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Angry Russian Businessmen Turn on Kremlin

By Eva Hartog

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(L-R) Dmitry Potapenko, Pavel Grudinin and Oleg Zubkov

When Russian entrepreneur Dmitry Potapenko exploded in rage at the Moscow Economic Forum he could not have known he would become an Internet sensation.

And yet he is not surprised.

"I did what everyone dreams of doing themselves," he said.

Three businessmen — Potapenko, his neighbor at the forum roundtable, farm boss Pavel Grudinin, and Crimean zoo director Oleg Zubkov — together gathered more than 2 million hits on YouTube with videos of speeches lambasting the authorities. The three work in different branches of business, but are united in their complaints of red tape, corruption and the deaf ear of the political elite to demands for reform.

They also say they are at the end of their tethers.

"Some take up a gun to shoot officials, as happened recently in Krasnogorsk; some grab a bottle of vodka and go drink; some pack their suitcases and leave; some sit quietly in prison; and some come out and loudly and say — 'What's going on here? We're fed up!'" Grudinin, head of the Lenin State Farm, told The Moscow Times.

Cracks

In his speech, Potapenko, the owner of a carpet factory and several supermarkets in Russia and Europe, slammed the abundance of levies and taxes and "criminal" import bans on Western produce, introduced in retaliation of sanctions over Russia's role in the Ukraine crisis.

Officials and media have often blamed Russia's recession on external factors and anti-Russian policies by the West. But, "It's not [U.S. President] Barack Obama who is responsible for our prohibitively high interest rates," Potapenko said at the forum.

The outburst was a rare instance of public rebellion from an unexpected source that exposed the cracks in Russian society behind the sky-high ratings of President Vladimir Putin and patriotic fervor stirred up by Russian military actions in Ukraine and Syria.

Antagonism between authorities and the business sector is not new, but media headlines have mostly focused on statements from exiled tycoons and heads of major companies.

Potapenko, Grudinin and Zubkov are no bigwigs. They represent the average entrepreneur squeezed by bureaucracy — a cause that ordinary Russians can relate to.

With the economy hit by low oil prices and sanctions, Russians' real incomes have fallen sharply over the past year.

At the forum, Potapenko also referred to Platon — a new tax collection system for truckers that has led to the most visible anti-government protest in years. The company collecting the tax is owned by the son of Arkady Rotenberg, a billionaire and Putin's former judo sparring partner.

For Potapenko, it represents the state's willingness to dig into entrepreneurs pockets even as they struggle to survive an economic slump.

Potapenko has made similar public statements before, and Grudinin told The Moscow Times he had openly complained of bureaucracy and red tape "for years."

But the overwhelming popularity of the videos of their speeches is unprecedented— proof that their words have found new resonance in society, Grudinin said.

"Suddenly it's become top news, but earlier no one was talking about it," he said.

"There is a lot of negative energy building up among Russian businessmen," Grudinin, who is also deputy chairman of the Agriculture Development Committee at the Chamber

of Commerce and Industry, told The Moscow Times. "I'm trying to prevent a revolt."

Personal Ambitions

Though frustrated by red tape, much of the businessmen's true anger is targeted at the continued practice among Russian officials of bending the rules to their own advantage.

At the forum, Potanpenko said that the officials conducting checks on business were now "significantly worse" than the "exceptional bastards" of the chaotic 1990s.

Oleg Zubkov, the founder and director of the Skazka and Taigan zoos in Crimea — the Black Sea peninsula annexed by Russia from Ukraine last year — is facing a three-year jail term for the deaths of three rare Bengal tiger cubs at his zoo after the peninsula suffered a blackout.

Local prosecutors accuse him of neglecting the cubs and say — before the trial has begun — that he'll go to jail. Zubkov denies the accusations and says it is part of a slander campaign against him to take away his business.

Zubkov told The Moscow Times his troubles began when "unprepared" people were given positions of power in the chaos that ensued following the annexation of Crimea into Russia. Running a business became a matter of "whether they like you or not," he said.

"[They] aren't thinking about Crimea, about the [business] climate, whatever losses they are causing investors, but only their personal ambitions," he said.

Zubkov said his business, one of the first private zoos to be set up following the fall of the Soviet Union, had contributed millions of rubles in tax money but had been plagued by checks and fabricated accusations.

He is now using his blog, YouTube and social media to draw attention to what he considers is a state of lawlessness on the peninsula since the annexation — an event that is a source of national pride to Russians.

"Today something absolutely incredible is going on," he said. "They want to put me in prison, take away the parks, I don't even see any prospects of how to get out of this situation," he said.

"Why would you want to destroy a person who is paying taxes?" Zubkov asked.

Growing Frustration

The accusations of corruption and pocket lining come in the direct aftermath of a report by opposition leader Alexei Navalny's Anti-Corruption Fund that incriminated colleagues of Russia's General Prosecutor Yury Chaika in dirty business dealings with notorious gangsters.

When Grudinin at the Moscow Economic Forum said that many of the top state officials sitting in the audience during a recent speech by Putin, "should definitely be serving time, as we all know," many thought he was referring to the Chaika case.

Grudinin said he did not know about Chaika specifically, but was sure about the dirty consciences of many other high-ranking officials sitting in the audience.

"There are people whom I know personally, and have known for many years and used to call me their friend. And I know they take huge bribes. They are now members of different federal agencies. I know how much they've stolen," he said.

Exasperation with rampant corruption was a major contributing factor in a wave of anti-Kremlin protests that followed supposed rigging of parliamentary elections in late 2011.

The popularity of Potapenko and Grudinin's protests, right after Navalny's allegations, suggest that sentiments are again running high.

But Grudinin denied they were looking to trigger a mass protest.

"We aren't office plankton that go to Bolotnaya Square and stand there waving white ribbons," Grudinin said, referring to the most famous venue and symbol of the protest movement.

Kremlin Rhetoric

Official reactions to Potapenko's speech have been mixed.

"Potapenko hit the nail on the head," Sergei Firsikov, a local Duma deputy from the ruling United Russia party in the Kaliningrad region, said at a forum, the Novy Kaliningrad news website reported.

Alexander Brechalov, a vice-president of the Opora Rossii business association, described Potapenko's speech as "outrageous" and said Potapenko was an attention seeker with "very little understanding of economics."

During his speech, Potapenko clashed with Vladimir Gutyonov, another Duma deputy from United Russia and deputy chairman of the Duma's Committee on Industry, who was sat at the forum's roundtable. Mirroring an atmosphere in which criticizing the Kremlin is increasingly perceived as treason, Gutyonov told The Moscow Times that Potapenko was abusing economic arguments to serve unspecified political aims.

At the forum, Potapenko used a metaphor comparing the relationship between business and authorities to that of a cow and a butcher, who, "holding a knife at its throat, asks: 'What do we have today, beef or milk?'"

Speaking to the Moscow Times, Gutyonov retaliated and said: "If the cow is not able to distinguish the butcher from the farmer that is a sign of mental disease."

"The farmer feeds the cow, but if he sees too little milk he is bound to ask the question: Are you going to start producing some milk or are you just going to shit all over the place?"

Potapenko scoffed at the idea of Gutyonov "teaching me to love the motherland," and Grudinin said he considered himself an "unquestionable" patriot.

Soon every Russian, "except for some 1,000 officials," would have to be branded part of the fifth column if things did not change, Grudinin added.

Retaliation

One of the most common questions the men get is whether they are afraid.

Anticipating a crackdown from the authorities, Zubkov has closed both of his zoos.

But Grudinin and Potapenko said they were unfazed by the prospect of any retaliatory measures. "They've conducted checks a thousand times. They can check once more," Grudinin said.

Despite his hardships, Zubkov said he supported the annexation of Crimea into Russia and believes a reshuffle in leadership on the peninsula, overseen by Putin, will bring improvement.

In an open letter addressed to Putin and Chechen leader Ramzan Kadyrov — whom Zubkov describes as strong leaders with a heart for animals— he begged the two leaders to interfere in his case.

"The belief in the benign Tsar in Russia is still going strong," he said. "Russia is a huge country, but its problems can only be solved by its president. Only he can give the command to save someone, to have mercy on someone," he told The Moscow Times.

But with little hope of a swift economic recovery, reducing corruption and improving the business climate has become a national security issue that not even Putin's popularity ratings can prevent, according to Grudinin.

"Sooner or later, every cup will spill over and patience will run out," he said.

"There is an evolutionary path of development, and the revolutionary [path], which in Russia leads to the shedding of blood. The question is simple: in what way are we going to reform ourselves?" Grudinin said.

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