

A TRANS-ATLANTIC VIEW ON CONTEMPORARY UKRAINIAN SECURITY ISSUES



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Three and a half centuries ago, the Cossack Hetmanate – the historical precursor to modern Ukraine – was, for its time, a highly democratic and individualistic society, existing on a borderland with three major powers: Poland, the Ottoman Empire (and their Crimean Tatar allies) and emerging great power Russia. Without easily defensible natural borders, the Hetmanate's survival could only depend on a combination of internal cohesion and external alliances that would counterbalance the military strength of these major powers.

Yet internal cohesion proved elusive. By its very nature unable to use imperial methods, the Hetmanate was ultimately unsuccessful at coaxing from its citizens the resources necessary for its survival. External alliances also proved unreliable at counter-balancing the Hetmanate's geopolitical weakness. Indeed, over the sixty years between Bohdan Khmelnytskyi's successful revolt against Poland in 1648 and the Battle of Poltava in 1709, the Hetmanate allied at various times with each of the major regional powers: the Ottoman Empire (Crimean Tatars), Russia, Poland, and Sweden. Yet it was always the weaker partner, on the one hand unable to depend on its allies for sufficient support against other great powers; on the other vulnerable to its allies' own ambitions. Indeed, it was Tsar Peter I's refusal to defend the Hetmanate from Polish invasion – while demanding that Cossacks fight in Russia's wars – that pushed Ivan Mazepa to make his ill-fated alliance with the Swedish king.

History is not destiny. But it is legacy. And the facts of geography are compelling. Today's Ukraine faces a security environment strikingly similar to that faced by the Cossack Hetmanate: an uncomfortable position in the borderland between Russia and the West – and between divergent politico-economic systems: one autocratic and imperial; one liberal and democratic.

The Problem of the Borderland

Autocratic and democratic systems have fundamental contradictions in the way that they act – and interact – in the economic, political, and security spheres. As an autocracy, Russia has for centuries pursued its goals for state development – and its elite's enrichment – by investing in coercive instruments of state power to achieve monopoly and control, rather than making capital investments in productive capacity or public welfare. This creates tremendous social inequalities and tension, which must be managed through a combination of ideology to induce obedience and security institutions to compel it. It also perpetuates tremendous economic inefficiency, leaving external expansion – taking control

over other people's resources – as the most viable means for promoting growth. Coercive systems and expansive foreign policies are not just choices: they are systemic imperatives. On the other hand, democracies promote efficient markets and internal investment, leading to a steady rise in national income and standard of living. Democratic, free-market systems also contain inequalities, yet they tend more toward mitigating frustrated social aspirations by income redistribution and social mobility. Thus, no matter how peaceful their intent, democracies – by their very existence – are a danger to autocracies, provide attractive alternative examples of daily life that threaten the political order on which autocracy depends.

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From the sixteenth century through to Soviet times, Ukraine has been a significant resource for the Russian imperial system. Peter the Great mobilized Cossacks for his wars with Sweden and Poland; the Soviet army disproportionately relied on Ukrainians to fill senior enlisted and officer positions (although Ukrainians were not fully trusted – underrepresented on their own territory at the level of General Officers). In the economic sphere, Soviet Ukraine, comprising just under 3% of the USSR's territory, produced over a quarter of its grain, one-third of its coal, over half of its iron ore, up to 30% of its natural gas, and up to 40% of its defence-industrial and scientific output. For a Russia seeking to regain great power status, renewing control over Ukraine's human and natural resources can only seem a natural path. At the same time, it should be no surprise that today's Russian elite perceives independence and democratic development in a country that is so culturally and geographically close to be an existential threat to the regime.

These divergent systems also have striking differences in the way they approach security. For liberal democracies security – whether domestic or international – is fundamentally about restraint: a network of commitments and obligations that limit freedom of action in mutually agreed ways, with the goal of preventing those within the system from harming each other, and mobilizing sufficient resources to protect against external threats. In an imperial system, security is about freedom of action: state power and elite well-being require the ability to apply coercive methods without moral or external restraint in order to maintain control. In an autocracy, domination, rather than partnership, is the most desirable form of relationship; perhaps even the only one to be truly trusted.

The tensions inherent in this borderland cannot be avoided. If modern Ukraine's fate is to be different than that of the Cossack Hetmanate, it will need to be more successful in building internal strength and developing reliable external allies. To build internal strength, Ukraine will need to bring together three crucial factors: political cohesion, economic output, and effective institutions. Unlike its historical predecessor, modern Ukraine can take advantage of readily available international experience to help it do so. It can also take advantage of the opportunities provided by collective security in developing its external alliances.² Finally, it can be hoped that in the 21st century, Ukraine will be able to use diplomatic tools and promote person-to-person contacts to develop positive dynamics that can mitigate and eventually supplant the negative aspects of its neighbor's authoritarian tradition.

Recent History: Two Decades of Independence

The framework of internal and external factors presented above provides a useful template for analyzing Ukrainian national security issues and approaches. Before considering the current situation, it is useful to review what has happened over the past two decades.

At independence, Ukraine inherited the shards of empire. Rather than making efforts to transform society, as happened in most of Central Europe and the Baltic States, the elite sought to piece these shards back together as best as it could, re-creating, in softer form, the vertical structure of Soviet society, along with Soviet methods of consolidation and control. This approach was successful

in maintaining social stability based on familiarity and inertia. In a further holdover from late Soviet days, in President Kuchma's time cohesion within state institutions was provided more by clan and corruption, rather than by ideology. President Kuchma added his own element to this post-Soviet formula, using a carrot-and-stick approach to ensure support by various economic and regional elites.

Political cohesion via inertia came at the price of weak institutions and economic stagnation. All too frequently, scarce resources went toward maintaining or re-creating inefficient, outdated institutions that were designed to work in a trans-continental totalitarian state with a command economy. By the end of the 1990s, it had become clear that many institutions needed substantial reform if they were to serve the needs of an emerging European democracy. But the real dangers of this weakness were not apparent in an environment where Russia was preoccupied with its own internal issues, friction was smoothed by personal relationships between Presidents Kuchma and Yeltsin, and Ukraine was developing positive relationships with its neighbors, Europe, and the United States.

During President Kuchma's second term (1999-2004) several factors began to put pressure on this status quo. Internally, social tension was growing as the oligarchic economy could not keep up with rising expectations. Civil society was also becoming more confident and vocal in pushing for more fundamental changes, and the civil service was becoming stratified between younger professionals who identified with the middle-class and an "old guard" who supported the *ancien régime*.

President Kuchma saw NATO as an important element in meeting both internal and external challenges. He sought entry into NATO's Membership Action Plan (adapted in 2002 for use by Ukraine and named as an Action Plan with Annual Target Programs) as a way to support strategic planning for broad reforms. He also opened the door to tailored NATO assistance in areas like defence planning, personnel management, and operational effectiveness. President Kuchma and his advisors also looked to integration into the Western security sphere – and NATO's Article 5 guarantee – as a counterbalance to increasing Russian pressure. At the same time, Kuchma's two-vector policy sought to mollify Russian by formally acquiescing to proposed integration projects while not implementing them in practice.

By the end of President Kuchma's second term, inherent contradictions began to unravel his balancing act. NATO made clear that its values and broad approach to security made fundamental political, economic, and security sector reform a prerequisite for further progress toward membership. Furthermore, without fundamental reforms, Ukraine's oligarchic economy no longer provided sufficient resources to meet the expectations of various elites groups and the public. This factor contributed substantially to mobilizing public and elite support for the Orange Revolution.

President Yushchenko continued his predecessor's focus on political stability, rather than reform. On the positive side, during President Yushchenko's years in power, democratic institutions like elections and free media became stronger and civil society flourished. President Yushchenko also provided a permissive environment for

² In 1919, Sir Halford Mackinder, one of the fathers of modern geopolitics, supported the creation of the League of Nations with the observation that the only hope for nation-states in Eastern Europe to defend themselves was through a voluntary alliance of free nations pledged to collective defence. Thus, the history of collective security is linked to the specific problems of security in the Central & Eastern Europe region.



reformers. Euro-Atlantic democracies and international institutions, including NATO, mobilized technical advice and practical assistance programs to help.

In other areas, the legacy of the Yushchenko years was not so helpful; for example, with the political (party) system remaining closed and local self-government stalled, Ukrainians continued to feel alienated from government. Yushchenko's ethnically-based cultural policy exacerbated inter-regional tensions. Political confrontation with Russia grew.

In its approach to NATO, the Yushchenko administration succumbed to a symbols-over-substance approach that diverted energy and political capital into irrelevant discussions about Ukraine's entry into NATO's Membership Action Plan (MAP), rather than focusing its efforts on Ukraine's development as a prosperous, secure Euro-Atlantic democracy – and implementing a program that had already been set out in the NATO-Ukraine Action Plan. By focusing attention on “the path to membership” rather than democracy and development, Yushchenko's policy wasted Western goodwill, lost its relevance to the average Ukrainian, and was ultimately unsuccessful.

Challenges and Responses for the New President

President Yanukovich came to power at a difficult moment. The worldwide Great Recession had hit Ukrainian particularly hard, causing a 15% decline in GDP, devastating the financial sector, and bringing real pain to households. The energy sector was deeply unbalanced, with the State Company *Naftogaz* paying *Gazprom* one of the highest prices for natural gas in Europe, yet forced to sell to consumers at one of the lowest. The budget deficit had ballooned as energy subsidies and social payments drove increased expenditures while revenue plummeted.

This economic crisis came on top of an extended political crisis, which had continued for much of Yushchenko's presidency. The extended conflict had paralyzed policy-making, politicized the judiciary, and prevented an effective response to the crisis. Locked in a three-way struggle, Ukraine's top political leaders were unwilling to take difficult measures needed to correct the situation, and at the end of 2009 an exasperated IMF suspended the \$16.5 billion stand-by arrangement that it had agreed in November 2008.

State institutions have been hit particularly hard by crisis as well, with salaries plummeting and operating budgets trimmed to bare bones.

Mobilizing Internal Factors. Given this difficult situation, it is normal that the President's top national security priority has been economic stabilization and budget viability. Indeed, the President's pro-business party may understand better than most the important role that economic growth plays in developing political cohesion and building effective state institutions. The reform plan presented by President Yanukovich on 2 June set out ambitious goals in areas like macroeconomic stabilization, improved business climate, and sectoral reforms – including in the vital energy sector. The Parliament's approval of IMF-mandated budget cuts on 8 July is a positive sign that it can muster political

courage to take unpopular decisions. Nevertheless, many details regarding implementation will only be available in a subsequent Action Plan. It also remains to be seen what the long-term strategic costs might be for some of the trade-offs made: for example, the price to sovereignty for extension of the Black Sea Fleet lease in Sevastopol and the erosion of business confidence caused by the government's reimbursement of VAT as bonds.

Economic growth alone, however, will be insufficient to address the serious shortfalls in the funding of defense and other national security institutions. Covering this shortfall will require changes in tax and budgetary policy, which are moving toward approval. Ensuring the effective use of resources to achieve goals – for example, improving a reported one-in-twenty readiness rate for aircraft at Belbek military airfield “discovered” recently by President Yanukovich – will require modernization of resource management systems.

President Yanukovich's second main priority seems to have been re-establishing a political and administrative command vertical. While this approach may bring administrative order in the short term – welcome after the disorder of the last several years – the creation of a governing coalition based on re-interpretation of the constitution has narrowed the government's political base and made it dependent on defectors. Current cadre policy, which rewards loyalty and blurs the distinction between serving state and regime (or party) is also unlikely to lead to a more effective civil service. Finally, the establishment of a rigid administrative vertical is likely to lead to increased tension – and possibly conflict – with society. This “discipline first” approach is unlikely to provide for effective governance, and risks increasing tension and eventual confrontation with a society that has become accustomed to civic freedom. Disturbingly, there are signs that security institutions are not only aware of this, they are preparing for it by undermining institutions of civil society such as free media, non-governmental organizations, and higher educational institutions.

In the long run, building political cohesiveness will require much more than an obedient administrative vertical. Citizens need to be better integrated into political life, using election tools like open party lists and regional lists. At the local level, international best practice shows the opposite trend – direct representation provides a better link than party affiliation.³ Regions can be better integrated, with the central government working to support regional development while respecting local autonomy and minority rights. The development of policies with cross-regional appeal is particularly important; it is crucial that President Yanukovich not repeat the mistakes of his predecessor by remaining focused on those regions and segments of the population that provide his core political support.

The emphasis on re-establishing an administrative vertical may also mask the need for systemic reforms to increase state capacity. The development of a professional, apolitical civil service is vital to ensuring a sufficient supply of professionals capable of implementing reforms. In addition, the modernization of resources management methods is essential ensuring that resources are used efficiently to achieve desired results.

³ Unfortunately, President Yanukovich appears to be supporting the opposite trend. This is shortsighted: limiting local elections to party lists may increase Party of Region's share in many councils, but it will not necessarily increase support. Indeed, the Party – and the President – will become politically responsible for a host of local issues.



Mitigating Pressure from Russia. President Yanukovich's rapid rapprochement with Moscow should be seen first of all in terms of economic priorities. Recent agreements have locked in \$3-4 billion in reduced gas expenses, with benefits for the state budget and the profitability of companies where the stakeholders, from owners to workers, are the core of Yanukovich's political base. In addition, Ukraine received approximately \$4 billion worth in loans. From a business perspective, the cost must seem modest: the extension on base lease that he and his political base mostly see as the natural order of things, and which he has been able to sell to the wider electorate. The Black Sea Fleet deal has also helped provide good political atmospherics that have facilitated agreements addressing outstanding issues like border demarcation.

This new Ukrainian approach has not, however, resulted in reduced Russian pressure. It has rather accelerated it. And while Ukraine has achieved short-term benefits, the strategic implications are still unclear. For example, new agreements on the Black Sea Fleet leave property ownership and usage unclear, permit Russian counterintelligence to operate on Ukrainian territory, and imply a closer direct financial relationship between Moscow and Sevastopol. There is a real risk that Russian support in the short term may come at the cost of strategic dependency. Even the perception of strategic dependency – a perception that Russia seems happy to feed – could be damaging to Ukraine's interests. Yet, beyond loans and discounts, there is little in terms of investment, more productive ways of doing business, or new technology that Russia can offer Ukraine to help address the latter's key economic and social challenges.

It is clear that the declaration of "non-bloc" status is linked to the rapprochement with Russia. But it is difficult to understand if it is more than merely an ideologically-driven Russian demand. The term itself is not particularly helpful, and leaves fuzzy the question of Ukraine's defence policy. Will it be one based on *collective security*, albeit on the model of contemporary Sweden or Finland – both of whom cooperate closely NATO? In this case, current development plans will not need major adjustment, and can continue to focus on objectives joint operations, building interoperability, downsizing and professionalization. On the other hand, if Ukraine declares a policy of *defence self-sufficiency*, it will need to redirect substantial resources into rebuilding territorial defence forces. In the absence of sufficient funding, "non-bloc" status is likely to be an empty shell, thinly disguising a de-facto policy of *defence dependency* on Russia. In that case, Russia would almost certainly move to integrate into Ukraine's operational command and control system, and offer an increased presence of Russian "advisors" in Ukraine's defence and security institutions. That will be seen internationally as a major indicator that Ukraine is losing its sovereignty and increase the risk that Ukraine will be considered a co-belligerent in any conflict where Russian forces are involved.

Counterbalancing. For obvious reasons, among Western institutions, the IMF is Ukraine's chief interlocutor today. President Yanukovich has invested only modest resources into developing its relationships with the US and EU, although his administration has given small concessions (for example, on highly enriched uranium) and avoided blatant red lines (like recognition

of Southern Ossetia). But Ukraine will need access to the tools offered by established democracies if it wishes to use external expertise to help speed up the implementation of national transformation.

Of course, for the moment the principle tool for Ukraine is the new IMF stand-by agreement, supported by technical assistance available from IMF, World Bank, EBRD, and other financial institutions. The EU-Ukraine Action Plan provides a valuable road map for approximation of Ukrainian laws and progress on issues like the visa regime.

The Ukrainian government has made it clear that NATO is no longer the vehicle of choice for national transformation. Yet NATO also has real tools that could prove useful to meeting some of Ukraine's challenges. The Annual National Program (ANP) is comprehensive vehicle for strategic planning of political, economic, and security sector reforms. The ANP also provides a mechanism for independent assessment and seeking external support. In addition, NATO has numerous tools to work in specific areas: defence management, democratic control, operations support, media relations, and resettlement of servicemen to civilian life, to name a few. Last, but not least, NATO provides an opportunity for Ukrainian forces to operate, exercise, and train together regularly with forces from NATO and Partner nations.

NATO has also played an important role in encouraging Ukraine to build its own capacities – not least in the area of security sector management and interagency coordination. It was unfortunate, therefore, that in scaling back its NATO ambitions from membership to cooperation – a step that was expected – the Yanukovich administration has tried to pull the previous policy out by the roots, dissolving Ukrainian government bodies and releasing personnel that provided desperately needed capacity for working-level, cross-government coordination on issues like democratization, economic liberalization, and reform of national security institutions. These tools were not political creations of the previous administration; rather they were developed by civil servants to address practical problems – and underused by the Yushchenko administration.

Conclusion

Three Ukrainian presidents have worked to consolidate the modern Ukrainian state, and two decades after independence, it is still a work in progress. Four months ago, the Ukrainian people entrusted President Yanukovich to continue this effort. He – and the country – face tremendous challenges in consolidating Ukraine's independence and transforming it into a prosperous, secure European democracy. These challenges are all the more difficult in the specific context of Ukraine's history and geography. The formula to overcome these challenges is straightforward: mobilize the resources of a free people through political cohesion, effective institutions, and free markets. Open up external lines of support. Avoid or mitigate unnecessary lines of conflict. Reassure neighbors who feel threatened or rejected.

Like all strategies this is simple to say, difficult to implement. Yet for every step in the right direction, Ukraine, its leaders, and its people will have the strong support of the Euro-Atlantic community. You will succeed where the Hetmanate did not. ■