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‘Londongrad,’ where the Russians feel at home

by [Anne Applebaum](#)

LONDON

“Londongrad” is the nickname, not entirely affectionate, that wealthy Russians have bestowed upon Britain’s capital. The term doesn’t just designate a physical place, though many Russians do indeed live here. Londongrad is more properly a state of mind — encompassing not only the nonresident owners of large houses in Kensington, but also the British institutions, banks, law firms, accountants, private schools, art galleries, and even the Conservative Party fundraisers that [have gone out of their way](#) to accommodate them.

Londongrad can be a place of bizarre contrasts. A few years ago, I found myself standing on the sideline of a school’s rugby pitch, watching small boys tackle one another in the mud. All around me were the green fields of England; cows were grazing in the middle distance. Huddled on the sidelines, a group of men — presumably parents of some of the small boys — were arguing loudly, in Russian, about large sums of money. Equally weird was a walk with friends in rural Hampshire, past the gates of a vast estate. Although registered to a company called Skymist Holdings, the house was in fact [owned by Elena Baturina](#), a Russian business executive who became enormously rich while her husband, Yuri Luzhkov, was the mayor of Moscow. The locals knew the owner’s identity because they had seen Luzhkov at the pub.

These incongruities were produced by a tacit deal: For two decades, the British establishment has agreed not to think too hard about where the Russians got their money — how cash was stolen from the state, recycled in the West, then used to help bring Vladimir Putin and his ex-KGB colleagues to power. In return, the Russians [spent a lot](#) of that money in Britain, to the benefit of the British.

The relationship has, at times, been extraordinarily complicit. There was the [2006 London flotation of Rosneft](#), the oil company created from the stolen assets of another oil company, whose owner had been arrested and sent to prison in Siberia. The prospectus did actually warn potential purchasers of the risks: “Crime and corruption could create a difficult business climate in Russia.” But the sale went forward, reaped rewards for those who arranged it and established a principle: Stolen goods can become legal, as long as the London financial establishment approves.

Russia will expel 23 British diplomats and close the British consulate as ties worsen after Sergei Skripal and his daughter were targeted with a nerve agent. (Reuters)

Now, the relationship is at a low point. The British were shocked — or should I say “shocked, shocked” — to discover that Russian operatives treat all of Britain like Londongrad. For a second time, [they appear](#) to have used a dangerous chemical agent in an attempt to murder one of their compatriots on British soil. On Wednesday, Prime Minister Theresa May eloquently condemned Russia for its use of a “military-grade nerve agent,” declared she would [expel 23 Russian diplomats](#) and charged that the Russian government has “demonstrated complete disdain for the gravity of these events.”

But that means she doesn’t understand the profundity of the problem — that the Russian government treats Britain with disdain because the Russian government thinks it has bought the British elite. Worse than that, it may be right. On the day of May’s speech, Gazprom, the state-controlled energy company that is the source of wealth for so many of Russia’s leaders, [issued](#) an eight-year, nearly \$1 billion Eurobond. The Russian Embassy sent out a tweet announcing that the Gazprom sale was oversubscribed and added a punchline: “Business as usual?” On Friday, the Russian government itself sold \$7 billion worth of Eurobonds.

That same afternoon, London police officials [opened another murder investigation](#) into the death of another Russian, this time a businessman and government critic. It is being reported that investigators [have detected](#) signs he may have been strangled.

On Sunday, in Moscow, the regime will reaffirm its power and hold an election that will reinstate Putin as president. All these events are connected: Our institutions, our banks, our tax havens have helped create this profoundly cynical regime in Moscow, one with no regard for our laws or political traditions. And we are still unable to see it.

In her parliamentary statement, the prime minister did leave open the possibility of harsher financial sanctions. But the real question, for Britain — as well as France, Germany and the United States — is whether we are willing to end the financial relationship altogether. We could outlaw tax havens, in the Virgin Islands as well as in [Delaware and Nevada](#); we could make it impossible to buy property anonymously; we could ban Russian companies with dubious origins from our stock exchanges. But that would cost our own financiers and real estate agents, disrupt the discreet flow of cash into the coffers of political parties, deprive the art market of its biggest investors. Does May have the nerve to do that? Do any of us?