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How to Cut Meat Among Bureaucrats

By Konstantin Sonin

They say that the great hockey coach Anatoly Tarasov considered the ability to "cut meat" to be one of the most important skills of his profession. In other words, he knew how to cut players from the team when they were no longer needed.

That can be a difficult task if you've worked with someone for 15 years, sharing all the high and the low moments together. But, just as in sports, the same goes for politics. Life requires change: If the coach wants the team to go on winning, he has to get rid of the old players. And if President Vladimir Putin wants to win the fight against corruption, he must eliminate the corrupt members of his own team.

New and costly measures were implemented in the fight against corruption in July, when substantial raises were given to high- and mid-ranking bureaucrats. The anti-corruption campaign, which is headed by Deputy Prime Minister Sergei Naryshkin, includes some very creative ideas. But the one that caught my eye more than anything else was the decision to raise bureaucrats' salaries -- essentially, paying them to not take bribes.

In theory, this is the right approach, especially if it is accompanied by the increased likelihood that the bureaucrats who continue taking bribes will be arrested and, if found guilty, punished adequately for their crimes.

Putin's ability to "cut meat" in a serious way across the board will be the deciding factor in this eternal battle against corruption. Whether the president is successful or not will boil down to his ability to remove the worst corrupt ministers cum businessmen. If he is successful in doing this, then lower-ranking officials will believe that the anti-corruption campaign has some real, sharp teeth. If the president stops short of such measures, however, then this campaign is doomed to failure, just as the majority of similar campaigns in the past have failed.

But there are more systemic problems with the current campaign that go beyond Putin's personal ability to "cut meat." The president's administration has pushed out several businessmen who made their fortunes during the chaotic and lawless years of the 1990s. Whether that is good or bad is unclear. On one hand, this was very popular: the majority of Russian people view the incredible gap between the rich and poor as inherently unjust.

On the other hand, the first generation of oligarchs, given a chance, might have become for Russia what the 19th-century industrial magnates became for the United States. The U.S. "oligarchs" were enormous victors in a game without rules, but they ultimately turned into respected leaders of society who defined fair and proper rules for others. This could have also happened with our business barons if their political influence was curbed. In the 1990s, the oligarchs received their own exclusive guarantee that their property would be protected -- not by the rule of law, but by an insider deal with the Kremlin. If their protections were not so dependent on the Kremlin, they would have had a much stronger incentive to fight for stronger laws and institutions that better protect property rights not only for themselves but for everyone in society.

Exactly the opposite occurred, however. Some oligarchs got nothing, others walked away with only their cash, while still others, such as Oleg Deripaska or Vladimir Potanin, effectively became government bureaucrats with astronomical salaries. But this tight interrelationship between business and government directly contradicts the whole idea of fighting against corrupt bureaucrats.

The biggest problem facing Putin's battle against corruption is that by removing those super wealthy bureaucrats of the 1990s, for whom business was inseparable from their government posts, he is directly undercutting his other grand plan for Russia's development and modernization -- the renationalization of Russia's so-called strategic companies or champions, which, by definition, require the participation and support of those same oligarchs. But this doesn't mean that the problem needn't be resolved.

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