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## As crazy as it sounds, the oligarchs could save Russia

By Chrystia Freeland

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One of the great debates about Russia is now over. We no longer need to argue about whether Russian leader Vladimir Putin's reassertion of state power is good for the economy and thus essentially benign. We do not need to ponder whether the selection of the "liberal" Dmitry Medvedev as president means the country will soon, again, become freer. We can cast aside discussions about whether strong-arm Kremlin chiefs will make more reliable partners for the west than the shambolic democrats who preceded them.

The war with democratic Georgia has created a new, sharp consensus across Europe and North America, as voiced with surprising harmony at Nato's emergency summit in Brussels this week. Mr Putin's neo-authoritarian regime - and it is clearly his state and his fight, no matter that we now call him "prime minister" - is a country with which, as the Nato summit concluded, we cannot continue "business as usual".

But this sad conclusion has left us with another, trickier dilemma: what can we do instead? The initial answers have been sobering. Having finally agreed that the new Russia is nasty - and not just to its own journalists or human rights activists - western leaders are also coming to the view that it may be hard to influence, let alone contain.

For one thing, there is Russia's petro-wealth. Your pain at the pump has resurrected Moscow from a humble recipient of International Monetary Fund financing in the 1990s to the swaggering holder of more than \$581bn (€310bn, £245bn) in central bank international reserves it is today. Some of that money has gone to the military, which we now remember is vast, has nuclear capability and, as of August 8, is prepared to strike beyond the borders of the Russian Federation. Its actions too are emboldened, at least in part, by what the Kremlin is keen to portray as Washington's morally equivalent foray into Iraq.

Moreover, like long-suffering vegetarians who have rediscovered the pleasures of eating meat, Russian leaders have bitten into their new role as the world's tough guys with relish. They have had all the best lines of the conflict, with even the small and scholarly-looking Mr Medvedev growling that "if anyone thinks they can kill our citizens . . . we will come out with a crushing response".

But, for all the parallels between the current conflict and the stand-offs of the cold war, it is worth remembering that today's Russia has not yet regressed to the days of the USSR. Russians are less free than they were one decade ago, but vastly more free than they were two decades ago. Mr Putin and his *siloviki*, the security and military forces, have done an impressive job restoring central political control, but they are Amnesty International compared with the comprehensive, totalitarian grip of the Communist party of the Soviet Union.

Most importantly, notwithstanding Mr Putin's efforts to reassert state authority over what Lenin called "the commanding heights of the economy", this time Russia has private property, private businesspeople and growing ties with the world economy. Russian capitalism - and, more crucially, Russian capitalists - may be our best bet if we hope to limit Russia's malign actions abroad. Crazy though it may sound to contemplate right now, they could even be critical to Russia's eventual return to a more democratic path.

Of course, thinking of the Russian oligarchs as the good guys will take some getting used to. For one thing, one of the casualties when Russian tanks rolled past Gori was the beguiling "Golden Arches Theory of Conflict Prevention" proposed by Thomas Friedman, the New York Times columnist: "No two countries that both have a McDonald's have ever fought a war against each other." Alas, you can buy Big Macs in both Moscow and Tbilisi, so we now know a little consumer capitalism is insufficient immunisation against old-fashioned clashes between imperialism and independence.

Moreover, when it comes to the oligarchs themselves, kowtowing to the Kremlin is their first commandment: the ones who did not realise that have long since been subject to expropriation, exile or imprisonment. Indeed, Russia's remaining magnates are those who

have figured out how to profit from Mr Putin's neo-authoritarian policies; they would, no doubt, be happy to help harvest whatever economic fruits might come within their reach as a result of any further neo-imperialist incursions.

Yet even with all of those caveats, business is the most progressive force with any remaining power in Russia today. The oligarchs are crony capitalists, but they are global ones, too. Western capital markets, western consumers, western acquisitions and even western MBAs have all become an essential part of the way they do business. That gives them a powerful vested interest in maintaining good relations with the west that the politburo never had, and that the *siloviki* do not fully share.

Psychologically, they are different, too. Russia's capitalists did not experience the collapse of the USSR as the humiliation that it was to Mr Putin and his KGB comrades. The turning-point year of 1991 transformed the *siloviki* from being a feared and privileged elite into ill-paid civil servants, and occasionally publicly reviled ones. For Russia's magnates, the end of Soviet rule was a winning ticket in the world's richest lottery, granting them money, power and international prestige.

This brings me to my modest proposal. The west must, of course, be determined in using the few formal tools it has for hemming in a resurgent Russia, particularly denying it membership of the World Trade Organisation and stepping up support for vulnerable neighbours such as Ukraine. But why not take a page from the Kremlin's own unconventional and deviously brilliant play-book? Mr Putin, as we have seen, is not squeamish about direct confrontations, but sometimes Moscow finds it more convenient to harass the countries, companies and non-government organisations on its blacklist with the subtler tools of denied visas and zealous tax inspectors - you could call it the TNK-BP technique, in honour of BP's recent Russian joint venture travails. With their lavish foreign holiday homes, healthy foreign bank accounts and appetite for buying foreign assets, Russia's tycoons are vulnerable to the same pin-pricks. An oligarch recently told me that Mr Putin's tragedy is that he wants to rule like Stalin but live like Roman Abramovich, the Russian plutocrat. We need to make it clear to him and his business buddies that they cannot do both.

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