, get it stitched in the Ukraine and eventually export the garments to New York. However, I ended up switching from garments to a low-value item, bed sets (comprising a bedsheet, two pillow covers and a blanket cover). I made the switch because I discovered that I could deal in bed sets with less money and it wasn't necessary to export to the USA in order

to sell them; there is a wide market for them in Russia. I also felt that it was safer to deal in a low-value product because I discovered that I couldn't count on any protection for either my material or my money over there.

The Indian embassy has a commercial office in Moscow which has the addresses of people who are in need of Indian goods, such as detergents, tea, tobacco, and cotton. Through embassy people I contacted a few of these people. On the 10th, I met a Russian, Alexander Dmitri, to whom I introduced my product along with my terms and conditions. I told him that because of the rumoured hostile business conditions in Moscow, including rampant mafia activity, I would trade with him on advanced payment terms only. He agreed to do



The author's Russian translator with her Bhojpuri husband

some business with me on my terms. I spent the next month acquiring business contacts. During this entire period I was officially an illegal alien.

In the meantime, I met a Russian woman who knew English and agreed to work with me as an interpreter. Her father was a military official. I told her that returning to India without visa registration would make things extremely difficult for me because I wouldn't be able to explain where I had been for the past 45 days. She took me to a luxurious hotel which was almost five times bigger than our Oberoi Hotel. The managing director came downstairs. For ten dollars she made a forged document that claimed that I had been staying in that hotel for the last few days. In this document, the hotel guaranteed that I had not committed any crimes or done

> anything to create trouble. My visa was registered based solely on this document. The total cost was 130 dollars — ten dollars to the hotel director plus 120 dollars for a bottle of whisky which I presented to the government official at the registration office to facilitate matters. Though my visa was good for up to three months, I returned to India before Moscow's elections since there were rumours that Chechenians were going to blow up the city. With such short notice. I had to pay an additional bribe of \$50 to the Aeroflot people in order to get a confirmed ticket.

Learning the Trade

When I showed my bedsets to potential buyers in Moscow, they all said the same thing: the quality of my product was very good but my prices were too high. I didn't understand how

my prices could be too high, since the price was commensurate with the quality. They showed me the type of bed sets being marketed by other companies, including Indian ones. When I saw how bad their materials were, I was really shocked. It was of such poor quality, it would be reduced to shreds in a very short time. I argued that if you buy a good quality bedset, than you only need one bedset per year. But if you use a cheap one, you will need three of them in a year. But I was told that most Russian families just do not have the extra money to pay the higher price, even if the product they buy will only last a few weeks. Instead they purchase cheap goods twice or thrice a year.

The other companies were able to produce this poor quality bed set for \$5.50 and market it for \$8.50, including customs duty, transportation and insurance costs. My cost of production was almost 50 percent more than theirs. I tried to figure out why I couldn't compete in the market. What I discovered was that all Indian businessmen were over-invoicing in India and under-invoicing in Russia. I was unofficially told by Indian embassy people that this was the way things were done by all Indian businessmen who are exporting in US dollars.

If a product costs you \$10 to make, you make an invoice for \$15, so you get a larger amount in export incentive from the Indian government, 10 percent of the invoiced amount. Once the goods reach Moscow, you make a new invoice for the same material for five dollars so that you can cheat customs over there, who charge a percentage of the invoiced amount. So in India, for \$10 you are claiming \$15, and in Moscow for the same \$10 cost you are claiming only five dollars. There is a simple and easy procedure There is a simple and easy procedure of paying bribes and forging the invoice documents (by making rubber stamps of both the Indian and the Russian customs department) while both the Indian income tax people and the Russian customs officials turn a blind eye.

of paying bribes and forging the invoice documents (by making rubber stamps of both the Indian and the Russian customs department) while both the Indian income tax people and the Russian customs officials turn a blind eye. It is accepted that this is the way the trade operates. There is currently a brisk trade in empty floppy disks. Exporters claim they contain expensive software, collect their incentive money from the Indian government, and get rid of the entire lot once they arrive in Russia.

India is not the only country involved in this — tea is coming from Sri Lanka, jute from Bangladesh, and cotton from Pakistan, Uzbekistan, China, and many other places. All of the traders from these countries are operating in the same way.

The Indian government owes

...there is a very high incentive to transact your money through hawala, where you incur a cost of less than five to seven percent if you transfer your money from India to Russia, and bring it back as dollars. Russia some Rs 30,000 crore to be paid back over the next ten years. It is committed to paying in installments of Rs 3,000 crore per annum. The Government of India seems to believe that if it does not allow such things to happen, we simply cannot repay the debt. Another reason these conditions are created is because the Russian bureaucracy is extremely difficult to deal with and their official taxation rates are very high. If they reduced the excise amounts, excise crimes would be somewhat curbed. Income tax is also excessive. If you earn a lakh of rupees, you pay 40,000 as corporate tax, so there is a very high incentive to transact your money through hawala, where you incur a cost of less than five to seven percent if you transfer your money from India to Russia, and bring it back as dollars.

There are very many people working at the Indian embassy who have been there for a long time, since the 1971 treaty. From then on, a system of underhand payments has been operating. These days when you enter the Indian embassy, there are so many people working there you feel like you have entered some multinational corporation. They are taking full advantage of the system of escrow dollars, which is the exact same currency as US dollars, but is valued differently in official bank papers.

If one US dollar is worth Rs 35 in India, the Russian escrow dollar is worth Rs 45. So by dealing in escrow dollars you make a Rs 10 profit per dollar. The US dollars have been taken from India. Once they get to Russia, escrow dollars can be bought with those US dollars, and finally, brought back to India. So out of that extra ten rupees, which everybody both in the Indian and Russian bureaucracies are aware of, half is paid off in bribes and the other half is your profit. Indian businessmen are taking money through *hawala* to Moscow where they arrange with fake Russian partners who buy escrow dollars for them.

Return to Barter Economy

Since the economy disintegrated, the whole armament industry has been in turmoil. For example, only the body of the MIG 31 is being made in Russia; its engine is made in the Ukraine and some parts are coming from Tazakhistan and Tataristan. Now they are having difficulties integrating all the components to manufacture the aircraft. Even when there was a great demand for Soviet arms, everyday items like detergent powder, soaps, toothpaste, clothes and many manufactured products like good telephone systems, were being imported from Egypt, India, and various other countries. But now that the armament industry has come apart, the economy is in a critical condition.

The manufacturing base of the entire country has collapsed and even simple items of daily use are hard to get. They don't even have any infrastructure left in terms of smallscale industry. When my kitchen's cooking range pan broke I couldn't believe how difficult it was to get it fixed. Even when I paid a repairman 50,000 rubles, it still took 15 days to get the job done — while in Delhi you could have gone to any cycle shop and it would have been a five minute job.

Today Russia is importing almost everything it consumes. This simply cannot continue for long. They currently have natural resources to sell — some precious metals, uranium, military hardware, and some space technology. But a country cannot go on feeding 26 crore people by selling uranium. When I went to sell my



bedsets there, I was told, "OK, the price of one container with your goods in it will be \$72,000, so I'll pay you the equivalent in gold, or you can take aluminum, or copper, or some telephone equipment." I told them I could not operate on a barter system, because, for example, if I took 500

The manufacturing base of the entire country has collapsed and even simple items of daily use are hard to get.

kilograms of uranium, where could I sell it? I told them they had to pay me in dollars. But they often don't have the capital. There is no market system right now, no banking, insurance or institutional support for most businesses. Foreign banks and institutions are entering the market, but the situation is not conducive to



doing business. The government is trying to get military officials majors, lieutenants, colonels, army and navy people — to switch over to being entrepreneurs. But the transition is not that simple.

Mafia Operations

In Moscow people are quickly learning new and ingenious ways to make money. The fastest way to make capital is through mafia operations, which are interlinked with the mafias of other countries. Earlier these people may have been in the same businesses, but their titles were different, like Branch Secretary of the Communist Party, or some police or military position under the patronage of a politician. Most of the Russian mafia today are ex-KGBs who don't know what to do — they don't have anything to eat and no organisation to fall back on, so they have become criminals who will rob you right outside the Metro. Foreigners are particularly easy prey since they can't speak the language.

Though the mafia is making things so insecure, business is still coming in quite swiftly with businessmen getting directly involved with the mafia. For example, there is a 23 percent custom duty on imported products. If the mafia is paid off instead of customs, that amount is reduced by one half. Big companies like Pepsi Cola, Coca Cola, Phoenix Shoes, and Liberty Shoes are said to be under Yeltsin's patronage. It is commonly believed by the Russian people that he is one of the mafia dons and that they pay him off in order to get protection from his personal bodyguards, who are ex-KGB people.

Mafia kings live well in Moscow, while the rest of the population can barely get by. In this age of internet and the communications revolution, information is incredibly easy to get. Mafias from all over the world - from Sri Lanka, Bangladesh, Pakistan, Italy, Yugoslavia, Turkey — have descended on Russia. Many are smuggling in electronic products. In the last 27 years, India's smuggling machinery has become very well oiled and well managed. We can bring material right from a Sony or Toshiba factory down to the customer without paying any duty, anywhere. Our mafia is operating so prominently in Russia because they have become adept in the art of smuggling.

Most of the Indian mafia in Russia today are Biharis who belonged to the Congress Socialist Forum or the CPI. For ages the CPI has been very strong in Bihar. Though politically the mafia dons may belong to the CPI, geographically they belong to Bihar, where the mafia is very strong. Many CPI Biharis have family or party connections in Russia, so the news reached Bihar quickly that Moscow is ripe for loot and plunder. Some of them initially went to Moscow to study and eventually settled down there. I met one Bihari mafia don who carried an AK47 and was in the business of looting people. His gang was made up mostly of other Biharis in the higher positions with a lower rung of workers who were Russian. I didn't get into discussing his business with him. I just asked him: "Will you

...the news reached Bihar quickly that Moscow is ripe for loot and plunder

protect me in case my material comes?" He said: "If you give me enough money I will protect you." But since I had some doubts about him, I made arrangements to only work within a system of advance payments so I would have no security requirements. It is possible that the only reason he didn't rob me was because I met him through my interpreter, who was married to a Bhojpuri from Mauritius. She and her husband had Mauritian connections with the Bhojpuri Bihari mafia.

Since everybody was talking about all this lawlessness, I asked Alexander Dmitri what I should do in case I get in trouble. He showed me his revolver and told me that I should also carry arms, since almost everyone was doing so. As an ex-Army man, he was licensed to carry a gun. I didn't like the idea, however, so he gave me a small can of tear gas to carry in case I got into any trouble. I didn't end up encountering any dangerous situations, but that was probably due, at least in part, to the precautions that I took. I made sure that I always reached home before sunset, never venturing out after dark.

Living conditions

The upper strata of Russian society lives in the big cities like Moscow, but if you go to the villages, even those near Moscow, leave alone those in remote rural areas, people are very poor. Living in such poverty, people are willing to work for incredibly low wages. If you need to get a garment stitched, you can get a skilled seamstress outside of Moscow to work eight hours a day in your factory for an equivalent of Rs 700-800 per month. Even in Rohtak, Haryana you will not find skilled labour at that price. Some of these garment workers that I spoke to were not even school matriculates. That surprised me because one of the things I expected to find in Russia was good educational facilities. However, what I saw appeared to be a very low quality of education among the general



Customers celebrate the reopening of Moscow's first kosher food store

populace. I had expected that after 70 years of claiming to provide mass education of quality by the state apparatus the educational standards would be much better. Though they had the facilities, it seemed that many people hadn't gone beyond acquiring the barest literacy.

When I visited Professor Boris' son's house in a village 500 kilometers outside of Moscow. I was told that there are no heating systems in the rural areas, though the temperature can drop down to minus 50 degrees centigrade. People burn wood for warmth. I spent only two days in the village, but there wasn't much to be seen besides snow. Village people have no resources to move to the cities. To live in a city like Moscow these days you need at least \$300 to pay rent on an apartment, \$300 more to feed your family and roughly \$100 for transportation. To pay for all of this plus cover emergency expenditures, a family needs to have an income of about \$1000 per month. In the countryside, you can at least get free wood, grow onions and potatoes, do some hunting, and raise chickens and pigs. But there are very few farmers who have enough surplus to sell their produce in the cities. They are mostly doing subsistence farming.

When I went some 400 kilometers from Moscow, I saw the difference in living conditions between the rural people and the military. I stayed in a military guest house which had a very big dance floor and all kinds of other facilities. The food was very lavish. It was the first time I ever saw so many things on one table. In communist days the military was the pampered child of the government. The KGB, the military and the Party were very well taken care of — everyone else lived very sparsely. Even today the military is very well fed.



A picture postcard of Moscow. Even today, public transportation is by far the dominant mode of travel

In Moscow, though I didn't visit any homes of the rich, the three or four families whose homes I did visit seemed to have very few possessions. All the furniture in their houses was basically the same. Each living room contained two chairs and one divan. The kitchens were very small, with two stools and one two-by-two foot table. In each house I saw the same two blue cups, two or three plates, and very few utensils in the kitchen. They still don't have pressure cookers, and the utensils in their kitchens are very basic.

The Russian breads are very good, but you have to stand in a long queue to buy bread. A loaf of bread costs 2,500 rubles (Rs 17). There are very few vegetables in their diet; some potatoes, carrots, cauliflower, cucumber and onions. Because of the

You can get a skilled seamstress outside of Moscow to work eight hours a day in your factory for an equivalent of Rs 700-800 per month. Even in Rohtak, Haryana you will not find skilled labour at that price extremely harsh climate ten months out of the year, it is difficult to cultivate many varieties of food. I didn't see people eating pulses; their protein comes from meat, chicken, and fish. Soup is commonly eaten and plenty of tea is drunk. Their kitchens have cooking ranges but the women don't have enough time to cook. The day starts at about nine o'clock, but it is so cold that most people stay in their beds until eight. Then within one hour the woman of the house has to take care of all her family's needs, so she usually buys her food at the factory, where there is a canteen for employees. In the evening people generally eat potatoes and half-boiled rice; everything seems to be halfboiled or half cooked.

Infrastructure

As far as the infrastructure goes, the Moscow Metro, the bus system, and the tram system are very good. The Metro takes the entire load of the city. It is 60 feet deep and has a threetiered structure. It is kept extremely clean, like most of Moscow, and there are very few breakdowns due to good maintenance. As for the bus system, there are frequent bus stops and most of the time passengers get a seat in the bus. Roads are also well maintained, and even in the part of the countryside that I saw the roads were really good, permitting drivers to go at a speed of up to 200 kilometers per hour. But the area I went to was probably in better condition than average on account of it leading to a military base.

Civil construction and electricity supply was also very good in Moscow. Cooking gas is free and hot water is very cheap, so some people heat their houses with hot water. The entire city is cleaned by mechanised systems which are mainly operated by women municipal government workers. Outside each house are huge containers for garbage that are collected promptly by government vehicles. So sanitation is not a problem, and the snow also gives the feeling of cleanliness. Because there are hardly any private vehicles and no factories inside the city, there is no air pollution. You experience nothing of the exhaust pollution and general grime that Delhi dwellers are accustomed to.

Women Work, Men Drink

Though all the Soviet propaganda literature depicted women occupying jobs traditionally reserved for men, it was still very strange for me to see that the entire transport industry in Moscow seems to be run by women. Most vehicles on the road, including buses and 15-tonne trucks, have women drivers. I saw women in railway construction, building construction, and even sanitary sewer work. Early in the morning you can see 70 to 80-year-old women clearing the ice on the street with spades and mechanical tools in the extreme cold. On construction sites, for example, 90 percent of the jobs were filled by women. Most were in their twenties but there were also women workers in



Vodka advertisement in Russian magazine

the 30, 40, 50, and even 60 year age group.

Russian men, in contrast, seem to spend a good deal of their time drinking vodka. At practically every bus stop there was someone sleeping or drinking vodka. The men claim that they have to drink because the temperature is so hostile. Yet women are working on the streets in 20 degrees below Celsius temperatures without touching any alcohol, while many of the men sit in heated offices saying that they have no choice but to drink.

As far as I can tell, the women don't drink as much as the men

...women are working on the streets in 20 degrees below Celsius temperatures without touching any alcohol, while many of the men sit in heated offices saying that they have no choice but to drink.



because of the extraordinary amount of family and job responsibilities that they must manage in order to survive. They are the main breadwinners. Anyone who drinks a lot in the evening will have trouble getting up for work early the next morning, and women are expected to do the housework, look after the children, and basically carry the work burden of the entire society. Even during communist days, women could not relax — they had to worry about the doings of the police, the KGB, the military, and their own husbands.

Some women have also taken to crime but not in as big a way as men have. Some women have taken to prostitution. They are working as call girls and some are even associated with mafias. Call girls openly advertise in Moscow's evening newspapers. In the Sunday edition of the Hindustan Times there are three to four pages of matrimonial ads; in Russian newspapers you will find two pages of prostitutes' advertisements stating the services they provide and their phone numbers. Prostitution was obviously not absent before the economy collapsed, but now it is much more open; Moscow seems like one big brothel.

On returning

After I returned from my trip to Russia I tried to talk to many of the older generation of communists about what I saw. They were unwilling to discuss the issues I raised. My own father simply won't listen to what I have to say about the situation in Russia.

It reminds me of a situation some 15 years back when a friend of mine, Mohan, (whose father held a senior position in the CPI) was sent to Patrice Lumumba

University. When Mohan came back after the second or third year, he told us about what he had seen. We were shocked. There was a big discussion among the youth leaders of the All India Student Federation at that time. The general consensus was that Mohan didn't know what he was talking about. Most of what he said was doubted, if not outright rejected by the majority of party members. I was interested in what he had to say, but even I didn't believe it because we thought we were getting accurate



information from Communist supported news magazines such as *New Times* and *Mainstream*.

At that time I had thought of the Soviet Union as a heaven on earth. By 1995 when I went to Moscow, I was of course not so naive, but since Russia was very recently considered a superpower, I had the impression that behind that power would at least be a social good and economic When you go infrastructure. expecting a Taj Mahal, and you find a slum, you can't help but be taken aback.

Gandhi and Women

by

Madhu Kishwar

Manushi Prakashan, 1986

An essay on Mahatma Gandhi's lifelong involvement with women's issues, and his drawing of women into the freedom movement

India: Rs 50

Foreign: US \$5