

## **LETTERS TO THE EDITOR: Sensible legislation systematically rejected**

Financial Times; Jul 9, 1998

From Professor Padma Desai.

Sir, In his letter of July 8 ("IMF funding for Russia would not solve the country's problems"), Professor Peter Reddaway objects to your reporter's apparent characterisation of Venyamin Sokolov, Russia's chief auditor, as an avid opponent of market reforms ("Dollars 6bn of Russia's budget misspent", June 9). As it happens, your reporter has hit the nail on the head. Sokolov is well known for his opposition to "monetarist discipline", proposing instead that bartering among Russian factories, in his view a result of working capital shortage, would disappear if more cash were pumped into the economy! A staunch opponent of the Russian government's policies, he has opposed legislation in the Duma aimed at removing across-the-board housing subsidies (to be substituted in the proposed law by select income support to the poor), privatising land (which could raise the productivity of Russian agriculture), reforming the pension system (instead endorsing repeated pension hikes which have bankrupted the Pension Fund), and auctioning of government stock in Russia's privatised factories to private groups.

Indeed, a case initiated by Mr Sokolov on behalf of the Accounting Office against officials of the state property committee in March 1996 with respect to the auction procedures of the Siberian mining complex, Norilsk Nickel, was thrown out by the Moscow arbitration court. In the fierce ideological battles being waged on the floor of the Duma between the reformers and the left opposition led by the Communists reminiscent of the 1993 confrontation, which led to the bloody dissolution of the Duma in October 1993, Mr Sokolov is on the side of the opposition systematically rejecting each sensible piece of legislation.

Surely Professor Reddaway does not think that this crowd can throw up "better leaders" with a "fresh approach"! The approach necessary right now is for the Russian government to move away from preponderant reliance on International Monetary Fund and World Bank financing to substantial borrowing from private financiers against government stock in a series of companies such as Gazprom (the world's largest natural gas monopoly), Rosneft (the Russian oil company), Svyazinvest (the telecommunication holding concern) and others. This proposal was made by me in the FT (Letters, June 18) and has been embraced in substance by Martin Feldstein ("How to save the rouble", July 8).

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