

## THE MOSCOW TIMES

### SOVIETIZATION BY STEALTH

By Konstatin Sonin

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The debate about why the Soviet Union collapsed began the day after it happened. As often happens with questions like this, however, no clear-cut answer has been found and probably never will be.

Most people do have a strong opinion on the subject. Some believe, for example, that the collapse was caused primarily by increasing disparities in the economy that resulted from extreme centralization of production and management and the political leadership's inability to respond to increasingly acute economic problems. Others contend that the union fell apart as the result of the subversive activities of spies and agents of influence employed by our Cold War enemies, the treachery of Mikhail Gorbachev and so on.

Both groups are so sure they're right that they don't even argue any longer. The question of what led to the collapse of the Soviet Union now gives rise to heated debates only among professional political scientists. But the question is not as academic as it might seem at first glance. To understand why, consider a purely economic event that took place last week -- Gazprom's acquisition of Sibneft.

Your assessment of the Sibneft deal -- as well as of state-owned Rosneft's acquisition of Yuganskneftegaz, state-owned Unified Energy Systems' planned purchase of a large stake in Power Machines and the possible acquisition of Norilsk Nickel by state-owned diamond giant Alrosa -- will depend to a large extent on how you explain the downfall of the Soviet Union. If spies, Star Wars and geopolitical forces were to blame, then everything's fine.

But if the main reason for the collapse was economic, then we're in trouble, because this means that we're expending our own money and effort to rebuild the very same Soviet system of industrial organization and management whose ineffectiveness, so obvious in the final decades of the Soviet era, led to such regrettable consequences.

If this is the case, all the government's talk about economic stimulus, private property and transparency that economists love so much is pure nonsense. In effect, this means that the old Soviet-era Oil Industry Ministry, Nonferrous Metals Ministry and Medium Machine-Building Ministry have become the driving forces behind Russia's new economic policy.

It would have been nice if the authorities had bothered to tell us that they had set a course -- and not just economically -- back to the U.S.S.R. Then again, not telling us is very much in line with the Soviet style of leadership, a haughty disdain for the governed that seemed to say: It doesn't matter if you believe us or not, we're still going to do it our way.

Our current leaders are behaving exactly the same way. Take Gazprom deputy CEO Alexander Ryazanov. When asked about the Sibneft deal, Ryazanov replied: "If we have the money, why not buy it?" But a significant portion of the money used to purchase Sibneft was borrowed from Western banks! And I don't have to remind you that when the state owns half of a company like Gazprom, it is liable for half of its debts as well. Meanwhile, top officials have been making much of the fact that Gazprom paid the market price for Sibneft.

Now there's something to be proud of. Their self-satisfaction would make more sense if they'd managed to get hold of Sibneft for half-price, or even one-third of the market value. After all, anybody can buy a company for the sticker price.

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