

**Novorossya:
The Final Confrontation of Christian Community against
Necrotic Individualism and Liberal Histrionics**

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The “gas crisis” between Ukraine and Russia was the proximate cause of the present escalation of western attacks on Russia. Thus far, there is no evidence that anyone other than the endlessly suffering Ukrainian citizen will be affected. Worse, the west has put its bet on Ukraine: a fourth world basket-case. This, more than anything else, shows what can happen when energy interests control foreign policy in this regard.

In late 2013, the world was shocked to see popular protest against the Kiev government reach a level of violence thought to be seen only by elite college students in Seoul. Strangely, the police forces, regardless of the attacks on them (often suspiciously professional) received no response. However, once the coup was complete, the new “government” then used extreme levels of violence to defend its ill-gotten goals.

A small minority of Ukrainians removed the President, Viktor Yanukovich, whose views represent the overwhelming majority of Ukrainians, and accepted the installation of a Washington-approved prime minister, Arseniy Yatsenyuk. Soon after, he received loans from the IMF, the EU and the US and enforced the liquidation of Ukrainian firms to repay Kiev's debt. He was immediately dumped as soon as those bills were signed, his usefulness spent.

In a report from the Kiev Institute of Sociology (2013), Russia is not seen as an imperialist monster by Ukrainians. Generally, Ukraine is pro-Russia. Western Ukrainians are also pro-Russian, but few desire any reunification with Moscow. This proves that the simple-minded “east-west” divide reported in the American media is false. In the east of the country, positive views of Russia are almost at 100%. Western Ukraine, especially given the different economies of the two countries, a generally pro-Russian position is held by about 75% of the population. Between 10-20% of Western Ukraine has a negative assessment of Russia.

So what happened? Julia Tymoshenko is the primary oligarch in that country. For the second time, she has relied on the west to place her in power. Convicted more than once on numerous corruption charges, the US immediately declared her innocent regardless of the actual facts of the case (Sakwa, 2008, 184). The US position is that, because these charges came from Russia or a government that is dominated by the Party of Regions, they could not be accurate. However, when former President Yushchenko, her former ally, repeated the same accusations, the west fell silent.

She was convicted of using government funds to bail out her gas monopoly. Once her enemies and her allies saw her as a criminal, she made a well publicized trip to Moscow, claiming that “she was pro-Putin all along.” Once the protests turned violent, Tymoshenko was released from prison and then claimed that she was for the “movement for freedom.” As soon as Yatsenyuk was installed, the Ukrainian criminal code was simply rewritten that decriminalized

only those crimes that would affect the oligarchy.

The violence in Kiev was financed by the US, and had been planned for some time. Ambassador Victoria Nuland had been captured on film passing out cookies as the Molotov cocktails were hurled. She also openly admits to spending \$6 billion to organize the opposition, hence putting an end to that debate. Groups like these need to be organized artificially because of their small numbers and lack of any unifying vision.

John McCain told the protesters to step up their violence upon his arrival in Kiev last month, yet complains when military forces the world over say the same about the US. Having dinner with protest groups long claiming to demand the ouster of the government by force, the US promised to pay the new government a substantial sum. This is the sole foundation of the present government in Kiev, or what remains of it.

The ideology of this movement has been a bit of a mystery. First, there was the claim that the protesters were “fighting for liberalism.” Every major American newspaper had originally argued this, including all neo-conservative outlets. The problem was the clear self interest displayed by this dishonesty. Moreover, since very few Ukrainians accept the liberal view, and that western liberalism is almost universally blamed for the crisis that began under Kravchuk and has yet to end, this was quietly scrapped.

Then, there was something about the European Union being at the heart of this. The problem there was that a) this is not an issue that usually causes violence, b) this is just another variant of the liberal theme, c) there is no reason to believe that a population willing to “rebel” over Yanykovich's decision to move into Eurasian markets would also believe that Ukrainian goods have any chance in the west and d) that 70% of Ukrainian exports are to the east. The west has hardly the market for its own goods, let alone those created in eastern Ukraine (which are made from Russian components regardless).

Finally, there was the “nationalist” opinion. This was intriguing, except that Stepan Bandera, his movement in the OUN, as well as Dontsov, Poltava, Gogol, and the rest rejected any interaction with the decadent western European powers. In fact, no nationalist of any consequence in Ukraine had nothing but contempt and revulsion for the west. Hence, the western world, whose knowledge of the Ukrainian economy is equivalent to their knowledge of cellular antisense transcription, was yet again sold a bill of goods.

The local elites financing this coup were Sergey Taruta and Igor Kolomoisky. They have been appointed by western capital to take control the eastern industries and sell them to pay debts to financial capital and major western energy firms. Kolomoisky was a long-time ally of Tymoshenko and in the early 2000s, was involved in her notorious gas-siphoning operation. In brief, these oligarchs can sell off Ukraine and pocket all profits before the currency completely collapses. Since corporate debt at the time of the coup was a full 14% of GDP, they needed this violence as the last hope of making some money on the failing Ukrainian experiment.

The west, yet again, promised aid, credit and trade with any government that would take over from Yanukovich. Now, it is not like there are no good reasons to protest against Kiev, but the hijacking of yet another mass movement by NGOs and western capital could not but lead to the same disasters as 2004. Of course, Ukraine cannot receive credit, since she possesses no functional capital. She has no money, little income and an impoverished population dependent on the black market to survive. There can be no trade since there is no demand in the west for Ukrainian goods. Aid is not forthcoming from an indebted, oligarchic western world whose banks are quite busy foreclosing on its own middle class. Hence, even the American population

could conclude that this is no concern of the American taxpayer.

As all Russian commentators predicted, the western promises were cynical, false and easily repudiated. Aid quickly became “loans” and “loans” really meant selling chunks of Ukrainian land to Shell and Exxon. Naftogaz, the bankrupt Ukrainian gas organization, immediately increased its rates by 50% starting on May 1 of 2014. Government workers will be receiving withholding rates of between 40% and 70% of salary depending on rank. The typical middling Kievan civil servant makes roughly 1000-2000 hryvnia monthly, which is not a living wage. All remaining social services will be slashed and its government reorganized by Kiev's creditors.

Even worse, Kiev, one of the most glorious cities in European history, is now Europe's Detroit. That comparison is pathetically apt because Kievan state will be governed by Brussels according to EU law. Decisions in Detroit are now made in Ann Arbor: that's what being in receivership means. Kiev is now a colony of Brussels in the same manner as Kosovo. The only problem is not how this will affect Moscow, but how a completely bankrupt EU will now take on the additional burden of a financially non-viable Ukraine. The only solution is for western capital to buy up Ukrainian assets at next to nothing prices and liquidate them. This would mean the end of both Ukrainian political and financial sovereignty. The result was the perfectly rational and quite noble uprising of the two eastern industrial regions of Donetsk and Lugansk who would rather not be so absorbed. Their goods are not only accepted in the east, but are in high demand.

The Republic of Novorossya is the true subject of this paper, but this background is essential. In their July 4 declaration of independence, the new government stated:

Ukraine has been the victim of a coup with the support of all elite bodies and paramilitary forces. The new government is frantically searching for legitimacy and has, as a result, gone to the west for protection. Worse, they have signed all manner of agreements that eliminate what independence remained with western capital. In the process this new “government” has severed itself from the rest of the Slavic world. They have instituted a massive program of media censorship and use anti-Russian prejudice as their local propaganda. They created a “Russian image” that is now an enemy. Today, Kiev is a colony of western capital.

The people of the Donetsk region sees Eurasia as the future, not the west. There can be no cooperation with an illegitimate government run by criminals. We support the essential principles of international law and human values, which presently cannot be observed after the coup. The will of our people is clear and the Regional Council of the Donetsk Region proclaims the official establishment of an independent state (July 4, 2014).

Paul Gubarev's article “We are Building a New Russia” (2014) (Мы строим новую Россию!) lays the groundwork for the ideology of the Donbass state. “Our land should become a clear testament to social justice. The massive gap between the rich and poor needs to be eliminated. . . .Offshore business will be banned and taxes reduced to 10% across the board.” There is little to argue with here, which is why this author is the first to translate it.

He goes on to describe a full tax amnesty for small business and overall, a general spirit of Orthodox brotherhood. These elements will help make New Russia the very vanguard of

Russian Civilization. Kiev was a state based on theft: if this capital had been put to productive use, Ukraine would be a European power of the first rank. That most of the high value-added exports from Ukraine came from the Donbass, their economic exploitation is a fact of life and hence, their secession is justified on these grounds alone.

Apart from the fact that “Euro-Maidan” was merely a debt collection arrangement by western firms burned yet again by Ukrainian insolvency, the devastated Ukrainian citizen, with more advanced degrees per capita than any other country on the globe, will see medical services cut, education intermittent and electricity and heat only on occasion. Even more, tax rates have been massively increased on diesel fuel while all previous tax reductions, credits and rebates have been canceled. Taxes will be levied on currency purchases, radio band usage, a increased VAT, bank deposits, the disabled and an endless array of additionally regressive, absurd and almost-made-up targets. No one who knows Ukrainian economics believes these can be paid or enforced unless the EU directly rules Ukraine, which of course, it lacks the resources to do.

On the other hand, the speaker of the Crimean State Council, Vladimir Konstantinov, now safely under the powerful and dynamic economy of Eurasia, has increased pension payments to the level of the Russian. China has, almost at the moment the referendum returned the predicted 92% margin for joining with Russia, begun building a colossal energy plant offshore while Moscow has already laid plans for substantial investment in the region at about \$5 billion in agricultural, tourist and energy projects. Hence, Ukraine will see whatever is left being sold off at 50% market while the Crimea suffers a labor shortage.

Valentin Katasonov, one of the best political writers in Russia today, argues that Novorossya was necessary to protect Russians against the coming collapse of the hryvnia. Its collapse is a fact, but artificial injections of liquidity are presently keeping it afloat. The best thing is for Russia to float a substantial loan to jump start the economy and place the ruble as the main currency. At a minimum, a loan would permit an independent ruble in the Donbass, but there seems to be no rationale for that.

As of this writing, August 27 of 2014, the hryvnia is in a state of total collapse. The hapless prime minister called on western banks to, yet again, throw money at an unsolvable problem. The Ukrainian currency has now dipped to 15:1 against the dollar and is falling. Since there is no production or confidence in the system, nothing will give it strength except foreign aid. Thus, this can only be the beginning, since the political will to adopt a fourth world state with no prospects under western rule is not exactly politically popular.

In addition, official statistics released from Kiev are predictably depressing. Most Ukrainian businesses have recorded monstrous losses. As of late August, they amounted to \$140 billion since January. The other fact that the west probably cannot digest is that about 50% of the companies in Ukraine have increased profits substantially at the same time. It does not take brilliance to understand that these profitable firms are not Ukrainian at all, but represent the European or American buyouts of Ukrainian capital. These are ledger entries only. When the west streamlines a business, eliminates its capital and fires its workers, this is seen as a net gain since capital valuations will rise and depreciation fall. The mere movement of cash in an area is not economic growth nor profitability. It also has nothing to do with production. Profits in speculating on Ukrainian capital are not “profits” in any real sense of the term, but Kiev is not honest about this.

The worst part about having insight into these things is that you are almost always right. That does not sound like a problem until you add the fact that no one listens. The absurdly illegitimate government of someone named Yatsenyuk has, predictably, began calling the liquidation of Ukrainian assets “privatization.” The All-Ukrainian agrarian forum during the first week of July 2014, was the odd vehicle for this announcement.

Any profitable company will be privatized. He neglected to mention that the criminal code of Ukraine has been rewritten directly by western capital making it very easy for them to buy what they require to regain some of their bad loans. All state-owned companies are being sold. Ominously, “Ukrspirit,” the firm that produces 95% of all Ukrainian grain alcohol, will be sold off to western creditors.

Law enforcement will be substantially cut, with the Kievan authorities shedding over 50,000 personnel. While this is not normally part of the typical IMF austerity program, it will remove most of the irritations of law and order from oligarchical pilfering. All social services will be slashed over 50% over the next year. VAT taxes are averaging 20% and are increasing. Tobacco, alcohol, engines, and imports will be taxed monstrously.

Almost in a mocking tone, this mouthpiece of the EU's coup in Kiev stated, “The main challenge facing Ukraine is to take the lead in the European food market. . . We need to feed its citizens with cheap, quality products and hence, take European food markets.” Those who follow EU politics realize just how the agricultural lobby in Brussels will take such news. A few districts in Belgium can easily feed all the EU and beyond. Like all else, Ukraine is not geared towards a western market. Ukrainian food is no doubt of high quality, it's just that no one in Norway will develop rickets without it.

Similarly comical was his belief that “Ukraine will take over the American corn market.” It is doubtful that this mouthpiece, hence callously discarded as useless, believes this nonsense, especially since the former “prime minister” called the future of endless cuts and high taxes the “most brutal economy” awaiting Ukraine.

One example might suffice. In Ukraine, roughly since 2003, the market for poultry has become saturated. Since Ukraine does grow and process high grade poultry, the export market was quickly developed. Ukrainian exports of this product went up this time by the summer of 2013 by about 250%. the problem was that it went to Russia and Eurasia, which, regardless, accounted for 70% of all Ukrainian exports.

There was a special “permission” granted from Brussels to Kiev that lowered tariffs for Ukrainian poultry, but this cost the EU in compensatory payments to their own suffering farmers. Even when the tariffs were dropped to zero, the total amount sold to EU customers amounted to 40,000 tons. Since Ukraine produces about 2 million tons of poultry product a year, this was not an impressive means of “taking Europe's food market.”

This is significant because, quite naturally, President Yanukovych saw Eurasia as the future of Ukraine rather than the EU. Math is after all, math. Yet the west, threatened by the loss of another debt-ally, balked and created the “Euro-Maidan” movement. The west took advantage of many legitimate grievances to be sure, but western NGOs are expert manipulators.

So far, the losses registered for Ukrainian enterprises in the first quarter of 2014 rose by 550%, while the total negative balance for the private sector as a whole is about 130 hryvnia, or about \$11 billion, according to the National Bank of Ukraine. The policies of the junta in Kiev have directly led to a drop in capital investment to about one-quarter of last year's.

Given the disruption of trade with Russia (not including the loss of the Donbass or Crimea) will be a minimum of \$33 billion yearly, about 15-17% of GDP. Of this, about \$15 billion is now based on losses from Eurasian trade. A further reduction will occur when Kiev finally admits that there is no market for Ukrainian goods in a western world that barely has a market for western goods. Often left out of these considerations is the loss of possible \$10-12 billion yearly from migrant workers in Russia and Central Asia, a fill 7% of GDP.

The gas crisis was the proximate cause of the mess that presently torments the east. To summarize: Russia is one of the world's largest producers of natural gas. Ukraine has been an important customer for decades. However, in the 1990s, as Ukraine was nearly liquidated by the west and its local agents, the gas debt with Russia grew. As infrastructure grew older and more damaged, the costs of this relationship grew in proportion. The present bill owed to Gazprom is about \$5 billion.

Unable to pay this bill, but unwilling to admit to total and complete bankruptcy, Kiev gambled on western support. They bet correctly, and Kiev will continue to play the west's tune so long as it does not have to pay this bill and the accruing interest. After all, her currency has no production to sustain it, and her infrastructure could not handle any serious economic growth regardless. As transport infrastructure falls apart, elites have every incentive to take what they can before the entire edifice falls.

The first step was for Kiev to declare itself an enemy of Russia. It did not take long before the west's NGOs moved in. Often omitted is the fact that Ukraine has, for decades, paid below market costs for gas. When Moscow, seeing an enemy across her southeastern border, raises the price to market levels, Kiev accuses Moscow of price gouging. Yet Moscow had continued to subsidize Ukrainian gas even after independence.

From 1991 to 1996, Ukraine has been shedding its GDP from between 10% and 25% yearly. She suffered hyperinflation, and monstrous concentration of wealth in a few families (only a handful of whom are Ukrainian). Infrastructure fell to pieces, and few roads are presently reliable. After losing over half its GDP in the 1990s, very little developed in terms of recovery since the lack of confidence encouraged bandit behavior rather than investment. As of 2012, Ukraine's capital depreciation is about 300% more rapid than in the west.

Less promising for Ukraine is that its relationship to Russia is based on natural gas. This is about half of the total economic relations between the two countries. All of Ukraine's manufacturing is dependent on Russian components, and most of these concerns are situated in the east and south.

Yet, the problem for the junta is the fact that Russian nationalists control much of the eastern manufacturing. Hence, the hapless Yatsenyuk was ordered to appoint regional bosses to oversee the liquidation of these companies. Needless to say, the natives got restless and began arming themselves, as any rational people would do. The Ukrainian army is poorly equipped and has never reformed itself to be anything other than an important appendage of the USSR. Most Ukrainians are refusing to fire on easterners, and some estimates put the number of desertions at 500 daily. What is being created before our eyes is a new Russian state of "NovoRossya" or the "People's Republic of the Donbass."

As Ukraine is mired in fourth world status, Novorossya, alternatively, is to become the heart of Eurasia. She is saturated with coal, iron ore, manganese, metallurgical and chemical

industries and the strong ports of Odessa, Mariupol and the Nikolayev shipyard in Crimea to transport them. This also does not include the investments made by both Russia and China in this sector. One eastern firm, Novokramatorsky Engineering Works, comprises a full 6% of Ukraine's exports. Novorossya's path is going to be prosperous.

Further, Transnistrian, which is largely a small region of mostly Russian professionals, will be free from the rest of Moldova and then, along with Carpathian-Rus, Crimea and New Russia, will create a new industrial hub of the Eurasian economy.

Hence, New Russia will be the center of inorganic raw materials for Eurasia, its aeronautics and shipbuilding hub, be the site of Russian forward bases on the Black Sea against NATO and into the Mediterranean. Her future is bright so long as Putin or those thinking as he does remain at the helm. Russia is largely immune to western pressure, since she is deepening her relationship with the east rather than the west. Thus, Russian policy has no reason to even use the window dressings of liberalism.

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