

SPIEF 2012: Top Executives' Secrets for Leadership That Works

By [The Moscow Times](#)

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With President Vladimir Putin back in the Kremlin and Russia in pursuit of a leading economic role on the world stage, the organizers of the St. Petersburg International Economic Forum are showcasing the country this year through the theme "Leadership That Works."

In the run-up to the forum, The Moscow Times contacted some of the biggest business leaders working in Russia to ask what they think makes leadership work, as well as to hear their insights into where the country's business climate is headed and which areas of the economy or society demand the most urgent improvements.

Zdenek Turek

 Country officer, Russia, and division head for Central and Eastern Europe, Citi

Q: What makes leadership work?

A: I surely believe in personal examples, walking the talk. Moreover, true leaders have the ability to rise above the agenda of the day and over conflicting priorities, thus creating a sense of strategy and vision for their businesses.

Q: Where is Russia's business climate headed?

A: Some of the financial infrastructure advancements that are being implemented in the framework of the Moscow International Financial Center project are encouraging. Central depository or stock exchange settlement rules on par with developed markets are clear highlights in this area. But in a broader sense, Russia still needs less state ownership and more private ownership, and this is the area where the new government's next steps will be followed by investors very closely.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Russia needs stronger institutions, primarily to support the growth of small and midsize businesses, a sector that is still relatively underdeveloped given the size of the economy. We are talking a whole range of measures, from registrations and permits to courts and supervisory framework. A vibrant SME sector will, over time, help to diversify and innovate the economy in a more sustainable way than individual, centrally run programs.

Maria Radtke

✘ Russia director, Ericsson, a Swedish information and communications technology company

Q: What makes leadership work?

A: Everything has gone mobile. And this is true not only of information and communications technology but of the whole world around us. These changes require new leadership qualities, and the most important one is not only to accept changes but also to initiate them and manage them.

As for me, I have a financial background; I have always been dealing with figures. But today it is not enough to just be good in figures. You have to understand market tendencies and technologies, the research and development agenda, customers' demands and the impact all these might have on business. For example, 10 years ago it was hard to imagine that 87 percent of the world's population would be covered by mobile networks and that a great deal of our daily activities would be done with a smartphone. A good leader should be really fast and flexible, able to oversee changes and help the team to smoothly adapt to them. And this is not an easy task.

Q: Where is Russia's business climate headed?

A: Russia is building a modernization agenda and significant demand for mobile broadband to bridge the digital divide. Today, Russia is already moving toward a networked society, with 227.6 million mobile subscriptions, 14 million mobile broadband subscriptions and almost 60 million Internet users. And this is only the beginning.

If we try to see what awaits Russia in the near future, I would say it is an explosive growth

of mobile broadband demand. We envision that by 2020 there will be 2 billion (out of the world's 50 billion) connected devices in Russia, compared with today's 6 million. Russia is one of the most advanced countries when it comes to the share of early adopters — more than 38 percent. These people will definitely set the future agenda in Russia, creating good potential for further technological development. There is a huge number of people in Russia who are crazy about new technologies. Russians love them and give them a try as soon as they come out. According to our research, the percentage of such people is much greater in Russia than in the rest of Europe. Doing business in Russia is not just about the quality and benefits of a solution or a product. It is very much about people. This is crucial for success in business.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: I am happy to see how the world is changing for the better every day, bringing opportunities that were unimaginable several decades ago. Three fundamental forces are driving the exciting changes that are taking place today — mobility, broadband and cloud computing. I believe in the transformative power of information and communications technology, and I am proud to be a part of it.

Per Wendschlag

General director of Ikea in Russia

Q: What makes leadership work?

A: In order to be able to run a company successfully, you need to have some basic prerequisites. The company needs a clear vision, a business idea and values and principles. Good leadership means being able to lead the co-workers in a desired direction, based on these prerequisites. You also need to have a genuine interest in having the right person at the right position.

Q: Where is Russia's business climate headed?

A: Long term, the prospects are good. However, we might have some "bumpy" years ahead of us.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: In the situation with construction permits, I see big potential for improvements and cutting back on the time it takes. Benchmark with countries that have an efficient setup.

Vladimir Gutenyov

State Duma deputy, United Russia; first deputy chairman, Duma's Industry Committee; deputy head, Russian Machinery Union

Q: What makes leadership work?

A: A successful leader should be able to navigate the global economy, which operates

according to a certain set of rules. Over the past few years, Russian politics have been based on unconditionally complying with these rules.

It is important for a successful leader to not only enlist the support of new partners but also to obtain large amounts of investment.

With Russia's entry into the World Trade Organization, successful leadership means deepening and adding more value to commodity-based industries and strengthening import substitution.

Q: Where is Russia's business climate headed?

A: The current business climate is negative. But we should see improvements in the coming years through changes to local government, new legislative initiatives and work by civil society groups. Large public companies and corporations should also be actively involved in the process of improving the business climate.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: To ensure that the government's plans to modernize the economy are supported by significant investment, both financially and technologically, we have to ensure the rights of owners, reduce corruption and bureaucracy, continue to facilitate customs clearance, and give new meaning to public institutions. We also need to allow public councils to oversee changes within ministries and other government agencies, and we need this to be done in the near future.

Dietrich Möller

 President and CEO of Siemens Russia and Central Asia

Q: What makes leadership work?

A: I could say this in just a few words: the right strategy, right people, right processes and right culture. But of course it is not so simple. It is not just about gaining leadership but even more about keeping this position.

Q: Where is Russia's business climate headed?

A: It is definitely improving. We highly value efforts undertaken by the government in this regard, starting with the active work of special mechanisms like the presidential commission on modernization or the Foreign Investment Advisory Council with the Russian prime minister. Or take the ombudsmen on the federal and regional levels, who assist companies in investment projects, for example.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Areas where we would like to see more progress include removing administrative barriers, facilitating anti-corruption and making the judicial system more efficient and independent.

But being engaged in the implementation of a big investment program for localizing advanced Siemens technologies in Russia, we also see a need for optimizing tax and customs legislation and technical certification regulations. Improvements in these areas would very much support investment projects in their starting phase.

Daniel Klein

✘ Founding partner, Podolsky & Klein, and one of the few U.S.-licensed patent attorneys practicing law in Russia

Q: What makes leadership work?

A: A leader needs to demonstrate that he is committed to the business and willing to make significant self-sacrifices. A good leader should also be highly determined in his goals, quite knowledgeable, and have strong communication skills. Russia presents its own set of challenges since the Soviet Union had a culture of punishing initiative and communication. Unfortunately, that legacy is still the backbone of many of today's managers and staff. Hence, leading in modern Russia can sometimes present challenges that are not found in other countries.

Q: Where is Russia's business climate headed?

A: In order to accurately guess what will happen to Russia's business climate, you would have to be able to predict what will happen in Europe and, to a lesser extent, in China and the United States. As the global economy impacts demand and prices for natural resources, the Russian economy will rise and fall in-step.

One wild card that could really hit Russia hard in 10 or 15 years is the global supply of oil and gas, because new discoveries are being announced in places like Australia, Brazil and Cyprus almost on a quarterly basis.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Patents are largely ignored in Russia, and it's really a pity because the potential value of a patent can be quite significant. An example is Pfizer's patents surrounding cholesterol-fighting pharmaceuticals that recently expired. In its heyday, that technology gave Pfizer revenues in excess of \$10 billion per year, the equivalent of almost 1 percent of the Russian economy. But this type of example simply does not exist in Russia as far as I know.

Also, the value of a patent can vary greatly in different countries. In Russia, the largest paid settlement or paid judgment relating to a patent is around \$10 million according to my information; in the United States, the largest collected award is several billion dollars. This indicates that the perception of the value of patents in Russia is out of sync with that of countries like the United States.

Russia should meticulously study inventor-friendly countries like Singapore, the United States and Finland and come up with an effective and realistic road map to adjust its own laws, investment culture and education system accordingly.

Jim O'Neill

✘ Chairman, Goldman Sachs Asset Management; coined the phrase BRICs

Q: Where is Russia's business climate headed?

A: I think the climate can only get better.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Business still seems to be worried about life post-election, and it needs some help and policy support. Measures to diversify the economy and boost the corporate rule of law would be really helpful.

Dmitry Petrov

✘ CEO, Russian Helicopters, a state-owned designer and maker of civil and Ka- and Mi- series military helicopters

Q: What makes leadership work?

A: Leadership is about inspiring others, and clearly the best way to do this is by setting a positive example. As a global leader in the helicopter-building industry, Russian Helicopters takes its responsibilities very seriously in representing both the country and the sector in a high-tech world.

Q: Where is Russia's business climate headed?

A: Russia is opening up to foreign investment at present, and the government's plans to continue steadily privatizing state-owned assets are a positive sign of more to come. The country is tightly integrated into the global economy and is very sensitive to events happening elsewhere. In terms of the helicopter-building industry, it is less dependent on macroeconomic fluctuations, which tend to have only a delayed effect on the sector. Having a long production cycle means that companies in the sector can anticipate changes ahead of time.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Good people are the lifeblood of our business, and we need action rather than words to ensure that enough young people are receiving the right education and training. Our company has taken decisive steps to try to ensure this, particularly as many of our facilities are major employers in their towns. We offer independent opportunities for training, for example through the Oboronprom Corporate University.

Boris Titov

✘ Chairman, Delovaya Rossiya, a business lobby group; Chairman, Abrau-Durso Winery

Q: What makes leadership work?

A: For me, I am a workaholic and I love what I do.


Q: Where is Russia's business climate headed?

A: The business climate in Russia leaves much to be desired. Russia placed 120th in the World Bank's Doing Business Rating in 2012. But there are reasons for optimism. The cardinal improvement of the investment climate has become a key part of the government's agenda, formalized in a May 7 presidential decree on the long-term economic policy. Among other things, the decree sets the goal for Russia to rise to 20th place in the Doing Business Rating by 2018.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Almost all areas of business need improvement. To achieve this, the government's key performance indicator should not be tied to the number of meetings that officials hold but the number of work positions they create, the number of roads they build, and the number of customs procedures and other red tape that they reduce.

Andrew Somers

 President, American Chamber of Commerce in Russia, a business association with more than 800 corporate-member companies

Q: What makes leadership work?

A: Characteristics include intelligence, self-confidence, decisiveness, and empowerment and engagement, which are two sides of the same coin. You have to empower your people, and you have to engage people who have more power or authority than you.

Q: Where is Russia's business climate headed?

A: I'm pretty positive about it. I think the government is on track for serious efforts in healthcare, innovation and the diversification of the economy. I like the new roster of government ministers and officials in the presidential administration. A lot of them have good track records, and we have confidence in some of the new appointees. Russia has become more mature and globalized since I arrived a decade ago. Its entry into the World Trade Organization will enhance transparency and attractiveness for foreign investment, which will also help push the economy forward.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: The court system. A national program needs to be developed to increase the compensation of judges and raise the level of their legal education, which would include regular, periodic courses in new developments in the law. The chief justice of the Supreme Arbitration Court, Anton Ivanov, has been a driving force for improving the judicial system, and his knowledge should be used to further develop it.

Christopher Van Riet

✘ Founder and managing director, Radius Group, a real estate infrastructure solutions company with more than \$900 million in warehouse projects in Russia

Q: What makes leadership work?

A: Passion, discipline and empathy are a powerful combination for effective leadership.

Q: Where is Russia's business climate headed?

A: Over the next five years of transition, the Russian business environment will become substantially more sophisticated and competitive. Businesses with effective management organizations will enjoy increasingly disproportionate success in this transition period and create strong market share positions from which it will be difficult to dislodge them in the future.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: While Russia is a risky market, global risk perceptions are not aligned with economic fundamentals, keeping the cost of capital high and hobbling economic development. The Russian government would serve the country well by improving global investor sentiment through focused and well-resourced public relations initiatives.

Oksana Pilatova

✘ Country manager, Dow Chemical

Q: What makes leadership work?

A: Successful leaders build their teams carefully, invest in their development and continuously nurture their trust and respect. At Dow, we believe that the human element is a driver of business success. With the right people, we are creating passionate leaders at every level and in every part of our business. We both expect and nurture leadership in every employee as we challenge one another to be the best.

For leaders, it is important to develop every day, to never stop, and to be an example for team members. This is, I believe, the attitude toward life.

Q: Where is Russia's business climate headed?

A: Russia has tremendous potential to successfully leverage its advantages: geographical outreach, immense natural resources, rich history and incredibly talented people. These are key characteristics that contribute immensely to business growth in different markets and segments. Russia's WTO accession reflects the country's dedicated commitment to a fully open, liberalized, rules-based market. This will help to remove current barriers to market access, streamline customs processing requirements and create substantial export and investment opportunities for business.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Russia needs to be less dependent on energy exports and focus on economic diversification, the course that is currently being pursued by the Russian government.

I also think Russia needs to be more actively engaged in the global economy and to promote the country. It would be great to see the highly educated young talents, with various work experiences and mind-sets, take up the role of ambassadors in the global market and help shape the perceptions of the country.

Russia needs to be more open for international and successful companies, which will help promote the country on a new global stage.

Gerhard Pfeifer

✘ President and CEO Robert Bosch; Bosch Group Representative Russia, Ukraine, Belarus, Central Asia and Caucasus

Q: What makes leadership work?

A: Here are Bosch guidelines to leadership: Aim for success, demonstrate initiative, demonstrate courage, keep your associates informed, lead by goals, give feedback to your associates, trust your associates, shift your perspective, shape the future together, and develop your associates.

Q: Where is Russia's business climate headed?

A: In general, I expect a robust business climate and continuously good GDP growth over the next few years. There is a continuously high demand for energy and resources out of the Russian ground, and we also see growing demand by Russian consumers for competitive, high-quality products for daily life.

But there are some substantial risks to the positive business climate. The strong exposure of Russia's economy to oil and gas prices, the slowing down of the economy in China and the ongoing financial turbulence in Western Europe might have a negative impact on the Russian economy.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: I see three major areas where an improvement would create a win-win situation, both for the Russian economy and international groups like Bosch.

1. Strengthening of mid-sized companies to broaden the supplier base for local production. This is one of the most important obstacles to bringing in more foreign direct investment today. We don't find an appropriate network of stable local companies to provide the necessary materials, products and services of the required quality.
2. Reduce the burden of administration and authorities in order to get significant productivity

gains. We are still creating too many reports for authorities and institutions without creating additional value.

3. Reduce travel restrictions, especially in the visa policies between Russia and Germany. By making use of a facilitated visa practice, companies from both countries could save millions of euros. It would be better to invest this money in business growth.

Reza Vaziri

✖ Managing director of 3M Russia

Q: What makes leadership work?

A: At 3M, we believe leadership works when the leader shows his own example. If you ask the whole organization to fly coach, the leader should fly coach as well. In Russia, I have seen leaders who might behave differently. A leader should give clear direction and provide the necessary support for an employee to be successful. A good atmosphere at work is very important. You should be passionate about your work and have fun! If you don't, you will not be able to deliver good results.

Q: Where is Russia's business climate headed?

A: I see a lot of good signs. A recent survey in the Economist ranked Russia among the 10 largest M&A markets. This shows that investing companies believe in Russia's economy.

I believe Russia is showing good progress in the development of privately owned companies, while certainly other areas require further improvements in business ethics. When we started to build our first plant in Volokolamsk, in the Moscow region, it was very time-consuming to receive all the required permits and documents. Now we are considering the construction of another plant, and I see a lot of improvements — for example, free economic zones. We are absolutely dedicated to aggressively expanding our manufacturing footprint in Russia.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Legislation. A lot of laws are coming into force with short notice. Of course, we know about the legislation while it is being developed, but then it suddenly comes into force as of "now" or tomorrow. There are situations when we often need a clarification or interpretation of a new law, how the new processes should be handled.

Philippe Pegorier

✖ Country president of Alstom Russia, Ukraine and Belarus

Q: What makes leadership work?

A: Apart from experience and a creative approach to business, leaders need to be especially quick at decision-making and to form a great team.

Q: Where is Russia's business climate headed?

A: We believe in the Russian economy. It shows a healthy trend despite its link to the oil price; Russia has a strong reserve of hard currency, and its GDP is growing by 4 percent per year. You can also add a low inflation of 5 to 6 percent and the same level of unemployment, which is also very low. The robust economy plus the modernization program that is on the way is very important for the national industry, as well as for international companies bringing new technology here. So we trust in the policy of the Russian government.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: The main issue of industry is competitiveness. Russian products are often more expensive than those of European origin, not to mention China. However, a solution already exists, as the economic integration between Russia, Kazakhstan, Belarus and possibly Ukraine is under way. As we have, or aim to have, production in these countries, the elimination of customs duties would be very important for our business.

Another solution is the forthcoming membership in the World Trade Organization. Russian manufacturers will have to make their products competitive via modernization, cost efficiency and a change of strategy instead of focusing on getting the maximum profit from single contracts; they will cut their short-term profit margin for the sake of the long-term benefits.

Patrick Ghidirim

✘ Managing director, AgroTerra, a corporate farming outfit with 250,000 hectares and half a billion dollars in assets in central Russia

Q: What makes leadership work?

A: Courage, empathy, love for people, a relentless drive for results, ambition, ego, lots of hard work, and some luck. If it were simple to describe, it wouldn't be such an elusive commodity.

Q: Where is Russia's business climate headed?

A: I think the climate will continue to improve — more transparency, more efficiency, less corruption — albeit slowly.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: The rule of law. I would recommend the following: leaders at each level must show respect for the rule of law; the court system should be upgraded and modernized accordingly; and zero tolerance for corruption must be shown at all levels.

Arturo Cardelus

✘ Director, Ferrero Russia & CIS, an Italian confectionary with a factory in the Vladimir region

Q: What makes leadership work?

A: You have to provide an example. The leader must be the example, the icon to look to. The person who is an example can really drive the company. Leadership also works if you empower people. You don't have to be a dictator. The leadership of the last century was directive. But in this age, the leadership secret is to empower people. You should use teamwork — but empowered teamwork. Finally, you must have values and principles; without them you can do absolutely nothing in the world. If you do these things, you are a leader.


Q: Where is Russia's business climate headed?

A: Stability in any country is always going to help business. So if you have political stability, and you have the tremendous natural resources that you have in Russia, you are going to have good business.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Investment in infrastructure — if you invest, you will have growth for the next 10 years. U.S. President Dwight D. Eisenhower launched the interstate highway system, and that provided so many jobs and so much growth to the economy. If Russia worked on its infrastructure, that would provide so much growth and job creation. The country would flourish if infrastructure were developed.

Anatoly Karachinsky

 Founder and president, IBS Group, a leading Russian IT services provider

Q: What makes leadership work?

A: It's when a leader has a strategy, he explains the essence of the strategy to people, they trust him, and this strategy brings the company success. The government differs little from a company.

Q: Where is Russia's business climate headed?

A: If I knew of some strategy that Russia's leaders were trying to bring to fruition, then I could say something. There isn't such a program. It seems to me that they aren't thinking about how to fundamentally change the business climate.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: I would like the business climate to improve. Serious changes in the judicial and law enforcement systems are essential. Everything related to corruption needs to be dealt with, and something needs to be done about business competition so that everyone competes on equal terms. The fewer state companies working in business, the more competition there will be. People assume that they aren't competitive, and they pay bribes. There can't be equal footing if people pay bribes.

Jostein Davidsen

✘ Head of emerging markets commercial operations, Takeda, the largest pharmaceutical company in Japan, which is building a \$100 million plant in Yaroslavl

Q: What makes leadership work?

A: It's the top leader who sets the aspirations of the company so it can build a peak-performance management team that will work effectively over time, not just in the short term.

Q: Where is Russia's business climate headed?

A: I think it's positive overall. Look at Europe, the United States and Japan, where growth is declining. The growth is in the emerging markets, and Russia is one of the most solid emerging markets. Russia's natural reserves are immense, the infrastructure is on a moderately solid level, and the government is really attracting investment and putting it high on the agenda. From my point of view, if you have a sizeable business and are thinking in the long term, you should invest in Russia.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: If I stick to my pharmaceuticals area, the key priority would be extending the life expectancy, which is among the lowest on the globe. I would focus on the social sector and healthcare. More emphasis should be placed on reimbursing the population for healthcare costs and rebuilding infrastructure in hospitals and clinics. We all know that nothing works without good health.

Antonio Linares

✘ Managing director, Roca Russia, a Spanish bathroom-fixture company with seven factories in Russia

Q: What makes leadership work?

A: Leadership comes together with the right mixture of several ingredients. Among them, and not necessarily in order of importance, are empowering the team, co-responsibility, giving a good example, a sense of humor, providing help whenever required, self-confidence, humility, respect, open mindedness, and self-criticism. You can cook up various recipes that will make leadership work, but all of them will contain some or all of these ingredients.

Q: Where is Russia's business climate headed?

A: I see difficulties if the government's strategy continues to focus on energy and services and to ignore everything else. There must be industrial diversification and a significant growth in small and mid-sized businesses. To move in that direction, a stable juridical environment needs to be built.

I usually use the example of Roca to illustrate this principle at seminars and conferences.

The company was born in 1917, during the constitutional monarchy of Alfonso XIII. Then we went through one dictatorship (Miguel Primo de Rivera), the Second Republic, a second dictatorship, and finally — I hope — democracy. Through all those years, the company remained in the hands of the Roca family. That is what I call a stable juridical environment, irrespective of the many changes of the political regime.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: I think that there is an urgent need to improve the infrastructure: utilities, roads and railways. Better-quality roads will contribute to people's mobility to places other than Moscow. Otherwise, Moscow will continue to be the only place where people see prospects for growth.

In addition, Russia needs to help its own entrepreneurs to stay put and not have to fly abroad or sell out to multinationals. That will come only with the protection of business initiatives, especially for small and mid-sized companies. Just look at the percentage that SMEs represent in Western economies and compare them to Russia — it is devastating.

Jochen Wermuth

✘ Founding partner, Wermuth Asset Management, which has advised on more than \$1 billion of investments in Russia since 1993

Q: What makes leadership work?

A: Having shared experiences about what makes good leadership with presidents, CEOs and company founders, as well as NGO and political leaders within the Young Presidents' Organization, the answers seem very clear to me: 1. Lead, do not manage, and 2. Lead by example.

My guess is that most Russians believe senior government officials are only interested in enriching themselves and seek to use their positions in government to achieve this. Because working for personal gain is the example that the country's leadership is perceived to be giving, this is the approach copied at all levels of officialdom, judiciary and business.

Q: Where is Russia's business climate headed?

A: Without a doubt, the biggest issues for the business climate are the lack of an independent judiciary, independent media, political competition, and functioning government services that can be relied on. Whether you are a Russian citizen, a foreigner or a business, you can't be assured of getting a fair court trial. Whether you are a private individual or an investor, it's troubling to think that if ever you need emergency medical support, you might need to "interest" the police or the ambulance driver for assistance. Or you might need to "incentivise" firefighters before the fire truck arrives. And it's disturbing to think that half of the medicine in the drugstore might be falsified. These are examples of the numerous day-to-day issues that stand in the way of real progress. The big picture in the case of Russian investment is clear and compelling; it's these "micro" issues that need to be addressed by leadership through example and proper incentives.

Q: What area would you most like to see improvement in, and how would you recommend improving it?

A: Even though I get chastised for saying this, I believe that there was a case for supporting President Vladimir Putin for rolling back democracy a bit in the 2000s to rein in the free-wheeling oligarchs who controlled local economies and elections and then abused the power of the state to further enrich themselves. But the problem is that in the absence of checks and balances, some people in or near power appear to have developed a taste for living off economic rent themselves. If Putin called in the bureaucrats as he called in the oligarchs and led by example, submitting the country and himself to independent courts, Russia could boom.

With the Kremlin promising to clamp down on corruption and allow more political competition, it should:

1. Accept an outside international court as the highest legal authority for all cases in Russia (just as the high court in London is the highest court for Singapore and Brussels is the highest court for any EU commercial dispute);
2. Re-introduce the election of mayors, governors and local parliaments without restrictions or unfair access to media and administrative resources.
3. Make any undeclared income above \$50 a bribe that is subject to criminal punishment, increase the penalty for petty bribery and large white-collar corruption to up to 20 years in prison, and call for a date from which everyone will be asked to live by these new rules. People who fail to adhere to the rules should be locked in prison to prevent them from abusing the new system to further enrich themselves.

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