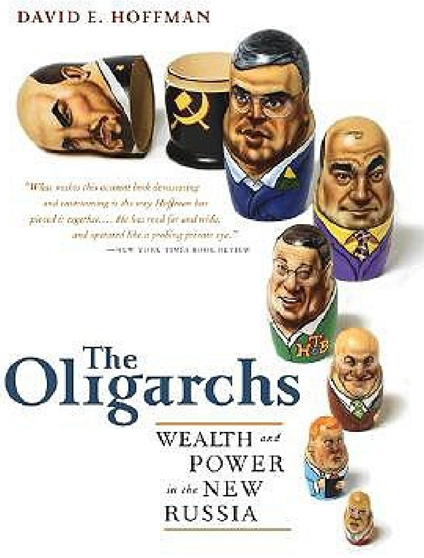

The Oligarchs: Wealth and Power in the New Russia

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David Hoffman, former Moscow bureau chief for *The Washington Post,* sheds light onto the hidden lives of Russia's most feared power brokers: the oligarchs. Focusing on six of these ruthless men Hoffman reveals how a few players managed to take over Russia's cash-strapped economy and then divvy it up in loans-for-shares deals.

Before perestroika, these men were normal Soviet citizens, stuck in a dead-end system, claustrophobic apartments, and long bread lines. But as Communism loosened, they found gaps in the economy and reaped huge fortunes by getting their hands on fast money. They were entrepreneurs. As the government weakened and their businesses flourished, they grew greedier. Now the stakes were higher. The state was auctioning off its own assets to the highest bidder. The tycoons go on wild borrowing sprees, taking billions of dollars from gullible western lenders. Meanwhile, Russia is building up a debt bomb. When the ruble finally collapses and Russia defaults, the tycoons try to save themselves by hiding their assets and running for cover. They turn against each other as each one faces a stark choice--annihilate or be annihilated.

The story of the old Russia was spies, dissidents, and missiles. This is the new Russia, where civil society and the rule of law have little or no meaning.

The Oligarchs: Wealth and Power in the New Russia Details

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From Reader Review The Oligarchs: Wealth and Power in the New Russia for online ebook

Mubeen Irfan says

USSR was all but gone when I was a child and when I was able to decipher the conversations around me, Boris Yeltsin was the name that I heard the most. However, there was a very limited interest in Russian politics in Pakistan because the general population felt we have achieved our purpose of dismantling USSR and thus whatever turmoil is happening now in Russia, we can just sit back and let it slide by.

It also did not affect us because we were a pro-American country and looked up to the US for everything, be it pop-culture or politics. Impact of all this was that I knew next to nothing about this huge country undergoing a massive change from communism to capitalism. The only Russia I knew was through Val Kilmer's amazing movie 'The Saint' where I got my flavor of Russian nationalism through the opening lines of a speech where speaker calls to the crowd in a play of words from a Shakespear's play, 'Friends, Countrymen, Russians!' and a deafening roar of the crowd which followed these lines...

A lot of current interest in Russia is due to Putin and the rise of Russian nationalism through his efforts to bring Russia back to the center stage of world politics. But if you want to understand how Putin got where he is right now, you can find clues here in this book. The age of Russian Oligarchs which is roughly the 9-10 years starting from 1991 onwards, brought back that nationalism in their country which was discarded when USSR broke up. This book is a story of those Oligarchs and their grasp of wealth and power in the new Russia. This is an up close of the shock therapy of Chicago school of economists and how it ruined an entire country. A small group of Russians rigged everything in their favor and accumulated unseen wealth amongst themselves. These oligarchs are interesting characters who are sometimes colluding with each other to maximize their gains and other times at each other's throats, again for the same reason: to maximize their gains.

Russian government affairs of 1990s are clouded in secrecy just like the entire history of USSR governance. This makes it very difficult to understand how actually these Oilgarchs accumulated this much wealth (the modalities) and a lot of sources & information is left desired in this book. The author has also acknowledged this fact too. It is a smooth read but I personally found very hard to keep track of all the Russian characters and their names.

Mike says

Like Hoffman's book *The Dead Hand* which concerns the Cold War and the Soviet's efforts at biological and nuclear weapons, *The Oligarchs* both boasts and suffers from Hoffman's skills and lack thereof in certain areas. There is no question that Hoffman is an astute researcher: in both books, he has dug up information that perhaps no other author writing in English has ever taken into account and there is probably no better, more-detailed, a book on the rise of the core group of oligarchs in Yeltsin's new Russia in any language, Russian included. Hoffman's narrative of these new scions of industry and their rise to power and wealth spares no details and provides nuanced, pithy, descriptions of all the players involved. You feel like you get to know these guys over the course of the book. Hoffman, as he has lived in Moscow for years apparently and also wrote the aforementioned book on the later years of the Cold War and fall of the Soviet Union, is also able to place the decade of the oligarchs becoming some of the world's richest men and the turn towards a relentless free market in Russia in greater context in the scope of Russian/Soviet history.

So what's not to like? Well, where Hoffman suffers in both books is a bad habit of restating things over and again and also in some cases not going into enough detail on something interesting while instead wasting print going into something not so interesting, even if he's already touched on it once or twice already. A good example is how early into the book he explains what Gosplan was about three times in the spane of around 50 pages. Granted, I know a good amount about Russian history myself and read fluent Russian, but still there are places where you have to question what gets great attention and what doesn't. In the case of *The Dead Hand* Hoffman made some minor factual errors too and my background in Russian economics isn't that great so I can't say I spotted anything in this book, but there could be similar errors. The ones he made on the Cold War were small and fairly unimportant, but still things he could have fact-checked before the book went to press (an example being how he describes Chequers Court as Margaret Thatcher's country estate when in fact it's a retreat for the prime minister and owned by the government, much as is Camp David in the USA). Small things, but in books so deep you have to wonder how many errors of this sort lurk about.

This is, therefore, really more of a three-star book than a four-star one, but I will be kind today: it's the best work in English of its kind and probably overall the least biased, when you factor in Russian works on the same topic. It's necessary reading for anyone interested in how the current Russian economy developed under Putin and why things evolved as they did under Yeltsin. So I have to recommend this book—and I recommend the one on the Cold War, too—but wish Hoffman was just a bit better a writer than he is: he's established himself as the core writer in English on these topics in any depth so it would be nice to have someone of the caliber of, say, Stephen S. Hall (science journalist who wrote *A Commotion in the Blood*) in that position.

John Martin Ladrido says

After 2 years I'm done! The Oligarchs gives you the knowledge how to exploit a weak and corrupt government or state.

If you are cheeky, daring, and resolute you will get everything. If you are not very cheeky and not very daring, just sit quietly.

Alex Snyatkov says

Well researched and well written history of six Moscow oligarchs, how they came to exorbitant money, power and eventually fell. It was very interesting to learn about what was happening backstage when I watched events of crazy "Democracy and Capitalism Now!" play staged on the streets of Moscow. However, I think this book will look boring for anybody who wasn't present in Russia during 90s.

Anya says

A very informative book regarding Russia's richest businessmen in modern Russia. A lot to remember, but revealing of what makes the Russian economy including political webs, Soviet values, and big personalities. Impressive journalism.

Salparadise7 says

it was ite

Dan says

Overall solid history of the rise of Russian oligarchy and their effect on (and eventual entanglement with) politics from the fall of the Union to the rise of Putin in the early 90s. Hoffman is a sharp writer with a good eye for color detail.

The first half holds short introductory blurbs for each oligarch, establishing how they got started. The second half is a unified narrative bringing these characters through the tumult of the 90s. This format makes the book feel shorter than it actually is and condenses most of the tension in the second half. The section on Putin is short and effective. It the book's narrative threads and themes together. ‘Oligarchs’ never feels like a slog, which is a feat for a 400 page book -- even the insider-baseball minutiae of the oligarch’s privatization schemes, relying as they did on the obscurantism of complex financial structures, is pretty fascinating.

It’s worth noting that the success of several of the oligarchs was contingent on murky high-level protection (Khodorkovsky being the prime example) – from security services? Yeltsin inner circle? Somewhere else? Who knows. This is an unavoidable blind spot in the book – Hoffman says so himself early on - so I don’t think it necessarily suffers from it.

Minor nitpick: book treats rise of capitalism in Russia as foregone conclusion, phrasing it as if they’d been resisting natural law, sort of an ‘end of history’ type thing. Mentions lack of ‘mature business culture’ alongside lack of rule of law / finreg as contributing to wild-west style of Russian capitalism in 90s. Seems a pre-2008 idea. I don’t think ‘mature business culture’ exists in West either, or at least hasn’t since the rise of Friedman’s shareholder theory.

Brendan James says

Rich story of the huge pieces of shit that bought and sold Russia after the Soviet collapse. The author's persistent wish that Russia had instead gotten the "good" version of capitalism is puzzling given how his own story reveals this to have been a total illusion. Still, well-reported and worth reading for a look at how to destroy a country in under ten years, with understated but clear evidence of US meddling in Russia's affairs.

Nick says

Watching Vladimir Putin preside over the opening of the Sochi Olympics, a glorious spectacle that pointedly included the hammer-and-sickle era, it was difficult to recall just what kind of chaos had descended on Russia during the nineties, a bare decade-and-a half before. David E. Hoffman's "The Oligarchs" is a pertinent reminder of just what it took for Russia to emerge from the collapse of the Soviet empire. He focuses here on the emergence, seemingly overnight, of immense fortunes in banking, mining (especially oil), and media. Many of these fortunes were created through the privatization of state resources through rigged auctions in which the bidder actually borrowed much of the capital he was pledging. The holders of these fortunes in turn gathered with members of the press and of the Yeltsin to save his Presidency from the man himself. At the moment they organized, he was polling in single digits and the resurgent Communist Party looked like the next regime. If the financial sleight-of-hand that Hoffman details can at times challenge the reader, the account of the campaign to save Yeltsin's presidency is gripping. Yeltsin, with the help of his oligarchs, won the election, and they thought they had won the future. The late Boris Berezovsky crowed that the oligarchs would run the country as a board of directors, a sort of new Politburo, one assumes. And then it all came apart, first when one of the auctions, the privatization of a telephone and communications company, was unexpectedly awarded to the highest bidder rather than the oligarch who felt it was his turn (Vladimir Gusinsky, in alliance with Berezovsky). The young reformers who were trying to transform Russia's economy into a modern ones, Anatoly Chubais and his deputy, Boris Nemstov, were dismissed. Yeltsin overlooked all the regular candidates and elevated a members of the security service, Putin, to Prime Minister. We all know how that turned out. All these years later, those oligarchs who made nice with the new regime or at least kept quiet, were allowed to stay and sometimes prosper. Berezovsky died in exile; it was his security man who was famously poisoned with plutonium. Gusinsky also went into exile. Chubais has been low-key although there was a recent article indicating increasing official interest in his business activity; Nemtsov turned to protest and was assassinated this year. Of the other politicians and businessman treated in detail by Hoffman, Yuri Luzhkov, once thought the successor to Yeltsin, was allowed to remain as Mayor of Moscow for many years after he joined the winning side. Alexander Smolensky's bank folded and his billions melted into mere millions. Mikhail Khodorkovsky, the former oil magnate, began to move toward organizing an opposition and found himself in jail for a number of years on tax charges while his company was disassembled. He is free now, living in Switzerland. Hoffman's account of the assembling of Kohodrokovsky's company makes clear that among the key components were inventive accounting and sheer gall. From time to time I run into people who went from the West to Russia in the nineties to help it navigate toward capitalism. I do not think that those people thought they would be helping to create a capitalism like the robber baron era of the post-Civil War United States. Or that the result would include things that I think would even have caused Gould and Frick to pause.

Robert says

Highly informative on the rise of Russian oligarchs during 1990s and early 2000s.

Maru Kun says

This fascinating graph from Thomas Pikkety's blog showing the change in share of wealth for the richest ten percent of the population in Russia, France and the US tells us in one picture the same story outlined in this book.

The graph also has something interesting to say about the US.

One thing common to the rise of each of the Russian Oligarchs discussed in this book is that they exploited a lack of any understood or enforced law or regulations around the ownership of state property post the collapse of communism.

An Oligarch might, for example, set up their own organisations within a state company to buy coal, gas, nickel or whatever at state prices and then export these goods overseas at world market prices and pocket the difference. This would normally require them to have overseas contacts, which might well have come through the KGB.

In this respect the position of a Russian Oligarch, who knows no law, can be contrasted with that of some American businessmen who are bound by law, but who simply pay lobbyists to change it for them, or with others, like Trump and his pals, who simply think they are above the law.

Overall this book is a great guide to stealing anything that isn't nailed down if you are in a position of political influence. We can be sure the Oligarchs in it who haven't yet been imprisoned or murdered will be passing on its lessons to their friends in the GOP.

Frank Stein says

This book is a fascinating, if overlong, look at the corrupt billionaires that emerged unexpectedly out of the collapse of the Soviet state. Although the sprawling cast of secondary figures in the book summons the inevitable comparison to a Russian novel, David Hoffman focuses on just a handful of major characters, all of whom seemed destined for anonymity when Gorbachev began his "perestroika" campaign in 1985.

Vladimir Gusinsky was a failed theater director driving a taxi when he decided to start a "cooperative" (or private company) to sell copper bracelets, which he then parlayed into a banking and media empire centered around Russia's one independent television station, NTV. Alexander Smolensky was a former soldier and periodic anti-Soviet rebel (he printed his own Bibles for sale, although he was Jewish) who began some construction work for the Moscow government on the side, which he soon transformed into an industrial and especially banking empire. Boris Berezovsky was a hyperkinetic scientist at the Institute for Control Sciences when he began importing some Fiats for a state company and then started assembling an automobile empire. Mikhail Khodorkovsky was a "komosomol" or youth group, leader in the Mendeleev research institute, when he was allowed to create his own bank from which he got the funds to assemble the oil empire of Yukos. Hoffman also describes how Yuri Luzhkov, later Moscow mayor, and Anatoly Chubais, the economist and reformer, helped create the kind of government where these billionaires could flourish, often at the expense of the rest of the country.

The oligarchs themselves had many similarities. Most were Jewish, and thus had been restricted from many careers and honors in the Soviet Union. Most were outraged at state control of their early cooperatives and thus created their own mini-banks to control their earnings, and it was from these banks that most of their profits emerged. Most relied on connections with early Communist leaders to attract government funds to their banks, or to give them control of state assets, and then earned a mint gambling on ruble fluctuations or exchanging underpriced Soviet commodities abroad. Most relied not so much on ownership of vital properties as extracting the profits and sending them to secret accounts. Finally, most of their banks were devastated in the 1998 Russian default, and then most were hounded by one of their own creations, Vladimir Putin, once he assumed power in 2000.

Although Hoffman portrays the oligarchs with an understanding eye, he knows that much of what they did was detrimental to Russia. Tragically, however, they were often the only ones willing to resist the still powerful Communists or, later and too late, Putin. The book ends with Putin stealing NTV and driving Gusinsky from the country, but since it was published in 2002, it does not describe how Khodorkovsky was jailed on flimsy charges for over a decade by Putin, or how Berezovsky was driven from the country and possibly killed by Putin's agents.

Whatever one thinks of the oligarchs, they reshaped one of the most powerful countries on Earth for almost a decade, and then were driven out by one of their own creations. It's a majestic and tragic story, well told here.

Lexi says

Dense, thorough and very well written. A lot about the changing systems during after perestroika and the Yeltsin era which could have been dry, but the author kept it interesting.

catinca.ciornei says

Riveting detailed story about the main Russian oligarchs, retold by a master journalist storyteller. Captivating in many ways - historically, economically, politically; larger than life figures in an unique historical moment, that of the fall of the Soviet Union. Also a great story about really unbridled capitalism, and power of 'fake' news. Interesting read especially given today's major political (USA) and social topics.

Nic Rad says

A whirlwind of a book that goes through the decade following the collapse of the Soviet Union (and touches on the beginning of Putin’s rise) - well researched and written to understand the mentality and foundation of the pseudo-democratic and pseudo-capitalist system that exists today.

It is odd to read this, understanding that nearly all the main characters/figures of the book are now either exiled or dead.