

# International VIEWPOINT

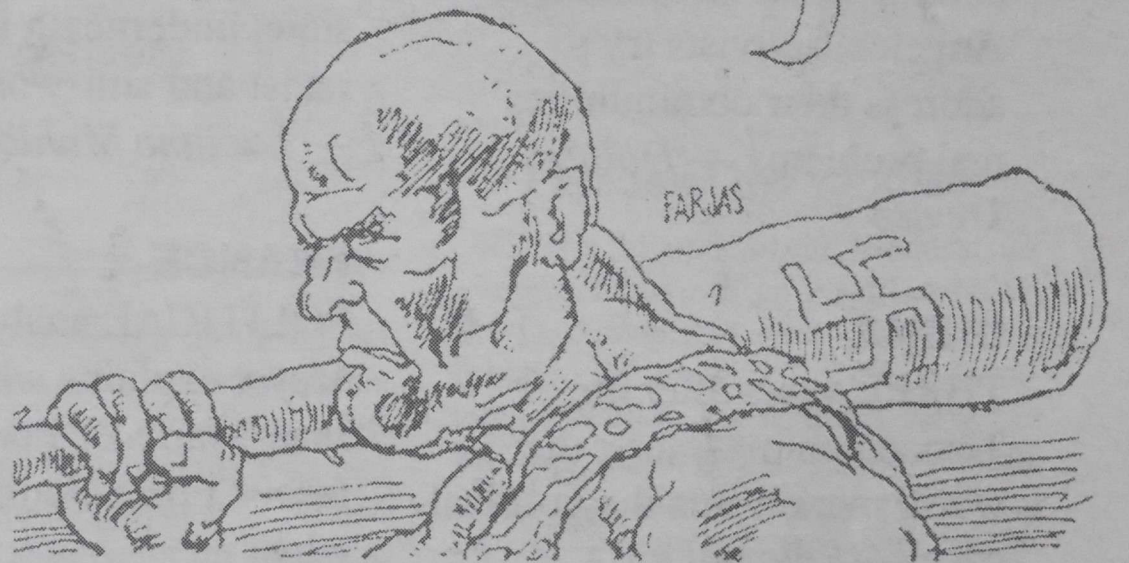
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## Who votes for Le Pen?

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# When is a bribe not a bribe?

**HOW BIG a bribe do you have to pay if you want some service performed by an employee of the Moscow mayor's office? It's official: ten percent of the total value of the deal.**

**IRINA GLUSHCHENKO AND BORIS KAGARLITSKY**

**T**HIS figure was specified in a recent interview by Moscow mayor Gavriil Popov himself. You can't get much more official than that.

Speaking to a journalist from the weekly *Argumenty i Fakty*, Popov explained that he was categorically opposed to "blackmail", but that he had nothing against the making of payments to officials for services rendered. The mayor agreed that this could be called bribery, but maintained that it would be more correct to describe it as the payment of "commissions".

Popov complained that he was always embarrassed when he did not know precisely how much he should give people in order to show his appreciation. In America, he had discovered, about 15% of the total value of a deal was considered appropriate. But in the more straitened conditions of Moscow, he thought 10% was sufficient.

District attorneys in the US would, no doubt, be intrigued to learn who it was of Popov's counterparts in American local government who furnished him with this information. Unfortunately these details were missing from the interview.

How often Moscow's new business entrepreneurs express their "appreciation" to Popov was not revealed either. But it is indicative that the "democratic" Moscow mayor, who not so long ago was a modest academic, was listed by the magazine *Kommersant* early this year as one of the five richest people in Russia.

Popov and his associates can appar-

ently tell the difference between a bribe and a "commission" but the difference is often lost on foreigners. For instance, British MP Ken Livingstone, invited to Moscow by the Party of Labour, observed that under British law Popov would be put on trial for his activities, and that his public statements would be considered evidence of guilt. Popov took offence, and initiated a libel suit against the paper, *Nezavisimaya Gazeta*, which had quoted Livingstone's remarks. Soon afterwards, Popov thought better of it and withdrew his suit.

The official Moscow bribe may now have been pegged at a level well below the American one, but it is still too high for the liking of Russian business people. This is one of the factors behind a scandal which hit the pages of the Russian press during April.

In the early months of this year Konstantin Borovoi, the head of the Russian Commodities and Raw Materials Exchange (RTBS), several times complained publicly that the mayor's office took too much, and that to pay such bribes was beyond the Russian business community. Borovoi and his associates first threatened to declare Moscow a zone hostile to business.

## Feudal corruption

Then, when nothing changed for the better, Borovoi called a press conference where he accused the city government of a degree of corruption possible "only in feudal states". In mid-April, the Moscow newspapers were carrying sensational headlines: "Businessman accuses Moscow government", "Business entrepreneurs demand resignation of Moscow government". Then came Borovoi's charges: "The city's executive power is intimately intertwined with criminal structures, which have created a unique mafia network which controls the city's vital functions. "The city's finest buildings have been sold off to foreign firms or handed over on long-term leases at nominal rents".

The Moscow Convention of Business Entrepreneurs called on residents to force the city government out of office through a boycott of its organs.

Popov summoned his own business allies, who duly declared that everything was in order in the mayor's office and the city government. On April 18 *Izvestiya* published an article defending Popov and describing Borovoi as a "veteran of sharp business".

The scandal then died down. A few of the circumstances should be clarified. Borovoi had personal grounds for his accusations against Popov and Vice-Mayor Yuri Luzhkov. A good deal earlier, Luzhkov had made a massive gift to Borovoi's RTSB. This took the form of depositing the monetary assets of the Moscow Social Security Fund, established in the autumn of 1990, not in a state or municipal bank but in the bank of the RTSB. The sum involved was more than a hundred million rubles, at that time a very large amount of money. The vice-mayor's action raised many eyebrows, since the RTSB was then only just setting up in business.

## Reasons to be angry

Later, there was some kind of falling out. The fund was withdrawn from the RTSB and deposited with the Moscow Narodny Bank. Then the RTSB's main competitor, the Moscow Commodities Exchange, began to move its business under the protection of Popov. Borovoi had ample cause to be angry.

Borovoi was always an unlikely corruption fighter, and people familiar with his record were not surprised when his crusade came to a sudden halt. Associates of Popov were said to be drawing the mayor's attention to "the need to examine the business interests of Mr. Borovoi".

As practical people, both sides understood that they had nothing to gain from allowing the dispute to become too public or too prolonged. If Borovoi did not respond to threats, he could simply be offered a share of the loot. One way or another, the signal met with a response, and the protests from Borovoi came to an end. ★



"Long live democracy!"