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Separatists' Pirate State Is Bound to Fail

By Mark Lawrence Schrad

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Ukraine's new President Petro Poroshenko has not been one to mince words concerning the self-declared "People's Republics" of Donetsk and Luhansk.

In his inaugural address, he equated the "rule of the terrorists" with the pillaging and abuse of the local citizenry, and said they were pushing the region's economy to the brink of disaster. In his post-election press conference, he went even farther, lambasting the so-called Donetsk People's Republic, or DPR, as a "bandit state" and likened their self-proclaimed leaders to "Somali pirates."

This is more than just tough talk from the new boss; relating the separatists to pirates is also an apt appraisal — both empirical and theoretical — of the challenges Ukraine faces.

Since armed separatists stormed regional administration buildings back in April, the Donbass region has been held hostage by well-armed, ill-coordinated, and oft-competing local militias, private armies and criminal gangs. The lawlessness and anarchy in the streets is compounded by the unlawful detention, kidnapping, torture, and even targeted killing of opponents of the DPR.

Without question, the DPR is a criminal enterprise, and the chairman of its ruling council — Denis Pushilin — is little different. Before the DPR, Pushilin was not some power player within any of the region's major political parties. His online bio lists him as a member of the MMM party, an extension of the Russian MMM financial pyramid company, which has systematically defrauded millions of Russians and Ukrainians in elaborate Ponzi schemes since the 1990s.

Hastily formed in 2012, the MMM political party never even registered to compete nationally in Ukraine's 2012 elections, but it did provide a facade of legitimacy while perpetuating the MMM Ponzi scheme in Ukraine.

This, then, is the political education of Denis Pushilin, leader of the DPR. The opportunistic Pushilin has risen from little-known quasi-criminal to leader of a criminal quasi-state. Indeed, it is at this theoretical level where Poroshenko's description of the DPR as a "bandit state" run by "pirates" is most apt.

Both criminal and state can monopolize violence, extract money and resources, often in exchange for assurances of security — and prosperity — akin to a protection racket. In The City of God, St. Augustine of Hippo highlights the malleable nature of authority between states and criminal enterprises. "What are kingdoms but great robberies?" Augustine asks. "For what are robberies themselves, but little kingdoms?"

Yet what the state possesses that the criminal lacks is not only legitimacy and authority, but also an interest in the promotion of the common wealth. Unlike roving pirates that simply rob indiscriminately, economist Mancur Olson has argued that the modern state is more akin to a stationary bandit that extracts resources from the populace, but also has a vested interest in promoting their prosperity so that there is more to extract.

So is the Donetsk People's Republic a great robbery en route to little kingdom? Is the pirate Pushilin to become emperor?

Even before the military tide turned against the rebels in recent weeks, and before Pushilin and the DPR leadership became targets for assassination attempts, the answer seems to be "no," largely due to the oft-overlooked and much-suffering people of the Donbass themselves.

Many are fed up with not only the civil war and economic chaos, but also the lack of social services that the Ukrainian state can provide, but not the DPR authorities, who desperately need to extract resources from the population rather than provide resources to them.

When the Donbass' richest oligarch Rinat Akhmetov spoke out against the DPR for "banditry and looting," Pushilin's response was that of a pirate in emperor's clothing: attempting to nationalize Akhmetov's holdings and factories "due to the unwillingness of oligarchs to pay taxes into the budget of the DPR."

This presents a number of problems, for a struggling pirate state: to have a tax-code violation, doesn't one need an actual tax code? Or a system of laws, legislature, or constitution? More to the point: without such institutions that confer governmental legitimacy, attempting to "nationalize" assets in the absence of a "nation" is nothing more

than stealing.

Indeed, appropriating what's yours and calling it mine — all cloaked in promises of future greatness and prosperity together — is the modus operandi not only of great robberies and Ponzi schemes, but of fiefdoms and little kingdoms, too.

With DPR losses mounting as Ukraine's anti-terror offensive continues to make inroads, and the separatists' much-anticipated "liberation" by Russian forces apparently not in the offing as President Vladimir Putin has opted to work with Poroshenko, it appears that time is running out on Pushilin and the DPR's pirate cabal.

Instead of further destabilizing the situation with deadly confrontations with the Ukrainian military, Pushilin and the failed pirates-cum-emperors of the DPR should take up the promises of amnesty offered by Poroshenko and backed-up by the OSCE, and work toward national reconciliation. Indeed, the failed, and subsequently tortured and executed, pirates of old would envy such a humane option.

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