

Business Ombudsman Laments Weak Entrepreneurial Spirit

By [The Moscow Times](#)

September 26, 2013

The  **Moscow Times**

Russia needs more risk takers willing to strike out on their own as entrepreneurs, said Boris Titov, an official whose role is to relay the concerns of business to the government.

Businesses run up against a host of problems in Russia such as red tape, high costs, corruption and the danger of wrongful imprisonment. A poll by the Levada Center in May showed that 38 percent of Russian entrepreneurs wanted to emigrate.

"The spirit of entrepreneurship is weak," said Titov, who ran a sparkling wine business before President Vladimir Putin hired him in 2012 to protect entrepreneurs' rights.

"I was just speaking with students at a university, and out of about 300 people only one hand was raised when I asked 'who wants to become a businessman?'" Titov said.

"When I asked, what is the main problem, they said 'It is more safe and stable to get

a salary'."

People have a distrust of businessmen, tarnished by the chaotic privatizations of the 1990s that enriched a few. According to a Levada Center survey this year, 35 percent of respondents think that the activities of large Russian businessmen and entrepreneurs are likely to harm the country.

Many spurn business for what they see as the safer world of bureaucracy. Twenty percent of the labor force works for the government, the OECD think-tank has estimated, compared with around 15 percent in the U.S.

Titov acknowledged the problems: "The main three conditions for doing business in Russia should be: safe, comfortable and profitable. If those are working, the economy grows."

Russia ranks 112th globally on a World Bank scale of ease of doing business and 101st in terms of ease of starting a business. An estimated \$38 billion in private capital left the country in the first half of the year, according to the Central Bank.

Titov has spearheaded an amnesty to try to correct failures in the legal system, which has often seen entrepreneurs jailed on trumped-up charges stemming from business disputes. The amnesty started in the summer.

Titov, who estimates that more than 13,000 have been locked up for economic crimes, said 182 people have now been freed. A total of 861 have been given amnesty, including those being prosecuted who have not yet gone to jail.

He is also proposing changes to rules governing immigrant workers, aiming to enable them to gain work permits and leave the country without being penalized.

This would help prevent illegal immigrants giving businesses that skirt the law getting the upper hand over those who observe it, he said. According to some estimates, Russia has 10 million illegal immigrants compared to a population of 140 million.

Titov, whose official title is Presidential Commissioner for Entrepreneurs' Rights, previously ran sparkling wine house Abrau-Dyurso. He spoke wistfully about returning to the business, now run by his son.

"I dream about it," he said. "Of course it is much better to start your day thinking about the market or how sparkling wine is sold than about getting new claims for problems. But we have to change the situation, and one day I hope I will return."

Original url:

<https://www.themoscowtimes.com/2013/09/26/business-ombudsman-laments-weak-entrepreneurial-spirit-a28039>