

Lebedev Expands British Media Interest

By [The Moscow Times](#)

October 25, 2010



Lebedev listening during a panel session at this year's St. Petersburg International Economic Forum in June. **Alexander Zemlianichenko Jr.**

Photographs of three murdered journalists line the glass cabinet at the entrance of Alexander Lebedev's Novaya Gazeta newspaper in Moscow, below a shelf with a computer Mikhail Gorbachev once used.

The portraits, including one of Anna Politkovskaya, gunned down four years ago this month, are a reminder that although billionaire Lebedev spends about \$6 million a year propping up the anti-establishment, corruption-hunting daily backed by former Soviet President Gorbachev, the true cost of free speech is often higher.

"You either oppose corruption or not — it's a matter of principle," Lebedev, 50, dressed in black jeans worn out at the knees, a white dress shirt, gray vest and brown sneakers, said in an interview at his office in a yellow two-story Moscow villa last month. Novaya Gazeta struggles because advertisers are "scared" away by the government, he said.

The ex-KGB spy, who once worked in London under the cover of an economic attache, is also bankrolling two unprofitable British dailies and will tomorrow introduce a new weekday tabloid called "i" — the first new national newspaper in Britain since The Independent was founded about 25 years ago. Lebedev has plowed 30 million pounds (\$48 million) into the London Evening Standard and Independent newspapers over the past two years and has yet to make any money from them.

"If we leave things as they are at the Standard and The Independent, we are definitely doomed in a few years' time," Lebedev said in his office. "Every month I'm taking money out of my pocket and putting it into the papers."

His media involvement, Gorbachev says, is a social mission for Lebedev. "For him this is not a business project," Gorbachev said in an e-mailed response to questions.

Altruism may have less to do with it than self-interest. The billionaire may be seeking to avoid the fate of former Yukos chief executive officer Mikhail Khodorkovsky, who was once Russia's richest man and an outspoken critic of the government of former President Vladimir Putin before being convicted in 2005 for fraud.

Lebedev, who ran and lost the race for Moscow mayor in 2003 and was elected the following year to the lower house of the State Duma, said, "I'm harmless as far as Putin is concerned."

In Britain, "Lebedev's goals are to legalize his capital, form a distinct image and integrate into the British elite," said Stanislav Belkovsky, head of the Moscow-based Institute for National Strategy.

The British newspapers are trophy assets he's been able to buy cheaply, said Alex DeGroote, a media analyst at Panmure Gordon in London. "For a relatively low sum of money he now has a seat at the table of influence," he said.

Lebedev paid 1 pound for the Evening Standard in January 2009 and the same amount for The Independent in March 2010. For a man of his wealth, the investments he's made in

the newspapers are chump change for the political status that comes with owning two major British dailies, said George Brock, head of journalism at City University London.

"There is a queue of millionaires and oligarchs who want to own newspapers," Brock said.

The son of an engineering professor father and a schoolteacher mother, Lebedev amassed an estimated \$2 billion fortune from banks, airplanes and growing potatoes, giving him the means to finance his media hobby. The transformation from apparatchik to entrepreneur began with the \$500,000 purchase of a small bank, the National Reserve Bank, in the 1990s, when assets were cheap after the fall of communism.

The bank thrived in post-communist Russia and was among lenders that survived the 1998 Russian financial crisis, according to Lebedev's official biography web site, allowing him to buy assets including a stake in Aeroflot, shares of Gazprom and property in various countries.

Among liberal voices in Russia, Lebedev set up the Independent Democratic Party with Gorbachev and bought into Novaya Gazeta in 2006. Forbes magazine estimated his net worth

at \$2 billion this year, making him the 488th richest person in the world.

Now, with two unprofitable British newspapers, Lebedev joins publishers such as Rupert Murdoch and The New York Times in seeking ways to generate income from a newspaper industry in decline as readers look to the Internet for their news.

Lebedev has begun to turn around the Evening Standard, which he says is approaching profitability after losing an annual 20 million pounds before he bought it.

He made the afternoon daily free, charged advertisers more and also benefited from two free London newspapers folding, including one owned by Murdoch's News Corp. The newspaper's circulation has climbed to 700,000 from 287,000.

"There are weeks when we are profitable at the moment," said Andrew Mullins, managing director for the Evening Standard and Independent newspapers. He forecast that the Standard will break even at the end of 2012.

The Independent will prove harder, Lebedev said. The Independent daily and weekend newspapers and their web site lost 12.4 million pounds in 2009. The newspaper isn't distributed on street corners in London like the Standard, and it won't follow suit by becoming free, in part because broadsheets in Britain "would be offended," Lebedev said. "I'm trying to save a newspaper. Why should I hit at the others by going free?"

Money to run the newspapers comes entirely from Lebedev's pocket, mainly dividends from his other businesses.

While making money from the media operations is important for Lebedev, the oligarch presents his investments as a commitment to the freedom of the press.

Lebedev says he wants to seek support from people like Bono, Gorbachev, the Clintons and former news editors to raise \$80 million to start a center for investigative journalism.

One of his latest causes is lobbying for the release of Irek Murtazin in Tatarstan, who was jailed after writing a book criticizing the country's political system.

After Anna Politkovskaya, a reporter at his Novaya Gazeta — who was critical of Putin and the handling of the Chechen conflict — was shot dead in the elevator of her apartment building, Lebedev offered a \$1 million reward for the capture of her killers. The crime has yet to be solved.

Lebedev's campaigns have earned him enemies as well.

"Many officials in Russia hate him because of our newspaper and his jokes and free speech," said Novaya Gazeta editor-in-chief Dmitry Muratov. "He has a lot of problems with the government, which interferes with his business."

Still, his success has prompted suspicions that he has connections with the Kremlin and helps harness the opposition.

"He's a former KGB officer, which makes people automatically suspicious," said Alexei

Simonov, editor of the Glasnost Defense Foundation. “I do think he has some connections with the Kremlin and it couldn’t be otherwise, but there are also anti-Kremlin ideas inside the Kremlin.”

Lebedev’s criticisms of the government are also guarded, Belkovsky said. “He criticizes corrupt bureaucrats or projects but not the regime as a whole,” he said.

Muratov said Lebedev sometimes disagrees with the newspaper and writes opinion pieces, while never trying to determine its editorial direction.

Lebedev leaves the running of his British newspapers to his 30-year-old son, Yevgeny, who is chairman of Independent Print, owner of the London Evening Standard and The Independent. Yevgeny, who lives in London and runs the Sake No Hana restaurant and Wintle fashion house, will manage Lebedev’s new “i” tabloid.

The new title will be an upmarket newspaper aimed at females, younger readers and commuters, according to Mullins.

“We aim to attract back lapsed and new readers to the quality market,” he said, declining to disclose circulation targets. The newspaper will cost 20 pence, or 30 cents, a copy.

Lebedev also has a 1-year-old son with his second wife Yelena Perminova, a 24-year-old former model. The billionaire has the lifestyle of an oligarch — a characterization he doesn’t like. He owns homes in Italy and France and has one on the grounds of Henry VIII’s Hampton Court Palace in London.

He holds the annual star-studded “Midsummer Gala” in his Hampton Court home for the Raisa Gorbachev Foundation, which raises money for children’s cancer. The event has attracted the likes of Hugh Grant, Anjelica Huston and Vanessa Redgrave, as well as musicians including Duran Duran’s Simon Le Bon.

The yoga-practicing entrepreneur, who enjoys reading the Financial Times and The Economist on weekends, credits his years in London as a KGB agent for his business acumen. His purchases of the Evening Standard and The Independent, which he says he “saved,” are his way of giving something back to the city.

“It’s not about money, even though I dream of having positive financial results,” Lebedev said. “I do believe in a mission, which is not easy at all.”

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