

Putin appeals to the Russian oligarchs

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Faced with a massive speculative attack on the ruble by the global financial system controlled by the imperialist powers, President Putin has appealed directly to Russia's oligarchs.

On December 19, he met with leading Russian finance tycoons and big industrialists to strengthen the Kremlin's alliance with the financial and business oligarchy. At the annual dinner between the Kremlin chief and the country's billionaires, Putin promised them that the sanctions imposed by the US and European Union would not come at their expense.

According to one of the participants quoted by the Russian economic magazine *Vedomosti*, Putin promised the employers and the banks that the Kremlin would not do anything against the mass sell-off of the ruble. Instead, Putin begged them to display their "sense of civil responsibility" and, despite the dramatic devaluation of the ruble, to limit sales of the currency.

Putin stressed that the meeting should ensure that "we all feel mutual support, i.e., that the state feels the support of your businesses and your collective." According to the *Vedomosti* report, the meeting took place in a "very cordial atmosphere". Another oligarch commented, "The main message of the meeting was the following: the government will protect business, and business should also help the government."

The meeting was attended by representatives of 41 leading Russian employers and banks, including the oligarchs Petr Aven, Roman Abramovitch, Viktor Wechselberg, Oleg Deripaska, Leonid Michelson, Michail Prochorov, Alischer Usmanow and Ruben Wardjanjan. The gathering included the top layer of the super-rich on the Forbes list.

The collapse of the ruble and the Russian stock market have cost the 20 richest Russians 10 billion dollars in just one week. According to a report by Russian *Forbes* magazine, since the beginning of the sanctions, their wealth has declined by \$73 billion. The

fortunes of some oligarchs have more than halved. In response to the crisis, they are moving ever more capital into foreign banks, further increasing their dependence on imperialism.

The Putin regime is responding to Western aggression by seeking to appease the imperialists and the oligarchs. At a three-hour press conference on Thursday last week, Putin referred to the imperialist powers as "Western partners" and stressed his interest in international cooperation.

The day before, the oligarch Vladimir Yevtushenkov had been released from detention. Yevtushenkov, who occupies 15th place on the list of the richest Russians, had been placed under house arrest in September on suspicion of money laundering. This action has been criticized in the West and in the Russian financial press.

In order to secure the support of the oligarchs, the Putin regime is ready to place the entire burden of the economic crisis onto the backs of the working class. The Kremlin has intensified its austerity measures. At the same time, laws are being prepared to protect the fortunes of the oligarchs from the effects of the sanctions. According to the Rotenberg Law—named after Putin's friend and oligarch Arkadi Rotenberg—the Kremlin will repay the value of assets which Russian oligarchs have lost abroad as a result of the sanctions.

The idea came from Rotenberg, after the Italian government took possession of his villa worth \$40 million in October. The overwhelming majority of the Duma (parliament) voted for the law at its first reading in October. The law essentially means that the cost of the oligarchs' "stolen property" is to be paid for by the Russian people. It is one of many measures by the Kremlin that show the reactionary character of the Putin government.

Elvira Nabiullina, who heads the Russian Central Bank, responded to the massive devaluation of the

ruble by raising the prime rate from 6.5 to 17 percent beginning January 1, 2015. In the international financial press, the move was hailed as long overdue and necessary.

As in the 1998 financial crisis, a weak ruble would create a mechanism to curb wages and social benefits. This is why the policy of a weak ruble has been welcomed by sections of the oligarchy. Even before the start of the economic war against Russia, the central bank had significantly devalued the currency at the end of last year.

In particular, the former finance minister and Putin adviser Alexei Kudrin, celebrated in international financial circles for his tough austerity measures between 2000 and 2011, welcomed the measures as a painful but necessary step to reform the Russian economy. However, some employers have criticized the Kremlin for saving the financial system at the expense of industry. For some businesses, the interest rate rise means paying 20 to 25 percent for credit.

The scale of the current crisis is increasingly being compared to the dramatic social and economic collapse of the 1990s. After the restoration of capitalism, which completely ruined the overwhelming majority of the population, one economic crisis followed another, cliques of oligarchs engaged in Mafia wars and governments had to be replaced every few months.

Even if Putin stressed the “very warm atmosphere” of his meeting with the oligarchs, his government can no longer be sure of their support. Despite his constant offers to imperialism, Western governments and media, as well as significant sections of the Russian finance and business elite criticise his policies as demonstrating too little willingness to compromise.

The Russian edition of *Forbes* magazine commented on Thursday’s press conference saying, “The attempts by the Kremlin to present the situation as a ‘usual crisis’, which also affects large and strong economies, is a sign of ineptitude. ... The situation is extraordinary. ... In these days, many Russian businessmen and even the state bureaucracy confront the question—should we remain within this system, which many think means suicide.”

The Russian oligarchy and state bureaucracy fear that without unconditional capitulation to imperialism, their entire fortune and power in Russia itself is at risk. At the same time, social tensions are rising enormously as

a result of the economic war being conducted by the US and EU and the open protection of the oligarchs by the Kremlin. The devaluation of the ruble hits hardest the broad mass of the population, who already face mounting poverty.



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