



TOGETHER
for a sustainable future

OCCASION

This publication has been made available to the public on the occasion of the 50th anniversary of the United Nations Industrial Development Organisation.



TOGETHER
for a sustainable future

DISCLAIMER

This document has been produced without formal United Nations editing. The designations employed and the presentation of the material in this document do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations Industrial Development Organization (UNIDO) concerning the legal status of any country, territory, city or area or of its authorities, or concerning the delimitation of its frontiers or boundaries, or its economic system or degree of development. Designations such as “developed”, “industrialized” and “developing” are intended for statistical convenience and do not necessarily express a judgment about the stage reached by a particular country or area in the development process. Mention of firm names or commercial products does not constitute an endorsement by UNIDO.

FAIR USE POLICY

Any part of this publication may be quoted and referenced for educational and research purposes without additional permission from UNIDO. However, those who make use of quoting and referencing this publication are requested to follow the Fair Use Policy of giving due credit to UNIDO.

CONTACT

Please contact publications@unido.org for further information concerning UNIDO publications.

For more information about UNIDO, please visit us at www.unido.org



18376

Distr.
LIMITED

ID/WG.498/46(SPEC.)
22 May 1990

United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Interregional Symposium on the Role
of the Industrial Co-operative Movement in
Economic and Industrial Development

6 P

Moscow, USSR, 11-15 June 1990

THE PROBLEM OF RACKET: COOPERATORS' OPINION*

Prepared by

S. Shpilko
and
V. Kosmarski

5/32

*The views expressed in this document are those of the authors and do not necessarily reflect the views of the Secretariat of UNIDO. This document has not been edited.

The problem of racket has been attracting the constant attention of the population during the last years. At the same time there is a great lack of information on this question. Therefore the sociological polls of cooperators as a group, better than others informed in this problem became the matter of special importance.

One of such surveys was conducted by us at the first congress of cooperators that took place in mid-April this year in Riga, capital of Latvia.

336 participants of the congress were asked, 90% of them were the directors and deputy-directors of cooperatives, and the other 10% - "rank-and-file" cooperators and those, who work in cooperatives on labour contracts.

The poll itself was devoted to the general problems of the cooperation development in the republic. As for racket itself only a few questions were asked. But such a complex approach has helped to outline a rather different image of the undeclared war against new cooperative movement, that is still slightly shadowed by racket, but in fact is closely connected with it.

We mean the tribute, which is laid not by criminals under the force-threat, but just clerks, bureaucrats (chinovniks) impose on the cooperators, taking advantage of their official functions.

Here work members of local councils, legislative and financial bodies, commercial and trade organisations.

And according to the poll, they inflict on the cooperation not less if not more troubles and problems than traditional racketeers. Anyway, answering the question what problems your own cooperative if facing are the most acute for it, 19% of the participants of the poll stood for bribes by higher authorities and only 7% mentioned racket.

However this could not devalue the problem of racket itself. And it's not mere chance that 35% of those being asked pointed out the organized struggle with this phenomenon as one of the major tasks of the newly created Union of Cooperatives of Latvia. According to the cooperators, "criminal" racket contrary to the "state" one is not in its full swing yet. 25% of the participants of the poll consider racket to be widely spread phenomenon, a serious threat for them today, and 49% think that racket is not widely spread today, but in the future it may be a serious danger. Only 4% don't regard the problem of racket as considerable one and think that it doesn't deserve too much attention. The rest of the respondents either did not give any answer (20%) or had a different opinion (2%).

What can be opposed to racket? The participants of the poll were given the wide range of measures, from which they could either choose the most effective ones (one of several), or suggest their own variant. Our analysis showed that only 30% of respondents believe in the effectiveness of more active struggle with racket by legislative bodies. Highly more (42%) stand for strengthening of legislative responsibility and for introduction of more rigid measures of punishment for the

crimes, connected with racket. But still the majority regard these measures as not sufficient.

Perhaps they think about self-defence. According to the survey, conducted in Moscow by the researchers of the Institute of Sociology under the Academy of Science of the USSR, Scientific and Research Institute of the Ministry of Home Affairs of the USSR and law faculty of the Moscow state university, every fifth of 200 given cooperatives in Moscow have their own payable guard. But it is worth mentioning that only 9% of respondents of all poll consider such way of defence as an effective one. Almost twice more (17%) think that it's high time to create the cooperatives, specializing in the struggle against racket. And, finally, 36% stand for organization of special security services at the local and republican levels.

According to the poll, almost one third of cooperators just don't believe in existence of any effective measures against racket.

But at the same time, cooperation is not only the "milch cow" for racketeers, but also the "field" for trying more and more sophisticated means, perfecting of criminal tactics and strategy, up-bringing of new generation of racketeers, both practics and theorytitioners. And this new generation can go far beyond the boundaries of cooperative sector.

The development of commodity-money relations, differentiation in forms of property ultimately will result in the increase of the part of population with relatively high level of income. And not only at the expense of cooperators. Individuals and lease-holders, farmers and stock-holders, employers of joint-ventures, those, who

work abroad or who have got heritage, just highly skilled specialists, if ever be paid according to their labour, can join sooner or later the group of relatively wealthy people.

Who can now guarantee that they would be able to escape racket? Even today we know some facts when victims of racket had nothing to do either with the cooperation or with "shadow economy". Cooperation seems to be just the frontier of this struggle. And if cooperators fail to hold it, lives and health of many other groups can be in danger, not speaking about the fact, that people just would be afraid to make more money. The pure economic losses from the weakening of the material impetus for highly-productive labour can be rather significant for the whole economy.

Let's come back to the "state" racket. Why this problem is so urgent for the cooperators today? Firstly, because the officialdom bribery at the expense of the population, by the way, are quite widely spread. We asked how frequently cooperators have to bribe in that or another form to solve their problems, connected with the registration of cooperatives and organization of their economic activity.

Only 9% of respondents said that such cases had occurred very rarely, 27% think that they happen rather often, and 23% - that this is regular rule and not just separate cases. The rest didn't give the answer.

We are not going to cast a shadow on the whole local management. But we sympathize with the cooperators. Many of them, supporting in general the idea of the expansion of the rights of local Soviets as for taxation of cooperative income, still

think that under current situation such step can lead to the new wave of administrative tyranny, and the creation of the new channel of the 'state' racket.

Secondly, cooperators are awfully afraid of the amalgamation of "criminal" and "state" racket. And they have grounds for this. We are all familiar with connections between the corrupted part of the state apparatus and criminals. During our in-depth interviews with participants of cooperative congresses in Riga, Moscow, Naberezhniye Chelny the demands to secure financial data of cooperatives, direct accusation of some clerks of legislative bodies of their assistance to racketeers have been heard not once.

So, we should not underestimate the problem of criminal terrors against cooperation. But, at the same time, we cannot expect that the economic reasons backing it, first of all the disbalance on the consumer market, can be eliminated in the nearest future. The effect of these causes will be decreasing in in case of the successful realization of the radical economic reform. However, we should not add fuel to the fire. Let's take the sadly known statement of certain types of cooperative's activity, adopted on December 29 last year.

The National Public Opinion Research Centre under All-Union Central Trade Union Council and Labour Committee of the USSR conducted the expert poll among leading economists and sociologists about this statement. Here are some results. The vast majority of the experts don't expect the solution of the problems mentioned in this statement such as guarantees of good quality of services, more successive realization of the principles of social justice, the increase of the ideological control of

the sphere of culture and so on. But 72% of respondents forecast the activation of - "shadow economy", that would fill the vacuum, appeared after prohibition and more severe regimentation of some forms of cooperative activities, and 83% think that will lead to the creation of the additional conditions for abuse of bureaucratic power, further corruption.

The following polls, done by N.P.O.R.C. among the cooperators themselves, showed that they fully shared the views of the scientists.

It would be useful in the future, while carrying out projects, concerning the vital problems of cooperative movement, to take into account the results of similar polls.

Moreover, the cooperators can help the state legislative bodies facing racket already nowadays.

We think it would be more useful not to start the armed fight with the racketeers, but to create relevant special units within the bodies of home affairs, that, of course, should not shift the responsibility for this from the rest part of militia. Such units can be financed totally or partly with the means of mushrooming unions and trade unions of cooperators and also with the allocations of separate cooperatives. Legislative bodies together with the representatives of cooperatives unions should develop special programmes to put this proposal into practice. Anyway, the results of our polls provide us with grounds that cooperators will support this proposal.