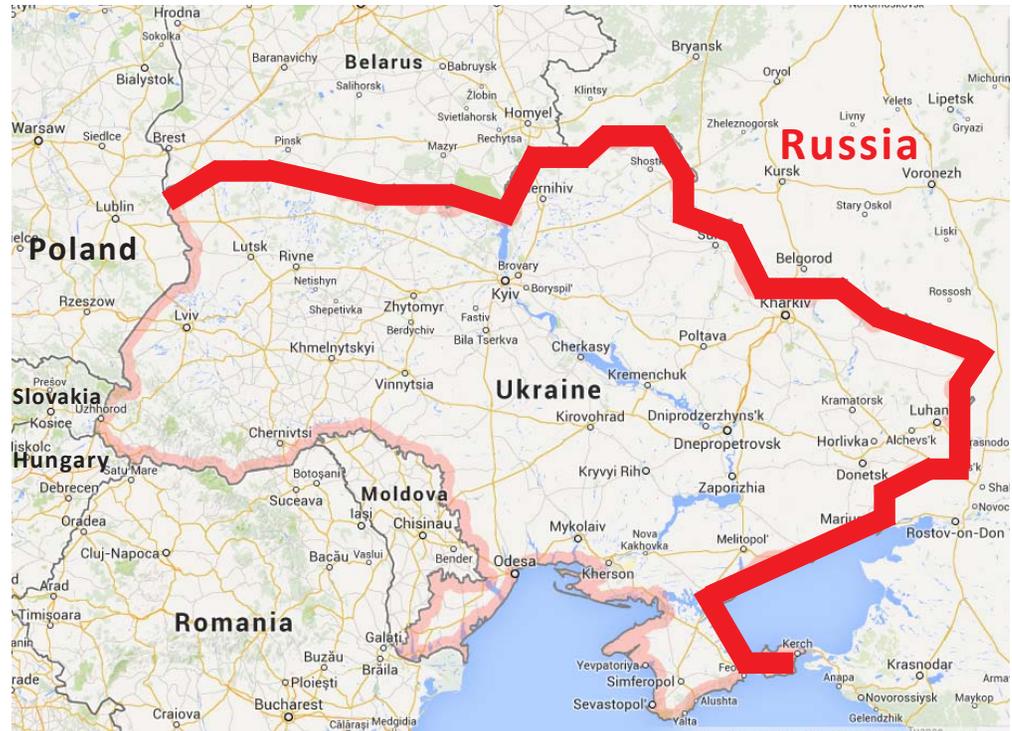




*Ukraine:
their grave misfortune*

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The Grave Misfortune of Ukraine

The grave misfortune of the Ukrainian people can be summarized in a few quick points.

1. Ukrainians want a better life
2. Ukrainians were formerly part of the USSR
3. Ukraine shares a long border with the Russian criminal state
4. Vladimir Putin's Imperial ambitions

1. They want a better life

Why is this a grave misfortune? It is a misfortune because it is self evident to the people of Ukraine that they will NOT get a better life under Putin. Hence the importance of the 'European option.' Hence there were almost as many Euro-zone flags being waved as Ukrainian flags in the overthrow of the autocratic Russian puppet Viktor Yanukovich. Why cannot Ukraine get a better life under Putin? See points 3 and 4.

2. They were formerly part of the USSR

To crush the Ukrainian independence movement, which pre-dated the Russian revolution of 1917, Joseph Stalin enforced a famine in the Ukraine from 1932 to 1933 that claimed an estimated seven million lives. By the peak of the famine in 1933 roughly 25,000 Ukrainians were dying every day. From the start of the famine in 1932 until the end of 1933 experts reckon that 25% of the population of Ukraine had died of starvation. That was Ukraine's introduction to communist Russia.

3. Ukraine shares a long border with the Russian criminal state

In one breath-taking transition Russia flipped from a corrupt communist dictatorship to a corrupt criminal state. There is no diplomatic way to say this. Russia as it exists today is a lawless, criminal enterprise masquerading as a sovereign country. It is run by criminals for criminals. While this is common knowledge to anyone living in Russia, and while this is a well known fact to any country that shares a border with Russia, this is an extremely under-reported situation here in the USA.

There have been several carefully researched attempts to pull back the new iron curtain of criminality, these attempts have largely fallen on deaf ears. We all very much want to see today's Russia as a triumph of capitalism over communism. We all very much want to see modern Russia as the victory of democracy over dictatorship. So of course we have been seeing what we want to see, not what actually exists. In behavioral economics this phenomena is known as the 'Emotional Bias,' The emotional bias is the tendency to believe something that is pleasant or uplifting even if there is ample evidence to the contrary. An extreme emotional bias is known in behavioral economics as the 'Ostrich Effect.' As it's name suggests, the ostrich effect refers to the dismissal of an obvious negative situation or set of facts in favor of a more positive outlook. A bias related to both the emotional bias and the ostrich effect is the 'Optimism Bias.' This refers to the tendency to be overly optimistic about an outcome, a plan of action, or the survivability of a present situation.



3. Ukraine share a long border with the Russian criminal state

(continued)

Putin's annexation of the Crimea comes as a bit of a shock to those in the west who assumed Russia was a law abiding, democratically elected, capitalist country. A little piece of history may be relevant here.

In September 1999, while Putin was running the FSB (Federal Security Service, the successor to the KGB), there were a series of bombings at apartment buildings that housed poor, impoverished Russians in the cities of Buynaksk, Moscow, and Volgodonsk. Russia had been trying to pin the blame for these bombings on Chechen terrorists. Many had pointed out that this made no sense, as Chechnya was already semi-autonomous. And the bombing of impoverished Russian apartment buildings was hardly designed to strike the Russian state. It was only as Russian provocations to justify a second Chechen war, that these bombings made any sense - logistically as well as politically.

Then on 22 September 1999 an unexploded hexogen fueled bomb was discovered in the basement of an apartment building in the poor section of the city of Ryazan. Hexogen was only available to the FSB. An investigation resulted in the arrest of two FSB agents. Press reports began to blame this bomb, as well as prior bombings, on the FSB. All investigations into the role of the FSB in these bombings suddenly ended when Putin was named acting President in December 1999.

4. Vladimir Putin's Imperial ambitions

In light of the carefully documented Ryazan incident it does not seem to be the least bit of an exaggeration to call Putin a thug who will use any means necessary to reclaim territory lost in the fall of the USSR. In April 2005 Putin famously declared the collapse of the Soviet empire "the greatest geopolitical catastrophe of the century." So he has been quite clear about his perspective and his motivations.

What kind of life does the Crimea have to look forward to now that it has been annexed by Putin? What kind of life would the Ukraine have to look forward to if they were annexed by Russia? This bears directly on point number 1 from page 2 - the grave misfortune that has arisen for the Ukraine from their desire for a better life.

The criminal nature of the Russian state has been amply revealed in many authoritative publications. In this regard my recommend reading would be David Satter's *Darkness at Dawn, the rise of the Russian criminal state*. So I will not spend any time on the fact that organized crime runs the state of Russia. I will however highlight a few of the meticulously researched effects this has had on the quality of life in Russia.

See next page.



Some Facets of Life in Russia

- The 2013 Corruption Perceptions Index ranks 175 countries from the #1 as least the corrupt to #175 as the most corrupt country. Russian is ranked 127 of all 175 ranked countries. A dubious honor
- The Global Peace Index attempts to rank countries by peacefulness. There are twenty-two criteria gleaned for the ranking. A total of 162 countries were ranked in 2013. The data is collected by the Economist Intelligence Unit. The most peaceful country is ranked #1. In the 2013 survey Russian was ranked at 155, *below* North Korea at 154.
- The Committee to Protect Journalists (CPJ) publishes a yearly security guide that ranks countries by how dangerous it is to be a journalist there. Since the survey began Russia has always made the top ten list of the most dangerous countries.
- The Walk Free Foundation publishes an annual Global Slavery Index that ranks countries according to various measures of modern slavery. In the ranking of the total number of people in slavery Russia came in at #6 in the 2013 survey.

Now contrast these rankings with the Euro-zone. The Euro-zone contains the least corrupt countries in the world, the most peaceful countries in the world, the countries where it is safest to be a journalist, and the countries with the least amount of modern slavery. Now perhaps we can begin to more fully understand the outrage in Ukraine when Yanukovich shelved an economic pact with the Euro-zone in favor of closer economic ties with Russia.

The Failure of the Russian Criminal State

Putin claims that he invaded the Crimea to protect Russian speaking citizens of the Ukraine. It is worth remembering that this was also Hitler's stated motivation for annexing the Sudetenland of Czechoslovakia and for invading Poland. Hitler's only goal, he said, was to protect the German speaking population of those areas. This is something that Europe well remembers. Does Putin perhaps think that Europeans have no memory? Or perhaps Putin is used to his subjects believing whatever he says because they have no choice. Or perhaps, like Hitler, Putin has calculated that there will be no serious repercussions for such a blatant violation of national sovereignty.

However all of this overlooks a very important point - the timing. Why is this happening now? It is a historical fact that countries do not invade other countries when they are doing well. Violations of national sovereignty are always expressions of desperation. In the case of Hitler his massive military expansion had bankrupted Germany. The choice was war or economic collapse. In the case of Russia the Ruble has been a toy currency since 2009. Growth in the Russian economy has ground to a halt. Russia is now more dependent on energy exports than it was under the USSR, which speaks volumes about what Putin has actually accomplished. And the MICEX, the Russian stock index, has been in a massive bear market correction since late 2011. A negative collective mood of fear and hopelessness is the fountainhead of both acts of aggression and of financial bear markets. They are siblings born of the same parents.