



By **Wael Ziada**, Managing Partner, Zilla Capital

## What You Missed in the Russian - Ukrainian Crisis?

“For every fact there is an infinity of hypotheses” - Robert Pirsig

**So, Let's establish the facts first because the rest is going to be controversial for many:**

**Fact 1:** Russia is a top-5 global power and therefore it needs special handling, and whether we like it or not this fact will not change. The west, led by the US, has been flirting with Ukraine to join the NATO since the Bush administration. This is antagonizing Russia, a superpower.

**Fact 2:** Russia started an all-out “invasion” of Ukraine, with military capabilities almost 10.x that of Ukraine. Therefore, it's a matter of time before Ukraine surrenders to Russia. This of course assumes NATO members do not interfere (and I don't think they will)

**Fact 3:** Putin never forgot that Ukraine was the second most important state in the Soviet Union, and it shares a lot of history and culture with Russia, however he is not a sentimental leader. Ukraine's strategic importance in the context of the Russian-West power grapple outweighs any sentimental values Putin may have, and the invasion was primarily for this reason.

**Fact 4:** The Ukrainian's younger generation has increasingly been pushing for a faster integration with the western economies in a bid to gain full independence from Russia and more importantly to improve their economic standards. Both are legitimate aspirations.

### The Ukraine's Dilemma

Ukraine's leaders over the past two decades failed to address an important dilemma: fulfilling a younger generation's aspiration of a faster integration with the west while respecting an immediate powerful neighbor who perceives this as a threat to its own interests.

### Russia May Not Want to Rule Ukraine

But for sure it doesn't want any other country or alliance to rule it either. Putin knows that if Ukraine joins the NATO, Russia will over time succumb to many actions that would limit its strategic options and slowly weaken its status. Putin made what he wants clear: he wants to militarily and politically neutralize Ukraine so that any form of alignment with the west would not impact Russia's status, and he want the world to respect his desire. He understands that a military action would be inflicting significant damage on Ukraine, and hence:

**Fact 5:** Putin wants a whole Ukraine and not a war-shattered one. The cost of rebuilding Ukraine will be hefty for the Russian economy and the other option of leaving a war-shattered neighbour unfixed will socially be more costly.

The Russian army has therefore not target any of Ukraine's infrastructure and aimed to seize the capital with minimum damages and casualties. This is of course unlike when the US army for instance attacked Iraq or Syria; it started with destroying infrastructure first to paralyze the country and weaken its counter attacks ability.

### Debunking some of the Media Mistruths

Most of the western media wants you to believe that:

1. This is a war of epic proportions with Russia destroying Ukraine;
2. All of the Ukrainians fleeing to Europe are driven by the Russian army.
3. Zelenskyy is a national hero who will not spare an effort to save a single Ukrainian life.
4. The Russian army is finding it difficult to seize major cities because of the Ukrainian resistance.



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The Ukrainian deputy Prime Minister in a televised interview with the FT said: "Our financial system is stable, the banking sector is working based on the rule of law, social handouts are timely...we are really happy and proud of the people in government who managed at a time of unprecedented war which the world has not seen in 75 years"

Ok, a stable financial system is an ultimate outcome when all of the basic infrastructure below it is functioning properly, and not destroyed. While by no means belittling the efforts of the brave men and women in Ukraine, the system is functioning at the first place because Russia didn't attack the infrastructure.

The Russian army with its heavy artillery is not finding it difficult to seize major cities. The apparent staggering is because it wants to ensure minimum damage as they seize the cities. Of course easier said than done.

### Is everything Fair in Love & War?

The answer to this question really depends on your ethical orientation and how you define your Right and Wrong. For the president of Ukraine, it appears that the answer was: YES.

Ukrainian men aged 18-60 have been banned from leaving the country and were asked to join the army. If you are over 40, you are less likely to fight, more likely to pray for your country or at best help the wounded.

Furthermore the Ukrainian army has handed out around 70,000 AK47 rifles to civilians. A ferocious arm like this that needs many hours of professional training could be fatal to its bearer and the people around him/her. What are the chances that an untrained civilian carrying an AK47 will survive if he starts firing at a professional army? Very slim.

This explains why many are fleeing despite the "...system working and social handouts are timely". Because many are not capable of fighting.

Of course the situation in a war zone is simply ugly, but the situation would be uglier if you are a refugee. One will not want to be a refugee unless he is running for his life, and you wouldn't be running for your life unless you're forced to fight or caught in a cross fire.

Last but not least, why would you stack ammunitions and heavy artillery in the middle of residential complexes that have minimum safe-keeping capabilities. Simply because you know the Russian will find them and destroy them and in doing so they will look like they are attacking residential areas.

I am not judging Zelenskyy or his government. I am simply highlighting his tactic for garnering world support, which is to turn an ugly situation into a humanitarian crisis.

### The Train Has Left

Ukraine could have opted for a smarter path: integrate economically with the west and defer the military integration to a later stage. It didn't and that's a fatal mistake.

Russia could have opted for more self-restraint and used diplomacy and lobbying...etc, but it didn't.

The west could have stopped antagonizing Russia, but they didn't.

Russians will suffer the consequences of the sanctions and Ukrainians will suffer the consequences of a war-shattered country and the west will stand watching, but over the long run the consequences for what is happening will be grief and the west will not be immune.

(My heart and thoughts go out to any family impacted by this crisis)