

Kiev Woos Oligarchs, Bolstering East Against Putin

By [The Moscow Times](#)

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A pro-Russian demonstrator speaking with Ukrainian police at a rally in the Russian-speaking city of Donetsk.

DONETSK, Ukraine — Even as a new alarm sounds about it massing troops on the Ukrainian border, Russia may have missed its chance to exploit unrest in the Russian-speaking east to seize Ukraine's industrial heartland in the way it took Crimea.

A week after violence involving pro-Moscow separatists left three people dead in border cities, the outlines of a consensus have emerged between the new leaders in Kiev and the eastern business oligarchs allied to ousted president Viktor Yanukovich.

Cooperation between Kiev and the magnates in Yanukovich's native Donetsk and the wider Donbass coalfield would make it harder for Moscow to present any military intervention as humanitarian help and less likely it would be widely welcomed.

It follows a vow by Ukraine's new prime minister to decentralize power to the regions, safeguard Russian language rights and protect industries, a compromise Western diplomats have been pressing for to stop Ukraine from breaking up.

Shortly after Yanukovich fell, parliament briefly moved to make Ukrainian the sole official language. That, and the inclusion of nationalists in the new government, alarmed Russian speakers and helped fuel the separatist move in majority ethnic-Russian Crimea.

Describing "an understanding between the elites and regional government in the east and the central government," a political source in the Donbass said it included constitutional change to strengthen rights to use Russian as well as decentralization.

"This will contribute to unity in the country," he said.

Volodymyr Kipen, a political analyst in Donetsk, said Moscow — despite its denials — could yet invade, or more likely promote unrest. But he also said the oligarchs, seeking stability for businesses built on the back of 1990s acquisitions of ex-Soviet state assets, were rallying behind Yanukovich's successors.

Noting the failure of pro-Kremlin activists to hold out after a takeover of the regional assembly building early this month that saw Russia's flag flown from the building for nearly a week, he concluded: "The Crimean model has now failed in the Donbass."

Weekend rallies demanding union with Russia drew only a few thousand and passed without incident, despite noisy chants of "Crimea-Donbass-Russia" during a standoff with riot police as people waved Russian flags below the Donetsk governor's office.

That protest failed to disrupt a visit by the German foreign minister, who met Ukraine's richest man, Rinat Akhmetov, and came away praising his pledges to prevent the country from breaking up and to cooperate in liberal reforms of a corrupt, failing economy.

"We have heard here today the very pressing desire that the new Ukraine should be a united Ukraine and that there should be no breakup," Frank-Walter Steinmeier said after meeting Akhmetov and steel magnate Serhiy Taruta, Donetsk's new governor. He also met Prime Minister Arseny Yatsenyuk and praised the "signal" he sent to easterners in a speech made, significantly, in Russian.

Business Reassurances

Taruta, critical of missteps in Kiev that played a part in the loss of Crimea, told Reuters he expected tough negotiations on sharing power but believed the government that appointed him was moving in the right direction. He felt his own efforts to ensure police were loyal and to stop Russian "provocateurs" coming across the border were curbing unrest.

Fear of hardline Ukrainian nationalists in the government is widespread among Russian-speakers in the east, who share the view dispensed by Kremlin-controlled media that there has been a "fascist coup" in the capital.

There is also deep anger in the Donetsk region, home to 10 percent of Ukraine's 46 million people and producer of 20 percent of its industrial output, that 23 years of post-Soviet

independence have left them poor and exploited by a rich elite many see as little more than a mafia.

Yet despite that profound discontent, only a minority seem actively to want to break with Ukraine and join Russia.

A month ago Steinmeier was in Kiev negotiating an end to bloodshed between Yanukovych's police and protesters.

His arrival in the fallen president's power base followed weeks of Western pressure for compromise to prevent Ukraine from cracking open along an east-west faultline that could hand its main industries over to President Vladimir Putin.

Ukraine plunged into crisis when Yanukovych spurned a free-trade pact with the European Union in November, sparking protests on Kiev's Independence Square, known as the Maidan. He later took a financial aid package from Putin but, after the protests turned bloody a month ago, Yanukovych fled to Russia.

While threats of a trade war from Russia clearly played a role in Yanukovych's rejection of the EU pact, concern among eastern oligarchs at possible damage to their businesses from removing import duties was also cited by analysts as a factor.

Yatsenyuk, in his broadcast last Tuesday, said he would avoid a free trade deal for now to protect eastern industry.

The , an ally of Yanukovych's long-time rival Yulia Tymoshenko who is widely disliked in the east, ran through a shopping list of policies designed to reassure Russian speakers, from ruling out NATO membership, to guaranteeing their language rights and pledging to disarm far-right and other militants.

One Western official described it as "everything we had been pleading for" to repair the rift in Ukraine and engage the east.

Regional Power

Perhaps most important for the eastern elite, however, was a promise of a constitution offering "decentralization," rather than "federalism" — seen as a recipe for regions breaking away.

That was welcomed by Donetsk mayor Oleksander Lukianchenko when he addressed a regional congress of Yanukovych's Party of Regions on Friday. The party, previously a vehicle to assert presidential authority nationwide, was debating its role without its leader and shorn of its status as the "party of power."

Distancing the party from calls by some members for a local, Crimea-style referendum on federal autonomy or even secession, Lukianchenko said the party, which opposed federalism while in control in Kiev, supported Kiev's proposed "decentralization."

He told Reuters the party wanted regions to have more power over budgets — they already raise substantial direct taxes — and also run services "like the police, courts

and prosecutors."

Negotiations have yet to start in earnest on a constitution. Ukrainians will first vote for a president on May 25. But the idea of devolving control of the judiciary could be a key part of a post-revolutionary bargain between the rival factions.

Yanukovych saw Tymoshenko jailed for corruption after he beat her to the presidency. He is himself now a fugitive from justice, accused of the "mass murder" of Maidan protesters. The eastern oligarchs have reason to be anxious for their assets — and personal freedom — in a backlash against the old guard.

Maintaining the influence that civil rights activists say they already enjoy over the police and courts, could be a prize they are seeking in negotiations over decentralization.

While some eastern businessmen are guarded in criticism of Russia — possibly out of concern for business ties there, or afraid tanks might roll into Donetsk — many have spoken out against Moscow. Ukrainian unity may be good for profits but few would relish the curbs Putin imposes on Russian oligarchs.

Nonetheless, said analyst Kipen, some in the business elite seem willing to encourage the idea that eastern Ukraine could still be tempted to break away: "They want to play the separatism card as a bargaining chip with Kiev, for their own personal security and for their own interests."

Divided Opinion

Beyond the calculations of the oligarchs, who have managed to dominate Ukrainian electoral politics especially in the east, public opinion in Donetsk is sharply divided.

Many of those who took part in pro-Russia rallies cited Russia's stronger economy for wanting to follow Crimea.

"We want a referendum on joining Russia," said Anton Sedykh, 27, among a crowd of some 3,000 gathered under a statue of Lenin on Donetsk's Lenin Square, across the road from the gleaming glass office tower where Akhmetov met Steinmeier on Saturday.

The company where Sedykh makes windows had not paid him for two months, he said, and he envied higher wages in Russia. After 23 years of independence, he had no faith in Ukraine's economy. Nor was "decentralization" an answer: "It is just playing for time," he said. "It is the oligarchs looking out for themselves."

Others at the rally cited cultural or family ties to Russia, nostalgia for Soviet certainties, an admiration for Putin's firm hand or a disdain for Ukrainian speakers in the west. There is also fear of EU free-market ideology and austerity. One poster showed German Chancellor Angela Merkel with a Hitler moustache.

For Denis, 35, a composer watching proceedings from across the square, the protesters were wrong to ignore Russia's flaws: "It is not about the economy," he said. "This is a fundamental question of freedom. Russia is a very authoritarian state."

His wife Svetlana, 29, said her criticism of Russia was not about ethnicity: "I have a Russian name. We speak Russian and Ukrainian," she said. "But I am a Ukrainian citizen."

Similar sentiments were voiced in dozens of conversations in the past week in Donetsk with people in colleges, shops, farms or the steelworks that sprawls into a city dotted by slag heaps and showpiece modern buildings. Factory workers clocking off were united in their fears of war with Russia and of damage to their export business, much of which goes into Russia.

"It might be better to be with Russia," said steelworker Ivan, 36. "We cannot compete if they open trade with Europe."

But few people said their main priority was joining Russia.

Opinion poll evidence, from before the crisis came to a head a month ago, suggests core support in the area for Russian rule may be in single figures, although as many as a third of people were recorded as saying they might prefer living as Russians.

Intervention Fears

Alexander Bukalov of the Moscow-based human rights network Memorial said he saw little evidence in his work in Donetsk of Russian speakers facing discrimination. He saw in the surge in protests since the fall of Yanukovych a "psychological outburst" among people still grappling with the collapse of communism, resentful of oligarchs and alarmed by Russian media reporting.

Reports of Moscow's troops massing unsettle people in the east. There is little sign Ukraine's army has moved in strength to the frontier.

While some in Donbass say they would be willing to emulate Crimean militias and help Russian troops take over the region, others say they would be ready to fight Moscow's forces.

Many analysts doubt a Russian move on the east though many believe Moscow has and will continue to promote militants there, looking for influence or a moment to step in. Signs the Donbass oligarchs are lining up alongside the leadership in Kiev, ensuring police rein in protests, may complicate that.

"We are past the worst," reckoned rights activist Bukalov, who thinks Russia has missed its moment. "They should have been quicker. They lost time and people have had time to think."

For Oleksy Garan, a political scientist in Kiev, however, Putin was unlikely to leave Ukraine alone, arguing that he did not want an example of a successful revolt on his doorstep:

"If the plan to split Ukraine does not work — and it seems it has not — they will try to complicate life for the central government and press for federalism," he said. "For them, it's important Ukraine does not make a successful transformation on their border. That is what they're afraid of."

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