

Democracy and stability in Ukraine

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CONSIDERING UKRAINE AS SUCH

The situation in Ukraine was a major concern for the European Democrats during the last European parliamentary elections of spring 2014. Over the previous months, the negotiations over an association agreement with the EU had derailed, a massive movement of protests was met with increasingly lethal state violence, the government got toppled and Russia invaded Crimea. A wave of subversion then shook a number of cities in the east and south of the country, which coalesced into a full-fledged war in Donbas.

On the one hand, it was heartening to watch people raising and struggling for freedom and democracy, with the European values clearly among their references. On the other hand, one could not escape the feeling that the EU had mismanaged this crisis, precisely because of the shortcomings denounced by the European Democrats: too technocratic and overreaching when diplomacy and political responsibility would have been required, while too weak, disunited and lacking appropriate instruments to effectively prevent the escalation into war. Moreover, at a deeper level, the events of early 2014 in Kiev and in Crimea, as well as the disinformation around them, challenge our conceptions of democracy and the legitimacy of State power. The following years have shown the urgency of clarifying our vision of citizens participation, based on responsibility, dignity and rules, against the cynicism and relativism of the demagogues.

Three years on, the dust has settled, and the main dynamics which have been set in motion during the acute phase of the crisis can now be better identified. But the international context in which Ukraine evolves has become more unstable. Turkey, a major trading partner, is in crisis. The EU has been destabilised by the refugees crisis. It is unclear whether Russia's success in Syria will make it more or less aggressive, and, most importantly, whether Donald Trump's election will radically impact U.S. policy towards Ukraine. It is therefore an appropriate time to take a broad look at this country and the challenges it faces, in order to be able to watch closely the most important issues, as the situation will continue to evolve in unpredictable ways.

The main goal of this essay is to help consider Ukraine as such, rather than through the lense of its significance or insignificance for other international actors. This is a sizable country, with the potential to be prosperous and to contribute to the stability of Europe. Its diversity, its geographical situation and its level of industrialisation make it unavoidable that its internal dynamics impact its complex interactions with broader international systems. The intrinsic relevance of Ukraine is too often overlooked, intentionally or not, in favour of a "buffer" model, where it would simply be an undefined zone of transition between Russia and Central Europe. If the past three years have proven something to many, it is that such views are simplistic and error-prone. However, relevance doesn't mean coherence. A sense of belonging to Ukraine exists, which is softer, more widespread, more comfortable and more independent from the mother tongue or the region, that extremists care to admit. But whether and how it can give a purpose to a modern and decent State is a question that has not yet been answered.

Counter-intuitively, we will start with the big tree which usually hides the forest of Ukrainian complexities, when considered from the outside: Russia, its current regime, and its problematic impact on Europe's stability since the Georgian war of 2008. This will allow us to treat this important matter as such, and then keep Russia as just an external factor, in order to focus on Ukraine: the failure of its post-soviet transition, the changes ushered by the "Revolution of Dignity" of 2014. Finally, we will review the current most significant issues of the war in Donbas and the corruption of a financially unsustainable system, while also assessing the significance of the reforms which have been successful. We will conclude with recommendations to the European Democrats on how to consider and work on the issues raised by the situation in Ukraine.

The author did several research trips to Ukraine between 2008 and 2013, to Lviv, Kiev, the Crimean peninsula and Odessa. In December 2016, he performed for the European Democratic Party a study and fact-finding mission in Kiev and in Mariupol, in the southern part of Donbas. The high-level analysis provided here is based on a dozen of recent interviews with Ukrainian citizens, workers of international organizations and businessmen based in Ukraine or Germany. Most of these interviews were off-the-record, due to the sensitivity of the matters discussed. Three recent reports from respected institutions have been used as primary sources, and won't be quoted systematically: "How Europe is supporting Ukraine's transformation" (European Council of Foreign Relations) for the political situation, "Ukraine: roots of structural instability" (BNP Paribas Economic Research Department) for the economical situation and "Special report: Russia" (The Economist) for Russia.

The opinions expressed here are solely those of the author. "Odessa" is written with two 's' and "Donbas" with only one; this shows that neutrality is a complex matter, and not a priority here. "Plausible deniability" is not considered plausible, for the sake of brevity, and internationally recognized borders are used as reference.

This map shows Ukraine put in relation with the area of France. Kiev and Mariupol would correspond to respectively Caen and Chambérix (Source: thetruesize.com)



THE “RUSSIAN PROBLEM”

When Germany united in the late 19th century, the emergence of this massive power in the middle of Europe is often described as the “German problem” (too big and too central for not impacting everyone, but too small to dominate). This was a problem for the whole of Europe, while a dividing line across the continent is that the “Russian problem” is really a problem only for its central and eastern countries. The “problem” here is different: Russia is desirable, useful and a natural connection, but it is threatening, brutal and unpredictable. It is indeed currently an active threat to the sovereignty of Moldova, Georgia and Ukraine, and a passive one to the Baltic countries, Belarus and, to a lesser extent, Poland (via the militarization of the Kaliningrad exclave).

Such countries therefore primarily see Russian actions in Ukraine through the prism of their own national security. Those of them who are NATO members are understandably asking for reassurance that its collective defence guarantees¹ are still valid, now that they could be needed for real. In the U.S., there are definitely business and bureaucratic interests who would see benefits in a new Cold War, but the overall answer has been hesitating: the Obama administration would always have preferred a “reset” with Russia, but did hold the line on sanctioning its illegal behaviours. The incoming Trump administration seems tempted to shrug it off, and give Russia the “sphere of influence” it is asking for, in exchange for less trouble. In between, Western Europe has a confused and ambivalent perception of Russia and the post-Soviet space. Irrational fears are found next to various strains of romanticism, while cold business interests compete with legalistic arguments.

In order to put some order, let’s distinguish three levels which are often mixed in the perception of “Russia” and see how to locate Ukraine within them: the post-Soviet space, the dynamism and spread of the Russian language and the imperialism of the Russian state.

The Soviet Union ended up in a complete economical disaster, but also in a a moral disaster. Vladimir Putin famously said that its collapse was “the greatest geopolitical catastrophe” of the 20th century². Because it thankfully did happen without massive bloodshed, we tend to understate the scale of the human and material capital that got wasted during this disintegration. From Kyrgyzstan to Georgia, from Ukraine to the Russian heartland, the author has witnessed areas stretching over kilometers of factories left to rust and pollute. Retired people, who used to be well-meaning citizens of a functioning state, were left to survive in misery. A working-class youth was abandoned to boredom, drugs, teenage pregnancies and violence. Most importantly, a lasting legacy was a complete lack of trust between the actors of the political and economical systems, although it is the necessary foundation for democracy as well as for sustainable capitalism. Cynicism is a defining feature of post-Soviet societies, based on the experience of the decades before and after the fall of communism. Whatever the ideology proclaimed, socialism, liberal capitalism or state capitalism, only the ruthless cronies did profit from it. This makes any grand vision hard to sell, wherever it comes from, as could be seen with the overall failure of the subversion of the Russian-speaking

1 “Collective defence - Article 5” (NATO website) http://www.nato.int/cps/en/natohq/topics_110496.htm

2 “Putin deplores collapse of USSR” (BBC, April 25th 2005) <http://news.bbc.co.uk/2/hi/4480745.stm>

regions of Ukraine as much as with the fragility and reversibility of the progresses towards democracy and rule of law in Ukraine.

But the Soviet Union was also a robust and coherent system, which was sustained over seven decades. It brought progress and modernity to neglected areas of Europe and Asia. Between the death of Stalin and the 1980s, it was a stable and respected power, whose population was generally enjoying peace and security. Because the Soviet Union had sovereignty or effective control on a space coherent with the Russian empire, one has a tendency to see it as just another stage of Russian imperialism. But while it was effectively centralised around Russia and dominated by it, the Soviet Union offered genuine opportunities for people to progress and move around the country, independently of their regional or ethnic origins. This contributed to the building of a common space, significantly wider than Russia, whose achievements were perceived as shared, and whose lingua franca is still obviously the Russian language.

This common space, and the nostalgia of its past glory and predictability, can be mobilised outside Russia in order to gather popular support for a revisionism of the post-USSR order. It is more effective than the reactivation of myths from tsarist times, such as a (historically short-lived) “New Russia” encompassing eastern and southern Ukraine, which are more for internal consumption by the Russian population. As one of the interviewee, with regular access to the Non-Government Controlled Areas of Donbas, put it: “This is a return to Soviet times; up from the pioneers to the veterans parades... It feels good for many people. Who would not like to live his youth again?”

But this common post-Soviet space also connects reformists from various countries in the western part of the former Soviet Union. They are well aware that, because of its size, Ukraine was instrumental in giving the USSR its global scale. The Belavezha Accords, on December 8th 1991, which effectively terminated this federation, were only between the Russian, Ukrainian and Belarusian Soviet Republics, although they were directly impacting the other republics as well³. For all their diversity, these countries share similar challenges, not least their relationship with Russia, and Ukraine is by far the biggest one. Its “Orange Revolution” of 2004, in reaction to the rigging of a presidential election, took inspiration from the “Revolution of the Roses” in Georgia the year before, which brought Mikheil Saakashvili to power and triggered a successful process of reform and modernisation in the small Caucasian country. The revolution of 2014 in Ukraine and the subsequent Russian aggressions therefore led many to consider the situation in this country, and the success of its reforms, as critical for the future of the whole region. In the aftermath of the revolution, many qualified professionals or politicians from Georgia or the Baltic states, joined the Ukrainian national or local governments in order to contribute to the reform effort their experience and the lessons learned during the transitions of their own countries⁴.

The Russian language is not only the natural second language of this space, it is also one of the primary languages for business and education in many of its bigger cities (from Almaty or Tashkent to Chisinau or Riga). In Ukraine, it is also the native language of a significant part of the population and of entire regions. Again due to its size, this also means that Ukraine is reciprocally a significant part of the Russian-speaking world and culture. There are 14 million native Russian speakers in Ukraine, and 137 million in

³ The Baltic states, Lithuania, Latvia and Estonia, had already regained independence in 1990.

⁴ Notably M. Saakashvili himself, who was governor of the Odessa oblast between May 2015 and November 2016.

Russia⁵. To put these numbers in perspective, there are 8 million native German speakers in Austria (5 million in Switzerland) and 74 million in Germany⁶. The place of the Russian language was presented as a burning issue in 2014, whereas in practice the Ukrainian and Russian languages either have clearly defined geographical and thematic spaces, or they mingle effortlessly, typically in Kiev. Among the younger people interviewed about their mother tongue in Odessa or Mariupol, it was always striking how the question seemed irrelevant to them. Predictably in these cities, it was Russian, but they could speak Ukrainian and often expressed an intimate connection with this language. An artist from Odessa once told the author: “It is like if I would converse with that land, with that earth, in Ukrainian, and with the whole world in Russian.”

The European perception of Russia is shaped by the still recent experience of the Cold War, preceded by a less clear but deeply rooted image of an ever expanding Russian-speaking empire. As we have seen, although this space was historically shaped by the Russian centralized state, this view misses the diversity and own trajectories of its other components, of which Ukraine is one of the biggest⁷. The actual contemporary Russia is smaller and weaker. As the successor rump state of the Soviet Union, it perceived its dissolution as a defeat and not as an accession to independence. Since then, the identity of the new Russian Federation has been steadily reconnected with its tsarist origins (already in the 1990's) and a “russified” version of the USSR (in the 2000's, notably with the reintroduction of Soviet area symbols⁸). This has contributed to reinforce a superiority complex towards the neighbouring countries and a sentiment that territories had been unfairly lost.

M. Putin faced the most serious challenge to his rule in 2011 and 2012 when a protest movement denouncing electoral fraud gathered support among the urban middle class. This created two incentives for him to react strongly to the events of late 2013 in Ukraine. First, he could not afford a deep reform and realignment of Ukraine to be a success, especially after the Ukrainian president, Viktor Yanukovich, had been forced to leave power. There are many differences between the situation in Russia and in Ukraine in terms of standards of living, political context and national identity, which makes it hazardous to relate these popular protests. What they have in common is the exasperation of regular citizens with pervasive corruption, and, as was the case with the Serbian, Georgian and Orange revolutions, such movements do set precedents, and they do inspire in terms of methodology and tactics. The second incentive for M. Putin, as the increase in living standards during the oil boom of the 2000's could not be sustained any more, was to create the conditions for a confrontation with the West. Territorial gains and an expansion of influence would show to the population that the time of revenge had come, and unite it around a sense of regained pride and a besieged mentality.

One should not overestimate Russia's power, but one should not underestimate its capabilities. It has capable diplomats and intelligence services, with an intimate knowledge of the matters or regions they are dealing with. Since the Georgian war of 2008, it has successfully modernised its armed forces, as could be seen with the swift

5 https://en.wikipedia.org/wiki/Geographical_distribution_of_Russian_speakers

6 https://en.wikipedia.org/wiki/List_of_territorial_entities_where_German_is_an_official_language

7 For the sake of brevity, Central Asia is left out of this analysis. It would be especially interesting to compare Ukraine with Kazakhstan, a big country neighbouring Russia, with 4 million Russian speakers.

8 And also with the rehabilitation of Josef Stalin, unthinkable in other countries, due to his harsh policies towards the various nationalities of the Soviet Union.

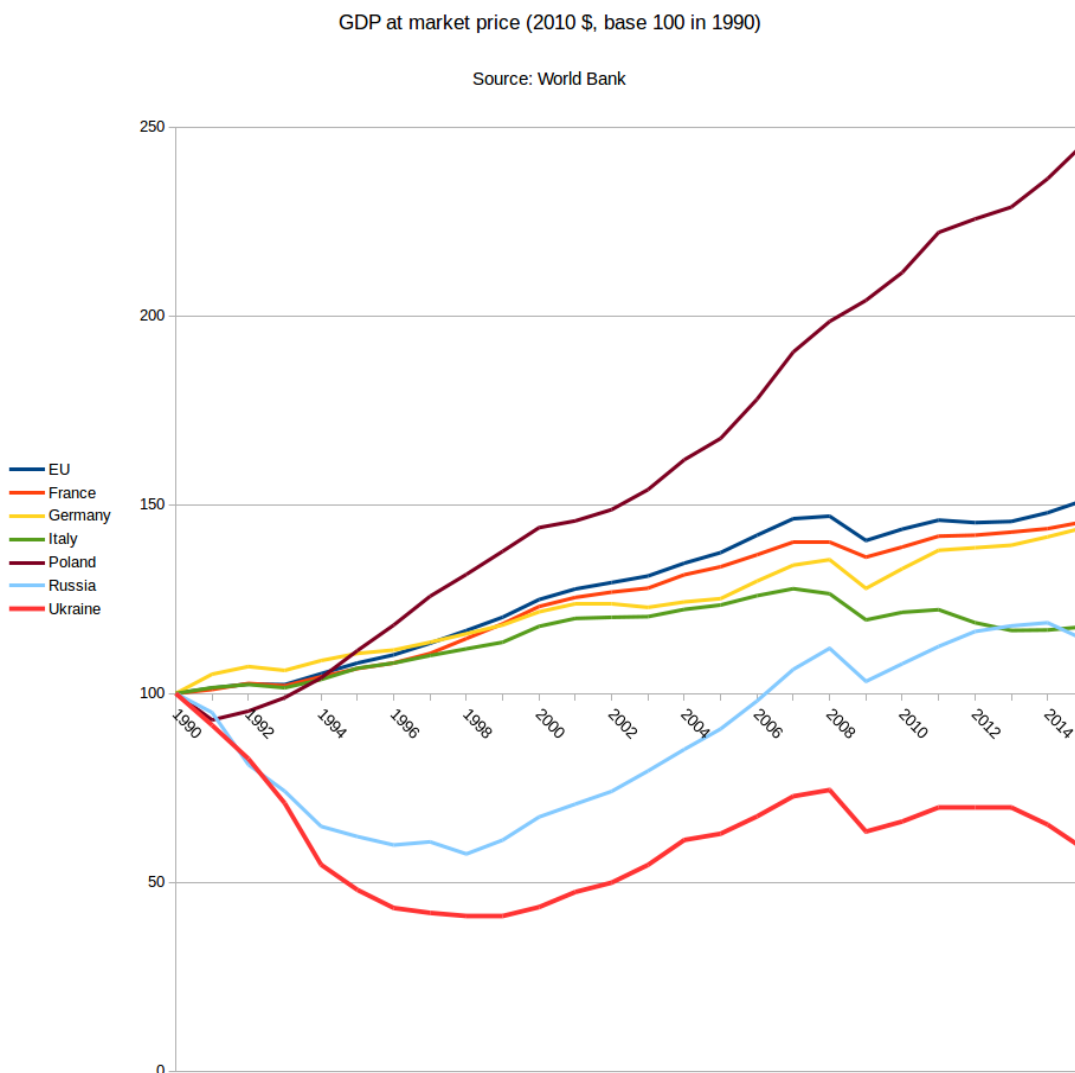
annexation of Crimea and the well-calibrated intervention in Syria. However, the time when Russia, or for that matter the Soviet Union, could invade and control entire countries is still gone. The Russian population did not have to pay a heavy price so far for the operations in Ukraine and Syria, and would probably not be ready to.

The view that there is a natural and legitimate Russian “sphere of influence” is therefore an optical illusion, as it could not be sustained in the same ways as the tsarist empire and the Soviet Union. This is for the consumption of the Russian population, and consequently presented to the international public as an inescapable strategy.

A REVOLUTION OF DIGNITY

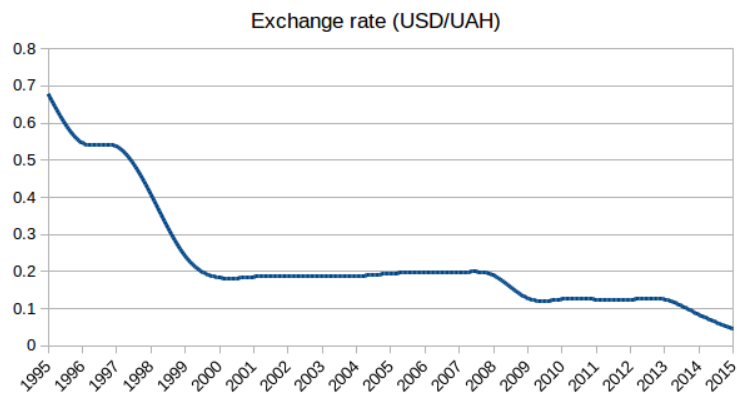
The post-soviet transition was a failure in Ukraine. In real terms, its GDP has not yet recovered its level at the time of independence. The heavy industries it was specialised in and which survived the initial crisis of the early 1990's were then exposed to the competition of emerging countries and could not drive growth (For example, Ukraine's share of the world's steel production went from 6% in 1992 to 1% in 2015). The other pillar of its economy, agriculture, lacked the reforms and investments required to develop its potential and competitiveness, although this significantly improved since the mid-2000's. Contrary to Russia, Azerbaijan, Kazakhstan and Turkmenistan it could not rely on the commodity boom, and contrary to the Baltics countries, it was not driven by European integration.

The graph below compares the real GDPs of Ukraine (in red) and Russia (in blue) with those of various EU countries, taking the 1990 value as the base 100. Both countries suffered heavily during the 1990's but Ukraine did not manage to recover from it. The financial crisis of 2008 was another heavy blow for both. But while the Russian economy



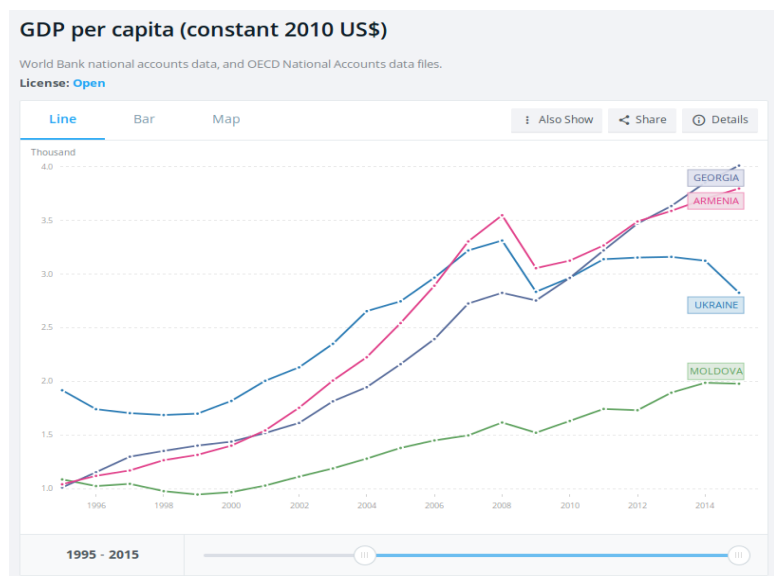
resumed growth, the Ukrainian one has been stagnating since then. Finally, the consequences of the conflict started in 2014 can already be seen for both economies, because of economic sanctions and the lack of confidence in their prospects.

The Ukrainian economy is trapped in a vicious circle of devaluation and high inflation. As can be seen on the graph on the right, devaluation was systematically the only answer available to economic crises, thus causing self-fulfilling expectations of inflation. In order to protect the value of savings, these are massively converted into hard currencies. These hard currencies are either stored informally outside the banking system, where they are useless for the economic system, or in banks which lend them as such. Such hard currency loans are cheaper for borrowers, but becomes harder to repay when the next devaluation occurs, thus weakening the banking system precisely at the time of crisis and undermining further the confidence in the system.



This structural financial volatility therefore leads to a lack of investment, as it causes savings to be insufficient and long-term financing to be very risky. Moreover, the high-level of corruption, the lack of confidence in the legal system and the administrative hurdles to business discourage foreign direct investments. Only deep structural changes in the economy could make it more competitive, and thus remove the need for devaluation. But these changes require investments and confidence in the future, which in turns require reforms of the legal system, the state-owned enterprises and the connections between business and politics.

Standards of living are therefore very low in Ukraine, and they are hopelessly stagnating. Wages are low (officially, the average wage is around 3200 Hryvna / 115 EUR) especially for civil servants, which makes it even more difficult to fight corruption. The graph to the right compares the real GDP per capita of Ukraine with those of Moldova, Georgia and Armenia. These three countries had roughly the same GDP per capita in 1995, which was half of Ukraine's. Since then, they have grown at different paces, but steadily, except for the shock of the 2008 crisis. During the same period, Ukraine's GDP per capita has barely grown, while Moldova's was multiplied by a factor of 2, Armenia's and Georgia's by a factor of 4.



The transition was also a failure at the political level. In order for its economy to escape its low-growth trap, Ukraine needed profound structural changes that could only be triggered by the state. But at all levels, the political system failed to deliver these changes, to the growing exasperation of the population. While ordinary citizens were confronted in their everyday life to the debilitating effects of corruption, from education to law and regulation enforcement, they could observe that the higher levels of national and regional government were deeply mixed with big-business interests. Broadly speaking, in Russia, the “oligarchs” and the government have been working as two tightly integrated but distinct systems; in Ukraine, they are one single system.

When asked to compare the Orange Revolution of 2004 with the Maidan Revolution of 2013, one interviewee answered: “They cannot be compared, because one followed the other and drew experience from it.” The Orange Revolution was definitely a major step in the emergence of a consciousness within the civil society that it was possible to change the course of events. It provided Ukraine with a real competition for power, which ended up without violence. The losing side, M. Yanukovich’s Party of Regions, a broad and well organised coalition of local interests with a base in the Russian-speaking parts of the country, went on to win the 2006 parliamentary elections and the 2010 presidential election. But this experience was overall disappointing and increased the cynicism and hopelessness of the population. The new governing elite brought by the Orange Revolution was also deeply enmeshed with business interests, and it soon fell into infighting. After M. Yanukovich accessed to the presidency, the level of corruption and plundering of state assets became staggering.

That failed post-Soviet transition is the context and the root cause of the Maidan Revolution. Was “Euromaidan” about EU values and European integration? “Frankly, it was rather about being completely fed up with the lies. They had been lying to us about this trade agreement, but if they would have lied to us about the price of honey, it may have happened as well.” This is only when the scope of the protests and of the demands quickly widened that the articulation with the European project took a real dimension for some of the protesters. While the Association Agreement with the EU, the membership of the Eurasian Union, promoted by Russia, and the issue of the macro-financial support to Ukraine were serious long-term issues, they seem to have been a trigger rather than a cause of this spontaneous popular movement. Correlation does not imply causation.

This “Revolution of Dignity” and its aftermath covers period which is extremely rich in events, bigger-than-life personalities and unanswered questions. We will focus here on two specific aspects, which are especially relevant from the perspective of the European Democrats: the unexpected and powerful stages of civil society mobilisation, and the significance of the still unexplained killings of the “Heavenly Hundred” protesters during the last days of the revolution, in February 2014.

While the events were unfolding, a number of existing actors adapted to them and positioned themselves in support or in opposition to them: political parties, powerful oligarchs/politicians, nationalist groups, “ultras” football supporters, etc. When they did join the movement, they had a clear impact on its trajectory. For example, when the repression started to become violent, people with experience of street battles prevented the protests to be broken. But they also certainly contributed to the descent into chaos of late February, when a negotiated settlement was still a viable option. On another

level, after the president had fled the country experienced political operators managed to stabilize the institutional settings, via the parliament, and to forge a governing coalition, behind a presidential candidate, Petro Poroshenko. It allowed Ukraine to face almost immediate military aggression with a working government and international recognition. Inexperienced protesters would have been technically unable to manage this institutional breakdown, but this came at the cost of empowering an elite coming directly from the dysfunctional system. Another legacy of the Orange revolution is that many activists did these choices consciously, as a trade-off, and focused since then on monitoring and challenging this elite.

However this was a truly popular impulse which, on three occasions, took all internal and external actors off-guard and decisively impacted the course of events: by triggering the original protests, by facing down lethal state violence and by efficiently supporting the war effort.

On February 18th and 20th 2014, unidentified professional snipers provoked the death of around hundred protesters, most of them very young. This was the most brutal level of state-sponsored political violence in Europe since the repression that led to the intervention in Kosovo in 1998. The Assad regime has been using such methods to repress popular protests since 2011, with tragic consequences. While illiberal parties and leaders are gaining strength in and around Europe, this has set a very worrying precedent. The protesters mostly hold their ground, at a high cost, and this made it impossible for M. Yanukovich, the democratically elected president, to stay in power. Contrary to the outcome of the Orange Revolution this created a destabilising background for any attempt to set the country on a new path. M. Putin was quick to leverage this instability as a justification for seizing Crimea. Almost three years after the event there still haven't been any satisfactory official inquiry into these events and the criminals who directed and performed them haven't been brought to justice. This failure undermines trust in the new authorities by suggesting that they have no interest in seeing these questions answered, and more broadly it undermines trust in the legitimacy of the current drive for reform. If the Ukrainian authorities are not in a position to investigate these remarkable events, an international tribunal may be better placed to do it.

Soon after the revolution, the Ukrainian state found itself faced with an existential struggle because of the Russian military intervention and subversion attempts. From the Russian perspective, Crimea could be seen as a low-hanging fruit, especially in order to provide the Russian population with a beautiful and seemingly legitimate revenge, as was described above. But it should not be underestimated that Crimea provided Ukraine with a real military leverage on Russia, by controlling the sustainability of Sevastopol and thus of Russia's control over the Black Sea. With the benefit of hindsight, it is hard to imagine the current situation in Donbas if Ukraine would be able to retaliate via Crimea. From the Ukrainian perspective, Crimea was an autonomous region (a status it has paradoxically lost within the Russian Federation), with a very specific political and ethnic settings. The autonomy status, a compromise reached in 1998 to prevent the building-up of tensions⁹, fitted well the local elites, which, by playing Kiev's fears of an irredentism towards Moscow they did not really want, were left alone with their own profitable businesses and a lot of independence from the Ukrainian state. The Crimean

9 For more details on Crimea, see the 2009 paper by the author: "Crimea, the conflict that did not (yet) happen" <http://mbaudier.eu/papers/crimea-paper-baudier-090613-lowres.pdf>

Tatar population, which had been deported to Central Asia during the Second World War and had returned during the 1990's, was also comfortable with this situation. Despite their dire economic situation, they were feeling that a multi-ethnic "ad-hoc" Crimea was their best opportunity for a homeland.

In 2014, Ukraine's military, while still of a significant size, was weakened and disorganized by years of mismanagement. The security services were deeply infiltrated by the Russian services. Russia's invasion was well prepared and run covertly with elite troops, and it benefited from having a big military base (Sevastopol) right within the territory to be conquered. Ukraine was not in a position to defend it and, reasonably, it did not try. A wave of unrest then shook most Russian-speaking cities of the country, with varying levels of intensity. While clearly provoked and coordinated they were also nurtured by real grievances and fears among parts of the local populations, typically among supporters of the pro-Russian-speakers Party of Regions which had just been ousted from power.

This wave of destabilisation did not spread as much as could be feared by Ukrainians who had just watched the annexation of Crimea. On May 2nd 2014, clashes degenerated in Odessa and left almost 50 people dead, mostly anti-Maidan protesters. The trauma caused by this tragedy largely contributed to the cooling down of the tensions. Between May 9th and 15th, separatists took over the port-city of Mariupol in the southern part of Donbas, but then had to give up control of the city. The unrest finally morphed into heavy fighting around the cities of Donetsk and Luhansk and their hinterland bordering Russia. Separatists, whose leaders were then mostly Russian citizens, quickly got access to heavy weaponry and advanced anti-aircraft capabilities. Ukraine therefore had to stop using its air force, which would have given it a serious advantage, in its own airspace, where only its own military planes are allowed to fly. Instead, it found itself fighting a war of position against a well-informed, well-directed and well-supplied enemy.

Against all odds, the Ukrainian army did surprisingly well, and popular mobilisation was again a key factor in this development. Volunteer battalions have attracted a lot of publicity and they did indeed have a military impact. Over the course of the war, most of them got integrated into the army, as National Guard or reservists. But a broader movement supported the soldiers on the front line, by providing them with sorely needed equipment, via NGOs or fund-raising. As these volunteers gained in experience and credibility they took more roles helping with the army logistics, in close cooperation with the Ministry of Defence, that they contributed to reform.

Without romanticising it and with all its limits, the strength and effectiveness of the horizontal mobilisation of significant segment of the Ukrainian society is a notable feature of this revolution. In a time of disaffection for democracy and political action it showed, that under extreme circumstances, new ways of cooperation and solidarity could be found, which were able to unlock intractable situations. The question, for Ukraine and maybe beyond it, is whether such energy can be harnessed on the long-term, in order to achieve peace and prosperity.

DIRE PROSPECTS, BUT CHANGE IS IN MOTION

At the end of 2016, the situation in Ukraine has become less confused, and the overall picture is very bleak. While the very existence of the state is not threatened any more, war and occupation on its territory remains the foremost issue, preventing it to address its structural problems. Corruption, the main root cause of Ukraine's weakness has proven to be deeply entrenched and has not been reduced significantly. The country is heading to another macrofinancial crash in 2019, the year of the presidential election. A swing of pendulum by a disappointed electorate back to the old system, as in 2010, can therefore not be excluded. However, some non trivial reforms have succeeded. A generation inspired by the Maidan Revolution has found its place within the political system, the administration, the army or the NGO sector. They are in a position to play a positive role during the long and stormy journey that lies ahead.

The problem with the kind of "geopolitical" analysis which is often peddled when it comes to international issues related to Russia, is that the neat borders separating states, linguistic areas, "ethnic" or religious groups, the maps of gas pipelines or strategic military moves, are often placed at the centre of the analysis, whereas this is in support of it that they can be useful. They hide a major component of the goals and means of any policy, which is central for the European Democrats: human beings.

The war has exacted a huge human toll on Ukraine. Around 10,000 people have been killed¹⁰. Over 1.6 million (more than the whole population of Estonia) have had to leave their home and have registered as Internally Displaced Person (IDP). A significant number of persons who have also left the Non-Government Control Areas (NGCA) did not register as IDP, in order not to entrench their status and to keep access to these areas, where their relatives typically still live.

As of June 2015¹¹, it was estimated that around 30% of the population of the Donetsk and Luhansk oblasts had been displaced, and that approximately 2.5 million people were living in the NGCA. The transport and production infrastructures of these regions have been severely impacted and will cost billions of dollars to rebuild¹². As an example, it took 18 hours of train for the author to reach Mariupol from Kiev (approximately 800 kilometers), because the Donetsk airport has been destroyed during the fighting¹³. The train also took 4 more hours than usual because the direct train lines have also been disrupted.

"The situation has changed since 2014 and if we have progressively been exiting the 'emergency' phase, we are not yet in the 'development' phase; now is the 'recovery' phase, because the conflict is still ongoing and the situation of the people living near the front line is still very precarious", explains Raphaël Ténau, head of office of the International Committee of the Red Cross (ICRC) for the Mariupol area. The core missions of the ICRC are prevention (spreading awareness about international

10 "Factsheet Ukraine" (ECHO), http://ec.europa.eu/echo/files/aid/countries/factsheets/ukraine_en.pdf

11 "The War republics in the Donbas" (OSW) <https://www.osw.waw.pl/en/publikacje/osw-commentary/2015-06-17/war-republics-donbas-one-year-after-outbreak-conflict>

12 "How to Rebuild Eastern Ukraine" (Atlantic Council) <http://www.atlanticcouncil.org/blogs/ukrainealert/just-oussource-it-how-to-rebuild-eastern-ukraine-without-corruption-theft-and-mismanagement>

13 The airport had been renovated in 2011.

humanitarian law (or IHL, which regulates military conflicts), protection (ensuring application of IHL, visit of persons deprived of freedom, re-establishment of family links), assistance (direct humanitarian aid to the affected populations) and cooperation (with the national societies of the Red Cross and their Federation).

During the emergency phase, assistance is about fulfilling the most basic needs: shelter, food and hygiene. Now, these needs are in most cases covered by direct cash payments, and assistance rather focuses on “income generation” projects (for example, providing farmers with seeds or tools), reparation of destroyed infrastructures (houses, water or energy networks, etc.) or information and actions against the pervasive danger of anti-personal mines. “However, the situation varies from village to village, and the ICRC still distributes emergency food and hygiene to the civilian population in particularly vulnerable frontline locations”, points out Raphaël Ténau.

On a longer timescale, the 2.5 million of people of the NGCA in Donbas and those in Crimea (2 million residents) are now stuck in a grey zone. These “frozen conflicts” mean that administrative responsibility is unclear and that trade, investment and international cooperation are becoming difficult or impossible for these regions, at a time when they would sorely be needed. Crimea has lost its autonomy, representative organizations of the Crimean Tatars have been forbidden and religious freedom has been curtailed¹⁴. In the NGCA in Donbas, multi-party politics and citizen participation have de facto been suppressed.

The instability and unpredictability of the security situation is a significant hindrance to foreign direct investments, which deeply affects Ukraine but also Eastern Europe as a whole. Interviewed businessmen active across the region point to this adversarial factor. “While there would be a lot of potential (for example with biomass in Ukraine), long-term investors now sees Eastern Europe as too risky. Maybe the brand new plant will be destroyed within one year by an unexpected conflict...”

Moreover, Ukraine is shut out of financial markets because of a debt repayment dispute with Russia, while the renewal of repayments for the bond restructured in 2015 is due for 2019, the year of the next presidential election. With regards to the internal factors, it is unlikely that the situation will have changed radically until then, as corruption is still the main structural problem. Low-level corruption is very much related to low wages and over-regulation and can probably be gradually reduced with the appropriate financial means, training and legislative changes.

But high-level corruption is much more difficult to fight because it is deeply ingrained in the workings of the political system. Some political actors directly control thousands of jobs via their business interests and at the same time the administration of entire regions via their positions and patronage networks, while also disposing of endless reserves of cash. “Look, imagine, you’re a young deputy. They come and offer you 50,000 USD just for NOT taking part in a given vote. Nothing, really. You accept once, and then you’re done forever...” There is therefore a high risk of a new phase of financial and political instability, of course with Russian interference, and with a background of frustration and disappointment with the impossibility to reform the political system.

14 “Putin Cracks Down on Christians in Crimea” (Newsweek, May 2015) <http://europe.newsweek.com/putin-cracks-down-christians-crimea-328030?rm=eu>

There is not much (which doesn't mean nothing, as we will see below) that people outside Ukraine can do to prevent that impending crash. At least, they can avoid to be taken off-guard and make matters worse. However, for all these difficulties, a "can-do" mentality has emerged in Ukraine, with a willingness to identify and address the real issues, with the means available. Some reforms have been successful, for example the road police or in the defence ministry. A unified system of state procurement, "proZorro", has been introduced, as well as an electronic declaration of wealth for state officials. This shows the agility and pragmatism of a multiform and decentralized reform movement. After some phases of discouragement, new initiatives, such as the "Reanimation Package of Reforms"¹⁵ keep popping up, showing that the dynamic set in motion by the Maidan revolution has not run its course.

While extreme nationalist groups remain a worry, mostly for their tendency to degenerate into violent criminal organizations, the experience of the front line is shaping a whole generation. Young Ukrainians are exposed via social media to a wide range of "citizen-soldier" figures. Some personalities are emerging from this field, as is often the case within countries faced with a national struggle. Their future trajectories are certainly worth being observed and followed, in domains ranging from politics to arts.

"You cannot understand Ukraine if you just visit Kiev." Oleh Berezyuk, head of the parliamentary faction of the liberal Samopomich party in the Ukrainian parliament¹⁶, points to a defining feature of Ukraine: its diversity. With peace, the fight against corruption and the support to small and medium enterprises, decentralisation belongs to the core priorities of this party. Samopomich has roots in the cooperative movement in Galicia and his leader is the popular mayor of Lviv. It expanded beyond its base in the western part of the country and has 26 of the 450 members of the Ukrainian parliament. Samopomich left the governing coalition during the political crisis of early 2016, frustrated by the lack of progress on the main issues and is now in a constructive opposition, supporting most reforms.

The party is critical of the Minsk II political accords of February 2015 between the Ukrainian and Russian presidents, as these accords require a special status for the NGCA in Donbas. "Minsk II pollutes the necessary debate on decentralization. Federalisation is not a good solution for Ukraine, because powerful interests will take over the regions. Decentralisation must happen at the city level, with the appropriate means, in order to prove that change can work, at local level."

An unrelated example of the potential for progress at local level is the Mariupol Development Fund, an NGO coordinating the civil societies initiatives in Mariupol, in tight cooperation with the local authorities. They have helped set up a "Center for administrative services" which streamlines procedures and helps to fight low-level corruption, as well as a "Training center" for improving the qualification municipal workers.

Committees covering, social, transport, business, youth and communal utilities issues are gathering various stakeholders in order to set up grassroots projects or long-term administrative solutions, in partnership with the municipality. "We were founded in

¹⁵ <http://rpr.org.ua/en/>

¹⁶ Interview in Kiev on December 5th 2016.

2015, as a direct consequence of the conflict. We first gathered around 150 NGOs and activists, now more than 200. We work closely with the mayor office but are independent, funded only by grants.” explains Olga Goltvenko, a project manager in this NGO¹⁷.

Faced with an unstable international environments and deep structural flaws, Ukraine can still rely on a fertile and well-located country, coherent in its diversity and whose society has proven that it can invent new tools of governance.

A DEFINING ISSUE FOR THE EUROPEAN DEMOCRATS

The situation in Ukraine forces us to reconsider the value of abstract concepts such as international law, the legitimacy of democratic processes beyond majority voting and the question of nationhood, in its bright as well as its dark sides. A reality that becomes inescapable in times of violent crisis, is that the centrality of human dignity is what gives sense and legitimacy to these concepts, and is also what should be protected by them.

The dynamism, determination and creativity of the Ukrainian civil society is an inspiration for other countries faced with unreformable systems, entrenched vested interests, inter-communal tensions and/or foreign meddling. A lesson that can already be drawn, is that there are many different places from which one can contribute to change, as long as one can connect with others sharing a common set of values, priorities and ethics.

The Ukrainian crisis invites the EU to humility, but not to inaction. The successful implementation of the Association Agreement will be very helpful for the Ukrainian economy, as exports have the potential to support growth. While the EU doesn't have the means to play big-power politics, the attraction of its model and the prospect of European integration keep their transformational power. Visa liberalisation for Ukrainian citizens is a cost-effective, safe and already prepared measure that would send the right signal about what the EU is capable of doing.

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¹⁷ Interview in Mariupol on December 9th 2016.