

Transparency Needed, Not Intrigue

By [The Moscow Times](#)

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Foreign investors flocked to the St. Petersburg International Economic Forum to seek state assurances of stability after next year's presidential election. President Dmitry Medvedev did not disappoint.

Medvedev, making his most ambitious speech ever to foreign investors, presented a raft of promises to liberalize the economy and improve the investment climate. Notably, he declared his promises would be fulfilled no matter who was elected in March.

Three announcements from the forum give investors particular reason to cheer.

U.S. Ambassador John Beyrle got the ball rolling on the first day of the forum with his surprise news that an agreement would be signed next month to ease visa rules between the United States and Russia. Three-year, multi-entry visas will be introduced for both sides and, significantly, a layer of bureaucracy that requires travelers to obtain visa invitations will be removed. This much-needed reform will make life much easier for businesspeople and tourists alike. It also provides an example for the European Union, which hopefully will reach

a similar agreement with Moscow.

Medvedev got tongues wagging with two revelations of his own. During his keynote speech, he described how the state was making a determined effort to untangle itself from the economy. He denounced “state capitalism” — Prime Minister Vladimir Putin’s model for controlling key sectors of the economy — and announced that the state would shrink its economic footprint by expanding its privatization plans.

But the measure that could make the biggest difference in the lives of investors and Moscow residents alike is Medvedev’s plan to enlarge the boundaries of the capital, move government agencies beyond the Moscow Ring Road and establish an international finance district outside the MKAD as well.

This proposal, which would see Moscow incorporated into a new Capital Federal District, carries the risk of creating a new unnecessary layer of bureaucracy. But the move is long overdue. The removal of hordes of bureaucrats from the city center should allow the capital to flourish. Traffic jams caused by government officials’ cars with flashing blue lights could disappear. The historical center could be turned into a tourist mecca in line with Kremlin aspirations unveiled at the forum. This shakeup holds the potential of being win-win for residents, investors and the government.

The St. Petersburg forum provided the assurances of stability that investors had sought. But there is a caveat. The key ingredient lacking in Medvedev’s plans is transparency.

When asked whether he would run for president next year, Medvedev answered with a wry smile, “Every story should have its own intrigue, otherwise life would be boring, so let’s enjoy it a little longer.”

Medvedev is asking investors to take a huge leap of faith in embracing his promises for stability but not backing them up with the transparency of disclosing whether he will be around to fulfill them.

Transparency inspires investor confidence in the free-market economies that Russia emulates. In those countries, investors know relatively far in advance what is brewing in the political scene. The United States, for example, is 16 months away from its next presidential election, but opponents to Barack Obama are already lining up.

In Russia, only nine months remain before the vote, and no serious candidate has cast his hat into the ring. In the last election in 2008, investors only found out that Medvedev would be the next president three months before Election Day. The Kremlin owes investors — and, more important, voters — much more this time around.

The views expressed in opinion pieces do not necessarily reflect the position of The Moscow Times.

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