

## Corruption and Informal Practices in Russia

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Corruption remains one of the most important political and economic problems in Russia. Over the last fifteen years, Russia's ranking in the Corruption Perception Index (CPI), compiled by Transparency International, has dropped dramatically. In 1996, Russia still held rank 46, but steadily moved down the ladder to rank 154 in 2010. President Medvedev set up a commission to combat corruption when he started his term in office in 2008. The work of this commission, however, produced few results. After the reelection of Vladimir Putin in March 2012, corruption again disappeared from the government's top priority agenda. Oppositional politicians like Boris Nemtsov openly accuse Putin of personal corruption.

Corruption is closely tied to excessive bureaucracy – a legacy from the Soviet era that still needs to be overcome in today's Russia. Even more problematic than the great number of onerous administrative procedures is the general lack of awareness. According to a survey conducted by the Levada-Center in July 2012, only 29% of the Russian population criticizes corruption in the state administration. The

good news is that the general discontent has steadily grown since 1999, when merely 3% lamented corruption. Only recently has the well known blogger Aleksey Navalny set up his anti-corruption website „Rospil“, where users may post information about dubious state operations.

In the Russian economy, informal practices are more the rule than the exception. In many cases, it is even difficult to tell where the gray zone begins and where it ends. One problem is the complexity and inconsistency of the Russian legislation. Another problem is the wide spread use of customary law that does not correspond to the code of law. International companies often find themselves in a dilemma: the implementation of a certain informal practice is necessary in order to become operational in Russia, but this very practice contradicts Western standards of ethics and compliance. The management of such challenges often amounts to a walk on the tightrope.

Ulrich Schmid (St. Gallen)  
e-mail: [ulrich.schmid@unisg.ch](mailto:ulrich.schmid@unisg.ch)