

# On Ukraine: To Understand before Making Peremptory Judgments

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*Although Jacques de Larosiere, a renowned world economist, the European political and financial guru, turns 95 this fall, he continues to closely monitor international events. He has kindly shared his understanding of today's most pressing issue and of historical realities. We find it necessary to acquaint our readers with of the opinion of the respected author to show that Europeans may have an alternative view of the deepening Ukraine crisis.*

Ukraine has never been a unitary state, either ethnically or politically, and throughout most of its history it was a “subject” of a sovereign power—Lithuania, Poland, or Russia. Notably, under the latter’s rule, it was called “Little Russia” for 250 years—from 1654 (when the Cossack Hetmanate of Left-bank Ukraine fell under Russian protection) and up to the very end of the 19th century. In 1919, it was named the Ukrainian Soviet Socialist Republic and became a constituent union republic of the USSR after its establishment in 1922.

After the Second World War, Stalin, in order to obtain an additional seat in the UN, called it a “sovereign state” (and even made some legal provisions for its formally “independent” acting in international affairs).

In 1954, Khrushchev transferred control of Crimea from Russia to Ukraine (both being Soviet constituent republics) for the mere reason that it was geographically closer to the latter. These political games were in no way a recognition by Moscow of Ukraine's real independence. It has always considered it—as have many Ukrainians—a “brother country” intimately linked to Russia by common historical roots.

Prior to the dissolution of the Soviet Union in 1991, Ukraine immediately voted massively for independence, with Russia not questioning the borders of its neighbor.

Three controversial issues settled through tense negotiations in the 1990s included:

- ***the question of nuclear weapons***—resolved by the 5 December 1994 Budapest Memorandum on Security Assurances signed by and between Ukraine, the U.S., the UK, and Russia, under which Ukraine gave up its nuclear arsenal to Russia in return for recognition and guarantees of its borders;
- ***the ownership of the ex-Soviet Black Sea Fleet***—settled through the Partition Treaty (signed on 28 May 1997), whereby the two countries agreed to divide ships and establish two independent national fleets;
- ***the destiny of the Port of Sevastopol***—also settled by the Partition Treaty that set forth conditions for basing the Russian Black Sea Fleet in Crimea on a 20-year lease (later extended).

These agreements, of major importance, and the Treaty on Friendship, Cooperation, and Partnership between Ukraine and the Russian Federation, were signed by Ukrainian President Leonid Kuchma and Russian President Boris Yeltsin. Re-elected in 1999 (when Vladimir Putin came to power), Kuchma—a pragmatist who understood the essential importance of agreement with a large neighbor—continued close collaboration with Russia.

## **HOW IT ALL STARTED**

What was Ukraine's political situation like in 1991, when it gained independence? This is a crucial question for understanding what happened next.

Fundamentally, the country has always been divided by its history, and its identity has always been an acute issue. One tendency, in the west of the country, was to develop close ties with Europe without cutting itself off from Russia.

At that time, my friend, future President of Ukraine Victor Yushchenko, was representative of this trend. In 1994-1995, when he was Governor of the Central Bank of Ukraine and I was President of the European Bank for Reconstruction and Development (EBRD), he drove me around the region where his family came from. He would stop at village after village to talk about the ordeals of which his people had been victims, namely the horrors of the Stalinist famine of the 1930s that decimated 20 percent of the population (six million people). He also told me about the courage of the nationalists and resistance fighters who had opposed the Wehrmacht's occupation of Ukraine in 1941-1942 and fought in the ranks of the Soviet army to liberate their country (the author's interpretation – *Ed.*). Radical nationalist Stepan Bandera was admired for his courage and resistance to both the Germans (who disapproved of Ukrainian nationalism) and Soviet domination, but also for his extreme rightist ideas. (Assassinated by a Soviet agent, he was proclaimed a Ukrainian "hero" in 2010, and his statues have now replaced those of Lenin in the west of the country.) We know that at least a part of the "Galician" Ukrainian nationalists, whose anti-Soviet stance was particularly strong, made common cause with the Nazis, with whom they have maintained links to this day.

And then there was the question of language, which ultimately turned into a decisive divide. Curiously, this issue became a source of political division at a later date. It is worth remembering that the Donbass region voted en masse for Ukrainian independence in the 1991 referendum, although over 70 percent of its people are Russian-speaking. The desire not to be entirely under Moscow's thumb took precedence over language affiliation.

But things have changed a lot since then, taking a separatist turn.

The main reason is as follows. The Donbass region was the "economic pearl" of the USSR: it was home to the coal and steel industries and innovative high-tech factories, notably in the aeronautics, armaments and space sectors, which made the reputation

of the Soviet industry. But in the 1990s, following Ukraine's independence, this paradise collapsed. The general crisis of the coal and steel industries, which had to be restructured, literally led to ruin and mass unemployment (wages fell by 80%) in a region that had lost Moscow's support and fallen victim to the corruption of the Kiev oligarchs. In the absence of the Ukrainian authorities' ability to improve the economic situation in the region, the people of Donbass, hit by an unprecedented economic crisis, lost all illusions about their "Ukrainian future." This factor is crucial for understanding the current situation in Donbass.

### **HOW IT EVOLVED**

Now let us look at how the situation evolved, proceeding from the facts and not from our pious wishes.

The Donbass region gradually detached itself from Ukraine in the 1990s and the 2000s and grew increasingly pro-Russian because of the economic and social disaster that Kiev proved incapable of managing.

The negotiations with Brussels on an association and free-trade agreement that progressed between 2009 and 2013 were wrong in that the economic issues were combined with the prospect of Ukraine's NATO membership. This was bound to arouse Russia's concern and create a division among Ukrainians. It was against this backdrop that pro-Russian President Victor Yanukovich decided, in November 2013, to suspend negotiations with Brussels, which triggered fierce popular demonstrations in Kiev's Maidan Square, followed by his downfall.

Since 2014 everything has gone from bad to worse, undermining the "unitary" elements of the past. The Ukrainian decision to downgrade the Russian language (formerly on an equal footing with Ukrainian in Russian-speaking areas) and disregard for the people who had voted in the local referendums for a federal state and decentralization at the territorial level, set off a firestorm. In an extremely fractured environment (the spectrum ranges from ex-Soviet Donbass in the east, through the more moderate central part of the country, to the radical nationalist movements of the extreme right Galicians in the west), it would have been wise to create a federation in Ukraine that would

allow the different currents enough local autonomy to live together. Kiev's rejection of this proved to be a major mistake.

The memory of Donbass's past prosperity and the disgust for the corrupt central government reawakened pro-Russian sentiment in its people. Eventually, this led to a destructive, eight-year civil war, with covert military and lavish humanitarian aid from Russia.

A serious diplomatic effort was undertaken by signing the Minsk Protocol on 5 September 2014 (just five months after the outbreak of hostilities) by Ukraine, Russia, the OSCE (collectively forming the Trilateral Contact Group on Ukraine), and the then-self-proclaimed Donetsk and Lugansk People's Republics, with Franco-German mediation.<sup>1</sup> The document provided for an immediate ceasefire; decentralization of powers, with a degree of administrative autonomy granted to the DNR and the LNR; early elections in these two signatory republics; and withdrawal of illegal armed groups from Ukrainian territory. However, although the Minsk Protocol was a true "diplomatic masterpiece" that contained all the ingredients necessary for a reasonable solution, it was immediately violated on the ground and hostilities resumed.

The Minsk II Agreements, adopted on 12 February 2015 by the same parties<sup>2</sup> (with French President François Hollande and German Chancellor Angela Merkel supporting it in a separate declaration to provide additional international credibility to the document<sup>3</sup>), were no better implemented by the warring parties. In January 2022, the Ukrainian defense minister declared that Ukraine cannot and must

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<sup>1</sup> See: Protocol on the Results of Consultations of the Trilateral Contact Group with Respect to the Joint Steps Aimed at the Implementation of the Peace Plan of the President of Ukraine, P. Poroshenko, and the Initiatives of the President of Russia, V. Putin, 1 September 2014. Available at: <https://www.peaceagreements.org/viewmasterdocument/1363>; Memorandum on Fulfilment of the Provisions of the Protocol on the Results of Consultations of the Trilateral Contact Group, 19 September 2014. Available at: <https://www.peaceagreements.org/viewmasterdocument/1363>

<sup>2</sup> See: The Package of Measures for the Implementation of the Minsk Agreements, 12 February 2015. Available at: [https://peacemaker.un.org/sites/peacemaker.un.org/files/UA\\_150212\\_MinskAgreement\\_en.pdf](https://peacemaker.un.org/sites/peacemaker.un.org/files/UA_150212_MinskAgreement_en.pdf)

<sup>3</sup> See: Declaration by the President of the Russian Federation, the President of the Ukraine, the President of the French Republic and the Chancellor of the Federal Republic of Germany in support of the "Package of Measures for the Implementation of the Minsk Agreements" adopted on February 12, 2015 in Minsk. Available at: <https://www.auswaertiges-amt.de/en/newsroom/news/150212-minsk-declaration/269274>

not implement the Agreements. This aroused Moscow's ire and was one of the main reasons for its decision to start a Special Military Operation in Ukraine in February 2022 to openly fight for the people of Donbass.

### **THE BITTER CONSEQUENCES TO CONSIDER**

Today, after ten years of an extremely violent war between Donbass and the central government in Kiev—a war in which it would have been naive to think that Russia would remain completely neutral—territorial reorganization of Ukraine will be decided by force of arms.

At this point there are several bitter consequences of the Ukraine conflict that require earnest consideration.

*Firstly*, Russia stands to win and return its ancestral lands, and this is not necessarily unacceptable. Indeed, it seems difficult to claim that Crimea and Donbass are more Ukrainian than Russian.

*Secondly*, the revival of nationalism has become a commonplace geopolitical factor. It increasingly often evolves around language, and the Donbass's more-than-70% Russian-speaking population is clearly manifesting this trend.

*Thirdly*, the United States' persistent desire to surround Russia with countries joining NATO and provide them with weapons is naturally seen by Moscow as a provocation by the West (remember Washington's firm and immediate reaction to the Soviet Union's desire to equip Cuba with missiles aimed at the U.S. in early 1961).

The question of the so-called NATO threat to Russia, i.e., NATO's presence in Russia's neighboring countries, requires serious analysis and reflection, and not references to international law. The encirclement of Russia that is now taking place, with the deployment of armed forces and the creation of a "battle group" organized by NATO from the Baltic Sea to the Black Sea, is a further step in the escalation of war.

*Fourthly*, instead of seeking to build an in-depth partnership with Russia—a major European power—the Europe of Brussels, exclusively focused on the agreement with Ukraine, followed the American lead and did nothing to allay Russia's fears of hostile encirclement. At no point has the EU sought to define and enforce its essential interests,

which are to work with Russia rather than to rush to impose sanctions that have elevated gas prices, thereby weakening Europe and driving Moscow into the arms of China—a feat we blindly and diligently achieved while the energy-sufficient United States could, without damage to itself, give Europe bellicose advice.

*Fifthly*, given the political deterioration as resulting from ten years of war, I do not believe that asserting Ukraine’s right over Crimea and the Donbass region is a constructive way to proceed. The return of Donbass to Ukraine after this bloody war—which the region is far from having lost—seems to me a dangerous illusion.

It would be wrong to confine oneself to asserting international law where it is far from the ethnic and human realities. ***It is not reasonable to risk a global conflict in a bid to preserve the “Ukrainian identity” of Crimea and Donbass, which has never existed.*** It is not reasonable to insist on historical borders instead of deciding on a ceasefire line, as it only provides a bonus for aggression.

Diplomacy is urgently needed to settle the territorial consequences of this conflict, which otherwise has every chance of dragging on indefinitely due to the passionate nature of war and the indomitable will of Donbass to no longer be part of Ukraine. Territorial adjustments are needed. It would obviously be desirable for this restructuring to be the result of an international agreement.

To resolve this complex affair, the Chancelleries would need to do a bit of historical work and weigh nuances, avoiding dead-end positions such as “Crimea and Donbass will always remain totally Ukrainian and are destined to be members of NATO.” This would be historical and linguistic nonsense, a provocation, and a major political error... In short, we need a little tolerance, humility and common sense in the face of complexity, which we must make the effort to understand before making peremptory judgments. That’s the only way to make peace.