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INDEPENDENT NEWS FROM RUSSIA

Russia's Superrich Stay Loyal to Putin Despite Ruble Crisis Blow

By The Moscow Times

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Model and former Mrs. Globe Alisa Krylova stayed in Moscow for the holidays this year due to the ruble's crash.

Russian model Alisa Krylova canceled her order for the latest Mercedes, spent New Year's in Moscow rather than skiing in the Alps and now employs Russian staff rather than foreigners.

The former Mrs. Russia and Mrs. Globe beauty pageant winner is among Russia's superrich but even she and many of her wealthy friends are feeling the pinch from the economic crisis.

Driven into "a kind of hibernation," they are steering clear of celebrity parties and trimming spending to make up some of the millions lost to a weak ruble and a falling stock market.

But the enforced modesty has not yet driven the superwealthy out of Russia or against President Vladimir Putin, who has fanned patriotism during the Ukraine crisis and appealed to businessmen to bring their money home to bolster Russia's position in the worst standoff

with the West since the Cold War.

Perched on a golden sofa in the living room of her newly built apartment in Moscow, Krylova, 32, recoils at her compatriots who flocked to buy televisions, refrigerators and buckwheat — a popular staple — when the ruble plunged in December and shops had yet to change their prices to catch up.

"And what about me? I am calm in dealing with the crisis, nothing really terrible has happened. Yes, of course, we didn't fly away on holiday this year because I did not see the point in paying three times over the odds," said Krylova, whose flawless beauty has put her on the covers of numerous fashion magazines.

"So we decided to holiday in Moscow and St. Petersburg and went to museums, theaters, everywhere, and we had a wonderful time. It was great to go to Red Square to see the Christmas tree and I think it was just as good as skiing in Austria or France."

It's an attitude Putin is counting on.

Since coming to power in 2000, the former KGB spy has tamed the country's powerful businessmen, or oligarchs, who in the 1990s used their control over the Russian economy to influence politics and his predecessor, Boris Yeltsin.

After bringing some of what he calls Russia's "national champions" in the energy sector back under state control, Putin made a deal with private owners of big business — be loyal and stay out of politics and you can keep your assets.

It is a bargain which has largely held, even with the ruble down 40 percent against the U.S. dollar since last summer, and the economy weakened by a fall in global oil prices and Western economic sanctions over Ukraine.

Loyalty

Konstantin Kostin, a former aide to Putin who now heads the Civil Society Development Foundation, said some in Russia's business elite were without doubt suffering from the downturn.

"Someone may be discontented, but I don't think that it's that widespread," he said.

"I think that if we are talking about their political affiliations, then they are loyal."

Earlier this month, Putin appealed again to leading businessmen to bring their money from offshore accounts back to Russia before, he suggested, the West closed off flows in possible further sanctions over Ukraine.

"So he said clearly — you've got enough for a good standard of living so please bring everything back to Russia so we can lift up our country," said Krylova.

She says she is married to a "successful businessman" while declining to identify him, and that all of her assets are in Russia, as are most of her husband's.

A self-declared patriot who wants to "pass something on" to the next generation, Krylova still likes to pop over to France and other west European countries for long weekends to indulge herself in French and Italian cheeses, imports of which have been banned by Russia in retaliation to the sanctions.

But mostly, Russia's wealthy are staying home, while making sure they have a firm plan B in place.

Luxury magazine director Alexei Koval said some businessmen had worked out an "evacuation plan" in case they fell out of favor.

"I think that the majority of businessmen who in some way may have something to fear have, a long time ago, prepared spare airfields and put in place plans for a quick emigration or, God forbid, evacuation of their family," said Koval, operating director at CITYMAGAZINE, which offers lifestyle and investment tips to "successful people" in Russia's main cities.

In the meantime, some luxury companies, while counting the cost of Russia heading into recession, are also counting on Russia's wealthy staying put for a while.

Upmarket jeweler Bulgari said it would open its first own-brand shop in Russia in October, while U.S. car producer General Motors says it is shutting its Russian factory to focus on premium cars — a sector which has largely weathered the crisis.

But they will have to contend with an elite that has become "more modest" in its spending habits.

"No one wants to show off and everyone is waiting. When there was the panic, crisis, speculation, the middle class ran to get its stashed money and started to buy everything," Krylova said. "Those who are higher than the middle class and even higher, they are kind of hibernating."

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