



FINANCIAL PREPAREDNESS

"One of life's most painful moments comes when we must admit that we didn't do our homework, that we are not prepared." ~ Merlin Olsen

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Blowing Up Ukraine

If you watch the legacy TV news reports about the war in Ukraine, you will probably be led to believe that the situation is fairly simple: the Russian military is attacking civilian targets such as apartment buildings, hospitals and schools, killing women and children, destroying buildings, and creating millions of fleeing refugees. When I see these reports, I'm always struck by how simplistic and emotional they are, lacking any historical context (which television would need many hours to provide). It's like watching a morality play of good vs. evil. I can see why so many Americans sympathize with Ukraine.

For the record, I think Putin is a murderous thug who will do almost anything (including [killing hundreds of innocent Russians](#)) to gain power, wealth and status. For him—a career KGB officer—the greatest catastrophe and humiliation of his life was the collapse of the Soviet Union. But he's not a communist, whom he blames for the collapse. Instead, he seeks absolute power over a new Russian empire that includes at least all of the former Soviet client states, and ideally all of Europe. But just because Putin is malevolent and dangerous, that doesn't mean that everyone in power (or who seeks power) in Ukraine is a benevolent angel, because they are not.

I wanted to better understand the war in Ukraine, so I just finished reading [Blowing Up Ukraine: The Return of Russian Terror and the Threat of World War III](#) (4.5 stars) by Yuri

Felshtinsky and Michael Stanchev, which was published in 2022. Felshtinsky has written [a number of other books about Russia](#) and is very knowledgeable about the subject. The authors strive to strike an objective tone, but it's clear that they oppose Putin.

Even before the Russian military began destroying Ukraine, it was a mess. For over a millennia, the land that comprises modern day Ukraine has been the scene of countless invasions, wars, revolutions, genocides, slavery and every other form of conflict and cruelty. There is a lot of bad blood, unforgettable nightmares and scores to settle. Over the centuries, different parts of it have been a part of various countries, kingdoms and empires. There are many historical figures and events that I had never heard of.

The authors write that after the front line of WWII swept across Ukraine twice, over five million Ukrainians were killed, “and about two million were deported to Germany as forced labor. Approximately 700 cities and towns and 28,000 villages were destroyed. Over ten million people were left homeless.” The 20th Century alone (which also included the [Holodomor](#) and decades of Soviet domination) was so devastating that Ukraine has still not recovered from it.

Eastern Ukraine (where most of the recent civil unrest and fighting have taken place) has a lot of coal and ore. The Soviet government relocated many Russians there to extract and process this, and the area became heavily industrialized. Additionally, Crimea has long been the home of Russia's Black Sea naval fleet and is dominated by ethnic Russians. However, Soviet Russia gave (or returned) Crimea to Ukraine in 1954.

Consequently, most of Ukraine's population (at least before the recent exodus of eight million refugees) are ethnic Ukrainians (though Putin would say that Russians and Ukrainians are “one people”), with a sizable minority of ethnic Russians. These groups have their own language, religion, etc. There are also dozens of other ethnic groups, most from eastern Europe.

After Ukraine became an independent country following the collapse of the Soviet Union, it never developed a market economy, the rule of law, a free press, etc. Corruption became institutionalized on a massive scale. One of the conditions for Ukraine joining the EU “was the imposition of the rule of law on opaque business practices. But shady business was the feeding ground of Ukraine's clan-oligarchic system of power. The whole state machine, from top to bottom, was built and kept on kickbacks and bribes. Neither the officials who took bribes, nor the business leaders running Ukraine's multitude of state-related companies [which] did not pay taxes, were genuinely interested in proper legal and fiscal controls over their shady operations.”

It's easy to see how someone like [Hunter Biden could find a lucrative sinecure](#) in such a kleptocracy. In fact, this quote by the authors sounded a lot like Hunter's role: “The 'President's family' consisted not only of [President] Yanukovich's sons (who actually ran the 'family business'). According to the Interior Ministry, more than 50 banks were involved in the money laundering of the Yanukovich clan.”

Most of the economy (which like Russia was mostly industries that extracted natural

resources) came under the ownership of powerful oligarchs and politicians (who are often the same people). Journalists and other critics of the government were often harassed or killed. The intelligence and security services and the attorney general's office were often used to intimidate, prosecute and imprison political opponents, [which is chillingly similar to what is happening now in the U.S.](#) Reading about all of the politicians, oligarchs, clans, political parties (dozens), NGOs and countries involved behind the scenes (including the EU, Russia's FSB, George Soros and the CIA) reminded me of [Game of Thrones](#).

The authors describe the economic crisis that Ukraine experienced from the mid to late 1990s that kept the country in a dysfunctional state: "Ukraine's...technical, scientific, and industrial potential was subverted and stopped functioning. The ruling elite was in no hurry either to reform the way the state operated....Due to mismanagement at the highest levels...Ukraine's GDP plummeted as hyperinflation reared its head. In August 1996, Ukraine's currency was devalued 100,000 times....Polarization in society intensified. The rich grew richer and the poor grew poorer. The oligarchy seized all levels of power and the parliament. The authorities became extremely sensitive to criticism."

Many Ukrainians--especially those in west and central Ukraine, young adults and the more educated--very much wanted closer ties to the European Union and NATO, while Russian miners in the east wanted closer ties with Russia. Ukraine never came close to meeting the requirements to join the EU and NATO, including the requirement that a country cannot be involved in an active conflict, which Putin shrewdly exploited by fomenting unrest in the eastern provinces. So even though the Europeans seemed to hold out hope for eventual membership, they always seemed leery (and rightfully so) of admitting such a problematic country to the club of civilized nations. Ukraine is often called the breadbasket of Europe, but it's also Europe's basket case.

After Russia invaded Ukraine, Putin and Russian state-controlled media talked a lot about "de-Nazifying" Ukraine. I thought it was hyperbole, but it turns out that Ukraine does have a significant Nazi problem. At first it was violent soccer fans who supported the Euromaidan revolution using some [fearsome looking homemade weapons](#). But the nationalists that competed in elections apparently never polled a significant percentage. Perhaps [the problem is most apparent in the Ukrainian military](#), which has [a history of fighting with the Nazi army in WWII](#). Putin and his media have stoked the fears of Russians in eastern Ukraine by exploiting the actions and statements of anti-Russian nationalists.

Russia has a long history of using lies and deception for tactical purposes, but [Rebekah Koffler](#) would say that when Russia makes statements relating to strategic subjects, you should take it at its word. The authors relate one such prophetic story: "As early as April 2008, invited to [a] NATO summit...several months before the Russian invasion of Georgia...Putin had stated that Ukraine was a failed state and that many Ukrainian territories, which had been attached to Ukraine by Russia during different historical periods, should return to Russia. At the time, all those present at the summit, including American President George W. Bush, took Putin's remark as a joke. The only person not laughing was Andrey Illarionov, former economic policy advisor to...Putin. On his blog, [he] posted an article entitled 'Plan for Military Actions Against Ukraine,' written by a

Russian expert who had for many years worked for Russia's Defense Department.” Apparently NATO didn't get the joke.

The authors mention something that would have made Russia's annexation of Crimea in 2014 especially attractive: “The presence of a huge number of villas and luxury mansions in this most famous resort of the former Soviet Union created an additional incentive for Russian oligarchs, officials, and army generals....Numerous Crimean health retreats and resorts could be privatized by Putin's clan or given to the Russian *nomenklatura*.”

As a Spartan state, the Russians think long and hard about military strategy, as this example shows: On February 27, 2022, two thirds of voters in Belarus voted “in favor of its dictator Lukashenko's proposal to change the constitution so that it could station Russian nuclear weapons once again....[Now Russia has] a proxy-nation from which it can launch nuclear weapons, and bully others, while pretending that it has nothing to do with the decisions of a 'sovereign' nation. It would mean that the population of [Belarus and breakaway eastern Ukraine] would bear the brunt of any nuclear retaliation, while removing Russia's own territory as an immediate target.”

The authors write that Putin's “plan consists in taking over all the parts of the 'Russian world' that the international community will allow to be taken over. But where this 'Russian world' begins and where it ends is something that no one in Russia today knows, including...Putin. The concept is transgressionary—it will morph into some other expansionist idea once 'all Russians' are gathered behind his borders.”

The authors write that when the threat of a war between Russia and NATO arises, “Putin will be convinced that NATO will not begin a war over the Baltic States....like Hitler, he will believe that the Western democracies will lose their nerve.” Why is that? “The democratic world, by contrast with dictatorships, is governed by political parties through their leaders....all kinds of different people try and often do influence [political] leaders...donors...public opinion, the press. There are laws, lawyers...supreme courts [and] parliaments....There is an international community. There are alliances. There are international organizations. In dictatorships, everything is much simpler.” So if Putin gave an order to launch a surprise attack against a small European country, it would be a *fait accompli* (like Russia's annexation of Crimea) before the Western democracies could even start to talk about it.

Once Putin has secured eastern (if not all of) Ukraine, I predict that he will then annex [Transnistria](#) (which Russia will then be able to reach by land via southeast Ukraine), and then engineer a conflict with Lithuania, using some issue with the Russian enclave of Kaliningrad as a pretext. Like a bully, the more success that Putin has, the more confident and brazen he'll become.

The authors conclude that it will be necessary to begin a major war with Russia. However, “in that event...world stock market indices...will no longer be of very much concern to anyone.” Remember, war is a [complex system](#) that can spawn Black Swans. Wars can last much longer and can be far more destructive than most people can imagine. Russia and NATO are playing with fire. If the war in Ukraine became a major war, what would happen

to the price of say, European stocks? How about precious metals, or food and energy? Would your family, your portfolio and your household be prepared?

If you want to take a deeper dive into Ukraine, check out the book [Putin's War Against Ukraine: Revolution, Nationalism and Crime](#), which I started reading but had to set aside for now as it's not an easy read and is difficult to keep all of the names and various groups straight.

News Items

[Tucker's Debut on Twitter](#) After watching this, I told my friends that there is no way The Powers That Be could/would allow this to continue, especially after 105 million people heard the things he said. Less than 24 hours later, [I was proven correct](#).

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