
Can Russia end corruption?



By Nicholas Bray

Bribes, payola, threats...do they have to be part of the Russian business landscape? One group is trying to find the political will to change that.

At least in public, Russia has begun a purge within the ranks of the Russian interior ministry, the police and the judiciary, to end the country's rampant corruption. In June President Dmitry Medvedev underscored this drive, telling participants at the 15th annual St. Petersburg International Economic Forum of the need to "put a relentless stranglehold on those guilty of corruption".

For Russians facing daily extortion by officials controlling access to basic services, such palaver might seem of little consequence. Car drivers are routinely bilked by corrupt policemen and doctors demand payment for supposedly free healthcare. Hundreds of billions of dollars in bribes are estimated to be siphoned out of the pockets of businessmen and private citizens in Russia every year.

Yet there are grounds for optimism, claims Moscow-based anti-corruption campaigner Elena Panfilova. One of the most significant moves in recent months, she notes, has been Moscow's decision to join the OECD's Anti-Bribery Convention.

OECD and Transparency International

Russia is negotiating to become a member of the OECD, which groups 34 of the world's most advanced economies. Joining the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions – to give the treaty its full name – is an essential step towards that goal.

The treaty, in force since 1999 and grouping all 34 OECD countries plus Argentina, Brazil, Bulgaria and South Africa, obliges signatory countries to address what anti-corruption campaigners call the “supply side” of corruption in international business dealings by banning the payment of bribes to foreign government officials.

Participating countries are regularly screened by their peers in the OECD's Working Group on Bribery and called to account for any shortcomings in their anti-bribery legislation and its implementation. The Duma, Russia's parliament, is expected soon to ratify Russian membership of the Convention, and a review of Russia's anti-corruption legislation has tentatively been scheduled for December. In the meantime, Russia already participated as a full member of the OECD's Working Group on Bribery when it met in June. Still, foreign observers, question whether membership of the OECD Convention will bring major changes inside Russia any time soon.

Anti-corruption watchdog Transparency International rates Russia one of the most corrupt countries in the world, on a par with Tajikistan and Guinea-Bissau. Washington-based NGO Global Financial Integrity has ranked Russia second after China for illicit capital exports, which in Russia's case it estimated in a January 2011 report to average more than USD 50 billion a year.

“Two factors will make it very hard for this kind of agreement to bite in Russia,” predicts Douglas Webber, a professor of political science at INSEAD, referring to Russian membership of the OECD Convention. “One is the Russian economy's heavy dependence on natural resources, and particularly oil and gas, where state plays a dominant role, and the other is the generally central role of state intervention in the Russian economy.”

Good news

Panfilova harbours no illusions about what she acknowledges is Russia's "systemically corrupt" condition. As Founder and Director of the Moscow-based Center for Anti-Corruption Research and Initiative and Head of Transparency International's Moscow office, she is a veteran of the fight for fairer dealings. A graduate of Moscow State University and of the Russian Foreign Ministry's Diplomatic Academy, she has worked with the OECD and other international agencies on anti-corruption strategies. In 2009, she was made a member of the Presidential Council for Civil Society Institutions Development and Human Rights.

"We have in our daily life all possible forms of corruption from petty bribery (to) administrative corruption, grand corruption, political corruption, kickbacks in procurement. Corruption is spread from the municipal level, from the small businesses level, to very high cabinets of power," she says. "And that makes it difficult to first of all assess it, second to create adequate programmes to confront it, and thirdly to do something about it in real life."

But there is some "good news", she suggests: participation in the OECD's Working Group on Bribery will provoke a sea change in Russian attitudes. "Russian civil society, and most importantly the awakening middle class, is expressing much greater concern about corruption. It is no longer a silent public sitting there and suffering," she says. "We see more and more people asking very uncomfortable direct harsh questions and expecting the government to answer those questions."

Political will

Ultimately, success or failure in the fight against corruption will depend on Russian politicians – and most notably on Vladimir Putin, currently Prime Minister, who has made known his intention of using next year's presidential election to reclaim his previous position.

"Our major challenge is to ensure that there is sustainable political will," says Panfilova. In the meantime, however, membership of the OECD Convention will be "another very important and needed step" to transform Russia into "a normal member of a normal community of those people who know how to tell black from white."

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