

Gref Borrows Question From Lenin

By [Howard Amos](#)

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Sberbank representatives working at the bank's stand at the St. Petersburg International Economic Forum. **Alexander Demianchuk**

ST. PETERSBURG — Sitting down to an early breakfast with a bevy of state leaders, top bankers, oligarchs and executives from Russia and the West, Sberbank head German Gref, the event's host and a former economic development minister, compared their challenges to those faced by Lenin.

"What's to be done?" Gref asked the assembled group, which included Finance Minister Alexei Kudrin, Deputy Prime Minister Igor Shuvalov and the chief executives of Deutsche Bank and Bank of New York Mellon, echoing the title of Lenin's 1902 revolutionary book and one of the "accursed questions" that fixated Russian radicals in the 19th century: "Who is guilty, and what are we not doing right?"

Although participants at the event — which opened with a short video blaring out the theme song of U.S. blockbuster "Mission Impossible" — found it easy to agree in general about what was wrong, they were short on details for possible solutions.

"As a Russian person I think Russia must be a different country," Shuvalov said, alternating between sips from an espresso and a glass of cold water.

"We are at a stage," said Sergei Guriev, rector of Moscow's New Economic School, "when we need to understand that something must be changed dramatically."

Billionaire Mikhail Prokhorov, who is expected to lead the pro-business Right Cause party, said the governmental system was "simply exhausted."

A joint report released in conjunction with the breakfast by Sberbank and the World Economic Forum placed Russia 63rd out of 137 countries for competitiveness. China ranked 27th, and the United States came in fourth.

Kudrin, who was drinking grapefruit juice, said pre-election spending would torpedo any aspirations to improve Russia's position.

"Competitiveness," he added, "means less state."

Kudrin also said he was in favor of lowering the social tax on payrolls, later announced by President Dmitry Medvedev during the conference opening, but warned, "If we want to lower taxes, we have to lower expenditures."

The World Economic Forum and Sberbank report proposed a "3+5" approach. Russia must, it said, build on its three natural advantages — a large market, a well-educated population and natural resources — to successfully address five core challenges: rule of law, deteriorating quality of education, low levels of competitiveness, weak financial regulation and crude management practices.

At least one participant at the breakfast, however, was irritated by the discussion, which he felt consisted of sweeping statements and abstract observations. Alexei Mordashov, chief executive of steelmaker Severstal, said the conversation had been "too general and not concrete enough."

Resisting multiple efforts by Gref to bring his speech to a close, Mordashov highlighted in detail one problem he himself had come up against. It requires 127 signatures on various documents just to open a shop in Moscow, he said.

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