

Tycoons and Oligarchs: Russia, Ukraine, NATO and the Warring Elites

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*It was 23 February 2022. By then, the Ukrainian elite knew that Russia's military attack was imminent. Wealthy tycoons and politicians, [including](#) Secretary of National Security Council **Oleksiy Danilov**, already made accommodations to make sure their military-age sons would be out of the country. The only thing left was to prepare government agencies for war. There "was a huge meeting of Ukrainian tycoons with President Zelensky" and his cabinet on February 23, [commented](#) Taras Berezovets, a Ukrainian analyst and television host. "They all declared their readiness to" stand with the regime and therefore mobilize the rest of the population to fight for their cause. The Ukrainian elite was prepared to defend its interests at any cost, as did its allies from NATO and opponents in Moscow.*

A year has passed since irreversible decisions were made. Hundreds of thousands of homes are destroyed, and tens of thousands of people lost their lives, but the warring parties are further than ever from ending this senseless hell. "Toward beautiful future, I am starting my way," goes a popular Soviet song, making a painful reminder to the listener of the contrast between past expectations and present reality in the post-Soviet space. Once bonded together under the roof of the Soviet Union, representing the scientific and manufacturing core of the world's second industrial power, with aspirations to overtake the capitalist West economically and in the space race, the people of Ukraine and Russia are now fighting each other in the most destructive conflict to hit Europe since the Second World War.

Every catastrophe has material preconditions, and the war in Ukraine is no exception. What motivates the Ukrainian elite to fight is something Russia had to learn the hard way, as its regime-change operation failed dramatically and metamorphosed into a full-scale war, with a front line over 1000 kilometers in length. While mobilizing the population and arming it with weapons and nationalistic opium, "Ukraine's oligarchs have put aside both their differences with the government of Volodymyr Zelensky and any lingering pro-Russian sentiment to close ranks with the authorities in Kyiv," [reported](#) *Forbes* on February 24.

Either turn against Russia and lean to the West for help or side with Russia and become a

target of the West. This simple lesson the Ukrainian elite was taught in 2014 when the entourage of politicians and oligarchs behind **President Victor Yanukovich**, whose administration pushed for stronger ties with Russia than a pro-Western coalition that ousted him, was punished for taking the wrong side. In the aftermath of protests on Maidan turning into a massacre and Yanukovich escaping to Russia, the Western countries fired artillery rounds of sanctions and asset freezes against his top cabinet members and wealthy backers, including such [prominent](#) representatives of the elite as the **Klyuyev brothers** [and](#) a billionaire **Serhiy Kurchenko**, [ranked](#) the seventh richest person in Ukraine.

The bourgeoisie and politicians that came under sanctions lost their influence in Ukraine and either fled the country or, as the case was with Yanukovich's political stronghold of Donbas, took a slice of the country with them, transforming widespread popular dissatisfaction with the politics of Kiev into an armed movement for secession from Ukraine. The oligarchs that remained and aligned themselves with the pro-Western regime endorsed the sanctions and happily filled the place of the ousted elite. One of them, the billionaire magnate **Petro Poroshenko**, not only sided with the new regime but became the President to lead it.

That most oligarchs either accepted or supported the anti-Yanukovich protests on Maidan and a political coup against his regime should come as no surprise. Ever since the collapse of the Soviet Union, the economic linkage between Ukraine and Russia was waning by the year. Most of its exports went to the West, and the economic bailouts also came from the West. Transforming since 1991 from one of Europe's most industrialized countries into one of the poorest, Ukraine was becoming ever more dependent on the West and ever more independent from Russia and other post-Soviet states. The proportion of its exports to Russia declined from 38.5 percent in 1996 to 23.8 [percent](#) in 2013 and reached as little as 5.1 [percent](#) in 2021. What changed since 2014 is that Ukraine not only accelerated the economic decoupling with Russia but bolstered the armed forces to defend the status quo.

If this economic decoupling with Russia was the precondition for the separatist eruption in Donbas, an eastern region most dependent on exports to that market, the latter was the necessary precondition for the militarization of Ukrainian society against Russia. Resorting to mobilization for war with the separatists, and receiving support in the form of budget stimulus, Humvees, counter-radar systems and other military gear from the West, Ukraine rapidly managed to [establish](#) the second-largest land army in Europe. The conflict in Donbas provided a perfect excuse to boost military expenditure, which [rose](#) from 1.6 percent of gross domestic product (GDP) in 2013 to 3.3 percent in 2015 and 3.2 percent in 2021.

After eight years of building the armed forces and enhancing military and economic ties with the West, the Ukrainian bourgeoisie had both the material interest in the status quo and the means to defend it at any cost. Hence, the unity displayed in the face of the Russian attack on February 24, the total collapse of Moscow's plan to change the regime without doing much fighting. And being [injected](#) with thousands of military vehicles, over two million artillery shells and billions of dollars in financial assistance from NATO countries, the country's elite was [emboldened](#) to reject negotiations in the hope of winning Russia on the battlefield.

"Now Ukraine's economy is directly dependent on support from the West," [admitted](#) Ukraine's richest man, **Rinat Akhmetov**, whose business was already tied to Western markets before the war and whose assets in the West [include](#) France's lavish Villa Les Cèdres, also known as the world's most expensive house. This 'patriotic' oligarch is among

those opposing peace talks in favor of victory on the battlefield, declaring that Ukraine “must first and foremost restore territorial sovereignty – return the territories seized by Putin’s regime.”

According [to](#) U.S. **Secretary of State Antony Blinken**, “If Russia stops fighting, the war ends. If Ukraine stops fighting, Ukraine ends.” If there is a grain of truth in this exposition, it is that Ukraine would not be the same for its richest man, who neither wishes to join Russian oligarchs sanctioned by the West nor lose the influence he accrued during the war. And accrued he did. The so-called de-oligarchization push since February 24 was nothing but an effort of the oligarchs most strongly aligned with Zelensky’s ruling party and the West to cleanse out the oligarchs that had ties to the opposition and Russia.

Image: Vadim Novinsky (Licensed under CC0)



One of the targets of de-oligarchization campaign was **Vadim Novinsky**, a billionaire tycoon and member of parliament from the Opposition Bloc. Labeled as the “most pro-Russian of Ukraine’s oligarchs” by *Forbes*, “he behaved like a Ukrainian patriot” right before Russia’s attack, commented Berezovets. Good behavior saved Novinsky in the first months of the war, but his year ended with [sanctions](#) from Zelensky’s government. Coincidentally, the sanctioned oligarch holds a minority (23.76 percent) stake in the mining and steel company Metinvest, whose majority [owner](#) (71.24 percent) is no other than Rinat Akhmetov. And it is no other than Ukraine’s richest oligarch who praises the policy line of the state, claiming that the war and Western support provide an opportunity “to really get rid of the oligarchy. We won’t get another chance. It is our historical responsibility to do it now. I am confident that this is exactly what will happen.”

Oligarchs such as Akhmetov have a vested interest in the survival of the regime, and they will continue to bet in favor of war for as long as NATO countries provide sufficient financial assistance and weapons for Ukraine to fight. And it doesn’t matter how many more cities will be destroyed, how many more people will perish in a country whose population was already [shrinking](#) before the war.

At the same time, emboldened by that support from the West, the ruling elite moves further and further in making the survival of its status quo dependent upon the total defeat of Russia. From institutionalizing non-stop mobilization to win the war on the battlefield to

[hosting](#) the League of Free Nations representing secessionist voices from ethnic minorities within Russia - Ukraine is doing everything to demonstrate that its strategic needs inevitably presuppose the weakening and possible disintegration of its neighbor.

This reality is recognized and unapologetically expressed in the government. In the [words](#) of Zelensky's advisor **Mikhail Podolyak**,

“What should certainly happen is that the Russian Federation should cease to exist in its current political form....[I]t doesn't matter whether it will have democratic elections, or whether Russia will disintegrate into ethnic states... This would not matter to us once we militarily prove their importance.” The Secretary of National Security and Defense Council Danilov, whom we mentioned earlier, went even further. He had this to [say](#) to the television audience on February 16. “I can say with confidence that it was Ukrainians who broke up the Soviet Union.... The same will happen in Russia. The West needs to prepare for this. They think that Russia should remain within the same borders. This is a big mistake. We will certainly break it up...”

What Podolyak articulated represents the doomsday Russia's ruling class is desperate to avert. The latter has a general sense of what's at stake if the war is lost, as well as the motives behind the ruthless determination of the Ukrainian elite to win the war on the battlefield. Alluding to them, this is how President Putin described Ukraine's “civilizational choice” of joining the Western bloc. “Pardon my language,” he [responded](#) at St. Petersburg economic forum on June 17, “but what kind of civilisational choice are they blabbering about? They stole money from the Ukrainian people, hid it in the [European] banks and just want to protect it. And the best way to protect it is to say that this is a civilisational choice. They began to pursue an anti-Russian policy in hopes that whatever they do, their money would be protected there.”

Putin talks this way only about Ukrainian oligarchs and would never use the same language toward the oligarchs at home, the arrogant and ruthless bourgeois exploiters of the Russian people who, for thirty years, did everything on their part to drive the country [to](#) “a dead end” and make the military clash a historical inevitability.

The economic decoupling between Ukraine and Russia was not a one-sided affair; it was something both countries pursued, either consciously or not. Being nothing but a mirror image of their Ukrainian counterparts, Russian capitalists benefited from the chaos and de-industrialization that followed the collapse of the Soviet Union, the evisceration of economic links that bonded the republics together and formed the material foundation for any peaceful reintegration project in the post-Soviet space.

Becoming prosperous from exports of raw materials and the flooding of the home market with finished imports, the mushrooming bourgeois elite was making Russia more and more dependent on trade with advanced countries in Western Europe and East Asia as opposed to neighbors within the post-Soviet space, which Russia nonetheless regarded as its natural sphere of influence and the only place in which, after losing the status of a great global power, it had any real potential to begin re-establishing it. Already in 1996, [only](#) about 20 percent of Russian exports went to republics of the former Soviet Union, and that [declined](#) to less than 15 percent in 2013. Despite this, Russia's elite staunchly opposed the incorporation of post-Soviet states into the economic and military bloc of the West, the formal institutionalization of something that was already a material reality.

The West, in turn, was only happy to use its influence to exacerbate economic fragmentation within the former Soviet space, making the development of relations with countries such as Ukraine conditional on their refusal to participate in Russia's reintegration endeavors. In just one example on Ukraine, a State Department [cable](#) from 10 October 2006 clearly stated that the country's turn to join Russia-initiated "SES [Single Economic Space] customs union would complicate WTO accession and be inconsistent with aspirations for a free trade agreement with the EU." Such was the precondition for expanding economic cooperation with the West for a country already dependent on raw material exports to Western markets. Ukraine's oligarchs unsurprisingly made the civilizational choice they did.

Russia never accepted this civilizational choice, but the civilizational choice of its own elite to trade with the West and store the extracted capital from the labor power of the Russian people in foreign equity - this is what kept Moscow from applying the February 24 tactics on Ukraine for a long time, even during the crisis in 2014. Fear of Western sanctions and trade restrictions explains why Russia responded to the latter with shortsighted half-measures such as seizing Crimea and aiding Donbas separatists without formally recognizing their legitimacy, thereby giving up the rest of Ukraine to the West, providing the latter an excuse to build the second-largest land army in Europe and cementing the political dead end that could lead to nothing else but war.

The time for war came eight years later. And over these eight years, Russia worked on reducing its dependence on the West by nothing else than deepening trade and political ties to its main geopolitical rival, China.

This pivot to export more raw materials to China instead of the West proved successful. By 2021, China held a solid lead as Russia's [main](#) trading partner, and the two countries were working on expanding their "partnership without borders." In the months leading up to February 24, the economic shift of Russia toward China was cemented further. The *New York Times* made a good [summary](#) of it in an article on 26 February 2022: "Chinese purchases of oil from Russia in December surpassed its purchases from Saudi Arabia. Six days before the military campaign began, Russia announced a yearslong deal to sell 100 million tons of coal to China — a contract worth more than \$20 billion. And hours before Russia began bombing Ukraine, China agreed to buy Russian wheat..." Thereby, Russia established enough room to maneuver that it felt emboldened to act.

And so, it worked. Declaring neutrality in the conflict, China significantly mollified the punitive restrictions that the West unleashed on Russia, from raising imports of Russian crude oil to providing Moscow with the [components](#) to manufacture weapons and missiles. But all the signals that China would take this position and undercut Western sanctions neither prevented them nor stopped their architects from blindly throwing one round of sanctions after another to only prove with each successive round their ineffectiveness.

Sanctions [failed](#) even though the U.S. and its allies began developing the mechanism to implement them months before Russia attacked Ukraine. As European Commission's **President Ursula von der Leyen** [revealed](#) at the 2023 Munich Conference on February 18,

"My cabinet and the commission started to work with the White House and the Treasury already in December [2021] on potential sanctions in case Russia would invade Ukraine.... It was tedious work day and night, to align our very different trade systems

to develop sanctions that are targeted at advanced technologies and goods that are irreplaceable for Russia.”

While sanctions did not bring the intended result, the West remains stubbornly fixated on maximizing its position of strength with weapons. In the words of NATO **Secretary Jens Stoltenberg**, the alliance will “stand with Ukraine for as long as it takes” to defeat Russia. [Speaking](#) on 17 February 2023, he affirmed that

“this war may end at the negotiating table. But we know that what happens around the negotiating table is totally dependent on the strength on the battlefield,” and this is all the Western alliance is concerned about. To put it differently, as Stoltenberg [did](#) on 30 December, while it “may sound like a paradox, but military support for Ukraine is the fastest way to peace.”

So far, nothing but old formulas and concepts floated in the vision of peace that Western powers aspire to accomplish. A “durable peace” for Europe, [according](#) to Secretary Blinken, is possible only if the allies “put Ukraine in the strongest possible position going forward,... so that we can prevent a repeat of this Russian aggression or... that Ukraine would be in a very strong position to deal with it.” Thus one scenario of peace is militarized Ukraine serving as a buffer state between Russia and Western Europe. In this, Blinken repeated the old formula which NATO powers [advanced](#) ever since the demise of the Soviet Union, and which brought it on the collision course with Russia. Ukraine had to choose between Russia and the West, which inevitably presupposed that it would regard the first as an enemy so that the second could be its friend.

An alternative scenario for peace, which is openly articulated by elites in Kiev, is the one in which Russia follows the fate of the Soviet Union. Then Russia would stop being a threat to Ukraine because it would no longer exist as a country. While no major power publicly indicated a preference for this outcome, there is no sign that the West would go far to prevent it from happening. Back in 1991, the U.S. and Western Europe already demonstrated that the structure of their world order cannot accommodate the post-Cold War system in which the Soviet Union stood a chance to survive in the form of a unified state, where it could remain an industrial superpower and not crumble into fifteen separate countries that export raw materials and wage wars against each other.

The fragmentation of Russia would create more states, more custom borders, national armies and contradictions for regional disputes and armed conflicts. No other than **Henry Kissinger** graphically described what such an outcome would mean. [Writing](#) on 19 December 2022, he warned that

“the dissolution of Russia or destroying its ability for strategic policy could turn its territory encompassing 11 time zones into a contested vacuum. Its competing societies might decide to settle their disputes by violence. Other countries might seek to expand their claims by force. All these dangers would be compounded by the presence of thousands of nuclear weapons...”

Whether Western powers aspire to keep Ukraine a buffer state against Russia or see the latter collapse, neither of these options would be acceptable to Moscow. As long as China provides an outlet for its exports and ways to evade import restrictions, Russia will have the means to continue resisting them on the battlefield. It will continue to stand its ground in a deadlock with the West, for which the latter has no response other than to commit more and

more military and financial resources to Ukraine and bet its global reputation on the success of the client state. And so, the ruling classes of Ukraine, Russia and the West are at war, and each sees victory in the loss of the other.

Quietly watching this self-destructive contest from a distance is China, the only country with the economic and political capacity to do so. The willingness of the U.S. to commit so thoroughly to war with Russia provides a once-in-a-lifetime opportunity for the Chinese bourgeoisie to outplay and exhaust the main geopolitical rival. It is god's gift to their quest for global hegemony. Speaking in the early days of the war, a former advisor to senior Chinese officials, **Zheng Yongnian**, proudly [proclaimed](#), "China will have even greater ability and will to play a more important role in building a new international order."

In preparation for the anniversary of February 24, China's **Foreign Minister Qin Gang** pressed forward with that, [announcing](#) to the world that Beijing will "provide Chinese wisdom for the political settlement of the Ukraine crisis..." And the deeper belligerents dig themselves against one another, the more important a role that wisdom will play.

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