



russian analytical digest

www.css.ethz.ch/radwww.laender-analysen.de

CORRUPTION IN RUSSIA

- **ANALYSIS**
Corruption in Russia 2
By Robert Orttung, Washington
- **ANALYSIS**
Anti-Corruption Strategies for Businesses Operating in Russia 5
By Elena Denisova-Schmidt (St. Gallen), Alena Ledeneva (London/Paris) and
Stanislav Shekshnia (Fontainebleau)
- **DOCUMENTATION**
Russia in International Corruption Ratings 9
- **OPINION POLL**
“Why are Bribery and Corruption So Widespread in the Russian Federation?”—
Russian Attitudes Towards Corruption 13

ANALYSIS

Corruption in Russia

By Robert Orttung, Washington

Abstract

The fall of Viktor Yanukovich from the presidency of Ukraine exposed the extensive corruption of his rule and suggested that Russia might face a similar scenario in the future. The Putin administration has created conditions that allow corruption to flourish by cracking down on civil society, the media and the courts. Anti-corruption efforts have had little impact, leading people to assume that bribes are often the best way to deal with government bureaucrats, even if they do not like doing so.

Presidential Palaces

After former President Viktor Yanukovich fled Kyiv, the protesters who finally overcame his Berkut snipers took possession of the Mezhyhirya palace, revealing for the first time to the citizens of Ukraine the leader's opulent lifestyle, which had been financed with public funds. While the protests began because Yanukovich refused to sign the Association Agreement with the European Union, they continued on, and drew fuel from, a desire among part of the population to put an end to high level corruption. People were willing to go into the street during the dead of winter to establish a more transparent and accountable government.

Immediately after the Ukrainian president fled, Russian President Vladimir Putin ordered an invasion of Crimea, violating Ukraine's sovereignty. Of course, it is impossible to know Putin's true motives. Perhaps he saw an opportunity to take advantage of the weak, new government in Kyiv and grab territory where many ethnic Russians lived. Maybe, he reacted emotionally to the humiliating removal of his ally Yanukovich, even if the two men reportedly could not stand each other. Potentially, the aggression against Ukraine is a reflection of Putin's desire to establish Russia as a great power and a country that others must reckon with. Another possibility places domestic politics in Russia as being central to Putin's action.

According to this logic, Putin invaded Ukraine in order to erase the precedent of a population rising up to remove a corrupt leader because allowing such a precedent to stand could serve as a lesson to Russian citizens who had similar desires to remove their own leader. Putin's government is defined by its pervasive corruption. The president can never leave office because he fears that he would be prosecuted for the crimes of the vast kleptocracy that he has presided over for 15 years. Putin chose to invade Ukraine to prevent any kind of anti-corruption revolution from taking hold in Russia.

Systematic Crackdown

The most logical way to fight corruption would be to encourage a robust civil society, free media, and inde-

pendent courts. Putin's policy is antithetical to all of these goals.

Since Putin returned to the presidency in May 2012, he has systematically cracked down on all forms of political expression in Russian society that could be seen as questioning his power. Much of 2013 was consumed with a campaign of intimidation against the country's non-governmental organizations, in which the government threatened to force all civil society groups that received funding from abroad to declare themselves as "foreign agents." The law was never fully enforced, however, and served mainly as a lever to intimidate organizations. Once the protests began in Ukraine in late November, Putin's crackdown at home intensified—with only the upcoming Winter Olympic Games providing a brief respite when Putin unexpectedly released Mikhail Khodkovsky, the Pussy Riot members, and the Greenpeace Arctic protesters. The day after the closing ceremonies, the court sentenced seven of the 2012 Bolotnaya protesters, who went to the street to protest Putin's return to the Kremlin, to multi-year sentences while police detained 400 more demonstrators protesting peacefully outside the courtroom. As a result of that action, the authorities banned Russia's premier anti-corruption blogger, Alexei Navalny, from using the Internet for two months.

In December, Putin ordered the closure of RIA Novosti and transferred its assets to Russia Today, a new entity to be headed by the poisonous television commentator Dmitry Kiselev, who uses his national television platform to savagely mock the protesters in Ukraine. Businessmen close to Putin have been buying up media assets and the appointment of Mikhail Lesin, famous for orchestrating the takeover of NTV shortly after Putin became president, as the director of Gazprom media helped consolidate this control. After the new year, Putin's administration forced Russia's cable companies to drop Dozhd' TV (TV Rain) from their services, depriving the independent, on-line broadcaster of vital revenue streams. On-line TV in Ukraine had been broadcasting the protests live for weeks, helping to build support and awareness for them. Dozhd' first came to prominence for its extensive coverage of the

protests in Moscow following Putin's election to a third presidential term.

In European countries, corruption exposed in the media often leads to courts cases. There is no similar connection in Russia.

Putin took aim at the courts by signing legislation on February 6 merging the arbitration courts into the courts of general jurisdiction, a plan that had first appeared in the middle of 2013, before the Kyiv protests started. The arbitration courts were widely viewed as the most independent and competent in Russia and in some cases were able to protect Russian businesses from predation by the state. Corporate claims filed with arbitration courts in recent years have succeeded in overturning decisions by the tax authorities and other official agencies in over 60% of the cases, according to the Bank of Finland. Placing the arbitration courts under the courts of general jurisdiction makes them much more vulnerable to predators since the regular courts rarely overturn official decisions. Many judges and business groups protested this move, pointing out that it will make it even more difficult to do business in Russia.

Simulating Anti-Corruption Efforts

The Kremlin frequently denounces the rampant corruption in Russia, but the measures it adopts in response are not designed to fight corruption. Their purpose is to help Putin keep the political elite, who could potentially oppose him, under control. The widely publicized moves against corruption also serve to increase Putin's popularity with the public, since corruption is generally despised within the population and an effort presented as being designed to combat it is well received.

Typically, in Russia anti-corruption campaigns remove a few low level offenders while leaving the top leaders unscathed. However, the charge of corruption is useful in political battles between key members of the elite. When Putin decided to move against former Defense Minister Anatoly Serdyukov, it was easy to charge him in connection with embezzlement schemes. Such charges, however, were limited to this one case and did not signal a thoroughgoing investigation of corruption in the Defense Ministry.

In 2013, the presidential administration sought to gain greater control over the lower level officials working in the executive branch. It began to check for cases when an official's expenses greatly exceeded his income. All of this information is going into a giant database which can be used to track officials. Presidential Chief of Staff Sergei Ivanov claimed that ultimately only 200 corrupt officials were caught this way.¹ The number of

corrupt officials uncovered is relatively small considering that more than one million such bureaucrats were subject to inspection.

In April 2013 Putin launched a process dubbed "the nationalization of the elite" by ordering key officials charged with leading Russia's security policies to repatriate any money that they held in foreign bank accounts or securities. In many cases, high wealth Russian citizens prefer to hold their assets abroad to protect them from confiscation by Russian authorities. Forcing the officials to bring the assets back home would make them more vulnerable to the authorities. However, critics of this move point out that such requirements are easy to circumvent because the Russian authorities have little ability to monitor the activities of their citizens abroad.

Such measures started to have some impact when applied to members of the Russian legislature. Vladimir A. Pekhtin, chairman of the State Duma's ethics committee and a member of the pro-Kremlin United Russia, had to resign after Navalny published material in his blog demonstrating that he owned real estate in Florida valued at more than \$1.3 million. Pekhtin had failed to report his ownership of these assets, as required by law. Other members of parliament had to resign as well when their property holdings were revealed. Reportedly, members of the Duma were reluctant to approve these measures and pushing them through required extra pressure from the presidential administration. Ultimately, thirty parliamentarians divorced their wives in order to avoid revealing how much they make, according to RT, Russia's propaganda broadcaster.

Some cases are meant to serve as examples. Former Tula governor Vyacheslav Dudko is now serving a 9.5 year sentence. However, only 8 percent of those found guilty of taking bribes serve time.

A New Anti-Corruption Office

The Kremlin announced the creation of a new Department for Countering Corruption on December 3 and appointed Oleg Plokhoy, whose background is in the KGB, as its leader. The task of the new office is to coordinate anti-corruption efforts at all levels of government. However, initial responses to the new office suggested that it was not doing anything new.

Other innovations do not promote optimism. In October Putin submitted a bill that would give the police the right to open criminal cases involving tax issues without approval from the tax agency. When he was president, Dmitry Medvedev ended this practice, which often made it possible for the law enforcement agencies to target businessmen. Medvedev's reform had an impact, as the number of cases dropped from approximately 12,000 per year in 2009 and 2010 to about 2,000

1 <<http://state.kremlin.ru/council/12/news/19520>>

in 2012. While the law has not been approved yet, Putin has continued to defend it as an important step. Medvedev has publicly criticized returning to this practice.

Various bureaucratic delays have pushed back the launch of new measures designed to eliminate corruption from the state procurement process until 2016. In 2013, overcharging for goods and services cost the budget \$8 billion, according to the National Association of Electronic Commerce Participants. The Russian government and legislature have so far failed to adopt the necessary legislation to ensure oversight over the procurement process, allowing the process to remain unregulated.

Consequences of Corruption

The key consequences of corruption in Russia are the opportunity costs which inevitably keep the economy performing well below its potential. Central concerns for Russia include a high capital flight rate and a poorly performing stock market, according to Economist Sergei Guriev.

About the Author

Robert Orttung is the assistant director of the Institute for European, Russian, and Eurasian Studies at The George Washington University Elliott School of International Affairs and a visiting fellow at the Center for Security Studies of the Swiss Federal Institute of Technology Zurich.

Recommended Reading

- “Corruption in Russia” Special issue of *Russian Politics & Law* 51: 4, July–August 2013.
- Jadwiga Rogoża, “The Nationalization of the Elite: Kremlin Tracking Officials’ Foreign Assets,” April 10, 2013, <<http://www.osw.waw.pl/en/publikacje/analyses/2013-04-10/nationalisation-elite-kremlin-tracking-officials-foreign-assets>>.
- Krzysztof Bobinski, “Kleptocracy: Final Stage of Soviet-Style Socialism,” OpenDemocracy, February 28, 2014.
- G. A. Satarov, ed., *Rossiiskaya korruptsiya: uroven', struktura, dinamika: opyt sotsiologicheskogo analiza*, Moscow: Fond INDEM, Fond Liberalnaya Missia, Fond Kudrina, 2013, <http://liberal.ru/upload/files/satarov_light.pdf>

The 28 countries of the European Union lose \$162 billion a year to corruption. This figure is similar to the EU’s total budget. But it is less than 1 percent of the bloc’s total gross domestic product of \$16.7 trillion. Russia’s National Anti-Corruption Committee estimates losses to corruption at \$300 billion a year, which is 15 percent of Russia’s GDP.

According to research completed by the Information Science for Democracy Foundation (INDEM), the Russian population is tolerant of corruption and often fears that the costs of fighting it would be higher than the corruption itself. In fact, Vladimir Rimskii describes corruption as a social norm by which Russian citizens solve their problems with government officials. But having to pay bribes does not mean that the Russians support the system. The research of Timothy Frye and his colleagues has demonstrated that Russians pay bribes even though they do not like doing so.

Anti-Corruption Strategies for Businesses Operating in Russia

By Elena Denisova-Schmidt (St. Gallen), Alena Ledeneva (London/Paris) and Stanislav Shekshnia (Fontainebleau)

Abstract

In spite of the fact that many companies operating in Russia actively undertake specific actions to prevent corrupt acts, most of them do not have a comprehensive anti-corruption strategy. Their definitions of corruption are vague, their actions target marginal corrupt practices, but miss important threats, and their communications are ambiguous. In our research, however, we came across a number of organizations, both local and foreign, who have not only made corruption mitigation their strategic priority, but who have created efficient and effective anti-corruption governance systems. In combination with existing theory, these systems could serve as potent blueprints for leaders who want to take control of corruption at their firms.

Introduction

In 2010–13, we conducted a number of workshops for executives from local and international companies operating in Russia. Although the names and formats of these workshops varied, the underling goal was the same—to help the executives mitigate corruption. The corporate leaders who briefed us before the events were consistent in their message: they navigate in a highly corrupt environment, facing pressures from governmental officials on an almost daily basis, and need help in developing effective and efficient ways to protect their businesses. It is easy to understand them. The Russian economy is considered by many metrics to be one of the most corrupt in the world, and despite recent strong anti-corruption rhetoric from the Kremlin, it remains at the bottom of the global corruption pyramid. Even the media coverage of the 2014 Winter Olympic Games in many countries has focused at times more on the corruption surrounding the Games and its unprecedented scale than on the athletes and their achievements.

Yet, as we have learned from frank conversations with the workshop participants, many of them do not feel the same way about corruption as observers outside Russia. Surprisingly, many managers do not see any need to do anything about business corruption within their own firms. Justifications in support of this position consistently emerged in our discussions, with claims ranging from corruption as endemic in society, to corruption only in specific businesses, to corruption in other companies but not one's own. In light of these arguments, many executives considered the anti-corruption programs launched by their companies to be public relations or industrial relations campaigns rather than essential business activities. We believe that this widespread attitude is a failure of corporate leadership, which can and should be corrected at the organizational level.

Corporate Anti-Corruption Strategies

In spite of the special attention being given to the theme of business corruption over the last two decades and the

considerable anti-corruption efforts undertaken by governments, regulators, NGOs and business associations, systemic corruption appears to be a common reality of organizational life, especially in developing economies. Russia is not an exception. The Russian government has launched campaigns to clean up the image of the state agencies most affected by corruption. Even though Russia's civil society is still under development, several anti-corruption movements have emerged. In the business sector, this includes the All-Russia Non-Governmental Organization of Small and Medium Business (OPORA Russia), which represents the interests of small and medium-sized enterprises. The German-Russian Chamber of Commerce has initiated an alliance of foreign companies operating in Russia that criticize corruption and do not participate in it. Moreover, the Russian government has introduced a number of anti-corruption measures, including recommendations for state officials on dealing with bribery. These recommendations range from a broader definition of bribery to bribery allusions. As a result, for example, state officials should now be more careful when using some expressions and conversation topics that might be considered allusions to bribes, such as referencing their low income or a desire to purchase particular goods or receive a special service. In addition, some suggestions made by state officials, such as voluntary donations to a charity or sponsorship of a sports club, might also be considered allusions to bribes. The document explicitly states that *regular* accepted gifts with a value of more than 3,000 Rubles (~ 85 USD)¹ might be also considered a bribe. Nevertheless, as numerous academic and other publications have demonstrated, business corruption remains one of the major risks for companies operating in the country.

There are only a few studies analyzing anti-corruption actions that have been developed and implemented

¹ According to Russian law, a gift to a decision maker with a value of more than 3,000 RUB constitutes a bribe.

by companies. To fill in the information gap about this phenomenon in Russia, we decided to collect empirical data directly from business leaders. We received data from 112 participants. In addition to the original 19 strategies presented in the questionnaire, the respondents identified a number of informal practices applied by companies, which they consider effective anti-corruption strategies. (Table 1 presents the original 19 strategies. Table 2 presents the additional informal practices).

We have ranked the strategies according to their frequency of use as reported by the participants using the following scale: 0 points for “never,” 2 points for “sometimes” and 5 points for “systematically.” For each strategy, we identified a target category, e.g. one of seven specific groups of company stakeholders (shareholders, executives, employees, government officials, suppliers, customers, competitors) whose behavior the strategy intends to alter. For example, “Proactive proposals to regional authorities and regulatory agencies on cooperation programs and methods” targets government officials for “Training of managers and regional staff in the internal rules of interaction with their counterparts”—executives and employees. We also differentiate strategies between their administrative and social transmission channels and their prevention and control mechanisms, because this distinction allows us to examine some assumptions that organizational leaders make about effective ways to mitigate corruption.

The Mismatch Between Corrupt Practices and Anti-Corruption Strategies

The first part of the survey demonstrated that companies operating in Russia suffer mostly from the corrupt actions of corporate executives, yet none of the reported strategies targets corporate executives exclusively, even though five of the six most frequently used strategies concerns this category of stakeholders.

Judging by the frequency of use, government officials are the main target of corruption mitigation, with 2,068 points for the use of strategies targeting this group versus 1,745 for employees and executives. We need to acknowledge that from the 19 anti-corruption strategies selected for the questionnaire, 11 practices target government officials, thus providing a larger range of choices for respondents than practices targeting employees and executives (5 in total). Therefore, the results may be somewhat skewed towards the strategies targeting officials. At the same time, the initial list of strategies was created on the basis of interviews with the CEOs of companies operating in Russia and a content analysis of publications on this subject; therefore, the predominance of strategies mitigating corruption risks associated with government officials indirectly reflects the mental-

ities of executives who themselves perceive government officials to be a more important threat than their fellow executives or employees. Table 2 confirms this hypothesis, since among the strategies that survey participants added at their own discretion, we find more practices targeting officials than those aimed at executives.

Strategies to Mitigate the Corrupt Behavior of Executives and Employees

The strategies applied by the businesses operating in Russia to mitigate corruption on the part of executives and employees have a number of common characteristics. These strategies are frequently used by all types of companies, whether they are foreign or Russian, large or small, public or private. The majority of them rely on administrative channels of transmission, leaving social/cultural or informal channels unexploited. This is surprising taking into account the importance of informal governance for Russian companies and the widespread use of informal practices to mitigate other types of risks.

All strategies are low-cost undertakings, which do not require either financial investments or administrative efforts, but could be implemented within existing budgets and organizational routines. They all could be described as “generic” or “universal,” since they do not reflect organizational, industrial or national specifics and could be found throughout the world. In essence, they are “by the book” strategies, recommended by global institutions engaged in anti-corruption efforts such as World Bank, Transparency International, and others. Most of the strategies are preventive, e.g. they try to avert the corrupt behaviors of executives and employees by communicating the rules, setting examples, developing diagnostic skills, and articulating negative and positive consequences of employee actions and non-actions.

Strategies to Mitigate the Corrupt Behavior of Government Officials

Strategies aiming at preventing the corruption of government officials are more elaborate. Some of them are preventive, while others intend to minimize the negative consequences of corrupt acts. To mitigate government corruption, businesses actively use formal and informal instruments. One of the strategies is a very peculiar combination of formal and informal, or even of corrupt and anti-corrupt actions—using “telephone law” to ensure the application of existing laws. This and other examples demonstrate that the boundaries between what is legal and illegal are blurred; many companies use what they find practical in their specific contexts and adopt practices that are considered pre-modern or even corrupt by theorists. Such practices include, for example, “gaining a seat in the local legislature to exert influence over

corrupt members of executive branch,” which, according to Transparency International, is one form of corruption: revolving doors.

Context plays an important role in the choice of anti-corruption strategies in Russia. At the same time, the survey demonstrated that such “modern” anti-corruption strategies as the use of courts or the proactive communication to government officials of corporate rules and norms are being used frequently by both foreign and Russian companies.

Contrary to some theoretical models, horizontal cooperation does not play an important role in anti-corruption. Most of the companies in the survey do not systematically exchange information and they are even more reluctant to build alliances with others. We believe that this reflects the lack of a tradition of collective action in Russia as well as the predominantly vertical mental models of power of the Russian executives.

About the Authors

Dr. Elena Denisova-Schmidt, MBA, is a lecturer at the University of St. Gallen (HSG) and an Edmond J. Safra Network Fellow at Harvard University.

Alena V. Ledeneva is a Professor of Politics and Society at the University College London (UCL), UK and Fellow at the Paris Institute for Advanced Studies.

Stanislav Shekshnia is a Professor of Entrepreneurship at INSEAD and a Program Director at INSEAD Global Leadership Center at Fontainebleau.

Further Reading:

- Ledeneva, A. (2013). *Can Russia Modernise? Sistema, Power Networks and Informal Governance*. Cambridge: Cambridge University Press.
- Shekshnia S., Ledeneva, A., and Denisova-Schmidt, E. (2014). “How to Mitigate Corruption in Emerging Markets: The Case of Russia,” Edmond J. Safra Working Papers, No. 36, February 6, 2014. <<http://ssrn.com/abstract=2391950>>

Table 1: Importance of Anti-Corruption Strategies

Strategy	Frequency	Target category	Prevention/Control	Transmission channels
Creation and dissemination of internal policies and procedures setting out detailed rules for working with contractors, such as holding tenders among suppliers and contractors	323	Executives, employees	Prevention	Admin
Use of high-profile campaigns, events and sponsorship to promote the company's interests and image	311	All	Prevention	Social
Use of the security department to detect and stop internal abuses and theft	303	Executives, employees, contractors	Prevention/Control	Admin
Training of managers and regional staff in the internal rules of interaction with their counterparts	295	Executives, employees	Prevention	Admin
Creation and dissemination of Codes of Corporate Conduct	264	Executives, employees	Prevention	Admin
Use of internal audit service to identify internal abuses and violations	249	Executives, employees, contractors	Control	admin
Pro-active communication of company's rules and standards on working with contractors, government and regulatory agencies and mass media to partners	206	Officials, contractors	Prevention	Admin
Proactive proposals to regional authorities and regulatory agencies on cooperation programs and methods	181	Officials	Prevention	Admin

Strategy	Frequency	Target category	Prevention/Control	Transmission channels
Engaging top management of companies-counterparts in countering unscrupulous actions by their regional representatives	170	Society	Control	Social
“Buffer” strategy – the use of subcontractors, agents and third parties to work with regional authorities and regulatory agencies	165	Officials	Prevention	Social
Use of courts to counter unscrupulous actions by regional authorities or regulatory agencies	156	Officials	Control	Admin
Allocation of annual budget for developing informal relationships with representatives of regional authorities and regulatory agencies	153	Officials	Prevention	Admin
Exchanging information with other companies about unscrupulous businesses, regional authorities and regulatory agencies	147	Officials	Prevention	Social
Allocation of an annual budget for developing informal relations with representatives of the regional media	141	Officials	Prevention	Admin
Use of informal contacts (“telephone law” and oral instructions) to put pressure on the representatives of regional authorities to counter unscrupulous actions and to ensure respect of law	136	Officials	Control	Social
Formal approaches to federal officials to counter unscrupulous actions by regional authorities and regulatory agencies	119	Officials	Control	Admin
Use of the media to counter unscrupulous actions by regional authorities or regulatory agencies	106	Officials	Control	Social
Creation of alliances with other companies in the region to counter unscrupulous actions by representatives of the authorities or the regulatory agencies	77	Officials	Control	Social
Engagement of representatives of religious institutions in promoting the company’s interests in the regions	37	All	Prevention	Admin

Table 2: Additionally Reported Anti-Corruption Strategies

Strategy	Number of participants mentioning them	Target category	Prevention/Control	Transmission channels
Telephone hotlines available for employees and external parties to report corrupt acts of company executives	2	Executives	Control	Admin
Offering commissions to employees uncovering corporate fraud	1	Executives Employees	Control	Admin
“Buying” an executive position in regional government to protect business from corrupt officials	1	Officials	Prevention	Social
Gaining a seat in a local legislature to protect business from corrupt officials	1	Officials	Prevention	Social
Video-taping contract negotiations	1	Executives, Contractors	Prevention	Admin

DOCUMENTATION

Russia in International Corruption Ratings

Corruption Perception Index

Prepared by: Transparency International

Established: 1995

Frequency: Annual

Covered countries: at present 177

URL: <http://www.transparency.org/policy_research/surveys_indices/cpi>

Brief description:

The Corruption Perceptions Index is a composite index that draws on multiple expert opinion surveys that poll perceptions of public sector corruption in 183 (since 2013 177) countries around the world. It scores countries on a scale from zero to ten, with zero indicating high levels of perceived corruption and ten indicating low levels of perceived corruption. Since December 2012 the score ranges between 0 (highly corrupted) to 100 (very clear). To allow for comparison with older values, they have been divided by the factor 10 in the time series.

Figure 1: Corruption Perception Index 2013: Scores and Ranking

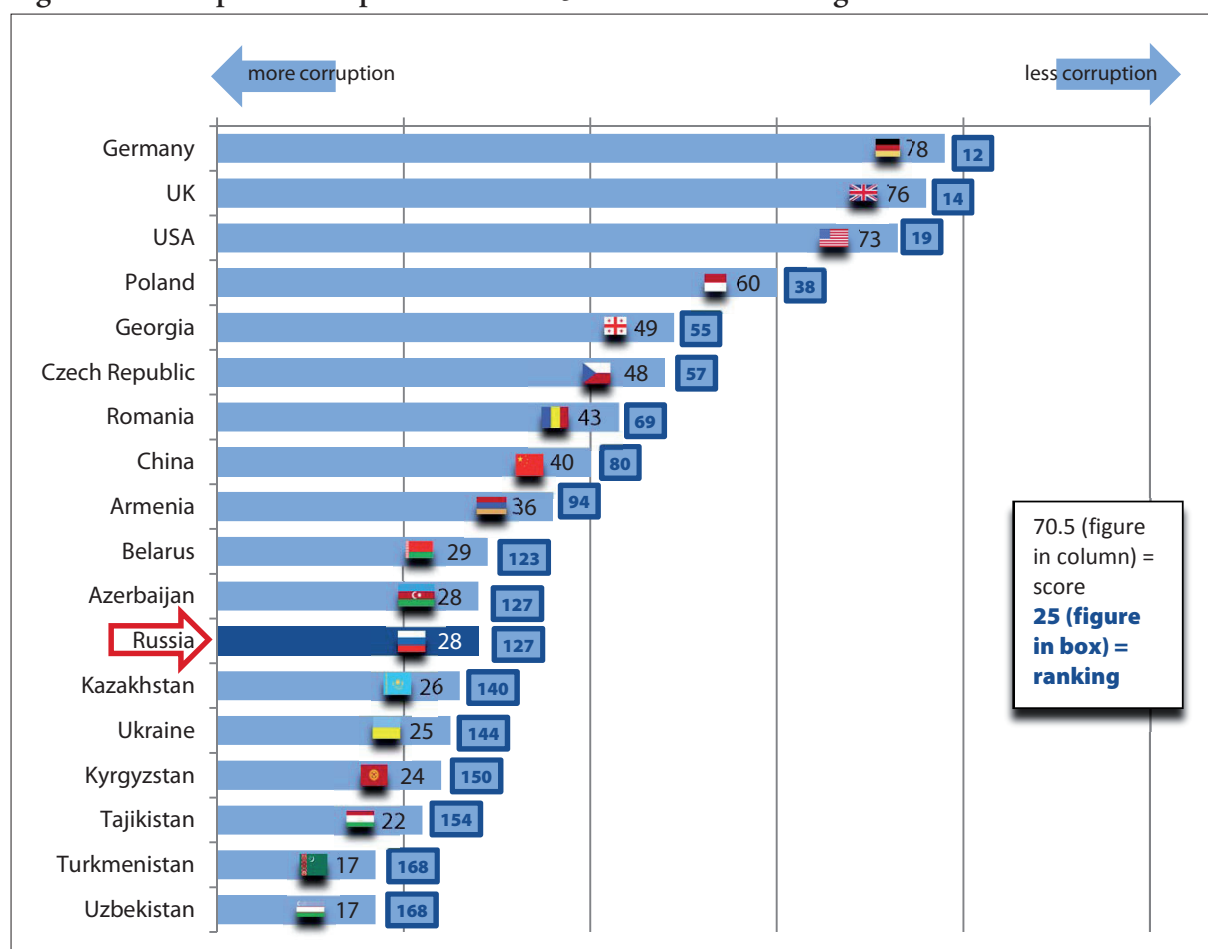


Table 1: Corruption Perception Index 1998–2013

	1998	1999	2000	2001	2002	2003	2004	2005	2006
Armenia	*	2.5	2.5	*	*	3	3.1	2.9	2.9
Azerbaijan	*	1.7	1.5	2	2	1.8	1.9	2.2	2.4
Belarus	3.9	3.4	4.1	*	4.8	4.2	3.3	2.6	2.1
China	3.5	3.4	3.1	3.5	3.5	3.4	3.4	3.2	3.3
Czech Re- public	4.8	4.6	4.3	3.9	3.7	3.9	4.2	4.3	4.8
Georgia	*	2.3	*	*	2.4	1.8	2	2.3	2.8
Germany	7.9	8	7.6	7.4	7.3	7.7	8.2	8.2	8
Kazakhstan	*	2.3	3	2.7	2.3	2.4	2.2	2.6	2.6
Kyrgyzstan	*	2.2	*	*	*	2.1	2.2	2.3	2.2
Poland	4.6	4.2	4.1	4.1	4	3.6	3.5	3.4	3.7
Romania	3	3.3	2.9	2.8	2.6	2.8	2.9	3	3.1
Russia	2.4	2.4	2.1	2.3	2.7	2.7	2.8	2.4	2.5
Tajikistan	*	*	*	*	*	1.8	2	2.1	2.2
Turkmeni- stan	*	*	*	*	*	*	2	1.8	2.2
UK	8.7	8.6	8.7	8.3	8.7	8.7	8.6	8.6	8.6
Ukraine	2.8	2.6	1.5	2.1	2.4	2.3	2.2	2.6	2.8
USA	7.5	7.5	7.8	7.6	7.7	7.5	7.5	7.6	7.3
Uzbekistan	*	1.8	2.4	2.7	2.9	2.4	2.3	2.2	2.1

	2007	2008	2009	2010	2011	2012	2013	Trend
Armenia	3	2.9	2.7	2.6	2.6	3.4	3.6	
Azerbaijan	2.1	1.9	2.3	2.4	2.4	2.7	2.8	
Belarus	2.1	2	2.4	2.5	2.4	3.1	2.9	
China	3.5	3.6	3.6	3.5	3.6	3.9	4.0	
Czech Republic	5.2	5.2	4.9	4.6	4.4	4.9	4.8	
Georgia	3.4	3.9	4.1	3.8	4.1	5.2	4.9	
Germany	7.8	7.9	8	7.9	8	7.9	7.8	
Kazakhstan	2.1	2.2	2.7	2.9	2.7	2.8	2.6	
Kyrgyzstan	2.1	1.8	1.9	2	2.1	2.4	2.4	
Poland	4.2	4.6	5	5.3	5.5	5.8	6.0	
Romania	3.7	3.8	3.8	3.7	3.6	4.4	4.3	
Russia	2.3	2.1	2.2	2.1	2.4	2.8	2.8	
Tajikistan	2.1	2	2	2.1	2.3	2.2	2.2	
Turk- menistan	2	1.8	1.8	1.6	1.6	1.7	1.7	
UK	8.4	7.7	7.7	7.6	7.8	7.4	7.6	
Ukraine	2.7	2.5	2.2	2.4	2.3	2.6	2.5	
USA	7.2	7.3	7.5	7.1	7.1	7.3	7.3	
Uzbekistan	1.7	1.8	1.7	1.6	1.6	1.7	1.7	

Worldwide Governance Indicators – Control of Corruption

Prepared by: Worldbank

Since: 1996

Frequency: Annual, between 1996 and 2002 every two years.

The data refer to the corresponding year of evaluation and are published one year later.

Covered countries: 215

URL: <<http://info.worldbank.org/governance/wgi/index.asp>>

Brief description:

This index measures six dimensions of governance from 1996 until end-2012, among them Control of Corruption. The indicators are based on several hundred individual variables measuring perceptions of governance, drawn from 31 separate data sources constructed by 25 different organizations. The relevant index value shows the average of all relevant sources according to their reliability. Virtually all scores lie between -2.5 and 2.5, with higher scores corresponding to better outcomes.

A number of revisions to the underlying source data have been made since 2011. The deletions from and revisions to the data from previous years on average have only minimal effects on the 1996–2009 data. For 2000–2009 the correlation between the original and the revised aggregate indicators is 0.997 (averaging across the six aggregate indicators and nine time periods). The effects of the data revisions are slightly larger in 1996 and 1998 as we have fewer data sources in this time period -- so that changes to the underlying sources are more likely to result in changes in the aggregate indicators. Furthermore the revision of data had led to a change in the aggregate “rule of law” and “control of corruption” indicators.

Figure 2: Worldwide Governance Indicators—Control of Corruption: Scores 2012

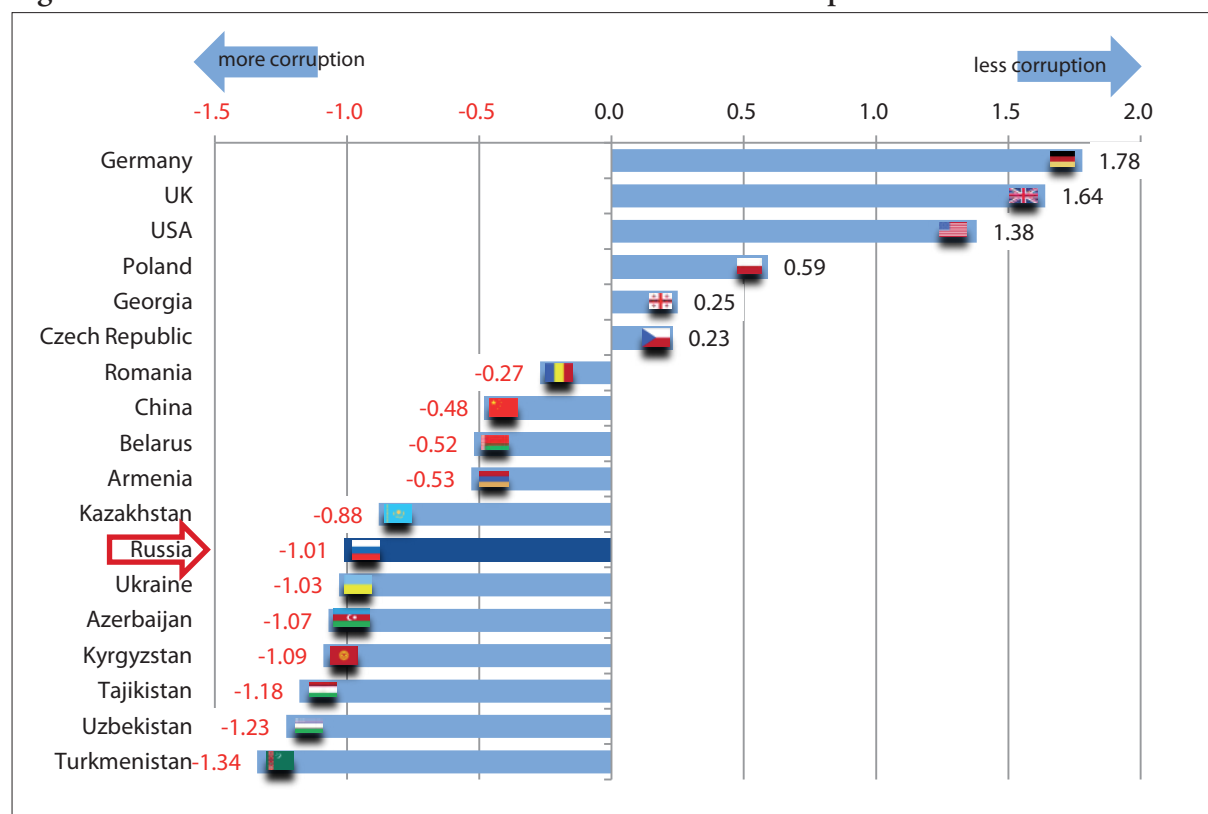


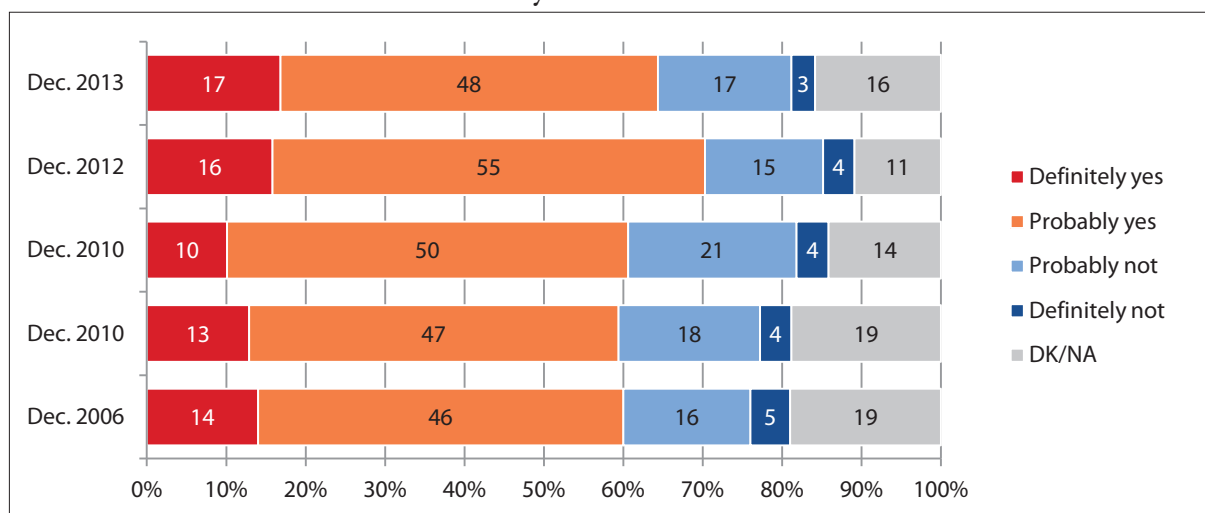
Table 2: Worldwide Governance Indicators—Control of Corruption: 1996–2012

	1996	1998	2000	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Armenia	-0.48	-0.74	-0.66	-0.65	-0.55	-0.62	-0.64	-0.6	-0.73	-0.61	-0.57	-0.67	-0.62	-0.53
Azerbaijan	-1.26	-1.13	-1.1	-1.06	-0.94	-1.08	-0.99	-0.98	-1.02	-1.02	-1.1	-1.17	-1.13	-1.07
Belarus	-0.93	-0.64	-0.51	-0.78	-0.75	-0.92	-0.88	-0.66	-0.67	-0.73	-0.75	-0.82	-0.74	-0.52
China	-0.25	-0.25	-0.24	-0.65	-0.43	-0.57	-0.64	-0.5	-0.59	-0.44	-0.5	-0.6	-0.62	-0.48
Czech Republic	0.64	0.54	0.1	0.35	0.43	0.38	0.46	0.28	0.23	0.27	0.39	0.31	0.32	0.23
Germany	1.99	2.16	2.04	2.01	1.95	1.87	1.86	1.8	1.7	1.76	1.71	1.7	1.68	1.78
Georgia	-1.39	-0.79	-0.88	-1.14	-0.69	-0.6	-0.36	-0.08	-0.24	-0.27	-0.28	-0.16	-0.04	0.25
Kazakhstan	-1.11	-0.94	-1.05	-1.07	-1.02	-1.1	-1	-0.9	-0.91	-0.98	-0.91	-1	-1.01	-0.88
Kyrgyzstan	-0.48	-0.49	-0.73	-0.87	-0.9	-1.03	-1.16	-1.22	-1.24	-1.1	-1.22	-1.07	-1.13	-1.09
Poland	0.54	0.66	0.47	0.33	0.37	0.14	0.23	0.18	0.19	0.33	0.41	0.45	0.51	0.59
Romania	-0.22	-0.69	-0.47	-0.39	-0.31	-0.26	-0.21	-0.14	-0.17	-0.1	-0.22	-0.16	-0.2	-0.27
Russia	-1.03	-0.94	-0.95	-0.92	-0.71	-0.74	-0.79	-0.84	-0.95	-1.04	-1.12	-1.07	-1.09	-1.01
Tajikistan	-1.39	-1.22	-1.06	-1.04	-1.07	-1.21	-1.09	-0.91	-0.91	-1.02	-1.09	-1.17	-1.13	-1.18
Turkmenistan	-0.48	-0.92	-0.96	-1.18	-1.1	-1.34	-1.43	-1.44	-1.47	-1.41	-1.47	-1.44	-1.46	-1.34
Ukraine	-1.04	-1.16	-1.09	-1.03	-0.85	-0.86	-0.69	-0.68	-0.75	-0.77	-1.01	-0.97	-0.99	-1.03
United Kingdom	2.12	2.23	2.17	2.13	2.07	1.95	1.9	1.8	1.72	1.68	1.54	1.48	1.54	1.64
USA	1.56	1.55	1.64	2.05	1.73	1.79	1.52	1.27	1.29	1.45	1.16	1.23	1.23	1.38
Uzbekistan	-1.07	-1.05	-0.91	-0.99	-1.01	-1.06	-1.18	-0.9	-0.81	-1.03	-1.26	-1.32	-1.34	-1.23

OPINION POLL

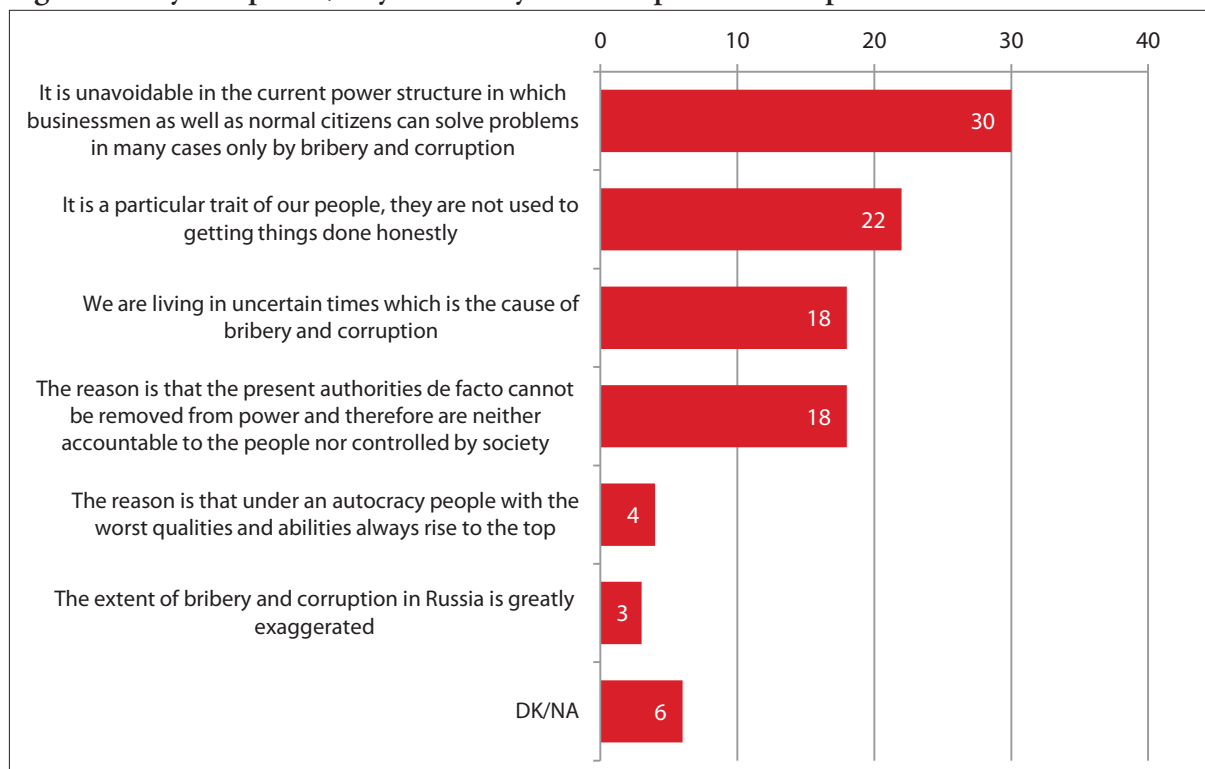
“Why are Bribery and Corruption So Widespread in the Russian Federation?”—Russian Attitudes Towards Corruption

Figure 1: Is there a potential for new major corruption cases and resignations of ministers in the Russian Federation in the next year?



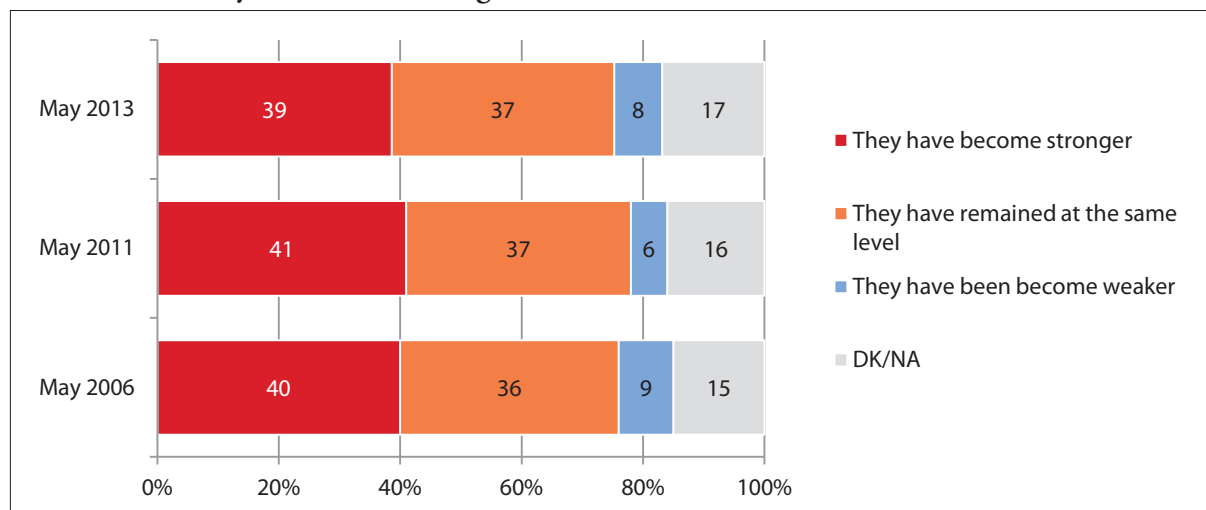
Source: representative polls conducted by Levada Center Dec. 2006–June 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 12, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 2: In your opinion, why are bribery and corruption so widespread in the Russian Federation?



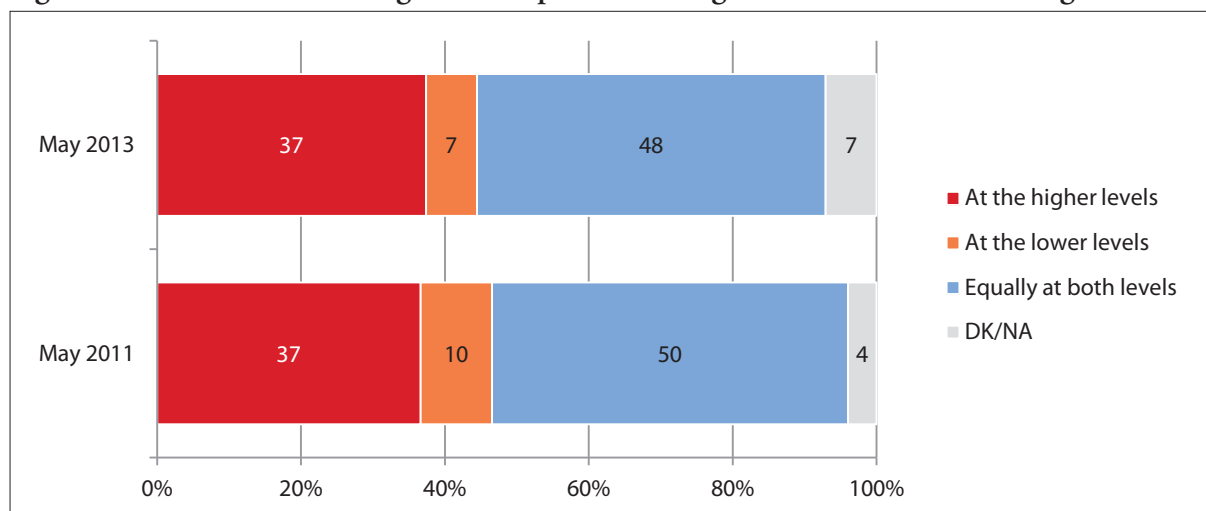
Source: representative poll conducted by Levada Center in June 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 156, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 3: In your opinion, have shadow connections between officials and entrepreneurs in the last ten years become stronger, remained at the same level or become weaker?



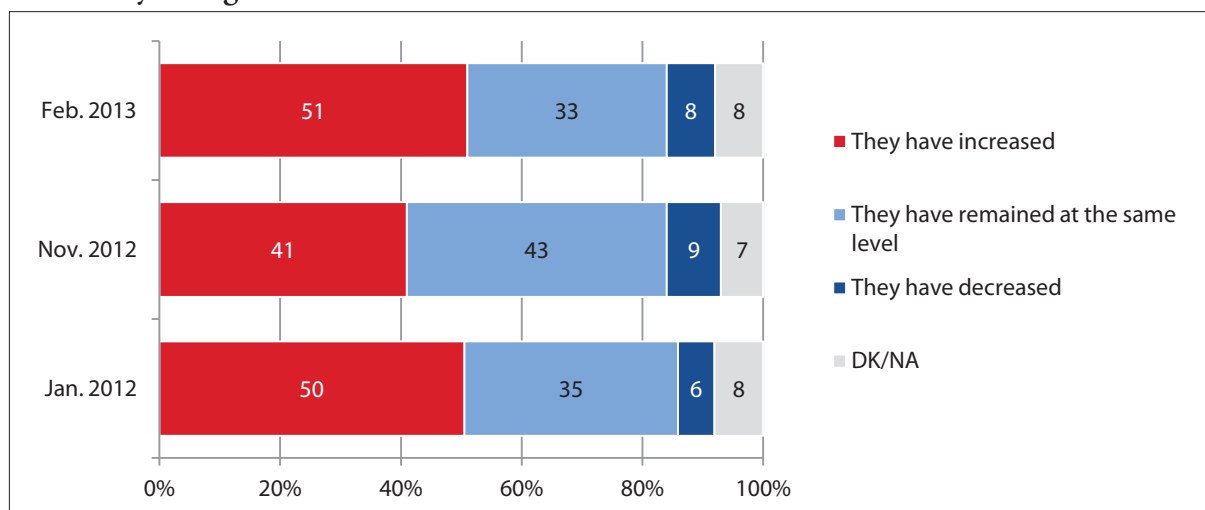
Source: representative polls conducted by Levada Center May 2006–June 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 156, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 4: Is there more thieving and corruption at the higher or at the lower levels of government?



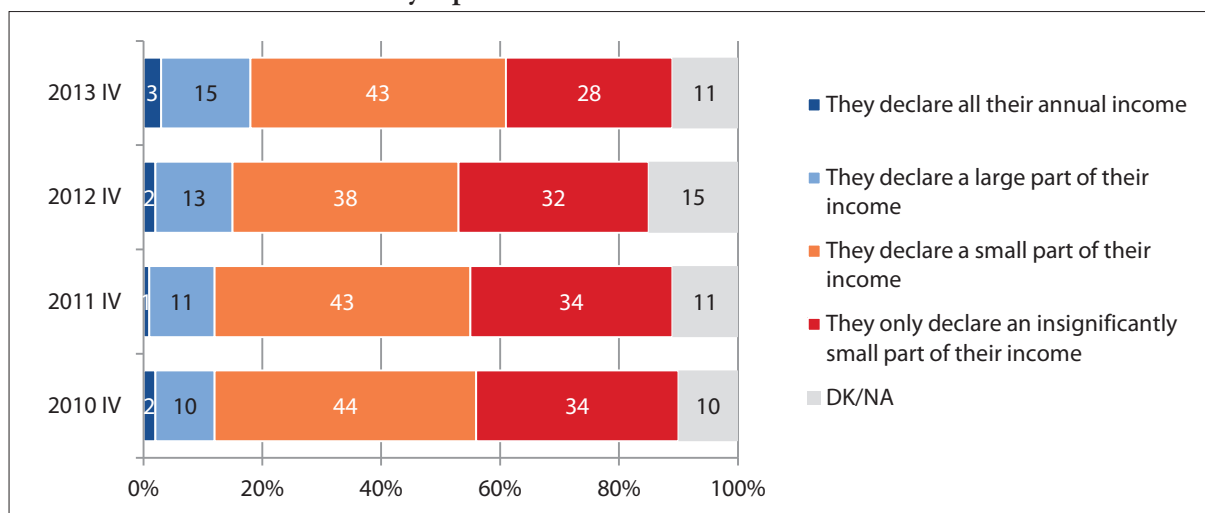
Source: representative polls conducted by Levada Center May 2011–June 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 156, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 5: In your opinion, have thieving and corruption within the present leadership increased, remained at the same level or decreased in comparison with the time period of 10 – 12 years ago?



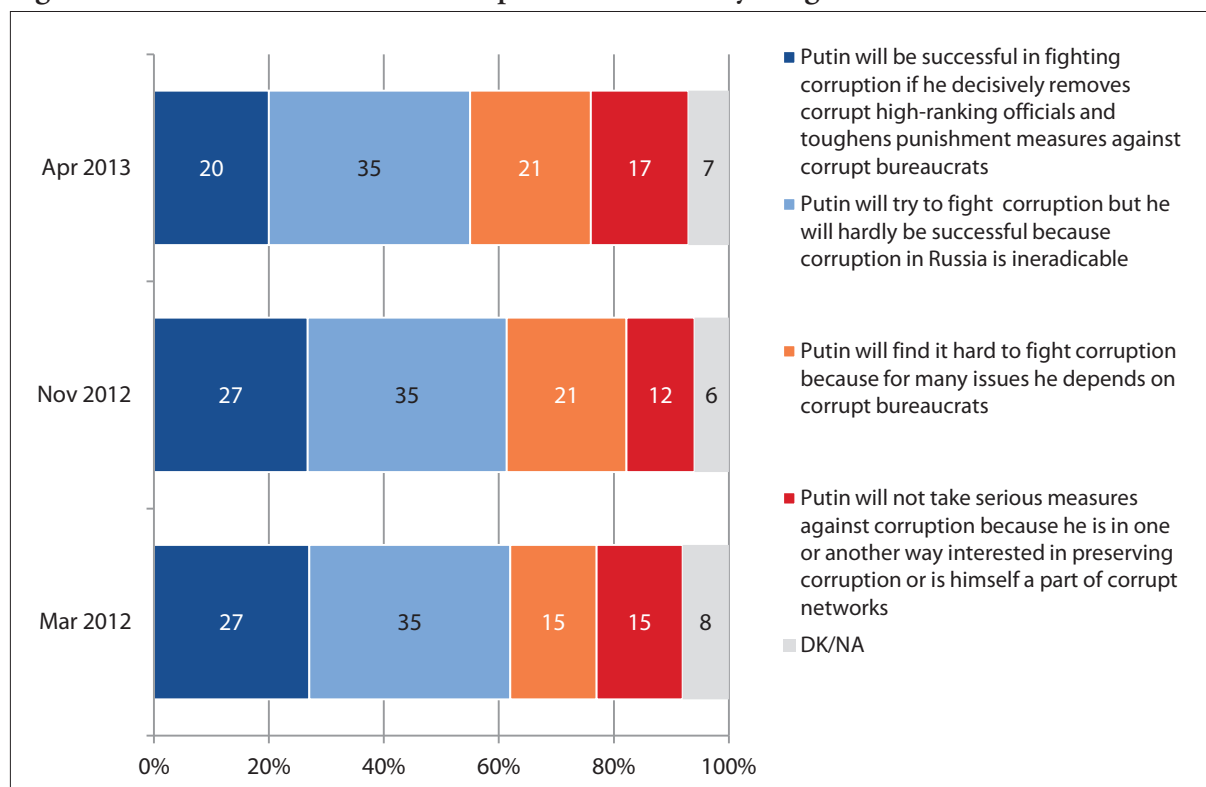
Source: representative polls conducted by Levada Center Jan. 2012–June 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 157, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 6: Do Russian high-ranking officials and members of the government declare all their annual income or only a part of it?



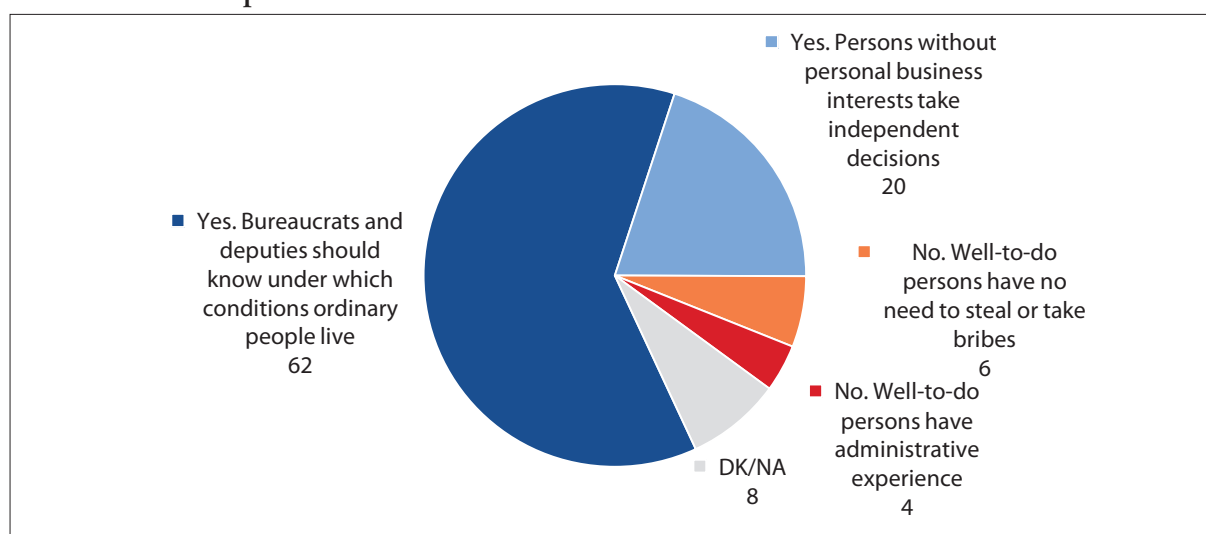
Source: representative polls conducted by Levada Center 2010–2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 157, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 7: What statement about corruption in Russia do you agree with most?



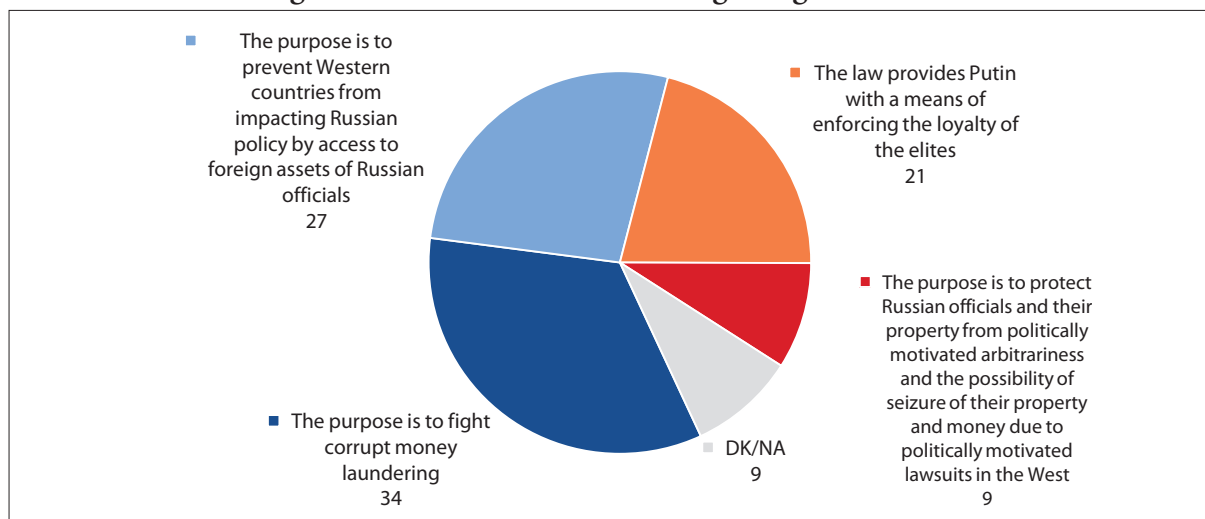
Source: representative polls conducted by Levada Center Mar. 2012–Apr. 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 158, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 8: In your opinion, should there be a maximum limit on income for people who want to work in public service?



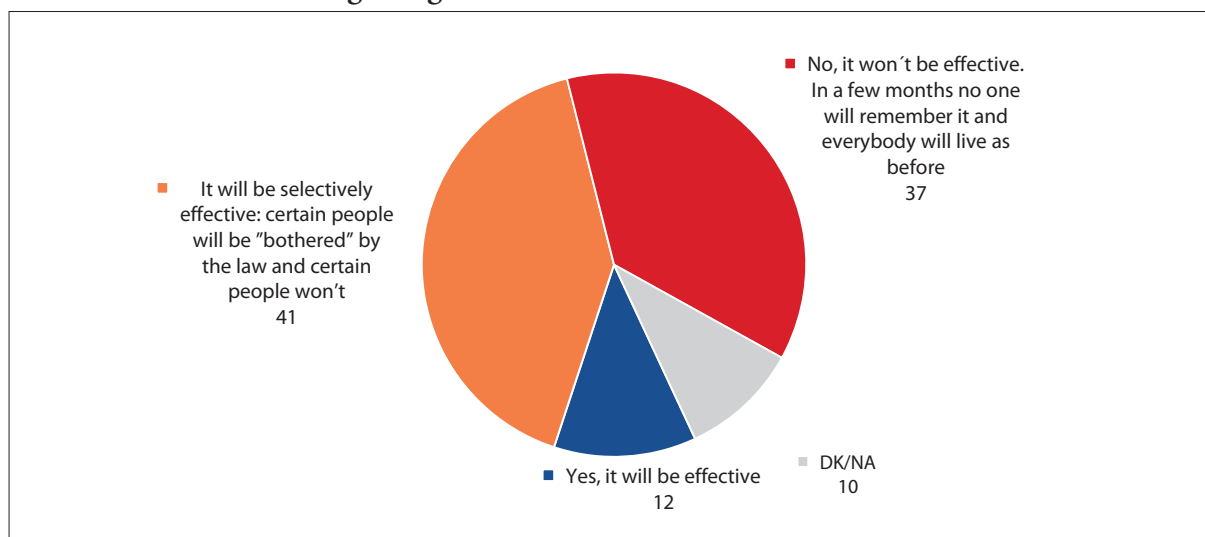
Source: representative polls conducted by Levada Center March 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 158, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 9: In your opinion, what is the main purpose of the law prohibiting Russian officials from holding bank accounts abroad or owning foreign-issued shares and bonds?



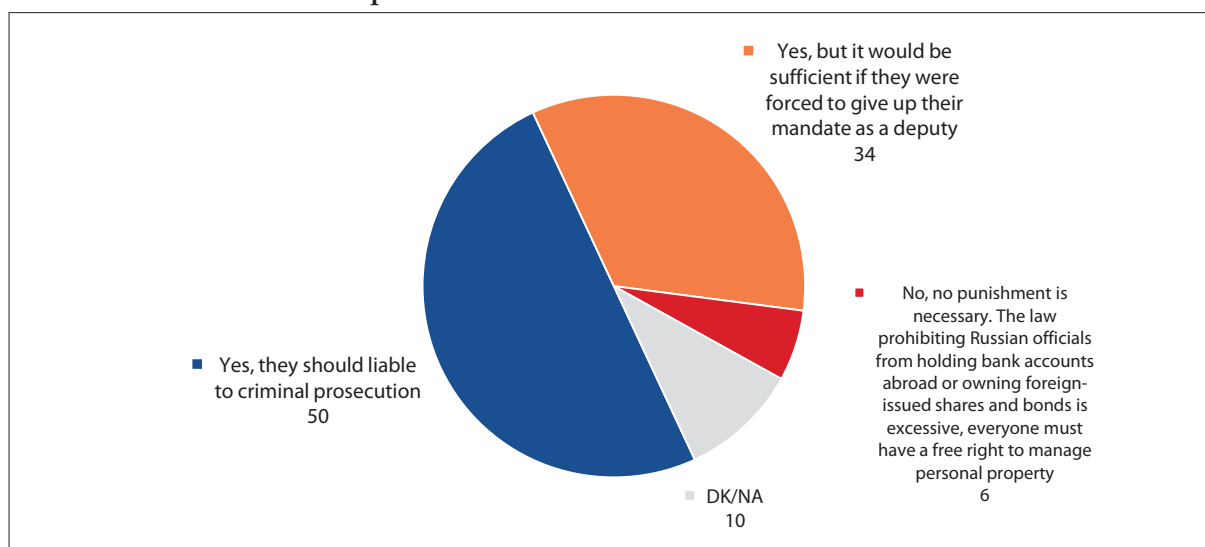
Source: representative polls conducted by Levada Center Mar. 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 159, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 10: In your opinion, will the law prohibiting Russian officials from holding bank accounts abroad or owning foreign-issued shares and bonds work be effective?



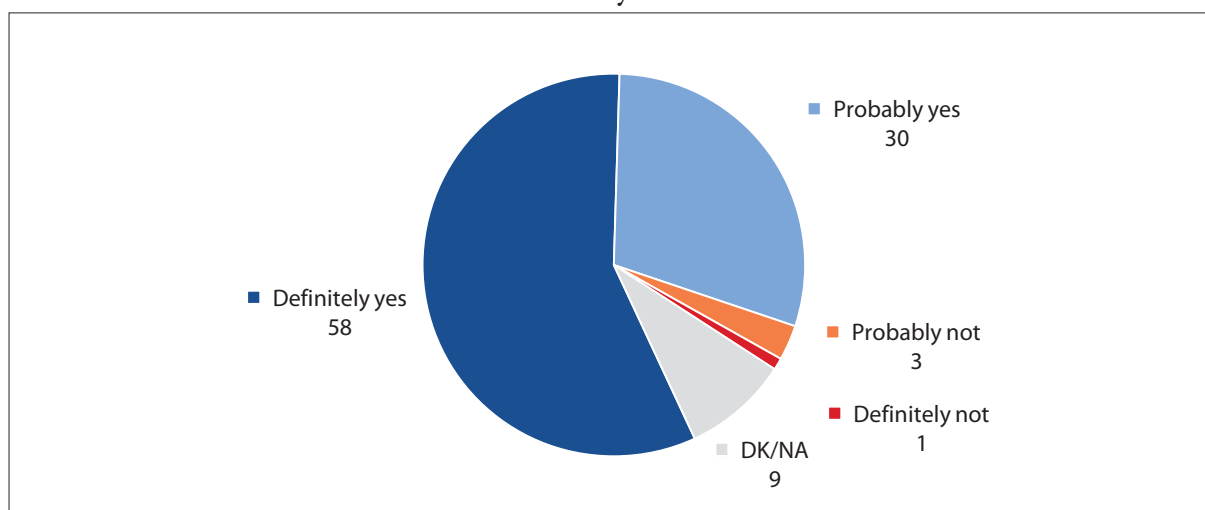
Source: representative polls conducted by Levada Center Mar. 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 160, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 11: In your opinion, should the deputies of the State Duma be punished if it becomes known that they have undeclared property in Russia or abroad and if yes, what punishment would be preferable?



Source: representative polls conducted by Levada Center Mar. 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 160, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

Figure 12: In your opinion, should former defence minister Anatoly Serdyukov be prosecuted for embezzlement in the Defence Ministry?



Source: representative polls conducted by Levada Center Mar. 2013; N = 1600. In: *Public Opinion—2013. Compilation of surveys conducted by Levada Center in the year 2013*, p. 162, available at <<http://www.levada.ru/books/obshchestvennoe-mnenie-2013>>.

ABOUT THE RUSSIAN ANALYTICAL DIGEST

Editors: Stephen Aris, Matthias Neumann, Robert Ortung, Jeronim Perović, Heiko Pleines, Hans-Henning Schröder, Aglaya Snetkov

The Russian Analytical Digest is a bi-weekly internet publication jointly produced by the Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen (<www.forschungsstelle.uni-bremen.de>), the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology Zurich (ETH Zurich), the Resource Security Institute, the Institute of History at the University of Zurich (<<http://www.hist.uzh.ch/>>), the Institute for European, Russian and Eurasian Studies at The George Washington University, and the German Association for East European Studies (DGO). The Digest draws on contributions to the German-language Russland-Analysen (<www.laenderanalysen.de/russland>), the CSS analytical network on Russia and Eurasia (<www.css.ethz.ch/rad>), and the Russian Regional Report. The Russian Analytical Digest covers political, economic, and social developments in Russia and its regions, and looks at Russia's role in international relations.

To subscribe or unsubscribe to the Russian Analytical Digest, please visit our web page at <www.css.ethz.ch/rad>

Research Centre for East European Studies at the University of Bremen

Founded in 1982, the Research Centre for East European Studies (Forschungsstelle Osteuropa) at the University of Bremen is dedicated to the interdisciplinary analysis of socialist and post-socialist developments in the countries of Central and Eastern Europe. The major focus is on the role of dissent, opposition and civil society in their historic, political, sociological and cultural dimensions.

With a unique archive on dissident culture under socialism and with an extensive collection of publications on Central and Eastern Europe, the Research Centre regularly hosts visiting scholars from all over the world.

One of the core missions of the institute is the dissemination of academic knowledge to the interested public. This includes regular e-mail newsletters covering current developments in Central and Eastern Europe.

The Center for Security Studies (CSS) at ETH Zurich

The Center for Security Studies (CSS) at ETH Zurich is a Swiss academic center of competence that specializes in research, teaching, and information services in the fields of international and Swiss security studies. The CSS also acts as a consultant to various political bodies and the general public. The CSS is engaged in research projects with a number of Swiss and international partners. The Center's research focus is on new risks, European and transatlantic security, strategy and doctrine, area studies, state failure and state building, and Swiss foreign and security policy.

In its teaching capacity, the CSS contributes to the ETH Zurich-based Bachelor of Arts (BA) in public policy degree course for prospective professional military officers in the Swiss army and the ETH and University of Zurich-based MA program in Comparative and International Studies (MACIS); offers and develops specialized courses and study programs to all ETH Zurich and University of Zurich students; and has the lead in the Executive Masters degree program in Security Policy and Crisis Management (MAS ETH SPCM), which is offered by ETH Zurich. The program is tailored to the needs of experienced senior executives and managers from the private and public sectors, the policy community, and the armed forces.

The CSS runs the International Relations and Security Network (ISN), and in cooperation with partner institutes manages the Crisis and Risk Network (CRN), the Parallel History Project on Cooperative Security (PHP), the Swiss Foreign and Security Policy Network (SSN), and the Russian and Eurasian Security (RES) Network.

The Institute for European, Russian and Eurasian Studies, The Elliott School of International Affairs, The George Washington University

The Institute for European, Russian and Eurasian Studies is home to a Master's program in European and Eurasian Studies, faculty members from political science, history, economics, sociology, anthropology, language and literature, and other fields, visiting scholars from around the world, research associates, graduate student fellows, and a rich assortment of brown bag lunches, seminars, public lectures, and conferences.

The Institute of History at the University of Zurich

The University of Zurich, founded in 1833, is one of the leading research universities in Europe and offers the widest range of study courses in Switzerland. With some 24,000 students and 1,900 graduates every year, Zurich is also Switzerland's largest university. Within the Faculty of Arts, the Institute of History consists of currently 17 professors and employs around a 100 researchers, teaching assistants and administrative staff. Research and teaching relate to the period from late antiquity to contemporary history. The Institute offers its 2,600 students a Bachelor's and Master's Degree in general history and various specialized subjects, including a comprehensive Master's Program in Eastern European History. Since 2009, the Institute also offers a structured PhD-program. For further information, visit at <<http://www.hist.uzh.ch/>>

Resource Security Institute

The Resource Security Institute (RSI) is a non-profit organization devoted to improving understanding about global energy security, particularly as it relates to Eurasia. We do this through collaborating on the publication of electronic newsletters, articles, books and public presentations.

Any opinions expressed in Russian Analytical Digest are exclusively those of the authors.

Reprint possible with permission by the editors.

Editors: Stephen Aris, Matthias Neumann, Robert Ortung, Jeronim Perović, Heiko Pleines, Hans-Henning Schröder, Aglaya Snetkov

Layout: Cengiz Kibaroglu, Matthias Neumann, Michael Clemens

ISSN 1863-0421 © 2014 by Forschungsstelle Osteuropa, Bremen and Center for Security Studies, Zürich

Research Centre for East European Studies • Publications Department • Klagenfurter Str. 3 • 28359 Bremen • Germany

Phone: +49 421-218-69600 • Telefax: +49 421-218-69607 • e-mail: fsopr@uni-bremen.de • Internet: <www.css.ethz.ch/rad>