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## Corruption in Russia

### Blood money

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### From terrorism in the north Caucasus to the boardrooms of Moscow, corruption is Russia's biggest problem

TWO shifty businessmen and one huge bodyguard carrying a large bag enter Vladikavkaz airport, a stone's throw from the cemetery in which the victims of last year's terrorist atrocity at Beslan are buried. They whisper to an airport official, who takes their documents and sees to their check-in. The three men and their un-X-rayed bag are next seen heading for their plane from a side door in the terminal.

Caught out by an obscure regulation, a driver tells a Moscow traffic policeman that he wants to settle things quickly, but without breaking the law. "Too many things are illegal in our country," grumbles the cop, implying that a more sensible government would make bribery legal as well as universal. So how much does he want? "Give me what your soul tells you."

Those recent examples are from your correspondent's experience—but corruption in Russia is

everywhere. Often, it seems not a by-product of policy and events, but the main reason for them, a stronger force even than resurgent nationalism. It poisons people's relations with the police, bureaucrats and politicians (see chart). And it appears to be getting worse.

Being covert, the precise dimensions of corruption are hard to measure. But trends are discernible. In the latest international "corruption perceptions index" produced by Transparency International (TI), a watchdog, Russia has fallen to rank alongside Niger, Sierra Leone and Albania. A recent survey by Indem, a Russian think-tank, found an enormous hike, since 2001, in the number and size of bribes given by young men and their families to avoid conscription and, relatedly, in those paid to get into universities. (Fixing a court case, Indem found, has got a bit cheaper.)

Within the armed forces, the graft is astonishing. Andrei, a conscript from Novosibirsk, recalls that his unit was forced to raise cash to buy a car for an officer, by begging and selling purloined military kit. Russia's defence minister was recently obliged to issue a special order designed to stop officers hiring troops out as day labourers, and using them to build dachas.

Indem's most controversial finding was a surge in the volume of bribes paid by businesses, to a total amounting to more than double the federal budget. An exaggeration perhaps; but most businessmen confirm the deterioration. The difference now, says the boss of one building firm, is that bureaucrats take the cash, but don't then interpret the opaque regulations in the way they had promised—the most economically damaging kind of corruption, according to academic studies.



## Forbidden means expensive

Another Moscow-region developer estimates that 10% of his costs go in bribes: a project requires 50 licences, and every licence needs a bribe. "It's like the last days of Pompeii," he says, adding that at least the uniformed extortionists have squeezed out the organised bandits. Big business is less talkative, but no cleaner. Nigeria was good training for Russia, says a western executive. To put it in another way, Russia is a country where top state officials live luxuriously and make decisions which have no innocent explanation.

Faced with a problem that it cannot credibly deny, the usual Kremlin approach is to say that it is not a problem for Russia alone. This has been President Vladimir Putin's attitude to corruption; it is, he says, an issue in all transitional countries. But Russian corruption has some peculiar characteristics. It is partly an age-old function of the country's size and poverty: the tsar in Tolstoy's "Hadji Murad" is convinced it is "a characteristic of officials to steal". Communism bequeathed little regard for private property or civic duty, and left big networks of patronage dating back to institutions such as the KGB. Next came wholesale privatisation amid weak regulation, and lots of oil money. An optimistic view is that these effects will wear off. Indem did find that even as state officials get greedier, public aversion grows—for instance over the cost of "free" hospital care (though some bribes may simply have become unaffordable).

But Russian corruption doesn't just make life inconvenient, or hold back the economy: it kills people. When two aircraft blew up after taking off from Moscow last year, investigations revealed many ways in which bombs could be put on planes for cash. After the Beslan attack, reporters in

Moscow proved it was possible to obtain official documents while using a photograph of Aslan Maskhadov, the Chechen leader who was later killed. The Beslan hostage-takers are thought to have bribed their way across internal borders. And how did over a hundred militants gather and arm themselves before launching the city-wide battle that struck Nalchik, not far from Beslan, last week? "How can we withstand terrorism," asks Vladimir Lukin, the human-rights ombudsman, "with such a level of corruption?"

It has also prolonged and aggravated the terrorists' main grievance: the conflict in Chechnya. Poor as the region is, it is lucrative: there are kidnappings, many of them, says Mr Lukin, corruption-related; embezzlement of reconstruction money; smuggling; and even, it is said, arms sales by the army to insurgents. Elsewhere in Russia, security services are said to control poaching and prostitution.

Across the north Caucasus, corrupt local elites have monopolised the economy. The new president of Kabardino-Balkaria, of which Nalchik is the capital, this week conceded that unemployment and "not being able to start up one's own business without links to the authorities" had pushed youngsters towards militant Islam.

The cost in lives is one reason why corruption in Russia is not, as some say, an efficient way to live with over-regulation. Corruption, says Mikhail Grishankov, chair of a parliamentary anti-corruption committee, offers the same efficiency as the justice system in "The Godfather". Paying up encourages further extortion, ultimately raising costs all round. Worse, the traffic policeman who takes your bribe may take one next from a drunk—or a terrorist. In a country where money talks, it is easy to deliver a bomb, says Elena Panfilova, of TI's Russian chapter.

Corruption, says Georgy Satarov of Indem, is like pain, a symptom of other problems. In Russia, they include a neutered parliament, subservient (and sometimes intimidated) media and a suborned judiciary. But experience elsewhere suggests that measures short of wholesale democratisation have some impact. Rasma Karklins, of the University of Illinois at Chicago, says "islands of integrity" can be established in regions or institutions; high-profile prosecutions can help.

Since corruption was a key motive behind the revolutions that have ousted three post-Soviet regimes in the last two years, the Kremlin should worry. It has tried raising some official salaries; corrupt bureaucrats, like the taxman arrested in Moscow this week for soliciting a \$1m bribe, are sometimes punished. But in general what Ms Karklins calls a system of "mutual blackmail" seems to prevail. Officials are promoted because of, not in spite of, their corruption, which makes them pliable. "A corrupt official is a more loyal official," says Ms Panfilova. Punishment happens when spoils aren't shared, or an official steps on to somebody else's turf.

Consider Mikhail Kasyanov, prime minister and head of the (inert) presidential anti-corruption council until his ouster last year. After signalling his own presidential dreams, Mr Kasyanov faced damaging allegations—of corruption.