The Yukos affair is far from over, in the narrow sense that many Yukos officials are still on trial and others avoiding arrest abroad. The ultimate fate of the company is also still unclear, as it faces huge outstanding tax bills and legal proceedings from a range of creditors and other litigants. It is also not over in the sense that it is not yet clear what longer-term changes it is likely to inspire in Russia’s political and economic development. While acknowledging that it is not yet over, in this chapter we nevertheless try to come to some conclusions on how the Yukos affair has affected both the oligarchs and Russian society.

In the previous chapter we found that Yukos was probably primarily about politics in the broad sense of setting new rules of the game, rather than Khodorkovsky’s personal political interests. It was also about extracting more tax from the resource sector and, perhaps as a side benefit, also about giving Putin’s silovik colleagues access to the resource sector. What are the consequences for the oligarchs themselves and society as a whole of these events, and what is the verdict of commentators?

The Yukos effect: good or bad?

Four views of the Yukos affair are possible: that it was a thoroughly good thing that did not go far enough; that it has had a positive effect and need go no further; that although the oligarchs needed to be put in their place the practical costs of the Yukos affair outweigh the benefits; and that it was an unmitigated disaster. Not all those who have been cited throughout this book as the ‘critics of the oligarchs’ have had the opportunity to express their views on the Yukos affair. Discussion of the four views just listed requires some guessing as to what their reactions might have been.
The logic of the harshest critics of the oligarchs suggests that the Yukos affair did not go far enough. For justice to be done and be seen to be done, all the oligarchs have to be dispossessed of economic and political power. Until that is done it is unlikely that Russia's economy will develop to its full potential, and the legitimacy problem that the oligarchs represent at the core of the Russian political transition will continue to hobble Russia's transformation into a true democracy. For those who do not want to abandon the market economy altogether by returning to something like the Soviet approach to economic management, nationalization is the precursor to some sort of new approach to privatization, usually unspecified in detail.¹

An alternative view is that the Yukos affair has had limited and generally positive implications for the development of Russia into eventually a ‘normal’ market economy and democratic polity. According to this view, while the logic of the previous view might be undeniable, there are practical difficulties involved in dealing as harshly with all the oligarchs as they deserve. Soviet experience demonstrates that unconstrained ‘class warfare’ does not bring good results. That means that the judicious use of some ‘exemplary justice’ directed against one oligarch should be enough. If that were enough to persuade the rest to behave themselves, probably no further action would be required. Exemplary justice is always going to be a bit rough and ready, but if the outcome of the prosecution of Khodorkovsky is that the other oligarchs have begun to pay their taxes and desisted from their attempts to capture the state, then the desired effect has been easily achieved. Paul Klebnikov wrote in November 2003:

The arrest of the oligarch is indeed an example of selective justice. But that is better than no action at all ... Put yourself in the place of one of the oligarchs. What conclusions will you draw from the Khodorkovsky case? What will you do so as not to find yourself with him behind bars? Obviously, you will prefer always to be on the side of the president, and even better to keep your distance from politics. But you will also direct all your energies to remaining within the boundaries of the law, rejecting get rich quick schemes. Then the prosecutor and the organizers of political campaigns will have no obvious grounds on which to take you on. It is on the basis of such considerations that a law-abiding society is built ... The arrest of Khodorkovsky cannot be called a triumph of legality ... But looking back at these events in the future we will probably be able to declare that they led to the strengthening of the right to property and the Russian market.²