When geopolitics hinders transformation – the impact of geopolitical games on social-economic development in Ukraine

Since 1989, East-Central Europe has witnessed various processes of transformation and modernisation. The eastern regions of Germany, Poland and Ukraine carried a similar communist burden, however, each of the three decided to go on its own path towards transformation. The diverse process of transformation of a society and a state may display many aspects, while progress regarding its implementation depends upon historical, cultural, economic and international considerations. The process of transformation in Ukraine, due to numerous conflicts inside and outside of politics, is the most problematic one. The eastern part of Germany and Poland did not face such a complicated geopolitical situation as that of the transformation in Ukraine. Presently, both countries aim their foreign policies at supporting Ukrainian changes by means of various instruments in bilateral relations, at the EU forum, and in the international arena.

The article attempts to prove that in times of conflict and complicated geopolitical games, transformation cannot progress because society and politicians are focused on maintaining the status quo and not on finding solutions or developing the mechanisms of civil society, good government or free trade. Moreover, in the case of Ukraine, the condition of wide social approval of the direction and shape of transfor-

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mation has not been satisfied due to the country's internal divisions into the western, Catholic part, and the eastern, Orthodox part.

The paper outlines the specificity of the Ukrainian transformation. It presents considerations and barriers, as well as selected aspects of the role played by Germany and Poland as the catalysts for this process. The discourse concludes with a presentation of the recommended changes.

Specificity of transformations in the post-communist countries, particularly in in Ukraine

A transformation comprises three phases: consolidation, liberalisation and modernisation. The listed phases should occur in three key domains: politics (democratisation), economy (a free, competitive market), and society (an active, participating civil society conscious of its interests). The multidirectional processes of transformation should progress along with the changes in the regions. Effective transformation is characterised by: clarity of conception, authority and competence of the elites implementing the reforms; the ability of the central political actors in charge of the process to take decisions and react, and to regulate the intensity of the reforms paving the way for change\(^2\).

The endogenous factors which influence the process of transformation include a constellation of structural conditions within political and social circumstances, cultural considerations, and the structure of post-communist vestiges. The success of transformation is also dependent on the acceptance of the public and the attitude of the elites. Among the exogenous factors we may list the structure of international surroundings and dependencies, support from business circles, a readiness to cooperate and integrate, willingness to collaborate with external actors expressed by the government, growth in the number of foreign investments, expansive trade relations with foreign partners, and support of domestic and international institutions.

One of the prominent conditions influencing the course of transformation is the communist heritage. The burden of the communist period weighs heavily on the present conversion of Ukraine. The backwardness of the economy, delayed industrialisation, lack of experience in articulating interests by citizens and lack of national

independence are the factors characterising unstable post-communist countries. In such societies, the legal order used to be imposed from above. Power was wielded by the people who had held the top level government positions during the times of communism, thus creating a conviction that there was no justice. This, in turn, developed a sense of helplessness in the public, hindering citizens’ participation. On the other hand, making the society accustomed to the conviction that responsibility for the public’s social situation is taken over by the state was a main obstacle to implementing an entrepreneurship and liberal market model. The regulations and authorities imposed by force have never been legitimised by the people.

A peculiar type of legal culture developed, in which the citizens continuously searched for gaps in the regulations and various (also illegal; i.e. corruptive) ways of negotiating\(^3\). It is this unsound attitude which frustrates the introduction of reforms in Ukraine and has undermined the international society’s trust in Ukraine. Communism was built on a utopian idea of a community of people in which there was no room for the needs of the individual\(^4\). Thus, the introduction of the notion of individualism, so characteristic of West European neo-liberalism, encounters problems. For this reason, the success of transformation depends upon the existence of the pre-communist tradition of citizens’ spirit and the rule of law, to which society and the elites may presently refer. In the case of Ukraine, yet another important factor is its functioning for twenty years in a more or less effective democratic reality, as well as the specificity of the Euromaidan generation, driven by European values.

A common feature of post-socialist regions of East-Central Europe is the unique attitude to the idea of a nation state. Its dominant position is being acknowledged mostly thanks to historic experience and a craving for finding national identity and this fact leads to a popular support for a strong state held in esteem in international relations. At the same time, in the face of a multitude of tasks at the central level, the state should not take upon itself the whole responsibility for building civil society and a regional identity at a local level, mainly due to lack of competence in this respect. Some burden should be borne by Ukrainian civil society, and the starting point is overcoming history and directing transformation efforts towards pragmatic economic reforms.

Political-economic transformation in post-socialist countries was supposed to boil down to the election of new authorities and preparing the economy to enter world markets. In most cases, however, new authorities would originate from the

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communist nomenklatura, which negatively impacted the effectiveness of political transformation. The processes of political conversion in ex-communist countries required "social redefining of the new situation, and thus involved attempts to attribute to it new meanings, not only based on a scientific model, but on actual experience of people. After 1989, Central-East Europe witnessed history accelerating at an unprecedented rate, which resulted in a missing sense of stability and a psychological and social destabilization. Many of the old reference points lost their validity, as well as all the cognitive categories which earlier used to organize and order the common imagination".5

Political transformation involves processes of internationalisation and globalisation, as well participation in international cooperation at the lower levels of government. The partnership of Ukrainian regions with their German and Polish counterparts could be the key to initiate these processes. One of the foundations of such an undertaking is the Europeanization of Ukraine. Lack of prospects for the realisation of the country's European aspirations is viewed as a denial to carry out effective transformation, and strengthens the idea of a nation state in its local dimension and, thus, may weaken pro-European circles in Ukraine. This is an argument for supporting the consciousness of the Ukrainian public with regard to building a civil society and creating an effective state following the example of Western Europe.

Good practices and the cause of the failure of transformation efforts in Ukraine

The political, social and economic transformation in Ukraine has had to face many challenges. The weakness of the process and, in consequence, the lack of any effective decentralisation resulted from economic, geopolitical, but also mental considerations.

The social-political system in Ukraine is not stable. The country has witnessed many changes of power. The governmental perturbations frustrated the development of democracy, civil society, and the free market economy. The geopolitical games of Russia leading to the armed conflict in Donbas were devastating for the state budget and blocked the process of change at the lowest, the local level. The conflict and the related economic problems impacted the quality of life, which, in turn, resulted in the society’s unwillingness to support the changes. Economic conditions worsened

the quality of life for Ukrainians. The Human Development Index of 2013 ranked Ukraine at the 83rd place after Mexico and Peru.

Difficulties in carrying out the process of political transformation based on democratic rule in Ukraine also follow from the lack of approval of transformation strategy by society and some elites. Moreover, Ukrainian institutions are ineffective and block each other’s actions. Poorly developed market structures and unfavourable economic solutions prevent foreign investors from entering the market. The successful implementing of political decisions often used to be dependent on negotiations with local politicians. Authority was used to realise private, egoistic, regional interests.

Trust, indispensable for social transformation, motivating people to accept renunciations for the sake of reconstruction of the foundations of the state and economy has always been undermined. The Ukrainian government, by refusing to sign the Association Agreement with the EU in 2013, provoked the popular protests in the Maidan. Politicians who should act according to the will of the people acted against it. The Maidan protests were about objection to the government’s policy, corruption and to the Ukrainian political system which created a regime that fully admits to corruption and nepotism. The suppression of the protest manifested disregard for the values represented by the protesters. Euromaidan, being the “revolution of dignity”, cared much less about national identification than for the values which the society had wanted to introduce: democracy, economic growth and a free market.

Transformation requires at least a minimum sense of safety in the closest international neighbourhood. This condition could not be met in the dangerous times of the annexation of Crimea by Russia and continued fighting in Donbas. The barrier to the realisation of change is Russian opposition to the EU’s political engagement in the region. Ukraine will be able to develop when it is no longer dependent on Russian financing and energy, and when the Donbas conflict ends. Russia also obstructs all attempts to build stability (so important for transformation), using financial means (e.g. influencing trade, customs, raising gas prices or threatening to “turn off the valve”).

9 Ibid., pp. 139-155.
Successful transformation in Ukraine also requires reforms within its energy policy. A reduction of gas consumption by increasing the effectiveness of Ukrainian industry and the utilisation of alternative sources of energy would reduce the country's dependence on Russian supplies. And in this respect, following Poland's request, the EU made a move in the right direction by facilitating the redirection of gas supplies to Ukraine. Thus, in the critical moments of "turning off the valve", Ukraine would be able to obtain Russian gas from Europe. However, according to the experts, this instrument is bound to be ineffective.

It is the young people who are the catalysts of change. They have a lot in common with their European peers - they get scholarships, participate in school exchanges, etc. The Euromaidan generation comprises people who know Europe and who know the world thanks to educational programs and modern technology\(^\text{10}\). International projects offered by foreign institutions are often directed exclusively to them.

Twenty years of Ukrainian democracy created hope for a better state, in spite of the fact that the country has a problem with fear and society's strong distrust. Social problems are aggravated by people's readiness to emigrate. An American researcher, Stephen Castles\(^\text{11}\), views migration as a phase of transformation. Accepting this thesis, we may risk a claim that the social transformation is never going to end, unless we resolve migration issues which are intense in Ukraine. According to Polish and Ukrainian sources, the number of Ukrainians in Poland keeps growing. More and more Ukrainian students study at Polish universities. In 2014, the consulates issued 800,000 visas in Ukraine, and this number may increase\(^\text{12}\). Such a significant number of Ukrainians in Poland enables Poland to influence prospective changes in Ukraine. Poland should offer training in methods of management and social development, which may help educate politicians for transforming the Ukrainian state in the future.

At the forum of the EU it was Poland and Germany who tried to help Ukraine, and their motivation does not merely stem from "playing chess" against Russia. It becomes evident in the example of the proposed association agreements in which no limits to trade with Russia are introduced, whereas the Eurasian Customs Union imposes barriers to business contacts with other countries.

Poland joined the EU in 2004, thus creating a new geopolitical order in which Ukraine was cut off from the West. This fact had a negative impact on social and


\(^\text{12}\) In Poland, the number of Ukrainians has significantly increased, at http://www.kresy.pl/wydarzenia-spoleczenstwo-zobacz-w-polsce-znaczaco-wzrosla-liczba-ukraincow#of12th, 16 October 2015.
political attitudes within the country. While up until 2004 Ukraine had a positive effect on the difficult process of transformation and intercultural contacts with the inhabitants of eastern regions, the subsequent sealing off of the EU zone at the Polish-Ukraine border deepened the divisions and led to a worsening of the economic condition of numerous individuals on the Ukrainian side, especially those who had benefited earlier from cross-border trade. This situation could be remedied by the abolition of visas for Ukrainian subjects, proposed by the head of the European Commission, Jean-Claude Juncker\(^\text{13}\).

Social-economic transformation is determined by external factors such as the support given to Ukraine at the international forum. German played a significant role in this respect as it convinced the EU to impose a policy of sanctions on Russia and dialogue initiated on several levels (postponing the Russia-EU summit, freezing assets of selected individuals and enterprises, imposing travel bans, the suspension of EU support to Russian projects, economic sanctions against Crimea).

According to the German expert Kai Olaf Lang, further steps should be aimed at including Ukraine in the "deep and comprehensive free trade zone (DCFTA) by signing an Association Agreement and stimulating economic integration and political association streamlining 'pragmatic engagement' in key domains and areas - Transnistria, Abkhasia, South Ossetia, Crimea, and possibly in the future in the demarcation zone in Donbas. This should be done by means of at least partially covering these regions by regulations concerning trade. Under some conditions this might extend to mobility and the EU's expanded presence (in the sphere of foreign policy and security) based on stabilisation programmes in the Western Balkans. The reforms of the security sector could be conducted by means of small advisory missions such as EUAM (Advisory Mission for Civilian Security Sector Reform Ukraine) which earmarked technical-economic support for modernisation and reorientation of the arms sector, which, however controversial, might have the potential to develop in the context of possible Ukrainian membership in NATO. The EU could also propose some forms of security partnership within the Organization for Security and Coordination in Europe in a shape that would be tolerable for Russia"\(^\text{14}\).

Western Europe realises the financial bankruptcy of Ukraine and its inability to undertake the transformation effort without external support, and has tried to ease part of the country's financial burden. Part of this program is a donation of 3 billion euro from the EU budget, a loan of 1.6 billion euro, and 8 billion euro transferred


by the European Investment Bank and the European Bank for Reconstruction and Development\textsuperscript{15}.

However, economic reforms are still indispensable, since due to the conflict with the pro-Russian separatists, inflation has reached a level of 24,9%, and, according to data, as of the end of 2014, the country's indebtedness amounted to 61,7% in foreign currency and assumed a level of 1100,6 billion hryvnia, being the equivalent of 70% of GDP\textsuperscript{16}.

The transformation of Ukraine is an important element in the stabilisation of the region, since any internal weakness in the country makes it easy prey for neo-hegemonic powers such as the Russian Federation.

The conditions of decentralisation should promote new initiatives and non-governmental organisations. The success of transformation hinges on the transfer of knowledge concerning civil society. Mobility, the modernisation of the economy, the transfer of structures and organisational culture, know-how and intercultural exchange result from regional openness and international relations, intensifying the conversion processes. Mutual relations secure stability. Thus, understanding the process is expressed in the policy of assistance rendered to Ukraine by international institutions and EU funds. Among the most important instruments we may list are the Support Package for Ukraine\textsuperscript{17}, the activities of the European Endowment for Democracy, and programs financed by the EU, including the program Poland-Belarus-Ukraine 2014-20 realised within the European Neighbourhood Policy Instrument, or Program Erasmus+. In Poland, one should note the efforts of the International Solidarity Foundation reactivated in 2011, which intends to finance 25 projects in Ukraine in 2016 out of the Polish-Canadian Endowment for Democracy funds, and the program of the Polish Ministry of Foreign Affairs the “Eastern Dimension of Polish Foreign Policy 2015”, “Humanitarian Aid 2015”.

In order to support the development of a civil society as a condition necessary for successful transformation, the German Office of Foreign Affairs allocated 14 million euro for projects involving countries of the Eastern Partnership. The political goal of these actions is strengthening Ukraine in its efforts to build civil society, providing young people with economic and social prospects so that they may work within their home countries on creating open, pluralist societies. This aim is to be achieved by supporting transformation and integration processes, by projects developing educa-


tion and culture (in particular focused on the mass media, academic circles, vocational education, cultural initiatives involving youth). These measures are intended to stabilise Ukraine and consequently create or foster the structural foundations of civil society.

Ukraine – directions of changes and recommendations for the future

Ukraine needs an effective, independent bureaucracy and free media. Some steps have been taken to achieve this end, as Ukrainian state television will be converted into public television based on the British or German model. However, there is still a strong need for reform, since politics is corrupt and a lot of money has been used improperly.

The project of the Eastern Partnership is designated to mitigate the effects of blocking the intercultural transfer. Hopes are high that common initiatives within the EU program, even if they end in failure, not only in the case of Ukraine, but also Armenia (accession to the Eurasian Customs Union), should lead to the opening up of society and establishing new ties with neighbours. Ukraine is interested in obtaining help, however, the condition for effective transformation in Ukraine is the modernisation of Russia. No country can exist in isolation from its international environment. History proves that homogenous societies functioning in isolation are apt to degenerate.

Full cooperation aimed at bringing about transformation may be only ensured providing that positive impulses occur in three domains: foreign and regional policy; in politics at a governmental level, focused on the intensification of combined trans-regional efforts; and in a European policy that is favourable for the Eastern Partnership. The latter may stimulate the engagement of Poland and Germany in renewal of collaboration with their partners by means of the EU’s Eastern Partnership programs. \(^\text{18}\)

Cooperation within the Eastern Partnership is more important because the abolition of visas is a long-term project due to the related threats for European security (migration, crime, smuggling, etc).

It is possible that by adopting a fully professional attitude regarding the Eastern Partnership, realization of trans-regional tasks may be achieved as well as encouraging the enhancement of Polish-German cooperation.

The development of partnerships is in the best interests of the Ukrainian state and European security. Germany and Poland, who are both important partners for Ukraine, should play a main role in this process, creating at the same time, a new model of effective cooperation within the European Union.

Keeping in mind the unique experience of transformation and their relatively strong position in the international arena, Poland and Germany may assist their neighbours to identify their goals without interfering in the selection of a method of improving the living standard of their citizens, but rather indicating the threats and presenting the possibilities created by a trans-border and inter-regional cooperation.

The attitude of the European Union, and in particular of Poland and Germany, should be focused on an awareness of the complex character of changes in Ukraine, on financial support, but also on cautioning against a willingness to adopt partial or compromised solutions. Monitoring and supporting the transformation processes in the countries where democracy is in its infancy is in the interest of the EU, since political instability in Eastern Europe is a threat for European security and integration\(^\text{19}\), while geopolitical disputes delay the progress of transformation and impact the lives of ordinary people.

**Bibliography**


Abstract

The article discusses the problems of transformation in Ukraine. It examines the issue of the financial and tangible support provided by Poland, Germany and the European Union. It concludes with the statement that armed conflict hinders social-economic transformation, thus actions aimed at backing the development of civil society and strengthening the region politically are particularly important.

Keywords: Ukraine, social-economic development, geopolitics