

# The nature of democracy in capitalist Russia (perhaps not in Russia alone?)

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The *Financial Times* carried a report July 14 on the fact that the well known Russian billionaire Boris Berezovsky intends to run for a seat in parliament this December. Berezovsky made a mint during the past ten years as a leading participant in the looting of the Soviet economy, which was conducted under both Gorbachev and Yeltsin.

Large numbers of quick-footed entrepreneurs snapped up the various pieces of Soviet state property (factories, mines, oil and gas pipelines, resorts and hotels, airlines and railroad stock, transportation companies, research and engineering institutes, banks and other businesses) and transferred these to their ownership. One needed very close connections to the government officials, who legally controlled these properties in the past, in order to swing these inside trading deals.

Even among the ranks of the unscrupulous and ruthless Russian "biznesmeny" Berezovsky stands out as a "first among equals" in his astute handling of government protection (krysha in Russian means literally "roof") from Yeltsin on down. For a time, his influence on Yeltsin was strong enough to get him a position as the deputy head of the Presidential security council, a body subordinate not to the Cabinet of ministers or the Parliament, but only to the President.

Now he owns a major TV network, newspapers, banks, and other assets in Russia and according to various reports has spirited hundreds of millions, perhaps billions, of dollars to secret bank accounts in the various international offshore banks.

The extent of the total illegal capital flight from the USSR and Russia is naturally impossible to determine, but the Bank of International Settlements and the IMF estimate it at well over 100 billion dollars over the past ten years. This flood of proceeds from both legal and illegal sources (oil and gas exports, sales of raw materials and commodities, drugs, prostitution, other

contraband, etc.) has actually grown in the aftermath of the August 1998 financial crash and is now estimated at 2-3 billion dollars per month.

It would appear that now Berezovsky's "krysha" is weakening since the impotent and tottering Yeltsin regime is about to throw him to the wolves to play the role of the last of Boris Yeltsin's scapegoats.

Earlier this year the government prosecutor general had even issued an arrest warrant for him in connection with money laundering. The warrant has been dropped due to behind the scenes pressure, but many accusations remain, and the wolves are closing in. Hence, Berezovsky's interest in gaining a deputy's mandate, and the immunity from prosecution that goes with it.

In interview with the *Vremya MN* newspaper this leading representative of New Russia said: "It is clear that if I became a deputy it would be impossible to buy me". Berezovsky is absolutely correct: nobody in Russia has more money than him. In the past period it was Berezovsky who would buy and sell elections, deputies, judges, police and ministers.

Then Berezovsky explained to the readers the nature of political power under "democratic" capitalism: "Crudely put, capital hires the authorities for work. The form of hiring is called elections. And, so far as elections take place in a competitive way, then this choice is rational".

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