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As energy prices drop, ordinary Russians are protesting

Nataliya Pinishina, 66, drinks coffee at her home outside of Moscow. Her family took a home loan in foreign currency, but after the fall of the ruble, they now owe much more than what the home is worth. (Alexander Zemlianichenko Jr./For The Washington Post)

by Michael Birnbaum

MOSCOW — The men and women who protested in front of a Moscow bank one recent afternoon would never have imagined, just a few years ago, that they'd one day take to the streets to demand help from the Kremlin. Once prosperous enough to afford expensive Moscow apartments, they are now staggering under an economic burden fueled by geopolitical conflict and the plummeting price of oil.

The energy revenues that were the lifeblood of Russia's economy are drying up, and now many — retirees, truck drivers and Moscow professionals — are suffering.

Russia's foreign-policy adventures — first in Ukraine, now in Syria — have tied up state resources, leaving less money to fix problems at home. The drop in energy prices has drained government coffers and sent the ruble skidding against the dollar. Western sanctions are crimping banks. And after a tide of oil wealth during Russian President Vladimir Putin's first decade in power lifted a new cadre into the middle class, their fortunes are quickly sinking.

Now, protests are popping up around this vast nation, as Russians complain about their strained pocketbooks. Even as Putin's ratings stay sky-high, the number of Russians who think their country is on the right track plummeted from 64 percent in June to 45 percent in January, according to the independent Levada polling firm, before rebounding slightly last month alongside energy prices. It is another vote of no-confidence as pessimism takes hold of the country.

Few analysts say the protests — scattered and small — will grow into a broader call for political change. But as state resources dwindle, many here say that problems could mount if oil prices stay low for several years. For some, the pain has already started, leading them to question Russia's spending in recent years.

"The state doesn't want to do anything for us, but for citizens of Crimea, the state set up a program for them," said Sofia Pikhtelova, 40, referring to Kremlin efforts to channel resources to the impoverished peninsula seized from Ukraine in 2014. Pikhtelova works as a project manager for a Moscow construction company and on a recent afternoon was protesting outside a branch of the Hungarian bank that holds her mortgage.

Nine years ago, her bank refused to lend rubles, offering a mortgage only in Swiss francs. That bet seemed safe when the ruble was riding strong, but in the past 15 months the currency has tumbled. What she still owes on the principal alone is 60 percent higher than the original loan in rubles.

"In rubles, I have already paid everything — the principal and interest. But in Swiss francs, it's like I haven't paid anything at all," she said.

The economic pressure was forcing her and her husband to make a painful sacrifice, she said.

"We really wanted a child," she said. "But we basically can't afford it."

Russia's urban middle class has been especially hard-hit by the crisis, since a greater share of its spending was on imported food, clothes and appliances. Travel and study abroad, once commonplace for middle-class Russians, is prohibitively expensive because the ruble has shed so much value. The number of Russians traveling to other countries for tourism fell last year by a third, the steepest drop in 18 years, according to government data.

Many of those hit say that they bought into the middle-class promise of the Putin years. The tacit deal was that in exchange for delivering prosperity, Putin would receive political acquiescence. Now the mortgage protesters say they are surprised the state is not doing more to protect them.

“This could lead to absolutely unpredictable consequences,” said Nataliya Pinishina, 66, who said that the mortgage payments she and her daughter pay had skyrocketed after the ruble dropped. “People blame the government, the central bank and even the president, unfortunately.”

Sociologists say that Russia’s economic problems are afflicting specific sections of society in specific ways — but that there are no natural alliances among those interest groups.

“The crisis has certain groups that it is hitting now, and those groups are hurting,” said Nataliya Tikhonova, a sociologist at Moscow’s National Research University Higher School of Economics. She said she doubted that the discontent would spark a broader-based challenge to Kremlin rule.

“Russians are fatalists, most of them,” she said.

Long-haul truck drivers have been protesting a steep new road toll. Retirees in some regions have taken to the streets to object to benefit cuts. Autoworkers have protested job furloughs and layoffs that came after Russian car sales dropped by 36 percent last year. Across every industry, workers complain of delayed salary payments, a sign that cash flow is slowing to a trickle. But so far, no groups have joined forces in broader-based opposition to Kremlin policies.

Still, every Russian feels the pain when peering into the refrigerator. Prices of staples — from milk to tomatoes — have soared since the turmoil started two years ago. The result is a third consecutive year of effective income decline, and that fuels the growing pessimism about Russia’s direction, plus a sense of stagnation. .

“Russia is now facing a unique challenge, unprecedented for two decades,” said Mikhail Dmitriev, the director of the Moscow-based New Economic Growth consultancy and a former Russian government adviser who predicted Russia’s 2011 anti-Kremlin protests. “Even by 2020, it’s not guaranteed they will have recovered to 2013 levels, the peak.”

So far, he said, many Russians can absorb some of the pain, since they bought high-end televisions and new cars in the good years. But if the price of oil does not improve within the next year or two, he said, the problems could boil over by the time Putin is up for reelection in 2018.

“No one knows how this type of economic discontent will translate into the presidential elections,” he said.

Anxious to track the economic pain, the Kremlin is commissioning significantly more private opinion polls, according to one pollster familiar with the plans who spoke on the condition of anonymity to discuss the orders, which are not public.

Amid the straitened circumstances, the mortgage protesters say that they need a helping hand from a state that refuses to extend it.

To Gulnaz Islamova, a 32-year-old sales manager in Moscow, the apartment that in 2007 seemed like an investment in Russia's future now feels like a sinkhole. Islamova's 45,000-ruble monthly salary, worth about $1,800 when she took the mortgage, is now only worth $615. What she owes on the mortgage has mushroomed.

First she cut meat from her diet to save money, eating cabbage instead. Then she cut back on medicine. Now she even thinks twice about flipping on the lights.

"We follow the exchange rate practically every five minutes. Because we find out how many more millions we owe to the bank," Islamova said.

[As part of this report, The Post has a picture showing Ms. Islamova with a poster written in Russian and Hungarian. The Hungarian phrase suggests "that the greed of the bankers will make us homeless"].

The caption next to that picture reads:

Mortgage protester Gulnaz Islamova, 32, holds a poster outside the Hungarian Embassy in Moscow. She says the apartment that in 2007 seemed like an investment in Russia's future now feels like a sinkhole.

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