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Supply-Side Investment Research

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10-yr T-Note: 1.99%	DJIA: 33,174.07	NASDAQ: 13,129.96	S&P 500: 4,259.52	S&P 500 Undervalued: 122.5%

UKRAINE AND RUSSIA OVER THE LONG RUN OF HISTORY

By Brian Domitrovic, Ph.D.

The 1953 book of legendary Ukrainian-American economist and historian Michael T. Florinsky (1894-1981), *Russia: A History and an Interpretation*, for years was the standard American narrative of Russian history. (It was on the reading list of undergraduate Arthur Laffer in his class on Russian history at Yale in 1960.) The first chapter is titled, "The Rise and Fall of Kiev." In that chapter Florinsky drew this conclusion about the ninth through the eleventh centuries A.D.:

> *The geographical position of Kiev on the main trade route to the Black Sea and Byzantium and its importance as a bulwark against the invasion of the southern and eastern nomads probably explains the leading part it played in the first three centuries of Russia's history. During that period, the vital interests of the land, or at least of its most influential groups., were intimately bound up with the fate of Kiev.*

The shocking onslaught of the Russian military into the Ukraine, and Kiev (or Kyiv) in particular, of recent weeks prompts thoughts of what relationship has obtained, over the long run of history, between Russia and Ukraine. Some of the topics associated with this historical matter can be difficult if not controversial to relate and reckon with. Events nonetheless have brought it to the fore of our attention.[1]

Florinsky began his history of Russia with ninth-century Kyiv because that was the juncture at which the original Russians (that name had come from Scandinavia) of the north made alliances with southerners for trade ventures that would link the Baltic and Black Seas in one relatively traversable route. Kyiv marked a convenient point on the Dnipro river—which meanders into the Black Sea—at which goods could be unloaded from or loaded on riverboats capable of reaching faraway destinations. In the tenth century, Russian commerce with Constantinople via the Kyiv-Dnipro-Black Sea route brought one further development: the widespread adoption of Christianity in Russia.

Dynastic intrigue weakened political bonds in this region during the middle ages, before invaders from the east swept through in the thirteenth century and largely conquered and pacified latter-day Russia and Ukraine for several hundred years. The Mongols that toppled the Islamic caliphate in Baghdad had vassals and followers that did the same all the way across Eurasia to the borders of Hungary and Poland. Much as Christian Spain for centuries engaged in a "Reconquista" to wrest the Iberian Peninsula from Islamic control, Eastern Europeans strove to oust the Mongol "horde" from their territories beginning in the 1200s.

This goal was accomplished by the sixteenth century, via successor states in this region that kept Ukraine and Russia politically separated. The vast Poland-Lithuanian commonwealth had dominion in the greater part of Ukraine (including Kyiv), while Russian tsardom built itself up in the upper third of Asia, with capitals in Moscow and, after Peter the Great in the seventeenth and early eighteenth centuries, St. Petersburg. Cossacks built a semi-autonomous state within Ukraine with alternative allegiances to the major powers. The lower part of Ukraine, along the Black Sea, fell prey to slaving parties allied with the Ottoman empire, which had overthrown the successor state to Rome in Byzantium which itself had attracted Russians to Kyiv in the first place the millennium before. In this period of early modern history, the greater part of Ukraine was within the Poland-Lithuanian commonwealth. Ukraine gained Jews and non-orthodox Christians from this connection. These remained distinctive Ukrainian populations until the disruptions of the twentieth century.

Successively in the eighteenth century, the Russian tsar, the Austrian emperor, and the Prussian king "partitioned" Poland-Lithuania such that by the arrival of the nineteenth century, Ukraine was nearly in whole within the political boundaries of the Russian empire. Diplomatic arrangements of subsequent years put certain western portions of Ukrainian territory into the Austrian (then Austro-Hungarian) empire. Nationalistic movements in nineteenth-century Ukraine generally identified the Ukrainian and Russian identities as closely similar and sought to minimize Polish, Catholic, and Jewish influence within the region, as a problematic "western" legacy of the Poland-Lithuania interregnum.

[1] Michael T. Florinsky, *Russia: A History and an Interpretation* (New York: Macmillan, 1953), vol. 1, p. 18. Regarding the spelling of "Kiev," Florinsky offered that "as E.H. Carr notes, 'No system of transliteration is satisfactory except to the philologist who invented it'" (p. vii). For a trilogy of Russian history, see Richard Pipes, *Russia Under the Old Regime* (1974), *The Russian Revolution* (1990) and *Russia Under the Bolshevik Regime* (1994).

Both Russia and Austria-Hungary suffered acute embarrassment in the forty years before 1914 when some 7.5 million subjects voluntarily left those realms for greener pastures in America. During World War I, in which Austria-Hungary and Russia were antagonists, Ukraine was largely part of Russia. Still, Austria-Hungary had a sizeable number of Ukrainian speakers whose families had, over the years, settled in various places in that polity. The war went poorly for both sides. Neither was a victor, millions were killed and wounded, and both governments, venerable and centuries in the making, collapsed.

The revolutionary events in Russia of 1917, first the February Revolution resulting in the abdication of tsar Nicholas II in favor of a provisional government and then the Bolshevik seizure of power the following October, led to Ukraine's quitting of the Russian state. Like the Baltic republics, Finland, and Poland, Ukraine preferred to take advantage of the end of the war with Germany (as negotiated by the Bolsheviks), and the Bolshevik takeover of Moscow and St. Petersburg, by trying nationhood on its own. The Bolsheviks were opposed to this development and fought with minor success to bring Ukraine into the revolutionary state. However, Lenin's major ambitions initially lay elsewhere—he wished to take over central Europe, above all Berlin. Stymied of this objective in the Red Army's loss in the Soviet-Polish war of 1920, Lenin directed his forces to seize Ukraine and incorporate it into the state soon called the "Soviet Union." This was accomplished over 1921-23.

The Soviets understood that the Ukrainians were very cool to the Bolshevik revolutionary project. The Soviets, in turn, tried carrots and sticks, the latter of great intensity not to say criminality, to bring Ukrainians into accepting their new citizenship. As for carrots, the Soviets launched what scholars have called a full-scale "affirmative action" program for Ukrainians. In the 1920s and 1930s, top spots at Soviet universities were reserved for Ukrainians. Russians had to learn somewhat similar Ukrainian as opposed to vice-versa on the shop floor, and Ukrainians were encouraged to wear native dress. The stick was the Ukrainian famine of the early 1930s, which killed four million. Stalin chafed at the unwillingness of Ukrainian farmers to cooperate with Soviet food-requisition demands. His response was to steal the food and set up police battalions to supervise the peasants who starved because of it.

This experience was so harrowing that the natural criticism of it that welled up throughout the Soviet state prompted the next great Soviet outrage—Stalin's purges of the latter 1930s which killed another several million. The political-economic background to Hitler's aggressiveness as the Germans planned an invasion of the Soviet Union was that power's recent serial attempts to decimate itself. First the Ukrainian famine killed millions, permanently set the Ukrainians against the Soviets (and any state run by those who might appear to be their successors), and tore up the natural system of food production. Then the purges decapitated the country of independent thinkers (and military officers). In large part, Hitler gained confidence in his ambition to conquer the Soviet Union because of the Soviet Union's incredible handling of the Ukraine matter and its aftereffects in the 1930s.

The Nazis rocked Ukraine in their invasion of the Soviet Union from 1941 to 1943. Nazi mobile killing units fanned out across the territory and killed 1.5 million Jews. While Jews had been in Kyiv from the outset, the big numbers had come during the Poland-Lithuania era. Referencing incidents of collaboration in Ukraine, the United States Holocaust museum quotes "historian Wendy Lower…, 'Writing the history of the Holocaust in Ukraine has been and probably will continue to be a very complicated, politically perilous endeavor.'" [2]

In the main, Ukrainians fought against and resisted the Nazis. The southern front of the Eastern theatre of World War II saw untold destruction. Its terminus was Stalingrad; in retreat, at Kursk, the Germans fought the Soviets in the largest tank battle of the war. Millions of Ukrainians fought in the Red Army, and millions of Ukrainians died or were displaced. This was World War II at its very most intense. Once peace came, the Soviets victorious, there had to be some gesture of reconciliation between Ukraine and the Soviet state. It came in part in Khrushchev's decision to grant certain Russian territory on the Black Sea, the Crimea, to Ukraine for administrative purposes. In preparation for this, the Soviet Union had "cleansed" the territory of its historic Tatar community by expulsion to the east. Fatefully, when Ukraine split off from the Soviet Union in the 1990s, the grant of Crimea stayed with Ukraine, until Putin took it back by force in 2014.

Interpreting the Legacy of the Past

Michael Florinsky was an economist who wrote narrative history. What might historical wisdom such as that offered by Florinsky in his volumes, as well as our own grasp of the nature of global political economy and geostrategy, yield to us as we grapple with the formidable problem of early 2022 that is the Russian incursion into Ukraine and that nation's spirited effort at defense?

In the long run of history, Ukraine and Russia have been closely related. The two regions founded the modern Russian polity, over a thousand years ago. They both only with difficulty acclimated themselves to the incursions of the Mongols and Islam, preferring ultimately to throw off those yokes of external authority. Over the last four hundred some years, however, Ukraine and Russia have been more separated than not. For over two hundred years (the mid-sixteenth through most of the eighteenth century), the places were politically separate as Poland-Lithuania incorporated the majority of Ukraine. In the nineteenth century, as Russia in turn had incorporated most of Poland-Lithuania, Ukrainian nationalism encouraged a spirit of unity with

[2] "The Holocaust in Ukraine," https://www.ushmm.org/information/exhibitions/online-exhibitions/special-focus/ukraine.

Russians along with a sense that westerners of all stripes were alien introductions into Ukraine. It was an interesting nationalism to spring up in the greater Russian space, given the mandate of Russian tsar Peter the Great (d. 1725) to westernize Russia. As the Russian novelists wrote about the aging statutes of Peter gracing the empire and still pointing westward in the nineteenth century, they looked as if they were forgotten, were ghosts.

In the twentieth century, Ukraine and Russia cleaved as never before. Surely this turned on the specific nature of the new Russian state as of 1917—the Bolshevik state. Ukrainians did not prefer this form of government as a successor to tsarism and made this clear. The Soviet Union forced the matter, and great calamity came over Ukraine. The gestures Khrushchev made toward rapprochement with Ukraine were intentional, but against the grain of fundamental Ukrainian-Soviet inhospitableness.

In today's conflict, the connection the Ukrainians perceive in Putin to the Bolshevik state, to the spirit of the Soviet Union, is probably sufficient to steel their resolve—remarkable as it appears to be—in rejecting the fearsome Russian attempt at takeover. The closeness between Ukraine and Russia over the long run—over more than a thousand years of history—is real. But that closeness belonged more to the first than to the latter stage of that long run. And over the last 105 years, that closeness has been at its most strained.

As for Putin, he perhaps is in one sense an heir to Peter—the "oligarchs" he made wealthy via natural-resource contracts enjoy the fruits of their wealth primarily in the playgrounds of the West, from the mansions of London to the docks of the Mediterranean that can handle their yachts. Putin's support from the most favored in Russia derives in significant part from the ability of those people to enjoy their wealth not so much in Russia, but in the West.

During World War II, the plum assignment for any Nazi general—Rommel was a notable example—was to be assigned to France. There one could enjoy the epitome of lifestyle, that of Paris. The Nazi generals defied Hitler's orders to destroy Paris—no such defiance came on the order for Warsaw—on the grounds that they wished not to be known as those who destroyed Paris. Some similar dynamic is at play in the highly ambiguous character of Putin. Putin rather bought the loyalty of his oligarchs by allowing them access to the heights of western lifestyle. Could he therefore seek to destroy that lifestyle? Perhaps he could—but the contradictions would be mind-boggling.

Russian history, nonetheless, has abided outsized contradictions before, if not characteristically.

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