

## Evolving Dynamics and Conflict Potential in Eastern Ukraine

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How can institutions in Ukraine be strengthened in their effectiveness and legitimacy in order to mitigate conflict escalation and impel peace? How can the self-declared Donetsk and Luhansk People's Republics (DNR and LNR) be effectively reintegrated into Ukraine taking into consideration more than four years of violent conflict and a range of local political, social, and economic transformations, all of which have deeply impacted relations between Kyiv and Moscow? There is a consensus among academics on the existence of local grievances before 2014 (and on the ambitions of the Donbas elites), which were then exacerbated by the Euromaidan polarization and Russia's annexation of Crimea and support for secession in Donbas. However, there is a major divergence in opinion regarding the impact of local grievances on conflict escalation: whether local grievances a) constituted the driving force for the conflict or b) whether the conflict was artificially designed, escalated, and supported by an external actor among regions and communities that did not have disputes (ethnic or religious) strong enough to drive a separatist project.

Regardless of the nature of the conflict in eastern Ukraine *as it was in 2014*, I argue here that domestic drivers for conflict have been increasing with the entrenchment of the DNR/LNR situation and its isolation by the Ukrainian government. Greed-related domestic factors include changes in socio-economic structures, the establishment of warlord political regimes in DNR/LNR, and the rent-seeking behavior of the elites – whereas grievance-related factors are associated with the wartime experience of the local population, their isolation, and Kyiv's general policy of discrimination toward Donetsk and Luhansk residents. All these elements triggered the consolidation of the local identity of the "peoples of Donbas." While it is too early to make any conclusions about the sustainability of endogenous conflict potential in the region, any scenario of reintegrating DNR/LNR with Ukraine has to consider their changing political and socio-economic landscapes.

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## The Nature of the Conflict: Civil War, Proxy War, New Cold War?

The definition of war in eastern Ukraine is one of the most sensitive issues in academic and policy discussions: intra-state versus inter-state conflict? It is a key subject in the information warfare between Russia and Ukraine.

Russia's government [insists](#) that the war in Donbas is an internal Ukrainian conflict and justifies its financial and military support for those in the DNR/LNR as a way to push Kyiv to dialogue with them. Ukraine claims it is a proxy war by Russia and that Moscow has effective control over the DNR/LNR, as Kyiv [stated](#) to the International Court of Justice. Ukrainian [Law No. 2268-VIII](#) (January 18, 2018) <sup>2</sup> supplements Kyiv's international complaint by identifying Russia as a country that has occupied parts of Donetsk and Luhansk, calling them "the Russian occupational administrations." A similar division exists between those who simplistically interpret the conflict primarily through a geopolitical lens and those who analyze domestic factors only.

After 2015, numerous conflict hues and dynamics have shifted the original components. What is commonly referred to as "the Ukrainian crisis" consists in fact of several distinct but closely related and partially overlapping conflict constellations:

- 1) The original Euromaidan public protests in Kyiv;
- 2) An elite-driven conflict between local elites in Donbas and the post-Euromaidan government in Kyiv over demands for greater self-government;
- 3) An elite-driven conflict between different local clans in Ukraine (for example, between the *Donetskie* and the *Dnipropetrovskie*);
- 4) A mass-driven conflict (so-called anti-Euromaidan) between a more pro-Russian-oriented population in eastern Ukraine and the post-Euromaidan government in Kyiv;
- 5) A Russia-driven and supported effort at the destabilization of the pro-Western political regime in Kyiv;
- 6) A geopolitical competition between Russia and the West (a "new cold war").

Each of these conflicts has its own dynamics and they became mixed together in eastern Ukraine starting in 2014, creating a toxic brew of challenges that are difficult to manage domestically, regionally, and globally.

While there was some support in Donbas for the unification of Ukraine with Russia—according to an [opinion poll](#) conducted in February 2014, 33 percent of residents in Donetsk and 24 percent in Luhansk favored this option—an independent Ukraine was still the preference of an overwhelming majority of the population in these arguably

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<sup>2</sup> The law's title: "On the peculiarities of the state policy on ensuring the state sovereignty of Ukraine in the temporarily occupied territories in the Donetsk and Luhansk regions."

mostly pro-Russian regions of Ukraine. In a previous co-authored [article](#), drawing on extensive fieldwork and interviews, I analyzed the dynamics of the conflict in eastern Ukraine from November 2013 to February 2015 and explained the tactics of destabilization employed by external states and non-state actors to shape the nature and outlook of the conflict. However, since 2015, the conflict has transformed significantly. The radical changes in the social structure, economy, and political regime in the rebel-controlled territory facilitates the rise of endogenous conflict potential.

First, the structure of society in Donetsk and Luhansk has changed with the massive out-migration of entire social strata of the population (middle class, entrepreneurs, professionals, intelligentsia, journalists, urban creative class) as well as pro-Ukrainian activists. There was almost a full replacement of the local bureaucracy due to the flight of Ukrainian public servants from the territories. Filling this gap has been a migration from the depressed, old, industrial cities such as Gorlovka, Shakhtersk, and Torez to Donetsk and Luhansk. There has also been a return of IDPs from government-controlled territories to the DNR/LNR, mostly explained by Ukraine's unsuccessful accommodation of them. In general, comparing pre-war Donetsk and Luhansk with the newfound DNR/LNR, the populations there are now less wealthy, less mobile, older, and therefore more favorable to a paternalist state—they are largely reliant on social payments and salaries paid from the DNR/LNR/Russian budget.

Second, the structure of the local economy has changed. There has been significant economic decline and a lack of investment. The production of export-oriented metallurgy, machine building, and chemicals has stopped almost completely. Although there is a lack of open source, reliable information about the economy in the DNR and LNR, a recent [report](#) by the Institute for Economic Study of the DNR suggests that in 2014 production was stopped at a host of major industrial enterprises, for example Silur (Kharzisk), Strol (Gorlovka), Yuzovsky Metallurgichesky Zavod (Donetsk), and Yenakievskiy Metallurgicheskiy Zavod (Yenakievo). According to the report, some production facilities were re-opened in 2017-18. It is also evident from the report that de-industrialization manifests itself in the rise of agriculture and food production oriented toward the local and Russian markets. These socio-economic changes contribute to conflict potential in the Donbas in several ways. Poverty, unemployment, and lack of opportunity can be incentives for young men to join rebel forces.<sup>3</sup> More importantly, the new Donetsk economic elites and bureaucracy benefit from the status quo since the war opened for them windows of opportunities, new social benefits, and careers. The fear of losing income and status fuel the resistance of the new Donetsk elites to the possible reintegration with Ukraine.

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<sup>3</sup> See, for example, Paul Collier and Anke Hoeffler, "[Greed and grievance in civil war](#)," Working Paper, The World Bank, 2002.

The third factor is the establishment of warlord rule in the DNR and LNR. Conflict generates opportunities to loot, to profiteer from economic and trade blockades (of Donetsk and Luhansk, in this case), and to “privatize” state assets while fostering expectations of new sources (Russian) of financial aid. When war can be enriching, its duration is likely to be longer.

When it comes to infringements and objections, post-2015 local grievances toward Ukraine are associated with exposure to war (shelling, destruction of civilian infrastructure, etc.), economic and transportation blockades, discrimination against Donbas IDPs in Ukraine-controlled territories, and hate speech by Ukrainian politicians and Ukrainian media. Local grievances toward Russia are [linked](#) to Russia’s “unwillingness to protect” (no Crimean scenario for those in Donbas), that the war in Donbas is just a leverage pawn, discrimination by Russians against Donbas migrants to Russia, and the socio-economic decline in Donetsk and Luhansk. Any local grievances that go both directions serve to strengthen a localized identity (the “people of Donbas”).

### **The Entrenchment of “People’s Republics”**

The consolidation of territorial gains and entrenchment through the two Minsk agreements, in September 2014 and February 2015, put the rebels firmly in control in the DNR and LNR and simultaneously required them to assume the responsibilities that this situation created vis-à-vis the civilian population. In other words, further concerted efforts at state-building were required. These gathered pace from late 2014 onwards and took several forms.

- 1) The establishment of a security sector started in the summer of 2014.
- 2) The creation of norms and institutions regulating social and economic affairs beginning in the summer of 2015.
- 3) Identity-building projects from the spring of 2016.

By way of illustration, within the first year of its existence, the newly elected DNR parliament adopted about 20 laws regulating security and military affairs, the majority of which were in the period between November 2014 and February 2015. In addition, there have been 42 laws regulating socio-economic and cultural affairs (the majority of which were adopted in the summer and fall of 2015) and 24 laws regulating administrative and legal affairs (most of them adopted between the fall of 2015 and the winter of 2016). This demonstrates the early focus on military and security affairs that established the framework for the armed forces, the police, the prosecutor’s office, and the border protection policy.

In sharp contrast, legislative efforts in socio-economic and cultural spheres were almost completely absent until the summer of 2015. Since May of that year, along with the start

of centralized payments of pensions<sup>4</sup> and salaries to public sector employees from the territorial budget (the Ukrainian government stopped payments in May 2014), the DNR and LNR adopted fiscal legislation and bodies and began collecting taxes from local businesses. The gradual economic and transport blockade of Donetsk and Luhansk by Kyiv (starting in early 2015), further deepened by the “nationalization” of Ukrainian industrial assets by DNR/LNR leaders, contributed to the almost complete isolation of the rebel-controlled spaces from government-controlled territories.

Finally, intensive identity building efforts—the creation of a so-called “new Donetsk identity” or “identity of the Donbas people”—started simultaneously with the promotion of DNR and LNR citizenship in March 2016. The “old Donetsk identity,” a strong regional identification within an overall Ukrainian identity, had emerged over the course of a number of policy and media projects aimed at the creation of a unified societal area in Donbas since the early 1990s. According to a Razumkov [opinion poll](#), more than 50 percent of the residents in eastern Ukraine, including Donetsk and Luhansk regions, considered themselves as “firstly residents of their hometown or region and secondly as residents of Ukraine,” against 32 percent who considered themselves as “firstly residents of Ukraine.”

Although the prevalence of local identification over a national Ukrainian identity has been evident in all of Ukraine’s provinces, including in western Ukraine, the Donbas region’s identity for a long time was channeled into public support of a successful electoral project, namely the Party of Regions. Shortly after the Orange Revolution in 2004-05, the Party of Regions won about 74 percent of the vote in the Donetsk and Luhansk regions in the parliamentary elections [in 2006](#), 72 percent in Donetsk and 74 percent in Luhansk in the parliamentary elections [in 2007](#), and 65 percent in the Donetsk region and 57 percent in the Luhansk region in the parliamentary elections [in 2012](#).

The military conflict in eastern Ukraine triggered efforts toward the consolidation of a Donetsk identity in rebel-controlled territories. As soon as the border between the self-declared republics and Ukrainian-controlled territories stabilized, residents of these different entities found themselves under the influence of forces with clearly divergent agendas and were consequently exposed to conflicting information and ideology-promotion policies, leading to a significant degree of alienation and fragmentation of society in Donbas. The resulting vacuum created space for the “construction” of new identities that were significantly shaped by the war-time experiences on both sides of the front line. As one of the experts whom we interviewed explained it:

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<sup>4</sup> Although a pension is an assured right for every Ukrainian citizen according to the constitution, the implementation of this right is limited for residents of DNR and LNR. Only individuals with IDP status who permanently live in the government-controlled side can receive social payments. This norm excludes elderly citizens and citizens with disabilities who are unable to move out of the DNR and LNR. According to [data](#) from the Ministry of Temporary Occupied Territories of Ukraine, about 1.2 million retirees were registered in the DNR and LNR in 2014. In 2018, 600,000 people from these two areas received Ukrainian pensions.

“The task of a new identity project is difficult. It has to explain why the population should fight against Ukraine and why Russia cannot annex Donetsk and Luhansk. Any ‘new Donetsk people’ have to be non-Ukrainians and friendly toward Russia.”

Although there may be some bias related to participation, the Ministry of Information Policy of Ukraine, in [its recent research](#), accepts that at least 18 percent residents of Donetsk and Luhansk consider themselves “citizens of the DNR or LNR” whereas 60 percent prefer to adhere to the “old” Donetsk identity.

## Conclusions

Incoherent as they may be, Donbas identity-building efforts have not been without consequences. The policy of isolation pursued by Kyiv, ironically, is likely to contribute not only to the consolidation of Russian influence but also to the emergence, over time, of a new and sustainable identity that will exhibit all of the hallmarks of separatist, anti-Ukrainian, and anti-European attitudes. This self-fulfilling prophecy in the making, in turn, will have a significant impact on future settlement scenarios.

Isolating the rebel-controlled territories may bring some advantages to Kyiv in the short term. The limitation of the impact of the war can create better conditions to strengthen Ukraine’s fragile institutions and to better consolidate its cooperation with the EU (and NATO). However, the isolation of Donbas contributes to the entrenchment of the DNR and LNR as self-managed entities and the growth of local public support toward them. While the conflict potential in Donbas has been solidifying, the consolidation of the status quo raises costs for reintegration in the future.

For Ukraine, it is critically important to strengthen its state capacity to damp the shock of the reintegration of war-affected Donbas. However, the current trend is rather the reverse. The public support for reintegration and readiness to accept its consequences is a great advantage, but it is not fully used by the Ukrainian authorities. Ukrainian citizenship remains a major anchor linking the residents of Donetsk and Luhansk to Ukraine. However, the limitation of their rights—first of all, their political rights, and secondly, their social guarantees—along with consistent speculation about their status—contribute to deepening grievances and self-exclusion from Ukraine. After all, the Minister of Internal Affairs Arsen Avakov (along with other senior officials) has floated the idea of [calling](#) them “collaborators with the Russian aggressor.”

What Ukraine needs is a strategic vision of its future relations with Donetsk and Luhansk and responsible leadership and decisions aimed at inclusion and integration. Importantly, although the conditions for conflict can be exacerbated by the role of Russia and its reactions to the West, the prospect for peace depends heavily on addressing the

core challenges of adroitly improving Ukrainian state capacity, democratic processes, and center-periphery relations.

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