No Need to Pick a Side: Russia and Ukraine are Similarly Unfree and Corrupt

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Our ideological and strategic assessment of Russia’s invasion of Ukraine is made clear in recent reports. It’s a contrarian view that contrarian investors should know. It’s also important to have important metrics at hand, to permit us to judge accurately and act wisely. In the “fog of war” today, amid the spread of panic, puerility, and propaganda, we notice that many ill-informed, non-serious people are telling fables while advancing dubious or nefarious agendas.

In an America where bipartisanship seemed dead and gone forever, it’s now ubiquitous. Whether Republicans, Democrats, conservatives, “liberals,” the Pentagon, generals, or the media, most sides have favored the U.S. government entering the Russia-Ukraine war, by any means necessary, including by means of economic-financial sanctions, “humanitarian” aid, arms shipments, oil import bans, and direct military intervention—even though the latter could trigger a nuclear exchange. For more than a month, all sides have locked arms, hoping to resort to arms.

Although WWII may seem unlikely, at present, given that Ukraine isn’t a member of NATO, recall that we’ve all just witnessed, over the last two years, a similarly unlikely policy, imposed quickly, easily, and rashly: the science-denying, wealth-crushing, health-eroding Covid mandates and lockdowns. There’s little to no evidence that the Russia-Ukraine war will materially threaten U.S. national security, or that U.S. entry into the war is in America’s self-interest; on the contrary, there’s evidence that U.S. involvement would weaken and harm America.

These facts don’t excuse Russia’s actions, of course; but they should preclude U.S. policymakers from doing wrong.

Russia’s most recent initiation of force against Ukraine (it also annexed Crimea in 2014) is both brutish and morally wrong; in time, perhaps, it may even prove strategically self-defeating. We’ll see, before long. Russia’s only semi-legitimate complaint, in this current conflict, is that NATO has been expanding steadily eastward, towards Russia’s border, in the decades since the Cold War ended in 1991—and anti-Russia neighbor Ukraine has been vying to become a NATO member.

NATO, the military alliance formed after WWII (in 1949), sought to deter the U.S.S.R. and its “satellites” (colonies) in Eastern Europe. NATO’s counterforce, the “Warsaw Pact,” was formed by the U.S.S.R. in 1955. The Cold War’s end should have ended both NATO and the Warsaw Pact, but NATO persisted, partly because it was the wish of what President Eisenhower called “the military industrial complex” in America, and partly because non-U.S. NATO members benefitted from mooching off U.S. taxpayers. For decades non-U.S. NATO nations have “outsourced” their military defense (on the cheap), permitting a vast expansion of their welfare states. Dependent NATO members have become less-than-sovereign entities, akin to permanent American colonies.

Historical context is necessary to glimpse why Russia might want to control Ukraine and why it might interpret NATO expansion as a threat (partly, because anti-Russia

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The Pact necessarily disbanded in 1991, when the U.S.S.R. dissolved, but NATO didn’t disband. Instead, NATO leaders promised Russia that it wouldn’t expand membership eastward. But NATO did expand after 1991, incorporating many of the former Warsaw Pact nations.

NATO had twelve founding members (most importantly the U.S., Britain, France, Italy, and Canada) but thereafter it added Greece and Turkey (1952), West Germany (1955), Spain (1982), and East Germany (1990). Even though Russia proved to be no threat in the 1990s, NATO kept expanding, incorporating most of the former Warsaw Pact nations, first in 1999 (Czech Republic, Hungary, Poland), then in 2004 (Bulgaria, Estonia, Latvia, Lithuania, Romania, Slovakia, Slovenia), then in 2009 (Albania, Croatia). Ukraine has long wanted to join NATO, especially since Zelensky’s election in 2014; it has failed to attain NATO membership because Russia has objected and because Ukraine’s internal governance is terrible.

The impression given by near-universal opinion today is that Ukraine deserves NATO-type help because 1) it’s been attacked and 2) it’s a smaller country than Russia. Both points are true, of course, but alone aren’t sufficient to justify NATO’s involvement. It’s also argued today that the U.S. and NATO should help Ukraine because it’s freer than Russia, more democratic than Russia, and not nearly as corrupt as Russia. But none of these latter three claims is even remotely true.

As for freedom, Figure One illustrates how economic freedom in Ukraine and Russia is both limited and similar (both are ranked as “mostly unfree”). Both countries have become freer since 2007, but today each is ranked below the world average. There’s simply no basis for today’s fable about Ukraine being a freedom-loving nation overseen by a freedom-respecting government. If Russia is terrible on this score, so is Ukraine. Why must freer nations like the U.S. pick a side?

Speaking of the U.S., Figure One shows how its economic freedom has declined in most years since 2007, in contrast to upward movement in Russia and Ukraine.
Next consider the relative trend, using the ratio of Russia’s score to America’s score. In 2007 and 2010 Russia was 63% as economically free as America, but more so (67% as free) in 2013 and 2016; by 2019 Russia was 77% as free as America and now it is 78% as free.

Russia’s haters in America have some explaining to do; in terms of economic freedom, Russia has been gaining on America—for the past fifteen years. U.S. policymakers should be working more at reversing America’s ominous down-trend and working less at condemning nations who’ve been growing freer. If U.S. officials get America into yet another failed war effort, it would likely only further reduce America’s economic freedom. Could a Pentagon that can’t (or won’t) beat the Taliban in twenty years beat the Russians in one?

Today’s storytellers also insist that Ukraine is now more “democratic” than Russia, that the latter is “autocratic.” But this too is a contrived distinction, a mere surmise. Both nations have had presidential elections in recent decades, including parliamentary elections. Putin was elected in 2000 (with 53% of the vote), re-elected in 2004 (72% of the vote), again in 2012 (64%), and yet again in 2018 (77%)—an average vote share of two-thirds. In each case he faced rivals (rival parties), some of them multiple times. In 2000 four rivals got 42% of the vote; in 2018 the second largest vote count went to a Communist Party candidate; the third most votes went to a Liberal Democrat Party candidate. Russia has a working Parliament with a diversity of views and regular elections.

Putin is no autocrat—and Russia is no autocracy. If they were, there’d be no periodic elections, no opposing parties, no independent Parliament. Liberty lovers don’t like the result in Russia, but it’s undeniable that most Russians are free to speak and free to vote, albeit for limited options. In truth, that’s all “democracy” ever promises—mere majority rule, even if by an illiberal majority.

Ukraine has had seven presidential elections since its independence in 1990, but if majoritarianism is democracy’s essence, the nation has become less democratic in recent decades. Like Russia, Ukraine has a multi-party parliament system with many candidates on the ballot, so it’s rare that any one of them gets more than 50% of first-round votes. Second-round run-offs are necessary. Putin gets more than 50% of the vote, so no second round is needed, but Ukrainian presidents rarely achieve this. In 1991 Kravchuk won with 62% of the first-round votes, but in 1994 won re-election with only 38%. Kuchma won in 1999 with 36% of first-round votes, while Yushchenko won in 2010 with 40%, and Yanukovych won in 2010 with 35%. Petro Poroshenko got 55% of the vote in 2014 (no second round necessary), but in 2019 Zelensky, a former comedian, current president, and darling of today’s war mongers, won office with a mere 30% of the vote. His party is “Servant of the People,” the name of the TV comedy show, in which he starred as a bumbler who accidently becomes president; in 2019 an astounding 70% of voters didn’t want him.

Zelensky’s “democratic” regime in Ukraine has sought to convict of “treason” his main political opponent in the 2019 election—former president Poroshenko (the only Ukrainian president since 1991 to receive more than half of first-round votes). Now 57, Poroshenko was Ukraine’s president from 2014 to 2019, upon winning 55% of the first-round vote. Before that he was a long-time Ukrainian businessman, then became Minister of Foreign Affairs (2009-10) and Minister of Trade and Economic Development (2012); for five years he also headed Ukraine’s National Bank.

Russia’s four presidential election results since 2000 (all favoring Putin) have been far more majoritarian (democratic) than Ukraine’s results. Russia isn’t per se more “autocratic” merely because it keeps re-electing a strong man with vote proportions that routinely exceed 50%, any more than Ukraine is more “democratic” because it rarely re-elects presidents at more than 50%. It’s only minorities of voters in Ukraine who get what they want. Is that “democratic”? Have American Democrats ever declared FDR, a Democrat, the equivalent of a “despot,” as they call Putin, because FDR during the fascistic 1930s and 1940s won four straight U.S. presidential elections (1932, 1936, 1940, 1944) with an average vote share of 56%? On the contrary, to this day they idolize him and model their “Green New Deal” schemes after his overtly statist “New Deal.”

What about the widespread belief that Ukraine isn’t nearly as corrupt as Russia? After all, we’re told, current president Zelensky campaigned and won the 2019 election (albeit with only 30% of the vote) on an “anti-corruption” platform. Moreover, we’re told, Russia is ruled not by a single, despotic man (who somehow routinely wins more than 50% of the vote) but by “oligarchs”—the dastardly rich and powerful! But if so, Russia is not an autocracy or a democracy but a plutocracy. If so, so what? Most democratic states today are ruled by rich people backed by rich cronies. The far more important question is whether a government is humane and just—that is, the extent to which it successfully pre-
serves, protects, and defends genuine individual rights and liberties.

Ukraine has had three decades to become freer, richer, and more muscular militarily, but it has failed to do so; now it can’t repel Russia without begging for help from NATO. Zelensky, the great “reformer,” has had three years to bolster Ukraine, achieve internal unity, and reduce corruption, but he too has failed. Ukraine has been riven by a “cold civil war” since at least 2014, when the rightless, pro-Russia southeast republics of Donetsk and Luhansk declared their independence. Zelensky could have let them secede, but instead he oppressed them still further. Today he is deliberately sundering hundreds of thousands Ukrainian families who are fleeing his country, by preventing the entire adult male population (aged 18-60) from leaving; he is conscripting them, forcing them into his rag tag army, making them wield inferior arms that few know how to use. Is this the “free,” “rights-respecting,” Ukrainian “democracy” that most of the world now lauds?

Figure Two makes clear that Ukraine and Russia alike have corruption in their political systems—and to a similar degree. It’s true that each has become less corrupt since 2012 (in contrast with the U.S., which has become more corrupt), but there’s no solid evidence for the claim, so common these days, that Russian politics is corrupt while Ukraine politics is clean. Both are unclean.

For more than seven decades (1917-91) Russia and Ukraine were large components of the corrupt, brutish, illiberal, impoverishing, imperialistic, and murderous Soviet Empire (aka the “Union of Soviet Socialist Republics,” or U.S.S.R.). It sure shows, even today. Both nations have improved since 1991, but apparently it takes decades to root out bad ideas and foreswear horrific practices. Russia and Ukraine today seem like two brutish and brawling brothers, damaged products of an upbringing in which “domestic violence” was both cruel and usual. But that’s not reason enough for humane outsiders to intervene, especially if, in doing so, the humane become less humane.