The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Looming Economic Crisis Unlikely to Change Putin's Mind on Ukraine

By The Moscow Times

January 21, 2015



New volunteers for the Ukrainian Interior Ministry's Azov battalion line up before they depart to the frontlines in eastern Ukraine, in central Kiev on Jan. 17, 2015.

A surge in violence in east Ukraine is undermining international hopes that Russia's financial crisis and Western sanctions will force President Vladimir Putin to change policy on the conflict.

There is a growing sense of foreboding as fighting between Ukrainian government forces and separatists intensifies, complicating efforts to arrange summit talks involving Ukraine, Russia, France and Germany.

Each side fears the other plans a new military offensive; Ukraine is mobilizing new troops and Russia and the pro-Russian separatists have stepped up their rhetoric against Kiev's pro-Western leaders.

Even though the ruble's decline, the fall of oil prices and the impact of sanctions are likely to force Russia into recession and budget cuts, Putin has barely flinched.

"We're not seeking to change Russia's government but to change its policies," U.S. Ambassador John Tefft told the American Chamber of Commerce in Moscow on Tuesday.

But referring to efforts to end the fighting, he said: "I can't tell you today that ... progress is being made. In fact it seems to be going in the other direction."

Putin appears to have abandoned any hopes he may have had, after annexing Crimea last March, of bringing other Ukrainian territory into Russia.

Several weeks ago, before Russia's economic crisis took a firm grip, he stopped using the term "Novorossiya" (New Russia) in public when referring to parts of southern and eastern Ukraine that were once part of the Russian empire.

He has taken to referring to the areas controlled by the separatists as the Luhansk and Donetsk people's republics, a move that suggests he will settle for their autonomy from Kiev within Ukraine's borders — but nothing less.

Diplomatic Efforts Stumble

European Union foreign ministers decided on Monday not to lift sanctions on Russia and Western leaders say the main step towards ending them is full implementation of a cease-fire deal reached in the Belarussian capital, Minsk, last September.

Top of the list are an end to hostilities, a withdrawal of troops and weapons, handing control of Ukraine's borders back to Kiev and exchanges of detainees regarded as political prisoners.

Peace in east Ukraine might give Putin more time to focus on Russia's economic crisis, reduce tension with the West and enable him to cut the cost of backing the separatists, although Moscow denies supplying them with weapons or troops.

But he remains firmly behind the rebels in public and there has been no sign of those around him breaking ranks.

Backing down now could put at risk the huge public support he received after the seizure of Crimea. This could be a dangerous step because Russia's financial crisis could undermine support for him.

He may also be hoping Kiev's own financial crisis could hamper its war effort and encourage it to reach a deal that is advantageous to the rebels and Moscow.

Far from backing down, Putin is flexing Russia's military muscles, saying defense spending must be excluded from budget cuts and insisting a 20-trillion-ruble ($300 billion) plan to modernize the armed forces is carried out.

Defiance and Disdain

Putin's ability to ignore the gathering economic storm clouds when shaping policy on Ukraine

may depend on how bad the crisis gets. But his recent big speeches and televised appearances signal no big change on Ukraine and, if anything, suggest his defiance and disdain of the West has increased.

Putin has hit back with accusations that mirror those against him, saying the United States has often violated international law and Washington and the EU were behind the overthrow of a Moscow-backed president in Kiev last year.

He is supported by most Russian media and officials portray him as a peacemaker defying attempts by the West to minimize Russian influence or enact "regime change."

A Russian diplomatic source said Moscow's view was that Kiev had stepped up military action in east Ukraine before Monday's meeting of EU foreign ministers because a surge in violence made it harder to lift sanctions, a charge Kiev denies.

Denying sanctions would force a policy change, the diplomat said: "It's blackmail. If you yield to it once, you will have to do it always."

Putin sought to burnish his peacemaking credentials last week by proposing a cease-fire to Ukrainian President Petro Poroshenko under which the sides would withdraw heavy artillery.

The proposal was seen by Kiev as an attempt to evade some parts of the Minsk agreement, cement rebel territorial gains and disguise the fact that Putin has no real peace plan.

"If Putin really wanted peace in east Ukraine, he would have only one 'peace plan'," Boris Vishnevsky, an opposition member of the St Petersburg local assembly, wrote in a blog.

"A peace plan is very simple. If Putin does not propose one, it means he does not need peace."

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