

Berlin, 30. August 2014

The Ukraine, the West and Russia

The “United Nations” have announced that far more than 2000 people have been killed in the east Ukraine between April and mid August 2014. The UN described their estimate as “very conservative”. Dozens of people die every day during the acts of war. Furthermore, hundred thousands of people have fled, mostly to Russia. Additionally, we find ourselves in a deep international crisis. It could have wider-ranging, more negative consequences than any other crisis from the last decades and it will continue to get worse if nothing is done to prevent it.

The essential features of the development of the past few months are outlined in this report at first. Then we will talk about which impacts a lasting confrontation policy will have on the Ukraine and the West-Russian relationships. After that, we will present suggestions that could allow an exit from this spiral of violence and confrontation.

The Ukraine, the West and Russia: Spring and Summer 2014

Let's first outline the causes of the current situation in order to weigh the decisions that we have to make:

The Ukraine is a divided country on several factors, linguistically, culturally, ethnically and religiously. Except for the Crimean, there have not been any serious signs in the past 20 years that the territorial unit of the Ukraine could break apart. Mass protests started in November 2013 against the then president Wiktor Janukowitsch. The demonstrators asked for a distinct orientation of the country towards the West. By that, they hoped for an improvement of the depressing political, social and economic situation. A minority of the protestors was driven by anti-Russian resentments.

After a survey by two renowned Ukrainian opinion research centers, the protests were supported by 80% of the people asked in the west Ukraine at the end of December 2013. In the eastern and southern parts where people speak mostly Russian, only 30% or 20% were supporters. The Ukrainian leadership at the time had only little support and trust in the eastern and southern regions of the country and the politicians of the opposition and the geopolitical focus received nothing but distrust and open rejection.

Western politicians mostly encouraged for a one-sided orientation to the West of the Ukraine. This was voted against in the mostly Russian-speaking parts of the country, though. Instead, a dependance on Russia was preferred. The newly appointed German foreign minister Frank-Walter Steinmeier gave a warning at the end of 2013 that the Ukraine was at risk of being “torn”: The West was pulling from one side and Russia from the other. Right after the change of government at the end of February 2014, the new leadership tried to lessen the status of the Russian language and named a representative of the extreme right party Attorney General. An unbiased investigation of the 100 people that died on “Maidan” before the change of government was therefore ruled out. This and other measures have been understood as a serious threat of cultural identity and even security by millions of people.

Almost immediately after the change of government, new protests against the new Kiev leadership started. At first, it was about demonstrations that turned into armed disputes in April. In March, almost half the people that were asked in the east and south were of the opinion that the disagreements between the different country parts were so huge that they could break apart. Russia played a central, probably crucial role for the input and process of the protest movement: On one hand, the processes against international law in the Crimea intensified the tensions and division tendencies in the Ukraine. On the other hand, Moscow announced at the beginning of

March to possibly use troops in order to protect the Russian-speaking citizens of the Ukraine that are massively endangered by right wing extremists. That was a grotesque exaggeration of actual worrisome tendencies as well as a massive threat. Unsatisfied people seemed encouraged to go out on the streets and possibly even use weapons. They could put justified hopes of a Russian interference to their favor. There were signs at the beginning of March that entire bus loads of demonstrators from Russia came to the eastern Ukraine. But this phenomenon lasted only a few days. Kiev reacted strictly on the dissatisfaction in the south and east of the country and had many leaders of the demonstrations arrested. This handling was understandable from Kiev's view, if not necessary to counteract further scenarios like in the Crimea.

The Kremlin strongly encouraged dissatisfied people to go out on the streets. Weren't there serious and ongoing indicators that the disturbances were not only encouraged but staged and directed by Moscow? US Secretary of State John Kerry stated on April 8 that it was clear that Russian special units and agents were the leading force of the separatists. But he could not present verifiable proof. On April 24, Kerry presented photographic proof for the presence of Russian agents. The New York Times reported this on page one. It soon turned out that the photos provided by the Ukrainian government were processed and ineligible as proof. The US Department of State did not feel compelled to prove the provided photos, which would have been possible without huge effort. Washington also did not publicly criticize the Ukrainian forgeries but imposed further sanctions. Meanwhile, the German foreign minister asked for an amicable agreement. At this point in time, only a few people had lost their lives.

The Ukrainian intelligence chief stated on April 27 that the prisons of his institutions were overcrowded with Russian agents. He did not show any proof of that and was not asked by the West to do so. Similar incidents repeated themselves. At the beginning of June, Kerry felt compelled to push the newly voted president Petro Poroschenko to show proof for the Russian enmeshment in the happenings in the east Ukraine. This had not happened up to that point and Russian agents had not once been arrested. The unfounded or grossly overstated allegations made by Kiev about a direct involvement of Russia in the disturbances in the east Ukraine were finally considered as certainty in the western media.

Announcements from Kiev were believed more easily than announcements from the opposite side. Ukrainian misinformation were not corrected or even blamed by the West. Therefore, Kiev was encouraged to continue.

The allegations from Kiev as well as the separatists or Russia about the other side were partially created on purpose in order to increase the determination of their own population to pump up the public and force the other side to justify themselves. The Ukrainian leadership probably even believed their highly exaggerated and false reports themselves. This was also true for the other side. During times of war and crisis, fright and hatred rule, not reason and cool consideration. The more the situation escalated and the more people died, the more credible and morally compelling seemed the "terrorist" propaganda of one side and the "fascist" propaganda of the other side. Kiev felt compelled to emphasize Russia's involvement in the disturbances in the east Ukraine: Who could the Ukrainian leadership explain that more and more positions were taken by their opponents? During the entire spring, separatists occupied police stations, barracks or even regional headquarters of the intelligence agency without shooting once. A minority of the national security agencies publicly changed sides while the bigger part stayed passive. The large majority did not see the new leadership in the east Ukraine as their own.

How wide was the basis of the separatists? Only about 10 percent voted for a split-off in the east and south of the Ukraine in the second half of March. The survey by the US opinion research center "Pew" from mid April shows that number has increased within three weeks since March. But at that point only a quarter of the Russian-speaking people in the east Ukraine voted for a split-off. The majority of the people voted for a retention of the territorial integrity of the Ukraine, yet presumable at the same time for a federalization, a broad autonomy of the regions within Ukraine. A large majority also asked to recognize Russian besides Ukrainian as another official language of the country. That would go beyond the current regulations to make another language official regionally. The Kiev government, the carrying parties and the majority of the people in the west of the country were against the claim to equalize Russian and Ukrainian as well as the federalization. The new leadership was more determined to even refuse an official status for the Russian language.

When asked “does the current government in Kiev have a good or bad influence on the development in the Ukraine?”, 60 percent of those asked in the West in mid April said the influence is good, only 20 percent said so in the east. Two thirds in the east were of the opinion the influence is bad.

Especially Germany tried numerous times to de-escalate the situation. Foreign minister Steinmeier presented a plan with France and Poland at the beginning of April that “Spiegel” reported about: “Steinmeier’s east Europa plan, Brussels or Moscow? Both!” On July 18, the foreign ministers of Germany, France and Poland asked for an immediately and lasting ceasefire after the passenger plane was shot down. That incident showed how dangerous the situation has become there. Chancellor Angela Merkel commented in a similar manner. In the following five weeks more people died than in the three previous months.

Let’s keep this in mind: Some of the leading representative of the separatists are Russian citizens. Just like many of the armed fighters. Moscow encouraged Kiev’s opponents and approved that Russian nationalists stepped into the fight in the Ukraine. The support from Russia stayed mostly oblique. On August 1, 2014, the UN stated that there is no hard evidence that the separatists received weapons from Russia. Since the start of the disturbances, there have been tremendous differences among them about the goal of their fight: Is it about the connection to Russia or a federalization of the Ukraine? These differences in opinions argue against the thought that the resistance movement originated in Moscow.

All sides have developed the attitude to counter alleged or actual provocations with hardness. Moscow viewed talk refusals of the West and a nationalistic policy in Kiev as the cause for the violence. The occupation of the Crimea and extortion attempts by Moscow were the cause for the West. That way, a spiral of violence got started. The West and Russia supported their own faction and denied each others moral integrity and legitimate interests.

Kiev could possibly gain a victory, nonetheless, the Ukraine won’t be able to settle because the inner division has not been caused from the outside.

What could happen if violence and confrontation continue?

Let’s talk about the consequences of this scenario for the Ukraine.

There are two realistic options, for one: The open confrontation continues for weeks or even months without one of the opponents getting decisively beaten. The West and Russia would keep their partially open, partially hidden support of their respective country and possibly increase it if a defeat is threatening. This would be a similar scenario as in Syria. Several thousand victims would have to be expected, especially civilians. In the second scenario, the troops of Kiev break the armed resistance of their opponents, which does not seem too unlikely at the moment (end of August). In this case it is likely that less people die than in the event of a continuance of the fights.

But would there be security and stability if Kiev won? This would only be the case if the Ukrainian government could convince the people in the east and south of the Ukraine. This has not happened yet and there are two good reasons it is unlikely to happen in the near future:

Firstly: In times of a deep crisis, the opponent gets demonized and the own side gets excessively idealized. That complicates a reconciliation after an armed encounter, especially after a civil war with thousands of victims. This means: A victory over the mostly Russian-speaking population of the east Ukraine and the alleged initiator Russia will most likely lead to a repressive approach on the inside and a confrontation policy towards Moscow.

The Ukrainian politicians do not receive a lot of trust as the presidential election of May 25, 2014 showed: The election winner, the current president Petro Poroshenko and the second-place winner (Julia Timoshenko) received less votes combined than Viktor Yanukovitch during the presidential election in 2010. At the election in 2004, more than 28 million people voted. In 2014, less than 18 million people voted.

Secondly: In the previous year, the Ukraine had already been the only successor state of the Soviet Union with a lower per capita income than in the year of the breakup of the UdSSR in 1991. The economic and social situation will continue to get worse. Partially due to the completely early and drastic increase of the gas and electric prices the IMF demanded and partially because the exchange of goods with the so far most important trade partner, namely Russia, has collapsed. And not least due to the destruction in the east Ukraine. Kiev will not be able to offer a future perspective any time soon.

Let's recap: The Ukrainian government will, for legit reasons, possibly not have the moderation to win the hearts of the population of the east Ukraine. Kiev won't be able to offer a future perspective nor have the power to permanently break the will of resistance of the opponents. In this case, an underground fight impends, which will remind of Northern Ireland or the Basque country. Or maybe even the scenario of a bloody partisan fight.

Which consequences would lasting violence in the Ukraine have on the West-Russian relationship?

Both mentioned scenarios would lead to an impairment of the relationships. This is even true for the improbable case of the region coming to a rest in the near future: The problem Crimea stays unresolved and would be mentioned by Washington and Kiev. That is also one of the reasons why Moscow does not want a one-sided victory for Kiev in the east. It can also be expected that Russia directly interferes with the fights if the humanitarian situation in the east Ukraine should become completely unbearable. Which consequences would a lasting confrontation have on the position of the West and Russia in the world?

The economic development and also the Russian ability for diplomatic maneuvers will be affected by Western sanctions to a large extent. To a lower degree, this is also true for the Euro-Atlantic world: The Brussels Commission assessed at the end of July 2014 that the recently imposed sanctions only have a modest affect on the EU countries but hit Russia hard. According to EU information, the economic growth in the member states would be lowered by 0.3% this year, but by 1.5% in Russia. The estimated numbers for 2015 are 0.4% for the EU and 4.8% for Russia. This means: According to EU statements, the planned measures would lower the economic performance in EU countries between August and December 2014 by around 20 Billion Euros. In the following year it would be around 60 Billion Euros. The calculation for Russia means: The gross domestic product will be around 10 Billion Euros lower at the end of the year but more than 80 Billion Euros lower in the following. The EU accepts costs of 80 Billion Euros in order to cause losses of 90 Billion Euros in Russia.

Meanwhile, Russia has imposed sanctions on the Western grocery deliverers. The caused damages will continue to grow, especially because the consequences only start to unfold after a few months. Furthermore, there are more dangers, some should be mentioned:

- At the beginning of August, the Ukraine threatened Russia with a total stop of gas deliveries to Western Europe. Around half of the Russian gas deliveries run through the Ukraine. A disruption of the transport is becoming more realistic - be it from one side or the other - if the combat operations last into autumn.
- The Ukraine has not been obtaining gas from Russia since mid June. The asking prices from Kiev and Moscow are not too far apart but it has not come to a closed contract yet. How are millions of people supposed to survive the winter?
- A lasting confrontation could put the Ukraine to an economic and social breakdown in the winter quarter already. The Ukraine has already raised electricity prices by 40%, as was asked by the International Monetary Fund. Social support was cut back on, trades with the so far most important trade partner, namely Russia, has broken down. The Ukrainian currency has had to suffer a value loss of 40%, more than any currency worldwide.
- Russia has not hindered the Afghanistan transit in its area yet. This could change.
- The West dominates the worldwide financial economy, i.e. through the supremacy of the US Dollar and the Euro and the superior location of the financial hubs New York and London. The already imposed financial sanctions will hit Russia hard. But they will also strengthen a tendency in many countries to build a counterweight to the Western dominating financial system. Brazil, Russia, India, China and South Africa are taking more and more concrete steps in that direction. They have the potential at the moment to be successful, different from ten or twenty years ago. Since the West uses the "financial weapon", a development for protection against this is being accelerated. Therefore, the West undermines its own power.
- The West and Russia will not form an alliance for a long time, which seemed possible for twenty years. But Russia has not yet decided to go an anti-West or even anti-European way. It would mean high costs and risks for Russia but it cannot be excluded in case of further escalations. Should the West allow for a very important country to become an opponent?

Sanctions can be useful if they strengthen the own trading position. So far, there has not been a case in which a country with punitive measures has apologized for its (alleged or actual) misconduct and allowed all claims.

Let's try to think a step ahead: The West has more power but from a Russian perspective, Russia has much more to lose. An "anti-Russian" Ukraine for Russia is not only a humiliation of their own self-understanding but also a danger to national security. Moscow will proceed tactically regarding the Ukraine in the following months and years, but they won't move away from their minimal goal to prevent an "anti-Russian" bias in the Ukraine. What could happen if it does not come to any somehow mannered, amicable agreement?

Beyond that, it is unclear what the Kremlin should do. The Western demands, besides the Crimea, are quite unclear. Should Moscow make sure that the people in the east Ukraine trust Kiev? Should the West impose more sanctions? Which economic consequences could take place if Russia gets into bad economic turbulences? Let's quickly weigh the consequences: If similar oil export sanctions get imposed on Russia as on Iran, the oil price would increase drastically for about 80 Dollars/barrel, so around 70%. When the sanctions were imposed on Iran, they were exporting 2.5 million barrels a day, Russia, however, exports 7.2 million. The world economy would be at its chasm. - A possible disruption of the gas deliveries is not even considered in this. Were the punitive measures against Iran target-aimed? How shall a big - in the case of Russia a very big country - be coerced to indulge if it sees its national security fundamentally endangered?

There have only been losers for months: The people in the Ukraine, Russia, the West, reasoning and humanity. The spiral of one-sided measures, punitive measures and violence must be broken.

- It has cost thousands of people their lives.
- It's in the process of making the Ukraine a failed state.
- It will directly and indirectly cause costs of hundreds of billions of Euros.
- It strengthens reckless arsonists in all parts of the Ukraine, in Russia - and in the West.
- The confrontation weakens the views on an opening of the political system and democrats in Russia. Many of the Russian Putin critics and leading oppositionists have turned to a "national path". Russia has a long tradition of sticking together for an (alleged or actual) enemy. The Western hawks strengthen the Russian hawks. And the other way around.

Escapes of the spiral of violence and sanctions

In order to escape the spiral, a basic requirement must be met: At least the sign of one side being the absolute "winner" must be avoided.

A solution must contain the following points:

- An immediate ceasefire in the east Ukraine.
- Prompt help for the people in the war area. This should come from a neutral side, i.e. the OSCE or the UN.
- The Ukraine accepts the proposed plan by Switzerland to decentralize the country and keep the status of the Russian language.
- Russia agrees to have Ukrainian officials help with controls on the Russian side of the border where the separatists exercise control on the Ukrainian side. The border should also be overseen by OSCE viewers. This has already been agreed upon by the foreign ministers of Germany, France, Russia and the Ukraine on the initiative of Steinmeier on the 2nd of July.
- A reconciliation commission that thematizes crimes according to a South African example, but does not initiate prosecution measures.
- Russia will not interfere with an economic cooperation between the Ukraine and the EU.
- Russia offers an agreement to the Ukraine for long-term gas deliveries to international comparable prices.
- The Ukraine requires a fast and comprehensive support. For comparison: Poland receives around 10 Billion Euros per year from the EU pots. This support should not end up in the hands of the billionaires, as in the past. Social cuts and price increases should be taken back.
- Kiev agrees to enter the NATO only in case of an overwhelming approval of the population. The minimum could be at 70%. This makes a NATO membership very unlikely without formally excluding it.

- The NATO agrees to stay open for a Ukrainian membership but does not actively pursue it.
- There could be a national referendum in the east Ukraine with a high presence of OSCE or the UN. The territorial integrity of the Ukraine would not be topic but the extent of the self-government of the region.
- The decision about the final status of the Crimea will be moved to a second referendum. This should take place after the transition period with international supervision and according to international procedure standards. During the transitional period, the Crimea remains part of Russia. A consensual repetition of the vote would allow all parties to work on the problems in the Ukraine together without giving up their different positions about the legitimacy of the first referendum. While Russia would have to put the affiliation of the peninsula to another approval in an internationally recognized procedure, Kiev and the West would accept the current condition for the transition period and give the residents of Crimea a right of self-determination. It shall be made clear that the exercise of this right arises from the historic special status of Crimea. That way, a precedence with effects on a territorial entity of other Ukrainian regions would be avoided.
- Russia pays compensatory damages to the Ukraine for the loss of assets on the Crimea or clears it with unpaid charges from gas deliveries.

This list is not complete and many questions remain unanswered. But one thing is certain: A lasting confrontation comes with too many risks to be a serious alternative for a compromise for all sides.