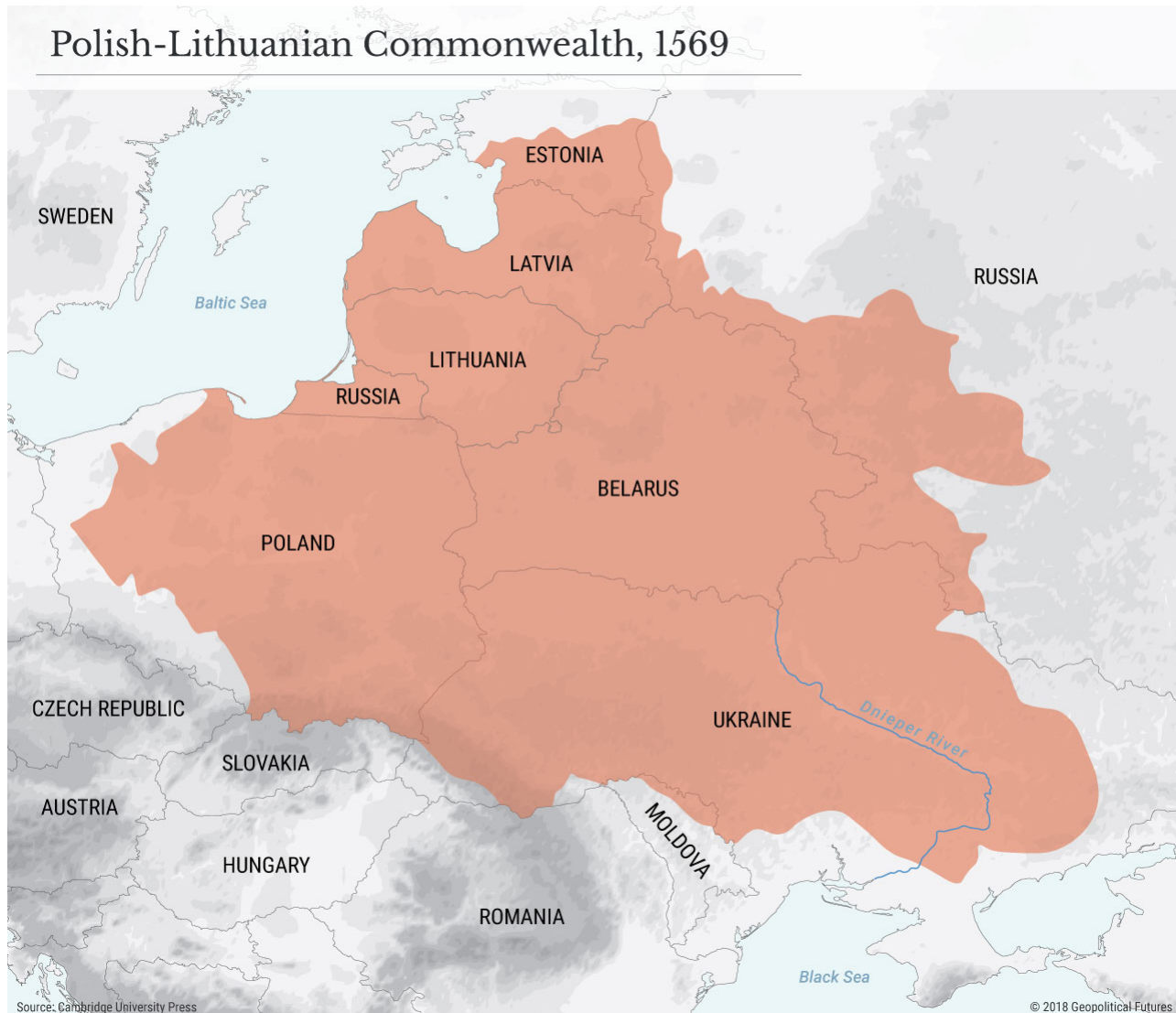


The Second Partition of Ukraine?

December 31, 2018

The country lost part of its territory nearly five years ago. Was that just the beginning?

In the 18th century, the once-mighty Polish-Lithuanian Commonwealth collapsed, ending an empire that, just a century prior, had been the most populous entity in Europe. After 100 years of war, corruption and sclerotic rule, it was dismembered over 23 years by three of its neighboring rivals - the Russian Empire, Prussia and Habsburg Austria. Present-day Poland still bears the scars of those partitions. For another 200 years after its division, Poles were deprived of their autonomy, which was only regained following the collapse of the Soviet Union. Those years of subjugation remain the driving force behind Polish national strategy today. While Austria no longer poses a risk, Russia and Germany are the biggest threats to Poland's independence and prosperity.



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You may be wondering what any of this has to do with Ukraine. The answer is, Ukraine is in danger of experiencing disintegration similar to what Poland endured in the 18th century. In fact, Poland is one of a number of regional rivals that have claims to Ukrainian territory and may be waiting for an opportunity to take back what they see as rightfully theirs. Poland's own dismemberment hasn't prevented the emergence of a nascent Polish revanchism, and the same can be said to varying degrees of Hungary, Romania and, most notably, Russia. [Caught between these stronger powers](#), beset with acute internal political fractiousness, bereft of significant military force and governed by a corrupt and well-entrenched oligarchic class, Ukraine is a ticking time-bomb, and it's becoming increasingly uncertain whether anyone is willing or able to defuse it.

Underlying Problems

Ukraine's fragility has been widely overlooked. The narrative in the Western media narrative around Ukraine has been shaped mainly by a combination of understandable, if hysterical, fears in Ukraine about Russian domination and an intense anti-Russia bias. Just last week, the Institute for the Study of War, a resource we've occasionally cited in our own work, published a report predicting possible imminent Russian "offensive operations against Ukraine from the Crimean Peninsula and the east." The evidence for a Russian offensive includes the movement of a few military convoys, a few Foreign Ministry statements, a planned naval drill in the Black Sea and the transfer of "more than a dozen" fighter jets to a base near Sevastopol. Taken together, these moves might well give the impression that Russia is preparing for an operation in eastern Ukraine. But the reality is more complicated. And the underlying problems in Ukraine are more serious than the threat of a limited Russian incursion.

Internally, Ukraine is facing a number of challenges. Its gross domestic product dropped by 17 percent in the two years following the 2014 revolution, Russia's subsequent seizure of Crimea and insurgencies in Luhansk and Donetsk. Sensing an opportunity to pull Ukraine further into the Western camp, the International Monetary Fund in 2015 approved a \$17.5 billion loan over four years to help boost Ukraine's economy. It took roughly two years and a dispersal of about half the total amount for the IMF and its Western backers to become dissatisfied with how Ukraine was spending the money and suspend the loan. (The IMF agreed to a new \$3.9 billion program with Ukraine just last week.) Then-U.S. Vice President Joe Biden even said [the U.S. might have to abandon sanctions against Russia if Ukraine couldn't overcome its corruption problems](#). He might as well have asked the sky to stop being blue.

Ukraine has taken some small steps in recent months to satisfy its creditors. Fearful of what the IMF might do if Kiev didn't at least appear to be meeting the obligations of its loan program, it followed through on a promise to raise gas prices by almost 25 percent in October. Ukraine was in danger of a serious liquidity crisis - in July, it had to delay pension and public sector salary payments - and without more IMF funding, it might have been unable to meet its debt payments and finance its budget. This is the cost of keeping Ukraine in the pro-West camp and why Russia feels less urgency than most think it does to reverse the outcome of the 2014 revolution. It's happy enough to wait for Ukraine to revert to a more neutral position while the West grows tired of footing the bill for its recovery.

The situation will only get worse in the year ahead. In 2019, Russia will complete work on the TurkStream and Nordstream 2 pipelines, which will enable Russian natural gas exports destined for Europe to bypass Ukraine and slash Ukrainian revenue from delivery of these exports through its territory. (Last year, Ukraine earned roughly \$3 billion in transit fees from Russian gas exports to Europe - no chump change for a country on the edge of a liquidity crisis.) In March, Ukraine will hold its first presidential election since the 2014 Maidan Revolution. Due to its struggling economy, social divisions and competition between political factions with

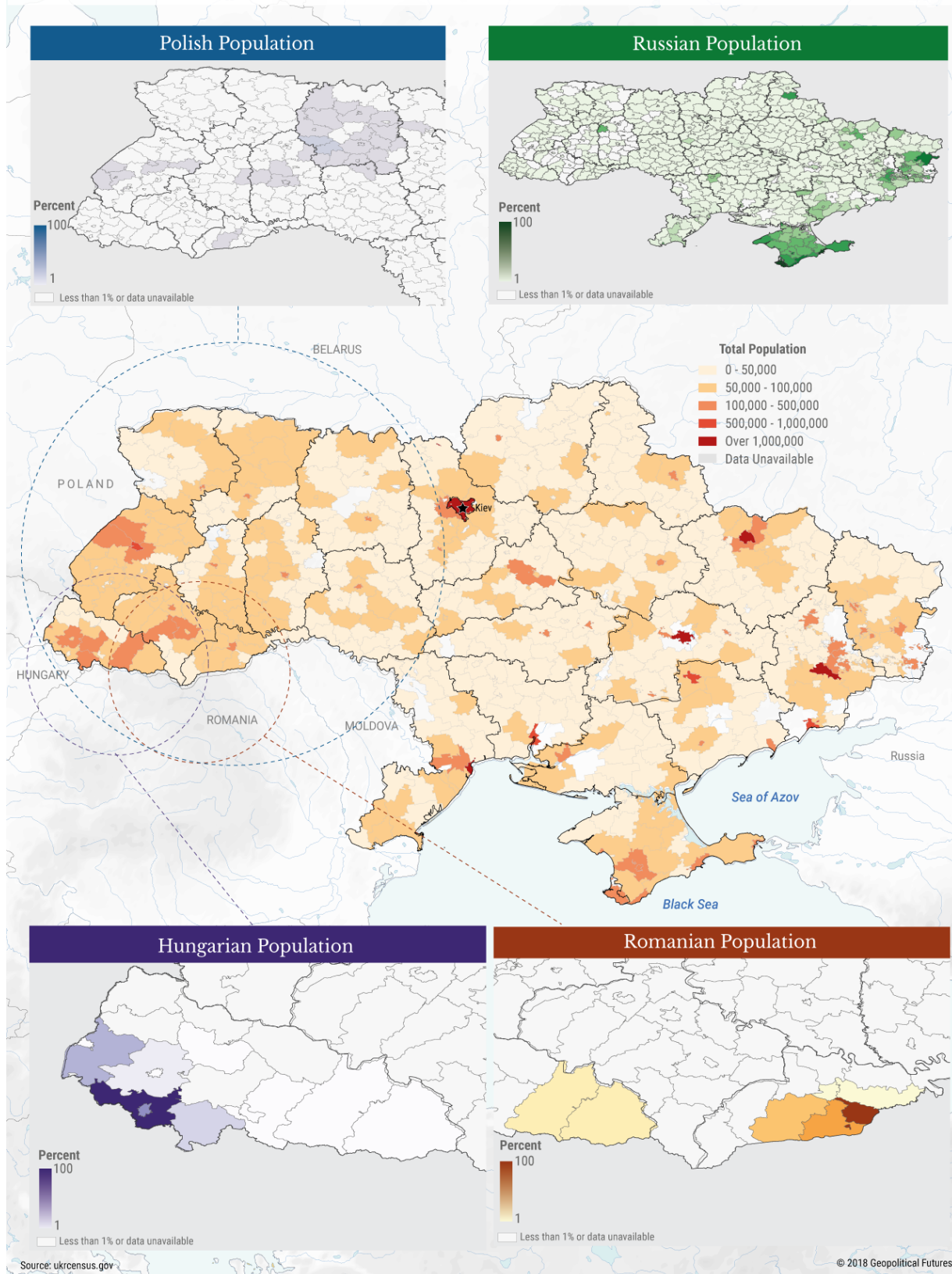
conflicting business interests and personal allegiances, no single candidate has even 25 percent of the vote so far. Russia's main concern, therefore, is not a pro-Western government in Kiev but that chaos following the election could cause volatility on the Russian border.

External Issues

Ukraine also has several external problems, chief among them being Russia. Russia doesn't want instability in Ukraine any more than the United States or any other Western country does - but it's more affected by economic uncertainty and political competition in Ukraine than the other outside powers involved in the frozen conflict there. And while Russia isn't exactly a 21st-century incarnation of the Soviet Union - Moscow isn't peddling a global ideology and has no delusions that it can compete as an equal with Washington on the world stage - the Russian government has relied heavily on Russian nationalism to legitimize its rule. And its brand of nationalism requires Moscow to protect Russians wherever they live - including in eastern Ukraine. Vladimir Putin's government can't abandon the ethnic Russian population there without looking weak.

There's no doubt Russia has beefed up its military presence on its western border and is increasingly active in the Black Sea, but these are more signs of Moscow preparing for a meltdown in Ukraine than precursors to an invasion. Russia has wanted relief from U.S. and EU sanctions for years, and it behooves Russia not to antagonize the West but to find some kind of accommodation (especially with a potential global recession and possibly lower oil prices approaching). But to do so, it can't be seen as the aggressor in a conflict with Ukraine - and Ukraine knows it, which is why Kiev made such a big deal out of [the Kerch Strait incident](#), a relatively minor affair, all things considered. There are some in the Russian establishment who want to make up for the embarrassment of losing Kiev in 2014, and perhaps even some who think a show of force in eastern Ukraine might distract Russians from their own financial woes. But it's more likely that Russia is preparing for any eventuality, including a possible internal collapse in Ukraine - and, meanwhile, is biding its time.

Population and Ethnicity in Ukraine



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Russia, however, isn't the only country eyeing Ukrainian territory. Hungary has long wanted to reabsorb parts of western Ukraine that still have a majority ethnic Hungarian population. Similarly, Moldova and Romania both have claims to Ukrainian territory along their borders, though they have been less vocal about their grievances than the Hungarians. (For its part, Romania doesn't want to jeopardize its close relationship with the United States by compounding Ukraine's problems. Washington barely pretends to care about Ukraine and certainly doesn't want to get involved in squabbling over post-World War II territorial claims, especially if such squabbling could make blocking Russian ambitions in the region even costlier.)

Poland, too, has had political disputes with Ukraine. The ethnic Polish population in Ukraine was less concentrated after World War II than the ethnic Hungarians and Romanians, so it's harder to point to a specific area that Poland wants back. But Poland once held much of the territory now in western Ukraine. Present-day Lviv was once a powerful Polish city called Lwow - almost 60 percent of the city's population in 1944 was Polish. But just six years later, Ukrainians had become the largest ethnic group in Lviv and today represent more than 90 percent of the population. Poland is an emerging power in Eastern Europe, but its power has limits. Its curse is that it's located on the North European Plain, but in times of strength, that curse becomes a temptation. Indeed, Polish influence and economic ties in western Ukraine have been growing. And although most Poles don't think in these terms, [the stronger Poland is](#), the more its influence is felt in the region, especially in Ukraine.

Ukraine is facing a number of serious internal and external challenges. Internally, a corrupt, oligarchic ruling class is presiding over a crisis-prone economy dependent on outside aid to remain afloat. Elections are upcoming, and if the polls and previous elections are any indication, they could once again stir up discontent in the country. Russia, meanwhile, is preparing for a time when it may need to intervene in Ukraine to secure its interests and protect ethnic Russians living beyond its border. Others are waiting in the wings for an opportunity to settle old scores and redraw borders while keeping Russia sufficiently at bay. None of this is yet inevitable, but the forces threatening to tear Ukraine apart are very real. Considering the history of the region - including the loss of Crimea nearly five years ago - it's reasonable to ask whether Ukraine stands on the precipice of a second partition.