

## **CORRUPTION AS THE KEY THREAT TO NATIONAL AND ECONOMIC SECURITY OF RUSSIAN FEDERATION**

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*The article considers the socioeconomic consequences of corruption and the wide scope of related threats to national and economic security of the country, Russia in our case. Using the most well known as being effective foreign experience the authors offer measures to increase the efficiency of corruption counteraction in Russian Federation.*

**Key Words:** national security; economic security; corruption; threats and challenges.

Among the wide range of all current and potential threats to national and economic security of Russian corruption takes a special place. Its destructive potential is extremely dangerous, and when its practical implementation and dissemination does not have serious counteraction from the side of public bodies and society overall, then its socioeconomic, political and even cultural/ideological consequences could be indeed catastrophic.



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Corruption tends to penetrate all elements of the state body at the same and in this was it is gradually destructing it. Thus, public power becomes the object for purchase and sale, and also a convenient instrument for the representatives of public bodies to get rich quickly. Obviously, the more corruption is penetrating into the public bodies – the less they are able to represent the public interests efficiently and fairly, for the greater good of the society.

The corruption element deforms economy as such because it disrupts all stimuli to development, to modernization and consequently, to innovative development overall. Due to corruption situations and facts the economic turnover loses huge volumes of financial assets which are thus spent on some sort of parasitic consumption or simply flow abroad. Corruption directly or indirectly influences the inflationary processes in the country since due to corruption the price for any product or any service includes the so-called corruption component which may vary in the range of 20-30% of the final price, and in some cases it can go even higher.

Vladislav Surkov (at the moment being the deputy head of the President's Administration Office) once stated that "corruption is dangerous for our country not only because it is getting endemic. Corruption is practically endless also because in Russia people are taking bribes not as a certain percentage from profit, and not using some sort of economic logic. People assume their "share" to be as large as they imagine it to be, in some cases it can be twice or even thrice the cost of a commodity or of a service. They just set some sort of their own rate, then they take bribes up to a certain limit they need, and then they live for pension. Such sort of corruption logic would destroy any society" (Izvestiya newspaper, April, 14, 2011).

However, the evil essence of corruption is not limited to the described above only. Corruption is tightly intervened with many threats to national and economic security, namely, to terrorism, drugs addiction, shadow economy in its most general sense, extremisms of many sorts, separatism movements etc. This is why rapid spread of the phenomena in question is quite comparable to extended reproduction under which various forms of corruption afflict the whole vertical of power, including the very top of it. In such a case the very fundamentals of state existence get under serious danger.

"Corruption – as Shamil Sultanov states – is spreading only from the top level to the down level. The bad examples of the tops are contagious for the society as a whole. It was corruption which emerged at the top level during the times of Nikita Khrushchov, later became the key factor in the Soviet Union collapse" (S. Sultanov, Zavtra newspaper, September 2010, # 37).

We can agree with this logic. Soviet patrocacy started to decay preciously due to corruption. These people were never satisfied with their status and welfare level (manifold higher than the Soviet average). And they strived to convert the power they had into money and property. Having a lot of money or a lot of private property was nearly impossible in the country where communism was the official ideology. Therefore, this government system had

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to be destroyed. And these people used all the means available to them to do so (though there were, of course, other factors, both internal and external).

This lesson needs to be learnt well enough so that not to repeat the mistakes of the past. However, today in Russia the scale of corruption is simply beyond any imaginable limits. It is nearly impossible to find a unit of power which is not corrupted. According to the calculations of O. Bogdanova, the circulation of corruption assets in Russia today equals 52,6% of the country's GDP. For comparison: corruption in the world economic comprises around 0.5% of the overall volume. The same author further states: "Russian indicator of 52,6%... sounds indeed like a verdict. And our leaders do not have much time on thinking this over: if we leave this as it is now, this contagion will destroy the economy as such, and thus political stability will also be threatened" (Bogdanova, 2012).

Of course, all these are expert estimations and predictions only, and many would object to these digits. However, this does not make the problem less topical or less painful anyways. Inside the country the whole sectors and branches are sinking in corruption networks, and their situation is not getting any better (the most troublesome are probably the energy sector, central heating systems, communal services, the system of public procurement etc.). Joint inter-departmental committee headed by the deputy head of Russian Duma (parliament in Russia) Nikolai Levichev two years checked the activities of Russian customs offices, for example. And as it turned out, customs had a wide range of shadow schemes under which the state had been being ripped off absolutely unreal sums of money. When the experts of this committee compared the data of official Russian statistics and official foreign statistics, they found a huge gap in the data. For Russian imports this gap was as large as 20%, or nearly 63 bln USD. And for Russia's exports the same gap was about 21%, or nearly 109 bln USD. And as a result, the losses of the Federal Budget from tax evasions and customs duties evasion totaled to around 39 bln USD (Gurdin, 2015).

Russia is suffering from corruption scandals of various levels all the time. Most notorious examples of the recent past belong to the level and activities of governors. The governor of Sakhalin oblast (oblast – large administrative unit in Russia) A.V. Khoroshavin back in March 2015 got caught on the bribe as huge as 5,8 mln USD. After a thorough check, it turned by that time he was already the owner of three penthouses in Moscow, load of jewelry and about 1 bln RUB in cash ([www.rbc.ru](http://www.rbc.ru), 25-03-2015).

Later same year, in September 2015 nearly all public officers of the top level were arrested in the Republic of Komi, including the head of the republic, Vyacheslav Gaizer. The investigation revealed that the top administration of this large federal unit was basically a huge criminal community, involved throughout the period of 2006 to 2015 in large-scale embezzlement ([www.izvestiya.ru](http://www.izvestiya.ru), 20-09-2015).

And later in June 2016 already, the governor of Kirov oblast, Nikita Belykh was arrested while being bribed. The investigation claimed the amount of the bribe was 400 ths EUR ([meduza.io](http://meduza.io), 24-06-2016).

All these cases are, of course, high-profile, thus getting quickly infamous and notorious. However, sadly, most probably, this is just a top of a huge iceberg. Much deeper levels are not touched by investigations, and who knows, when and whether they ever be troubled at all.

Corruption in Russia has deep historic roots, noteworthy here. Source back from the first half of the XIXth century claim that Russian emperor Nikolai I demanded once from the head of his secret service, Earl A. Benkendorf to start a secret investigation so that to get to know who of his 58 governor were not taking bribes. Later he got the full report, according to which, only 2 governors in Russia were not involved in bribery – Kiev (as of today the capital of Ukraine) governor Funduklei (who was actually super-rich by the time he got that post) and also Kovno (the city is known as Kaunas, Lithuania today) governor A.A. Radishchev (the son of the most prominent Russian writers and pamphleters, known for his strong criticism of Russian political life of those times) (Panina, 2011).

Needless to say, Nikolai I was shocked by such results. Though most probably, the results of a similar investigation in today's Russia would lead to quite comparable results, and accordingly, quite the same feelings for Vladimir Putin.

Corruption power of Russian public servants is very strong because their positions seem to be quite stable and they feel they are somehow protected. Besides, corruption is capable of rapid changes, it is very flexible and is able to adjust to change conditions and new circumstances, new rules. Corruption today is not of market nature, actually. It used to be based on financial grounds, like bribes or the so-called kickbacks etc. But today it is mostly based on connections and useful contacts, thus it is getting more and more of networking features. Thus, fighting corruption is becoming a more complicated task to solve. Corruption counteraction must be more systemic and more thought through. "Amputation" of one corruption case and prevention of similar cases will not be enough. They must be accompanied by well grounded HR policies, more strict control over all sides of all public activities. Public awareness is also an important element in efficient corruption fight.

The classical example in this regard is of course Singapore. This country managed to fight corruption completely, as stated in many public sources (or at least to reduce it to the very minimum). Lee Kuan Yew, the founding father of today's Singapore as a prosperous nation and one of the most developed countries in Asia, was known to be extremely determined and often harsh in his anti-corruption campaign. Those proved to be embezzlers of public funds were shot to death. Same methods were actually applied to drug addicts. And this comparison is quite appropriate: corruption is indeed an addiction, requiring the most harsh and even sometimes extreme methods to overcome it (Quah, 2010).

And the result of this policy was amazing. Singapore is still known globally for its nearly non-existent corruption. However, at the same time we need to mention here that their policies, rules and methods cannot be automatically and mechanically copied for application in other countries. What concerns our comparison, Singapore is a tiny country. While Russia is 20 ths times larger by territory, and 30 ths larger by population number. Besides, Russia is

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much more diverse in terms of nationalities, cultures, religions etc. All these geographical, social and cultural factors need to be taken into account as well.

Another example, much more comparable to Russia due to size factor, is China, PRC. Corruption in this country is huge, as the country's size, actually. And the state is forced to apply indeed draconian measures to fight corruption. During the year 2007-2012, for example, nearly 700 thousand people were arrested and accused of corruption practices in China (Vedomosti, 2014, p.6). Moreover, within the period from 2000 till 2010 over 10 thousand Chinese public servants were executed after being charged with corruption (Argumenty nedeli, 2013, o. 32). It would be appropriate to quote here a newspaper investigation by one Russian journalist on this topic: "In China there is some sort of guarantee: if a politician is caught thieving, this is his end. Does not matter, which it was, a minister, a mayor, a governor. He will either get the maximum term possible, or even a bullet in the head" (Argumenty i fakty, 2009, p. 12).

And despite all these efforts and harsh methods applied, China does not seem to overcome corruption as such.

In Russia corruptionists are also being caught and they get real terms in jail. The state has finally realized all the danger from this evil phenomenon and is thus starting to demonstrate its power and its desire to fight corruption. However, speaking metaphorically, fighting corruption in Russia resembles the process of grass mowing: the grass is being cut, but the roots are still under ground, very much alive. Therefore, very soon the grass starts growing again. The basis of corruption, its fundamentals, its origins and true causes remain untouched. Once one public servant is arrested on corruption charges – there are at least several volunteers to occupy his place, and there is no guarantee they would be clean from corruption.

In our opinion, in order to get real, serious success in counteracting corruption radical changes are needed. And these changes need to start from the human resource policies. Personnel for public service need to be carefully selected and then thoroughly prepared, and later on they must be aware, at all stages, that their performance will be strictly controlled and monitored, at all times.

Last year one of the most widely discussed scandals, involving a huge amount of funds (as many as 9 billion RUB, or over 1200 kg of money in weight equivalent!) was related to the deputy head of the so-called T division of the Main Directorate on Economic Security (ironically), Ministry of Internal Affairs, colonel Dmitry Zakharchenko and his relatives. As it turned out, those who were supposed to fight corruption, were engaged in theft and fraud in the first place, getting illegally not just large amounts of money – but tons of money, literally. Obvious questions here: who are these people? Why were they selected for such positions? Who approved their placement and who was promoting their careers, thus providing more and more opportunities for corrupted practices? Clearly, the country needs an immediate and thorough screening of all public bodies, internal affairs especially as well as courts. Of course, this process will never be easy, it would be painful and there would be much resistance, however such "cleaning" is of vital importance.

Secondly, corruption fight should be aimed to investigating and preventing the cases of public bodies and organized crime “growing together”. This is an extremely dangerous phenomenon which is the manifestation of degradation of the state as a public institute which is supposed to protect the interest of its citizens, but in fact is doing exactly the opposite, serving the interest of the few chosen.

Market relations (which are comparatively new for our country) provided additional opportunities for “resources’ accumulation” while being at public service. Many public servants, having a federal or a municipal post, are also engaged in business activities, directly or indirectly, through close relatives. Obviously, public power and business need to be separated. Their “binding” is a serious threat for the country, and its consequences can be really unpredictable in the long term.

Corruption roots can be also destroyed through full confiscation of all tangible and financial assets from corrupted persons and further life-long ban from public service and other top managerial positions.

Having properly worded legislation and Criminal Code articles related to corruption fight are not enough – their proper implementation and full compliance are much more important. There must be no place for some sort of “untouchable” in the country (curiously, unlike in India, where the untouchables are the lowest social strata, in Russia this word expression got a completely different meaning – the “unreachable”, those who are above all public interests and the system of justice too).

All of the measures described above would develop and promote the efficient counteraction to corruption and thus would provide the state is secure from threats and challenges in the long term.

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