

“Oligarchs I Have Known”

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Summary by George Soroka, Master's candidate in Regional Studies: Russia, East Europe and Central Asia

In an enlightening and often entertaining talk, Professor Timothy J. Colton shared his recollections of interviewing Russia's new economic elites. Revealing that the idea for this talk came out of research he is currently conducting for a book on the Yeltsin presidency, Colton began by noting that most of the Russian oligarchs are products of the same generation as the current crop of post-Soviet leaders, making the interactions between the two, especially in the context of the broader transformations occurring within Russian society, particularly interesting.

Emphasizing that in post-Soviet Russia political changes came before economic reforms (although allowing that some economic preconditions existed prior to political liberalization), Colton stated that the seminal conditions which allowed the Russian oligarchs to rapidly amass personal fortunes in the early and mid-1990s were not so much initiated as tolerated by the post-Soviet government. Noting that, at least initially, wealth-building and political reforms proceeded according to separate schedules, he reminded the audience that it was not until 1994 that the names of the new rich began to appear in *Nezavisimaya gazeta's* list of Russia's most influential political power brokers. Although by the mid 1990s the oligarchs undeniably constituted an increasingly powerful social and political presence in the country, Colton cautioned that they were never an entirely cohesive group, nor did they enjoy, as has so often been portrayed, virtually unlimited access to the Kremlin and Yeltsin.

In identifying three recently-published English-language books which deal specifically with the oligarchs (Chrystia Freeland's *Sale of the Century*, Paul Klebnikov's *Godfather of the Kremlin*, and David Hoffman's *The Oligarchs*), Colton commented that they all represent journalistic accounts rather than scholarly tomes. While praising certain aspects of these volumes (in particular the accounts of Hoffman and Freeland), he nevertheless pointed up methodological deficiencies in each of the respective approaches, in particular noting that all of the above writers clearly enjoyed greater access to business leaders than to political figures, resulting in a somewhat skewed perspective.

In response to questioning, Colton stated that he did not delve into the business practices of the oligarchs during his interviews. Describing his own research, he noted that his primary goal was to assess the oligarchs' perceptions of the Yeltsin presidency. Colton reported that he had, at one time or another, spoken with approximately a half-dozen “oligarchs,” although he added that there exists some disagreement as to who should be included under this designation. He specifically mentioned Mikhail Fridman, Pyotr Aven, Mikhail Khodorkovsky and Vladimir Potanin as figures he had recently interviewed. Elaborating on his impressions of the group as a whole, Colton reported that he found them all to be highly intelligent and original in their thinking, and overall not particularly ostentatious. While hailing from diverse backgrounds, he

noted that all the oligarchs seem genuinely surprised at the paths their lives have taken. Although for obvious reasons none are sentimental about the economic side of the communist period, some apparently do express sincere regret at the dissolution of the multi-national Soviet state.

Addressing the topic of what form the relationship between business and government took during Yeltsin's term in office, Colton began by stating that all of the subjects interviewed thought very highly of Yeltsin. Yet in a departure from the commonly-held perception that the oligarchs "controlled" the Kremlin by the mid 1990s, he reported that they viewed Yeltsin as "Tsar Boris," an appellation reinforced by his "monarchical" manner in dealing with people. Elaborating this point, Khodorkovsky described a Kremlin meeting which took place in March 1996. A group of oligarchs had arranged a meeting with Yeltsin in order to impress upon him that, unless he took radical proactive measures, he would surely lose the upcoming presidential election. Yeltsin's reported reaction was initially one of extreme annoyance; only after a protracted period of tense silence did he finally ask for suggestions. Khodorkovsky maintains that until the very end the gathered oligarchs had no idea of how the meeting would end, and that he even feared for his personal safety. According to the oligarchs, Yeltsin appears to have had little understanding of the economic issues involved in Russia's post-communist transition, and, based on Potanin's description of a January 1997 meeting concerning financial arrears, seemingly was more interested in dictating timetables for reform rather than delving into the concrete issues involved. Colton acknowledged that such accounts may be self-serving, but nevertheless noted that they had the ring of truth about them.

Switching the line of questioning somewhat, Colton reported that he also asked the interviewed oligarchs what they thought Yeltsin's impression was of them. All answered that Yeltsin did not care one way or the other about their motivations for accumulating wealth, although he seemingly took pleasure in the fact that the political conditions he brought about made this possible. On the topic of political influence, Colton reiterated his belief that the central question was not whether the oligarchs had acquired such influence (they undoubtedly had), but to what degree it was used and with what result. Colton's interviews suggest that the conventional wisdom concerning Yeltsin's reputed sell-out of the government to the oligarchs in order gain financial backing for his 1996 re-election bid is oversimplified and, in large measure, incorrect. As for themselves, the oligarchs found allegations that Yeltsin requested their financial assistance to be "ludicrous." Khodorkovsky reported that, had he been asked, he certainly would have "donated" whatever was required, implying that it was inconceivable to go against the will of the "Tsar". But the oligarchs were all firm in their claims that they were not asked to contribute, noting that Yeltsin had many potential mechanisms available to him for siphoning money from other areas, methods which could have been employed without relinquishing governmental control. Colton commented that to this day it is not entirely clear whether the oligarchs ever bankrolled Yeltsin, or if they did, what the amount of the backing was.

Similarly and not surprisingly, the oligarchs insisted that privatization, and especially Potanin's "loans for shares" proposal, had more to do with how state-owned industry was to be managed in the post-Soviet context than with an outright seizure of governmental resources. None denied that privatization was "messy," but in general they expressed a satisfaction with what they had helped accomplish in "capitalizing" Russia's economy.

Colton proceeded to note that, whatever form the historical legacy of Russia's plunge into capitalism would ultimately assume, after 1997 the "taking" phase had largely passed. As a result, after this date the oligarchs diverged into two separate streams. Some chose to play by the new rules, while others, notably Boris Berezovsky and Vladimir Gusinsky, felt that they had not yet profited sufficiently and continued as they had before, which led to a destabilization of the very system that had benefited the oligarchs as a whole. Fridman and Potanin both agreed that this new reality upset Yeltsin, with the result that the President occasionally felt compelled to intervene in order to quell disputes. However, according to them the majority of his interactions with the oligarchs took place indirectly, with Yeltsin's daughter playing a pivotal role as go-between.

Concluding his remarks, Colton opined that the state was never totally dependent on the business class, and that today the potential political power of the oligarchs has markedly diminished. Extending the monarchical metaphor, he noted that Putin has taken to removing those who "strayed too near the throne," citing the recent well-publicized battles for media control. As a result, Colton believes a temporary equilibrium has been achieved wherein the government has successfully reified a much tougher stance *vis á vis* Russia's oligarchs. Noting that today these individuals do not appear to have any grand political vision, he added that they clearly understand contemporary circumstances prevent them from exercising too great an influence in the Putin government.

A lively discussion ensued after Colton's concluding remarks, centering upon several key issues raised by those present. In answering the question of why the oligarchs as a whole seemed undesirous of pursuing political appointments or office, Colton stated that, while there were certainly exceptions (such as Potanin and Berezovsky), on the whole his impression was that this reluctance stemmed from basic economic realities. The oligarchs by and large felt that they "couldn't afford to go into politics."

Concerning the contradiction between Yeltsin's deep hostility to personal criticism and his apparent lack of resolve in reigning in media criticism, Colton reported that while Yeltsin was indeed deeply discomfited by media attacks, he nonetheless felt a genuine obligation to stay above the fray and not engage in censorship. However, Colton also noted that Yeltsin's reticence extended to not responding to media allegations at all, which ultimately proved to be a tactic which hurt him. Colton expressed his belief that, had Yeltsin taken some initiative in answering the questions which were raised about his leadership rather than disappearing from the public eye for protracted periods of time, his historical image might have been quite different.