Political, social and economic conditions of development of contemporary Ukraine and its regions
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One of the most important consequences of the disintegration of the Soviet Union and the Eastern bloc, which took place in the late 80s and early 90s of the twentieth century, was the appearance of new, independent states, including Ukraine (1991) on the world map. The collapse of the Soviet Union, a totalitarian state which for nearly 70 years terrorized its own citizens and strangled independence aspirations of the peoples inhabiting it, awakened in Ukrainian society hopes to build their own democratic and fair state. The long lasting and full of pathology process of political and economic transformation of the Soviet Union and the countries created after its collapse did not give Ukraine the chance to create conditions for fair and effective socio-economic changes. 25 years of independent Ukraine, as in the case of other republics of the Soviet Union, was an extremely difficult time for citizens who paid a high price for the inefficient transformation and the rulers’ mistakes and abuse. It was a largely wasted time, because it failed to build a fully democratic state of law, instead of which an unjust, oligarchic system of power appeared. The effect of this is the deplorable condition of the state, including inefficient and corrupt judiciary, similarly functioning administration, low level of social security, high crime level, unemployment and difficult budgetary situation of the country, as a result of which hundreds of thousands of Ukrainians emigrated, mainly to Western countries, seeing no chance for decent life in their own country.
For a large part of Ukrainian society, especially for the younger generation, western democracies, including the Member States of the European Union, should be a model and at the same time a signpost for the rulers. Due to the European aspirations of Ukrainian society and the support that the European Union gave Ukraine, the political elites and the successive leaders of the country undertook a more or less decisive action aiming at the improvement of the living conditions of citizens, implementation of Western legal and organizational standards, and gradual integration of Ukraine with the EU, with the hope of future membership of the country in the Community. Such policy, suiting a part of the political and economic elites of Ukraine, especially due to the acquisition of Western financial support which reached also them in a circuitous way, was supported by the oligarchs and the related environments and interest groups. An unexpected turn in this pro-European policy, which President of Ukraine Viktor Yanukovych took in 2013, refraining from signing an association agreement with the European Union, led to a sharp political and social crisis in the country, fueled by parliamentary opposition demanding his resignation, as well as various internal and external forces, which were intent on social unrest and the change of Ukraine’s government. This led to mass protests of Ukrainian society in defense of democracy and European aspirations of Ukrainians, as well as to an open rebellion against the team of President Yanukovych. Euromaidan¹, a social protest of 2013, called the Dignity Revolution, and in the West known as the Ukrainian Spring, eventually led to the change of power in Ukraine and the adoption of the unequivocally pro-Western course by this country.

The Dignity Revolution was not only a spontaneous protest of Ukrainian citizens against the way of exercising power by the then president and his team, abandoning the European course by the state or the difficult living conditions of citizens. This revolution had yet another hidden dimension. It was the revolt of the oligarchs and their associated interest groups against the arrangement of power

¹ From Maidan, Independence Square in Kiev, on which the main protests of Ukrainian society took place in 2013 and 2014.
built by President Yanukovych, his family and associates. Of major importance for the events and the situation of the Ukrainian state in 2013 and 2014 were Russian influences, economic and political ties of the oligarchs with Russia and the EU, and especially the denunciation of obedience to the authorities in Kiev by the Russian-speaking population of the Autonomous Republic of Crimea, which led to the intervention of Russia in Crimea and to the annexation of this republic to the Russian Federation. These events led to the eruption of an acute political and ethnic conflict and the war in eastern Ukraine, which can now be considered a „frozen” conflict, but still threatening the stability of the Ukrainian state and the security of Central and Eastern Europe.

In addition to the indicated internal conflicts in Ukraine and the conflict with the Russian Federation there was a revival of nationalist sentiments in Ukrainian society, both West-Ukrainian nationalism and East-Ukrainian, New-Russian, associated with the large Russian-speaking population inhabiting areas of eastern Ukraine. This increases tensions in the society and leads to the growing popularity of extreme right-wing groups, which in turn poses a serious threat to the democratic form of government and the future of the state and Ukrainian society. The difficult situation of the Ukrainian state and especially threats to the sovereignty and integrity of Ukraine foster West-Ukrainian nationalism. In the opinion of part of the elites and society, this nationalism is a way to strengthen the identity of Ukrainians in the current situation. What is very disturbing, however, is the fact that the identification of the society, which has mostly pro-European aspirations, is realized more by nationalist ideas than support for democracy, Western values and standards of political and social life.

The current situation in Ukraine outlined in brief is largely a consequence of the complex and often dramatic history of Central and Eastern Europe and the resulting fate of states and peoples. An example of this is the history of Ukraine and its regions, including its recent history, connected with the existence of the independent Ukrainian state. It shows how important for the functioning of states and societies can be, for example, issues of language, ethnic minorities,
the style of governance, or the mentioned conflicts from the distant past. There is no doubt that the current, difficult situation in Ukraine has been profoundly influenced not only by the events of recent years and months, including the conflict which arose after the annexation of Crimea and the civil war in Donbas, but also by a way of doing politics and actions of individual teams ruling Ukraine in the past 25 years, that is in the period of the existence of the independent Ukrainian state. The lack of rulers’ due care for the state and citizens, the consent to the spread of pathological phenomena, including criminal ones, the use of state structures for the particular interests of the party had to produce effects resulting in the weakness of that state, its structures and the ineffectiveness of its actions. The authorities appointed as a result of the Dignity Revolution are losing their popularity today and are slowly starting to be perceived as the previous authorities, which did not work properly for the benefit of citizens and the democratic legal order. The quality of the current political elites of Ukraine raises legitimate concerns that the political and social crisis from a few years ago could happen again, which in turn casts doubt on the future of Ukrainian democracy and the success of transformations of the Ukrainian state.

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Abstract

In the course of history on the territory of modern Ukraine two cultural and civilizational traditions were formed which were associated politically with Russia and the Western world. Each of them formed an integral part of the identity of the inhabitants of these lands. Ukraine had not functioned as a political whole, hence after the creation of an independent state on the ruins of the Soviet Union it found itself at the crossroads of influences of Russia and the West (the EU and the US). The main obstacle for the country’s integration with the West is the oligarchic system and the resulting lack of real democracy, reforms and transparent civil society. The attempt to “Westernize” Ukraine related to the protests on the Maidan and the overthrow of Yanukovych’s governments caused a serious intra-state crisis and led to a global confrontation between the West and Russia.

Keywords: Ukraine, the West, Russia, Rus, the Soviet Union, Putin, Yanukovych, Maidan.

Introduction

The Ukrainian state, created after the breakup of the Soviet Union in 1991, did not have in its foundations an established, uniform, clear national idea or historical-religious tradition, which
would provide a basis for defining itself as a sovereign subject of international politics, having fundamental values in the form of a clear cultural-historical autonomy.

In its historical development Ukraine, as traditional Rus, was not a typical country conquered by Russia, which in the communist era evolved into the Soviet Union, but an integral part of Russian tradition. It was not a rim as it might have resulted from its geographical location, but a historic and civilizational center. Starting with the name “Rus” and the derived adjective “Russian”, through the tradition of the Orthodox Church and a large part of the common history based not on conquest, but on lasting together of “two Ruses”\(^1\) forming a common civilization – all of these connect modern Ukraine and Russia.

Together with this, western Rus or historical “Little Rus”\(^2\) from the 14\(^{th}\) century was a part of the Polish-Lithuanian state, from 1569 it was a part of the Crown of the Polish Republic. And the furthest west located lands of the historic Carpathian and Transcarpathian Rus for over a century experienced the influences of the functioning of the European state machine in the form of the Austro-Hungarian monarchy and after the fall of the supranational powers in the 20\(^{th}\) century they were developing as parts of Poland and Czechoslovakia.

Despite the historical ties through the Orthodox church, Byzantine-Ruthenian culture, legendary historical tradition shared with the whole region of “the Russian world” identified in later times

\(^1\) The thesis about two Rus nationalities was formulated by outstanding Ukrainian and Russian historian Nikolai Kostomarov. Recognizing the distinctiveness of both nations – Russian and Ukrainian – he pointed to the need for a federal system of the future Russian state, see: А. И. Миллер, «Украинский вопрос» в политике властей и русском общественном мнении (вторая половина XIX в.), Санкт-Петербург 2000, pp. 83-84.

\(^2\) The historical name of the south-western lands of Rus derives from the Orthodox Church nomenclature, defining the central, indigenous part of Russia in this way. In Tsarist times the name took on shades of the inferiority of these areas in relation to “Great Russia”. In the nineteenth century Slavistics – one of the official terms for Ukrainian lands (W. Osadczy, Święta Ruś. Rozwój i oddziaływanie idei prawosławia w Galicji, Lublin 2007, pp. 97-101).
with Russia, the southwestern lands of Rus experienced considerable civilizational influence of the West. They came in the form of architectural styles and aesthetic patterns, Magdeburg law, the official Latin language, social communication mechanisms, etc. The farther to the west, the longer and more durable history of relationships with Western civilization. “West” in Russia was not an element of the organic historical development resulting from centuries of political tradition of belonging to the medieval Latin Europe, but occurred as a trace of the presence of foreign civilizational elements on the lands belonging to the circle of Byzantine culture. It was associated with Polish, Lithuanian, Hungarian dominance with which numerous local elites identified themselves. In these circumstances native “Russianness” took on western shapes and tried to harmonize itself with the ruling culture. In addition to “foreign” Latin Church, “own” Catholicism was formed in the Uniate form. The imitation of Latin patterns was considered a manifestation of political and cultural emancipation. The borderland original and attractive culture was being created, though it did not equal the classic examples naturally rooted in the cultural and political processes of western countries. They were a reflection of Western models which belatedly reached the far ends of the bulwark of Christianity³.

After World War II, as a result of complex geopolitical events, the lands of modern Ukraine were included to a new emanation of the Russian empire – the Soviet Union. After its fall, they naturally became an independent state within the borders which were the result of centuries of imperial “creativity” of the tsarist regime in the white and red forms⁴.

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⁴ The metaphor of “white” and “red” tsarism was used in a number of his books by Jan Kucharzewski justifying the thesis of the continuity of Russian imperialism from tsarism to Bolshevism, see J. Kucharzewski, *Od białego caratu do czerwonego*, Warszawa 1923, passim.
Inheriting a legacy which had not been fought for, which had not been won by cutting state borders in accordance with a political vision referring to the historical justice and historical law, Ukraine had to reconcile two great traditions of the Orthodox east and the “Catholic” West. It has been organically linked with the first one since the dawn of history, while the other one has been growing in the course of history and has left deep, indelible civilizational marks.

In this respect, this state appears as one of very few states in the world which is internally cleft. American political scientist and strategist Samuel Huntington aptly saw it, prophetically sketching the fate of the future order which was to come after the Cold War. In the study “Clash of Civilizations” he recognizes the problem of Ukraine as a dangerous seed of future conflicts and clashes. He predicted from the perspective of the 90s the difficult future of the state which will teeter between the collapse of the country and remaining a “united, culturally split, independent state cooperating closely with Russia”.

1. Two options in the national consciousness of Ukrainians

In the historical tradition of Ukraine two types of national-political consciousness were created, which had the same right to exist due to the historical argumentation and logic. The memory of the former power of medieval Rus was very vivid, Orthodox Church was its major curator. The tradition of the Kiev metropolis, inherited more or less legally by Moscow, melted into the essence of the new empire, headed from 1547 by the tsar-autocrat crowned with the cap of Duke of Kiev Vladimir Monomakh, whose desire was the resumption of the power of Vladimir the Great’s house, when Russian property spread from the Baltic to the Black Sea and from the Carpathian Mountains to the steppes of the Volga. With the progress of the Russian expansion to the west Muscovite rulers gained

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5 S. P. Huntington, Zderzenie cywilizacji i nowy kształt ładu światowego, Warszawa 2011, p. 280.
allies in these plans in the form of “Rus people” living in the Polish Republic. Rebellious against the royal power Cossacks submitted to the rule of the tsar as a proper Rus and Orthodox ruler. As a result of the secession of land of Zaporozhian army, a great Eastern European empire began to form, whose staunch architects were “Kiev-based” Orthodox intellectuals educated in Western schools. Cossack elites blended in Russian nobility, cultural and aesthetic patterns became the foundation of modern imperial culture. Representatives of “Little Rus” elites organically entered the Russian tradition of state and culture. Razumovsky, Bezborodko, Gogol and many others. The creation of a national community with Russians was for them something quite logical and consistent with historical tradition. Cossacks submission to the imperial hand of tsars and then the occupation of subsequent Rus lands by Russia as a result of the partitions of the Polish Republic were for them the reunification of Rus. Prominent Ukrainian national activist Panteleimon Kulish wrote about this, it became the official historiography narrative of Russia and later of the Soviet Union. This corresponded to the sensitivity and historical knowledge of a large part of the Ukrainian population.

On the other hand, the national movement striving for political independence from Russia appealed to the Western tradition, emphasized the connection of Ukrainian tradition with the Catholic West, exaggerated the otherness of “Little Rus’s” culture in relation to that of “Great Rus” or “All Rus.” A historical symbol of this ideological and national option was hetman Ivan Mazepa, hence in the Russian tradition they were called “Mazepa’s followers”. Negating the national separateness of Little Rusians (Ukrainians), Russians promoted the thesis of Little Rus’s separatism, that is a division inside the Rus nation (Russian in the political and cultural sense). In the early twentieth century in the Russian Empire there was

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6 In 1874 one of the leading Ukrainian activists Panteleimon Kulish published a monumental source book in three volumes “Исторія возсоединення Руси”, which is a manifestation of common historical fate of Russia and Ukraine (Н. И. Ульянов, Происхождение украинского сепаратизма, Москва 1996, pp. 181-182).
a negligible number of ideological supporters of the independence movement. In the final decades of the nineteenth century, Galicia ruled by Polish conservatives became a center which supported the independence aspirations of Ruthenians (Ukrainians).

After the independence uprisings of Ukrainians during the destruction of the Romanovs empire Ukrainian lands gradually passed under the rule of communist rulers. Defined as the Ukrainian Soviet Socialist Republic, regions of the former Russia to the Zbruch River were in 1939, 1940 and 1945 increased by lands of eastern Polish provinces, Bukovina and Subcarpathian Ruthenia. In 1954 Crimea became part of Soviet Ukraine.

The pro-Russian or pro-Western sympathies did not depend only on the region of residence of the Ukrainian population. It is obvious that the Russian government supported the option of a national and political community of entire historical Rus, with Little Rus as its center and cradle. Western governments of Austria-Hungary and then Poland, and in a sense of Czechoslovakia and Romania, strengthened the anti-Russian and thus independence element, among their Rus and Ukrainian subjects. Together with this, strong centers of anti-Russian, pro-Western moods were created in eastern Ukraine, while in Galicia, Subcarpathian Ruthenia and Bukovina pro-Russian moods in certain periods were dominant among the local Rus elites.

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7 In one of the essays Ukrainian emigre historian Ivan Łysiak-Rudnicki described the celebrations of a ceremony in honor of Ivan Kotliarevsky, the founder of modern Ukrainian literature, in Poltava. A train carrying representatives of the Ukrainian intelligentsia went there from Kiev. Later there was a joke saying that if the train has derailed, the Ukrainian movement would have been in a difficult situation, because all the leaders had fitted in two cars (І. Лисяк-Рудницький, Історичні еси, Київ 1994, vol. 1, p. 147).

8 In Galicia Ruthenian elites in the 50-70s adopted in the overwhelming majority a “Moskalphile” position which opted for the idea of a cultural community with Russia, see: J. Gruchała, Rząd austriacki i polskie stronnictwa polityczne w Galicji wobec kwestii ukraińskiej (1890-1914, Katowice 1988, p. 27; O. Субтельний, Україна. Історія, Київ 1991, p. 281.)
A known Ukrainian national activist with experience of working both in Russia and Austrian Galicia summed up the state of the national consciousness of Ukrainians during becoming a nation, “Well, this situation opens up the same space for the development of both the theory of total separation of Ukrainians from Great Russians and for the Pan Rus theory”.

2. Ukraine as a tool in confrontation between the West and Russia

The geographical location of the lands of current Ukraine at the crossroads of two centers of power and the lack of a better identity definition in the national-political sense tempted neighboring centers of power to the instrumentalization of these lands in their geopolitical competition. German historian Eduard Winter wrote about the eternal struggle of metaphorical Rome and Byzantium for Ukraine.

The excuse of care for compatriots gave Russian imperialism the basis for subsequent conquests in the West. According to tsarism the seizure of Rus lands justified subsequent partitions of Poland from which it reclaimed “its own” and the restored historical justice. Russia also justified the participation in World War I with a slogan of liberation of “subjugated Rus”, that is Galicia, Bukovina, and Hungarian Rus. The subsequent invasion of Poland on 17 September 1939 was explained as concern about the fate of “Belarusian and Ukrainian brothers”.

On the other hand, the West reached for Ukrainian issues intending to weaken the growing power of the Russian empire, to make the age-old dream of its partition come true. Apparently Bismarck himself proposed a plan for the creation of the Kiev duchy.

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9 М. П. Драгоманов, Чудацькі думки про українську національну справу, [In:] М. П. Драгоманов, Вибране „...мій задум зложити очерк історії цивілізації на Україні”, Київ 1991, p. 556.

10 E. Winter, Byzanz und Rom im Kampf um die Ukraine 955-1939, Leipzig 1942, passim.
Undertaking the fight for independence against Russia in the 19th century, Poles attempted to isolate Rus as a political entity and include it in its concept of the independent State as the third member of the future reborn Republic of Poland. After the defeat of the January Uprising, with the support of Polish local administration, a center of Ukrainian irredentism was created in Galicia with a view to struggle against Russia.

During World War I, the German general staff developed the concept of the destruction of Russia, and the issue of the creation of the Ukrainian state next to the Bolshevik Revolution was one of the main tools for its implementation. After the war, Poland ruled by Józef Piłsudski became an important center for the so-called Promethean propaganda, aiming to extract independent states from the Soviet Union, and the Ukrainian issue was one of the most important issues in this11.

3. The experience of communism

After brief attempts to create the Ukrainian state in the areas belonging to the Russian Empire and the Austro-Hungarian monarchy, the Ukrainian Soviet Socialist Republic became an official quasi-state representing the Ukrainian people. Formally, the union state was part of a new imperial policy of the Bolshevik regime. But the creators of the Union of Soviet Socialist Republics cannot be directly identified with the continuation of the Russian national policy. At the first stage of the functioning of the communist state a line was introduced for the destruction of the ancien regime associated with tsarism based on the Russian tradition of superpower. The elements of this tradition were Russian nationalism and the Orthodox Church against which the Bolsheviks declared war. Modernizing the state in the spirit of Western civilization patterns, from which also the tradition of communism was derived, the new rulers of Russia, among

others, initiated a new nationality policy, the aim of which was the creation of the identity of nations not having state history on the basis of the communist ideology. Propagating slogans of liberation of the oppressed peoples the Bolsheviks declared war against “Great Rus chauvinism”. In Ukraine, this trend manifested itself in the policy of Ukrainization. Using methods of revolutionary coercion the Ukrainian language was introduced in all spheres of public life, the creation of new national Ukrainian culture was supported and even, against all canons, the emergence of the so-called Ukrainian Autocephalous Orthodox Church was tolerated\(^{12}\). In cultural terms the slogan “Down with Moscow” formulated by communist writer Mykola Khvylovy became meaningful for the Ukrainian Communists\(^{13}\). To support the nation creation processes Ukrainian intellectuals and teachers were brought in masses to Soviet Ukraine from Eastern Galicia. A symbolic dimension took the invitation by the Communists of immigrant former leaders of the Ukrainian People’s Republic headed by President, eminent historian Mykhailo Hrushevsky and prime minister, writer Volodymyr Vynnychenko\(^{14}\).

In accordance with the nature of the communist rule the course towards nationalization was replaced after some time by unification in the spirit of Russian nationalism. Previous cultural achievements were annihilated and excessive exposure of national sentiments was repressed by the Soviet security apparatus as manifestations of “Ukrainian bourgeois nationalism”. The fight against nationalism

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\(^{12}\) Wishing to impair the positions of the Russian Orthodox Church the Communists supported the Ukrainian Autocephalous Orthodox Church formed against church canons, without the participation of the hierarchy. In 1929 the structures of this Church were subject to Stalinist repression (Д. Поспеловский, Православная Церковь в истории Руси, России и СССР, Москва 1996, p. 224).

\(^{13}\) Ukrainian Communist writer Mykola Khvylovy insisted on the idea of “de Russification” of the working class in Ukraine and ousting of Russian culture from the republic. This, in his view, was to bring Ukraine closer to Europe and support the world communist revolution (А. В. Марчуков, Украинское национальное движение, УССР 1920-1930-е годы, Москва 2006, pp. 325-332).

\(^{14}\) Ibidem, pp. 310-311.
intensified after the annexation of eastern Polish provinces and connecting them as Western Ukraine to the USSR. The existence of the real nationalist underground there which waged armed struggle against the Soviet power justified numerous acts of repression of national intelligentsia after the war and in subsequent periods.

National consciousness of the population of Soviet Ukraine was formed in fairly complex historical circumstances. On the one hand, the communist system acknowledged clearly and undisputedly the existence of a separate Ukrainian nation and endowed its quasi-state with attributes of apparent sovereignty (independent constitution, authority, after World War II the USSR entered the group of the founding members of the United Nations and others), on the other hand – the official interpretation of history in the spirit of common heritage of Kievan Rus and three “brother nations” and the eternal friendship of Russian and Ukrainian nations. It was accompanied by the process of Russification of the public life space (academic science, media, literature, etc.). In fact, it was a return to the standards used in tsarist Russia: the theory of the triune nation (of Great Rus, Little Rus and Belarusian) deriving from the legacy of Kievan Rus, the idea of community of fate of the Ruthenian “brothers”, functioning of “Little Rus” culture in the folk-cultural realm and in “serious” matters – state and academic life – the absolute bindingness of the Russian tongue – the sophisticated language and not foreign to Ukrainians\(^ {15} \). It should be noted that Ukrainian culture in the Soviet form was able to develop, a number of original works with high aesthetic value belonging to the canons of Ukrainian culture were created.

It should be noted that this state of affairs generally did not arouse social unrest. Ukrainians entered the strict party elites ruling the USSR, the republic occupied an important place in economic life of the power. The so-called dissident movement included a part of intelligentsia and did not translate into the moods of the masses. Even the most daring demands of opponents of the existing order

\(^ {15} \) It was maintained that the Russian language is the common product of all tribes of Ruthenians, both Great Russians and Little Russians.
did not put forward the thesis of the exit of the republic from the Soviet Union, but expected more equitable exaction of national development, consistent with the Leninist principles\textsuperscript{16}.

Before the breakup of the Soviet Union the national condition of Ukrainians did not betray any major separatist sentiments towards the state. The Soviet proposal seemed to be satisfactory when it comes to cultural and national development. As early as in 1967, Polish immigrant Stanisław Skrzypek wrote about it: “If we are saying that Lithuanians, Latvians and Estonians, who are now just like Ukrainians in the total Soviet captivity, are demanding independence, we certainly know that this independence is desired by not only Lithuanians, Latvians and Estonians in exile, but with few exceptions of traitors all Lithuanians, Latvians and Estonians living today under the Soviet rule. If we are talking about the independence position of the Polish, Romanian, Hungarian and Czech nations, which today are in serious danger of losing their independence to Russia, we know that independence is a fundamental principle of all Poles, Romanians, Hungarians and Czechs, and that at every opportunity these nations will attempt to throw off the shackles of dependence on Russia [...] . We cannot say that about Ukrainians. The Ukrainian independence camp in exile is not as is the case of the examples of the above mentioned nations of Central and Eastern Europe a representative of the aspirations of the whole Ukrainian nation, but only of a part of it [...] . In fact, there is a great span between the national awareness of the Ukrainian emigration and the national awareness of the core of the Ukrainian nation, which are Ukrainians from Dnieper Ukraine. The insufficiently developed

\textsuperscript{16} Ukrainian dissident Ivan Dziuba wrote the famous work “Internationalism or Russification?”, in which he accused the Communist authority of the departure from the Leninist national policy. He appealed for a return to the principles of communist internationalism and the development of socialist Ukrainian culture (С. Екельчик, История Украины. Становление современной нации, Киев 2010, p. 243).
national consciousness of the Ukrainian population has been one of the weakest points of the independence of Ukraine”\textsuperscript{17}.

Such a state opened a huge space for manipulation and shaping of public opinion according to the political situation. A perfect example of the susceptibility of Ukrainians to very opposite political proposals can be two referenda that took place in the same year and were supposed to decide about the future of Ukraine. On 17 March 1991 more than 70% of the population of the Ukrainian republic positively answered the question of whether they approve of the maintenance of the modernized Soviet Union. And on 1 December over 90% of the population of Ukraine opted for its total independence\textsuperscript{18}.

4. Identity and geopolitics

The state created on the ruins of the USSR had quite a serious problem with defining its own identity. On the one hand, centuries-old historical fate shared with Russia and participation in the culture of this country were an undeniable historical fact. Common East Slavic (Ruthenian) past pertained not only to ancient history, but was part of everyday life of Ukrainians. Its presence manifested itself in the widespread presence of the Russian language in all spheres of public life (including in the area of culture and science), in church life where the dominant confession was the Russian (Rus) Orthodox Church, in the shaped historical-national sensitivity which in the second half of twentieth century was shaped by the cult of victory in World War II over Nazi Germany, and so on. On the other hand, within the framework of filling “white spots of history”, in particular as a result of the impact of Ukrainian emigration centers, the propaganda showing Russia as the eternal oppressor of Ukraine pro-

\textsuperscript{17} S. Skrzypek, \textit{Ukraiński program narodowy na tle rzeczywistości}, London 1967, pp. 55-56.

progressed, new patterns of patriotism referring to the independence uprisings in 1917-1920 were pointed out, crimes of the Stalinist regime against the Ukrainian people were revealed, the Bandera movement was gradually introduced to the national ethos as part of the liberation struggle. It should be noted that this last element was particularly problematic, because it was difficult to reconcile the undisputed cult of victory in the “Great Patriotic War”\(^\text{19}\) with the glorification of the formation burdened with the blame for collaboration with the Nazis and crimes against the Soviet army and officials\(^\text{20}\).

There remained also regions quite distinct with regard to their identity profile, which in terms of their tradition, language, consciousness of the overwhelming majority of the population appeared as enclaves of carriers of historical and cultural experience completely different from the rest of the country. These were Russian-Tatar Crimea, from 1991 functioning as an autonomy in the composition of Ukraine, and Transcarpathia, that is former Hungarian Rus, for a thousand years connected with the history of Hungary, separated from the rest of the territory of that country by the Carpathian mountain range\(^\text{21}\).

Just like in the situation of other post-Soviet republics the power in Ukraine after gaining independence was in the hands of former communist elites. Ukrainian specifics was that Leonid Kravchuk – the former head of ideological structures of the Republican Communist Party – became the head of state. The “beautifully-speaking” defender of the decaying communist regime in Ukraine in the new political circumstances became a propagandist of national values. Legitimizing their distinctiveness in relation to the center in Moscow

\(^\text{19}\) The official name of the German-Soviet part of the Second World War, functioning in the USSR.

\(^\text{20}\) In the official Soviet propaganda the genocide of Polish civilians by the Ukrainian nationalists was not particularly exposed. The greatest offense of Bandera’s soldiers against the Soviet power was the collaboration with the Nazis and terror in relation to the representatives of the new authorities. The issue of genocide of Polish civilians was not raised too much.

\(^\text{21}\) П. Р. Магочій, Народ нізвідки. Ілюстрована історія карпаторусинів, Ужгород 2006, pp. 29-38.
former Communists eagerly reached for the nationalist schemes of
the nation’s history. This ideological and philosophical substrate
formed in this way, combining elements of post-communist Russo-
philia and nationalism, characterized the area of collective memory
in Ukraine for a quarter of a century.

The newly formed political entity had to subsist in the area of the
competition of great powers of the world which had their plans for the
development of the world after the collapse of the Cold War. Russia
took over the inheritance from the USSR, the former “free world”
was still led by the United States, while Europe was experiencing
a period of dynamic integration and the area of Western civilization
reached its natural borders on the eastern fringe of Poland, the Baltic
states. According to S. Huntington forecast, a basis for integration
of the countries in the new world order was to be a cultural, civiliza-
tional community. Hence the European Union become the obvious
direction of development for Poland, the Czech Republic, Hungary,
East Germany, Lithuania, Latvia, Estonia, etc. Ukraine for obvious
reasons failed to qualify to this group of countries formed in West-
ern civilization values and was sentenced to become, as in previous
centuries, an arena for clashes of influence of Russia and the West.

After the cold war, the West found itself in the position of a win-
ner, it triumphed in a number of geopolitical issues: the Iron Curtain
was subverted, the structures of NATO were moved to the borders of
Russia, the countries of Central Europe and even the former Soviet
republics were integrated in their political and military organiza-
tions. Together with this none of Western politicians questioned
Russia’s priorities in Ukraine and did not treat this country as an
integral part of the West. Ukraine was perceived as a very impor-
tant element of international politics, but in the context of relations
with Russia. As Zbigniew Brzezinski remarked, without Ukraine
the rebuilding of the Russian empire was out of the question. Main-
taining the independence of Ukraine meant for the West pushing
Russia into Asia.

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22 Z. Brzeziński, Wielka Szachownica. Główne cele polityki amerykańskiej, Warsza-
wa 1998, pp. 140-141.
5. The multi-vector phenomenon

The lack of state tradition and fundamental values connecting the nation, weak civil institutions, as well as the inability to use the mechanisms of law and democracy led to the consolidation of the so-called oligarchic reigns in Ukraine. Criminal-political clans emerging in individual regions clashed for power in the country which provided maximum benefits in the realization of their aspirations to become rich. The definition of the state as “corporation Ukraine”, aptly used for the government of “Yanukovych clan”,23 can be also applied to other governing groups. A striking fact is that during the reigns of Viktor Yushchenko, democratic leader of “New Ukraine”, Ukraine was recognized by “Transparency International” as the most corrupt state in the world24.

The political class was interested in external policy only in so far as it allowed to perpetuate its reign and pursue its interests outside. Fighting for power oligarchic clans did not refer to competitive visions of the development of society, the debates in the public forum did not cover issues of modernization of the state, the development of democracy and improvement of control over the government. Political rhetoric profusely used “independence-democratic” slogans, it was common to all oligarchic centers and political parties subordinated to them and the media owned by them. The main difference occurred in determining the directions of foreign policy orientation towards Russia or the West. The Russian-language and culturally pro-Russian east of the country was strongly economically

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23 The metaphor used in Piotr Pogorzelski’s article in the bi-monthly „Nowa Europa Wschodnia” in a very good way reflects the awareness of the Ukrainian elites from the time of President Viktor Yanukovych aiming at cynical exploitation of the country by treating it as a source of wealth and utilization. The term is quoted in the context of the statement of economist Oleksandr Paschaver who, paying attention to the strong relations of business with the government, said that “the skills acquired in business translate to governing the country which is treated as a corporation” (P. Pogorzelski, Korporacja Ukraina, „Nowa Europa Wschodnia”, No. 2(2011), p. 73).

24 С. Екельчик, История Украины, p. 327.
linked with Russia. Heavy industry concentrated there was oriented towards the eastern neighbor and many economic establishments belonged to Russians. The less industrialized west of Ukraine declared its Europeanism and also felt committed to the mission of spreading Europeanism understood in its own way to the East. Rival oligarchic clans from different regions of the country used this rhetoric in the political debate. Since up to the events on the Maidan in 2014 an unconditional victory of one of the oligarchic groups did not take place, it was necessarily to maintain the balance between the pro-Western and pro-Eastern directions of development of the state. This is called a multi-vector policy.

The country was in a very difficult geopolitical situation. On the one hand, in such a civilizationally divided society it was impossible to impose one development direction identical with a choice of integration with political and military structures of the East or the West, Russia or Europe. On the other hand, the territorially largest European state could not remain a passive observer of political events without risking losing its subjectivity and sovereignty in a perspective. With the favorable conjuncture each of the external centers of power would be willing to use the possibility to strengthen its influence treating Ukraine as a tool in the competition with the opposing power.

Maintaining the dependence on Russia in all strategic areas of the economy, Ukrainian political classes through declarations and political gestures tried to manifest their “Europeanness” and aspirations to cooperation with Western structures. The governments of the oligarchic clans did not allow for the introduction of effective reforms and implementation of real democracy. The need for progressive development and the selection of some special “Ukrainian trail” was officially mentioned. It hid the consent to omnipotence of oligarchic groups, corruption, business and criminal links and other social plagues. In order to keep up the degrading post-Soviet

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economy Ukrainian politicians had to use the help of Russia and the West. In return for the course towards rapprochement with Russia, which was what Russian President Vladimir Putin, elected in 2000, particularly strived for, Ukraine received cheap oil and gas. It was a tangible stimulus of growth of the economy of the country, whose GDP in 2000-2005 grew by an average of 9% per annum\textsuperscript{26}. On the other hand, the declarative course towards integration with the West and reforms opened for Ukraine subsidies from the International Monetary Fund and western countries.

Oscillating between Russia and the West became a prerequisite for the existence of the new state which did not have a vision of development and mission in the world politics, but existed as a result of the geopolitical situation\textsuperscript{27}. As the hostility in relations between the former opponents of the Cold War rose this position was becoming increasingly difficult and dangerous.

6. The cradle of the “Russian world”

For Russia, the Ukraine’s independence became not only an irrational reality devoid of any substance but also a historic blow for the Russian statehood perceived in the context of thousand-year history initiated by Kievan Rus. Both the pro-Kremlin nationalist environment and liberal opposition circles treated Ukraine as an integral part of “internal affairs”. For the former ones, it was the center of Holy Rus, a heroic land defending Russian values against foreign invaders, for the latter ones – an alternative path of development of the Ruthenian people, a more liberal and democratic variant of their own country. Russian President Vladimir Putin has repeatedly stressed that he treats Russia and Ukraine as one nation. This reflected the widespread belief of Russians, both at the level of popular rhetoric and of intellectuals insisting on specific historical

\textsuperscript{26} С. Екельчик, История Украины, p. 308.
\textsuperscript{27} A. Reid, Borderland. A Journey Through the History of Ukraine, Boulder 2000, p. 229.
and philosophical concepts saying that they, just like Ukrainians and Belarusians are the “Ruthenian people” united by history, tradition, language, common origin. All the attempts to get separated were regarded as enemy attempts and attacks on Russia. 

Since the collapse of the USSR Russia has taken watchful care to maintain the instruments of influence on Ukraine, to keep it within the range of its politics. That is why, the disintegration of the Soviet Union entailed the formation of the Commonwealth of Independent States on 21 December 1991. Presented outside as a mechanism of “civilized divorce” of Soviet republics, this new union project in the conception of “liberal” Russian President Boris Yeltsin was to be the nucleus of the reviving power. In international relations the post-Soviet area was not entirely abroad for Russia, in the official diplomacy it was termed as “close foreign countries”.

Also other forms of cooperation in the post-Soviet space were to serve closer integration. Seeing the incompetence of the Commonwealth of Independent States in the implementation of the integration program, on 10 October 2000 the Eurasian Economic Community was established to coordinate economic cooperation and standardize the area of the common economy. Standing astride between the two centers of power Ukraine did not take direct part in this structure. According to the Kremlin, this economic community was to be transformed into the Customs Union taking on a political dimension. Despite the lack of effective mechanisms to coordinate the economies, this area was of great propaganda importance indicating the existence of the area of countries focused on integration with Russia.

Of course, military cooperation was a key element in the work of consolidation of the post-Soviet space and integrating Ukraine with it. Remaining all the time a nuclear superpower, Russia strictly guarded its strategic interests located in Ukraine. It was a difficult challenge for the whole world to deal with the problem of nuclear weapons remaining in Ukraine after the collapse of the Soviet

29 Т. В. Орлова, Історія пострадянських країн, Київ 2014, pp. 468-469.
The State at a Crossroads of Civilizations. Ukraine in the Policy of Russia and the West

Union. In this matter Russia and the United States as well as other major nuclear states jointly and severally came forward. In 1994 a decision was made to transfer all nuclear warheads located in Ukraine to Russia. In this situation Russia was perceived as a guarantor of stability in the region and for the West, despite the desire of the maximum exaction of victory in the Cold War, it was an imposed partner. Together with the USA and Great Britain, it appeared as a state ensuring security and territorial integrity of Ukraine.

Seeing the continual activity of the West in Ukraine and also the instability of moods of Kyiv politicians, whose political strategy resulted from the calculation of immediate benefits of oligarchic clans wielding power, Russia strived for concrete mechanisms of “being” in the neighboring country. The situation on the Crimean peninsula was a circumstance that could not be missed. The region inhabited mostly by Russians or Ukrainians with the pro-Russian attitude and Tatars was closely connected with Russia due to the historical and cultural conditions. The peninsula belonged to it too until 1954, when it was administratively incorporated into Soviet Ukraine, which did not undermine its being Russian in the global sense. The division into Soviet republics was quite formal, decisions were taken in Moscow by the communist authorities, and the country functioned as an integral whole from the perspective of the West and was popularly referred to as “Russia”.

Russia supported separatist sentiments among the Russian population in Crimea, strived for the loosest link of the peninsula with Ukraine, the creation of a precedent of the country federalization, which could also be used in other regions with the pro-Russian moods. As a result of the activities of separatist politicians in 1992 “the Act of State Independence of Crimea” and a Constitution were adopted. Undermining the authority of the Ukrainian

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law in Crimea, local politicians were aware of the presence of the Russian Black Sea Fleet and that they could count on its help in critical situations. Kiev annulled these decisions, which led to sharp tensions with Simferopol. The legislature war took almost a military form when in 1994 the Ukrainian National Guard arrived in the peninsula. The case was brought under control and the “rebellion” of the separatists was soothed, but it was clear that this was not the end, and that the “Crimean knot” was not resolved. Then Ukrainian President Leonid Kravchuk said that “De iure Crimea is part of Ukraine, ... de facto we lost it.”\(^{31}\) Russia enforced favorable conditions for the stationing of its Black Sea Fleet on the peninsula. The port city of Sevastopol became a place of residence of the fleet command, almost all post-Soviet infrastructure passed into the hands of Russia. The Russian fleet was to be stationed in Crimea until 2017\(^{32}\). After President Viktor Yanukovych’s victory in 2010, the term was extended until 2042.

Enforcing the economic integration Russia eventually aimed at the closest political cooperation and the creation of alliances in the post-Soviet space. In the former Soviet Union Ukraine was an economically well-developed republic. In this respect it scored second best to Russia. Production, especially of heavy industry and armaments cooperated with other republics, including Russia. Russia gave orders and actually sustained the Ukrainian industry. Together with this the status quo was maintained inhibiting theoretical possibilities of searching for new solutions in the economic life of the republic. Old Soviet patterns of cooperation based on the integrity of the former union state were preserved.

Having a monopoly on energy resources gave an additional tool for maintaining Ukraine within the orbit of the influence of the Russian Federation’s politics. Each attempt of the Kyiv authorities to move closer to the West caused further scenes of the so-called “gas war”. The sphere of delivery and transit of fuel and energy resources belonged to very profitable areas feeding Ukrainian oligarchic clans.


Therefore, Russian dictate politics using the gas tap brought the expected results reinforcing the “pro-Eastern” vector of politics.  

The Russian presence in Ukraine did not result only from the geo-strategic calculations, obviously having also great importance in politics. For Russia, Ukraine was a part of its own history and identity. Contrary to popular enthusiastic predictions, Richard Pipes, prominent American political scientist, sovietologist, adviser to the US President, in response to the question whether victory of the Maidan in 2014 will lead to the integration of Ukraine with European structures, firmly stated: “I very much doubt it because Russia has huge political and economic influence in Ukraine. The mistake of EU leaders, including Poland, was that they underestimated the strength and determination of Moscow on the issue. Meanwhile, the Kremlin will never allow Ukraine the cradle of the Russian world, on the lands of which in the 10th, 11th and 12th centuries Russia was born to leave the Russian sphere of influence, and go to the western camp. Russians are able to give Georgia and Kazakhstan away, but they will never give Ukraine away”. The resulting punch line of this is straightforward: “Russians will never release Ukraine, because although it is an independent country, for Russians these lands are still a part of Russia and the Russian world. Therefore, despite the pro-EU demonstrations in Kiev and other cities, I am convinced that it will never come to Ukraine integration with the European Union. It is simply impossible.”

In pursuing their interests in Ukraine Russians made full use of resources of “soft power”. In the situation of cultural stagnation in Ukraine Russian production filled the gaps in the realm of pop-culture, media, entertainment. The Russian-language area of culture, with which a significant part of the population of Ukraine identified, was shaped in a natural way. It is difficult to overestimate the

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33 С. Екельчик, История Украины, pp. 308, 326.
importance of the Russian Orthodox Church in the task of promoting the awareness of the common fate of Ukraine and Russia. Formally separated in the structure of the Ukrainian Orthodox Church this confession recognizes the authority of the Patriarch of Moscow and All Rus. The idea of the unity of the former historical area of old Russia or the former Soviet Union after the fall of communism did not have any ideological justifications and symbols. Whereas in times of tsarism the ruler of “All Rus”, the heir of the legacy of St. Vladimir the Great, embodied the integrity of the supranational state, and in the communist days the slogan of unity of all working people in the country built by Lenin justified the necessity of being together of formal subjects of this creation, after the collapse of the Soviet Union there was a serious crisis of political ideology. Liberal democracy undermined all superpower authorities and was the space cultivated by national-liberal currents.

The structures of the Orthodox Church broke out of the rules binding in the democratic political discourse. As a hierarchical institution referring to centuries-old tradition it also had great authority among the inhabitants of the post-Soviet countries. The Orthodox Church forcefully proclaimed the principle of unity of “Holy Rus”, the heir to the baptism of Prince Vladimir above borders linking Russians, Ukrainians and Belarusians. When Kirill, Patriarch of Moscow and “All Rus”, visited Ukraine he stressed the inseparable spiritual unity of “Holy Rus” which is the basis of civilizational unity35.

7. The unruly foothold of the West

In the post-Soviet period Ukraine was perceived by the West as an enticing foothold, the control of which provided a dominant position in relation to Russia. Aforementioned Zbigniew Brzezinski

clearly emphasized that the integration of Ukraine with European and Atlantic structures would open the possibility of “Europeanization” of Russia.\(^\text{36}\)

However, the West was aware of the fact that this state was not an integral part of Western civilization and all actions aiming at “Westernization” of Ukraine were undertaken carefully, taking into account the reaction of Russia and the lack of Ukrainian society’s clear opinion with respect to European integration. A factor preventing more radical steps to accelerate the inclusion of Ukraine in the western civilizational area was the fact that nuclear weapons were located on its territory. Any destabilization of the situation in the region threatened to break out of control, which could lead to dangerous effects on a global scale. After the nuclear warheads were taken over by Russia the offensive of the West strengthened.

At the same time it should be noted that the integration proposals for Ukraine coming from Brussels and Washington differed due to visions and strategic objectives motivating these political centers. While for Europe the essential issue was safety behind the Union’s eastern border, directly translating into the condition of the European Union, and in this respect there should not be any dispute situations with Russia as a political leader in the region, the US sought to achieve geostrategic superiority over Russia and eventually tried to “throw” it in Asia.

In relations with the European Union further declarations on cooperation with Ukraine proliferated, initiated by the Agreement on Partnership and Cooperation of 16 June 1994. It was difficult, however, to translate the declared objectives into concrete political and economic ventures, when in Ukraine ruled by oligarchic clans it was impossible to implement the policy of Europeanization due to the continual manipulation of the European integration slogan and democratic mechanisms. As Agnieszka Legucka noted, Brussels could not understand the behavior of the Ukrainian leaders who in the capitals of Western Europe declared integration with the

EU, while in Moscow they signed agreements which crossed out the possibility of such integration. Pro-European rhetoric in the Ukrainian political life intensified depending on the economic situation and was used instrumentally by the oligarchic groups which were in opposition to the ruling clans oriented towards Russia. Sometimes political forces regarded as pro-Russian, such as Viktor Yanukovych’s Donetsk clan, played the European card to exert influence on Russia and extort preferential conditions from it. Neither at the level of political elites linked with clan-oligarchic economic interests, nor at the intellectual level referring in a large part to the independence tradition cultivating fascist nationalism the issue of implementation of European values to the life of the Ukrainian society was seriously considered. Integration with Europe functioned only as an unrealistic political myth meaning European prosperity and protection against Russia to the average citizen. This state was aptly defined as “integration without Europeanization.” What is striking is the fact that a significant disappointment with illusory Europeanization took place in the society after the rule of so-called “Pro-European” politicians, as it was the case after the “Orange Revolution.”

The EU developed subsequent models of cooperation with eastern neighbors, among which a key place was reserved for Ukraine. Programs of the European Neighbourhood Policy (2004) and Eastern Partnership (2009) were prepared, the aim of which was to “draw” Ukraine closer to the European community. However, the oligarchic political system in which the slogan of European integra-

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38 В. Осадчий, Национализм как фактор угрозы существования украинской государственности, [In:] 3. Станкевич, Т. Стемпневски, А. Шабашюк (eds.), Безопасность постсоветского пространства: новые вызовы и угрозы, Люблин-Москва 2014, p. 323.
40 “Orange reigns” during the presidency of Yushchenko were seen as a period of “stagnation of Europeanisation”, see A. K. Cianciara, Kryzys gospodarczy a geopolityczny wybór Ukrainy, [In:] B. Piskorska (ed.), Ukraina po wyborach parlamentarnych 2012. Proeuropejska perspektywa?, Lublin 2013, p. 63.
tion was the only a tool of internal intra-clan political competition and a factor, as it seemed, of pressure on Russia did not make changes in the attitude of the Ukrainian society towards Europeanization. In 2007, three-quarters of the Ukrainian respondents in the survey felt that their country could not aspire to the status of a European state based of economic and social parameters, while 47% of the respondents undermined the Europeanism of cultural tradition\textsuperscript{41}.

The United States, which plays a leading role in the circle of Western civilization, did not need firm, qualitative changes in the direction of democratization in the Ukrainian society in order to move towards achieving its strategic objectives. As we know, the US administration has been able to work with various authoritarian or even murderous regimes to gain an ally in the geopolitical competition. In this context Ukraine was considered an important element of the buffer area in the competition with Russia. First of all, military cooperation and close cooperation within NATO were to come into play. Depending on the situation Ukraine could be useful for the creation of an area of instability on the borders with Russia pulling its attention from other inflammatory points in which the interests of Russia and the US crossed\textsuperscript{42}.

For Ukrainian elites the American offer seemed to be more interesting than the proposals of the EU structures expecting real steps towards society democratization and reforms. On the one hand, Americans generously supported various pro-government and opposition foundations by transferring substantial amounts of money for programs controlled by the US government\textsuperscript{43}. On the other hand, expectations of the “strategic partner” of Ukraine did not threaten the oligarchic system, and focused on pulling the country into polit-

\textsuperscript{41} Г. Касьянов, Україна 1991-2007, p. 394.
\textsuperscript{42} А. Зapałowski, Ukraina jako obszar rywalizacji Rosji i USA w II dekadzie XXI wieku, [In:] R. Potocki, M. Domagała, D. Miłoszewska (eds.), Czas EuroMajdanu, Warszawa 2014, p. 592.
\textsuperscript{43} Ibidem, p. 597.
ical and military cooperation. Under President Yushchenko Ukraine joined several military programs coordinated by the US\textsuperscript{44}.

\textbf{Final remarks}

Existing with great difficulty as a political whole, the Ukrainian state throughout its nearly quarter-century history retained the balance in the relations between Russia and the West. Coming to power, successive governments “softened” their manifestos to take into account other vectors of development of the country.

Pro-Russian Kuchma and Yanukovych made important steps towards opening to the West. The leader of the “orange revolution”, acting under the banner of Western, pro-European course, did not discontinue contacts with Russia and even perpetuated them in certain areas of the economy.

The clan-oligarchic society functioned according to the worked out principles not worrying too much about the official realization of the current political course of the country. It was rather perceived as a part of political folklore, bringing nothing to real life. The concurrence of favorable circumstances helped to unite a large part of Ukrainian citizens under the banner of the “European choice” and to induce another Maidan in November 2013. The involvement of forces of Western countries and especially of the United States in the events in Kiev in the years 2013/2014 was excessively visible. A large wave of opposition of Ukrainians supported by oligarchic factions in opposition to the government managed to overthrow Victor Yanukovych and the government of the Party of Regions. For the effective conduct of action after the takeover of power extreme nationalist, fascist forces were launched, which entered the Ukrainian political folklore. The maintained for two decades balance of influence of Russia and the West was shaken for the first time. This situation resulted in a deep conflict within Ukraine, the

\textsuperscript{44} M. Matselioukh, 	extit{Ukraine-U.S. relations}, [In:] M. Pietraś, T. Kąpuśniak (eds.), Ukraina w stosunkach międzynarodowych, Lublin 2007, pp. 314-315.
break-up of the country, the loss of Ukraine’s control over part of its territory, the internationalization of the conflict and the beginning of an unprecedented global crisis. In the relations between Russia and the US coldness has set in just like in the epoch of the Cold war. S. Huntington’s forecast pertaining to the Ukrainian state as an unstable political entity threatened with break-up in the event of deterioration of relations between the West and Russia has become very likely.

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«Твердо держитесь своей святой веры и святой Церкви». Проповеди, обращения, интервью Святейшего Патриарха Кирилла во время пасторского визита на Украину, Краматорск 2009.

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Abstract

The article aims to present foreign policy of Ukraine after 1991 and geopolitical and geo-economic premises of the present conflict between Russia and Ukraine as well as their relations with the European Union. The article shows that the conflict not only led Ukraine to an economic disaster but also revealed its other weak points and destabilised its political and social system. The conflict has been growing for a long time and posed threat to Ukraine’s security and peace in Europe and in the world. It has also broken Ukraine’s policy of keeping balance between Russia and the European Union exercised since the beginning of sovereign Ukraine. The Ukrainian crisis and conflict with Russia have also revealed the weaknesses and drawbacks of the European Union actions and the bankruptcy of its former Eastern policy. The main thesis of the article is the statement that, in spite of the present conflict, Ukraine and Russia, because of geopolitical and geo-economic reasons, are in fact condemned to one another and the sooner the West understands this, the easier it will be to finish this conflict – a war in fact – with the benefits for all interested parties.

Key words: Ukraine, Russia, European Union, crisis, war, geopolitics, geo-economics, international order, international security
Introduction

There is no doubt that since the beginning of 1991, i.e. when Ukraine became independent, it has faced a great dilemma, or even a political drama, with regard to the choice of its strategy of development as a sovereign and democratic state. In the area of foreign policy, it hesitates whether to choose a Russian (eastern) or the European Union oriented (western) option. This difficult choice is determined by many factors, inter alia historic, cultural, social, as well as economic and political ones. Geopolitical and geo-economic conditions have always been important for Ukraine, especially its strong links with the powerful neighbour, i.e. the Russian Federation, which – since the collapse of the Soviet Union – has also been looking for a new position on the continually changing political map of Europe and the world and balancing between the East and the West. Russia, which – having lost Ukraine and Baltic Republics (Lithuania, Latvia and Estonia) in 1991 – stopped being a maritime power, became a regional power. But this was unacceptable for most of the Russian political elites, especially Vladimir Putin. When undecided and weak Boris Yeltsin left in 1999, Russia under the leadership of Vladimir Putin made attempts to re-establish its position as a global superpower. Ukraine, which started a process of transformation and development of a democratic state with free market economy in 1991 and turned towards co-operation with the West, including the European Communities and the Russian Federation, stood and is still standing, willingly or not, in Russia’s way to the status of a world superpower. Independent Ukraine, which at the time of the Soviet Union constituted one of the main pillars of its economic power (natural resources, heavy industry, agriculture) and military power (armament industry, military bases, including maritime ones and nuclear installations on its territory), became indispensable for Russia, especially Russia ruled by Vladimir Putin with his geopolitical visions1. As a result, there was a collision of geopolitics and geo-

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1 See K. Świder, A. Stec, T. Z. Leszczyński (eds.), Współczesna Ukraina – trwałość czy rozpad?, Wrocław-Kraków 2015, pp. 17-33; T. Olszański, Trud niepod-
economics of Russia with geopolitics and geo-economics of Ukraine, the states closely linked with and in fact indispensable to one another.

Unlike Russia, however, Ukraine – in cooperation with the European Union and in a long-term perspective – might stand on its own feet and become independent of Moscow. This would spoil Putin’s plans to rebuild Russia as a global superpower able to compete with the United States and emerging powers like China to have hegemony over the world. In my opinion, this is where the sources of the present conflict between Russia and Ukraine can be found. This is the main thesis of the article. The second one, which refers to the prospects of Ukraine, is a statement that geopolitical and geo-economic factors condemn Ukraine to the development with both the European Union (the West) and Russia (the East), regardless of somebody’s likes or dislikes. The thesis results from a realistic attitude to the issue under consideration and is determined by historic experiences and the present situation in Europe and the world. The sooner all the parties involved in the attempts to solve the Russian-Ukrainian conflict realize that, the better it will be for Ukraine, Russia, the European Union and the whole world – for international peace and security.

The article aims to show whether and in what way geopolitical and geo-economic factors determine domestic and foreign policy of Ukraine and to what extent they influence its Europeanization and its relations with the European Union and the Russian Federation. I will try to answer the question whether geopolitics and geo-economics help Ukraine ‘return’ to Europe as it was in case of Poland after 1989 or probably hamper it. And vice versa, I am going to show whether and how geopolitics and geo-economics of Russia influence its policy towards the whole post-Soviet area, especially the relations with Ukraine and the European Union. Moreover, I will try to show the prospects for Ukraine, whose authorities steered a middle course between Russia and the European Union and, as a result of that policy, amassed exorbitant debts and share the responsibility for the

__ległości. Ukraina na przełomie tysiącleci, Kraków 2003.__
outbreak of the conflict with Russia. From 1991 till Euromaidan in Maidan of Nezalezhnosti (Independence Square) in Kiev\(^2\), the country was nominally heading for the West, however, did nothing to oppose Russia. It is worth mentioning that Armenia, Moldova and Belarus had a similar policy after 1991 and finally – under the pressure of Russia – joined the Eurasian Union set up by President Putin\(^3\).

Apart from that, the article shows that also the European Union must share the blame for the conflict between Ukraine and Russia. The EU should not have made empty promises to Ukraine giving the Ukrainians practically unrealistic hopes for prompt accession to the European Union and pushed Russia into acting to prevent that. Today, the European Union should do everything to make the two countries normalise their relations and work out its own strategy towards Russia and Ukraine. But this requires that the EU cooperate not only with Ukraine but also with Russia, without which a peaceful solution of the Ukrainian-Russian conflict is not possible\(^4\). This does not mean, however, that the EU must give in to Russia’s demands or admit Ukraine to the European Union straight away, or lift sanctions against Russia.

\(^2\) Euromaidan was a series of dramatic events in Ukraine, mainly in Maidan of Nezalezhnosti in Kiev between 21 November 2014 and 22 February 2015. They started when Prime Minister Azarov’s government announced that Ukraine was not going to sign the Association Agreement with the European Union and finished when President Janukovych was removed from his post. They took a heavy toll, killing over a hundred and injuring several hundred.


In the context of the above-mentioned situation, I completely agree with Alaksandar Milinkiević⁵, who wrote in autumn 2013 that the European Union should carry out a thorough analysis of its eastern policy because it is not possible to overlook negative tendencies and obvious failures. It is necessary to develop and implement a new strategy aimed at strengthening democracy and maintaining stability in our part of the continent. Geopolitical situation is deteriorating Russian revanchism, which is also anti-democratic and neo-imperialist, is getting stronger. Thus, Brussels should implement a strategy based on firm reality, and not rhetoric but real actions should be its foundation. Actions and not expressing, even most beautiful, feelings. It is difficult to avoid the ascertainment that Eastern Partnership does not have many successes the Kremlin successfully neutralises the initiative and spares no expenses and efforts to pull the states of the Eastern Partnership into its sphere of influence. In Russia any action serves politics in Europe politics are to stimulate activeness. It must be understood to realise the scale of the challenge⁶.

1. Geopolitical and geoeconomic transformation in Central and Eastern Europe after 1991 and its consequences for Ukraine and Russia

Europe, its western part as well as East-Central Europe, has changed radically since 1989 and is undergoing further changes that are social, political, economic and international in character. The Autumn of Nations in 1989-1990, the collapse of the Soviet Union in 1991 and the creation of the European Union following the Maastricht Treaty signed on 7 February 1992 had a special impact on

⁵ Alaksandar Milinkievič, candidate in presidential election in Belarus in 2006, leader of opposition movement called Za svabodu [For Freedom].
these changes. The geopolitical and geo-economic order in Europe changed under the influence of these events. Eventually, the bipolar system, also called the Yalta-Potsdam world order, created as a result of World War II, collapsed.

The geopolitical situation in Central and Eastern Europe, which until then used to be under the influence of the Soviet Union, has changed in particular. After 1991, East-Central Europe was divided into pro-western countries aspiring to the European Union membership and countries binding their future with the Russian Federation. The political system transformation, i.e. the development of a new social-economic system on the ruins of communism, has been taking place in this region for over 26 years now. It is called a democratic one with regard to the political system and a capitalist one with regard to the economic system. At the same time, integration processes that reached their peak in 2004, when eight new countries joined the European Union, which started operating on 1 November 1993 and accounts for 28 states now, are still taking place in the area. On the other hand, in such countries as Russia, Ukraine or Belarus, autocratic, anti-democratic and anti-EU governments have consolidated their position.

The creation of the European Union, a new entity on the international arena composed of sovereign and democratic states, which resulted from the collapse of the old, Yalta-Potsdam geopolitical order in Europe and the world, was of great importance for East-Central Europe and its individual states, with Poland in the foreground. It resulted in the rearrangement of powers in Europe and the world and accelerated the process of building a new global order. Europe stopped being divided into the West and the East and started to unite under the auspices of the European Union, which successively enlarged and admitted the states of Central and Eastern Europe. The processes, essential for individual states’ and international security, caused anxiety in Russia, especially after 1999, when an ambitious politician – Vladimir Putin – became the Prime Minister for the first time, next the President, then the Prime Minister again and again the President of the Russian Federation.
Vladimir Putin was especially concerned about the so-called European Neighbourhood Policy (ENP) launched by the European Union in 2003 and Eastern Partnership announced in 2009, which was an eastern variant of the ENP, which he thought to be (not without grounds) anti-Russian and intended to isolate Russia from Europe. Eastern Partnership covered six post-Soviet states in Eastern Europe and South Caucasus: Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine. Eastern Partnership aimed to bring these countries closer to the European Union and help them in their reforms, which was to serve stability, security and welfare of the EU, the partner states and the whole continent. Only three of the countries have achieved this aim so far, i.e. Ukraine, Moldova and Georgia, and the rest of them have joined the Eurasian Union, which Vladimir Putin wants to use to weaken the role of the EU on the international arena and strengthen Russia’s influence in the post-Soviet area.

The European Neighbourhood Policy and Eastern Partnership resulted from negotiations reaching compromise between the member states and the EU institutions having different, often completely contradictory preferences. The differences and conflicts of interests resulted in ambivalence about formulating and implementing the EU policy towards the states of Eastern Europe and South Caucasus. However, the ambivalence about the aims of Eastern Partnership made it possible to adopt that controversial initiative by all the EU member states; it suited the states that were worried about their relations with Russia and its reaction to the West’s involvement in the area of the Commonwealth of Independent States (CIS) but also favoured the governments of partner states, e.g. Ukraine, which had a relaxed attitude towards reforms promoted by the EU as there was

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a limited use of the principle of conditionality. Moreover, the implementation of Eastern Partnership coincided with the financial crisis and the euro zone crisis, which strengthened the feeling of ‘tiredness’ with the policy of demands and neighbourhood in the EU states. Partner states, especially Ukraine, also suffered from economic problems and this turned into their even weaker motivation for implementing reforms. This favoured Russia, which supported the pathological system that has been created in Ukraine for the last 25 years and still hampers the implementation of systemic reforms. In Ukraine, reforms are still hard going and are at the beginning of the way to democratisation and Europeanization. That is why the German Chancellor Angela Merkel officially praises Ukraine for what it has achieved so far but makes economic help for the country conditional on the success in eliminating oligarchy from the Ukrainian economy and politics, which will be very difficult because oligarchs are very strongly represented in the economy and politics. The Ukrainian President, Petro Poroshenko, is an oligarch who now poses as a strong politician and promises further reforms and a fight against the omnipresent corruption with the use of the recently established National Anti-Corruption Bureau and the new Police. At the same time, he successfully resists the pressure exerted by Putin, who has not given up struggling for Ukraine, whose economy is strongly connected with the Russian one.

On the other hand, it seems that, e.g. in Georgia, it was noticed that the reforms promoted by the EU helped to fight with the crisis. While the ENP and Eastern Partnership were a response to pro-western and pro-democratic changes in the eastern neighbourhood, the EU policy contributed to the consolidation in the partner states only to a limited extent. In some of them there was a regression as far as transformation and democratisation are concerned. The EU actions for the Europeanization of the eastern neighbourhood (e.g. adopting EU norms and rules for the local legal systems and administrative practices) strengthened the state’s institutions in the conditions of

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9 See Z. Szczerek, Poroszenko się nie podda, “Polityka”, 28 October-3 November 2015.
unconsolidated democracy, which, on the other hand, contributed to the strengthening of (soft) authoritarianism and was conducive to getting closer to Russia.\(^{10}\)

Alaksandar Milinkievi, who was cited earlier, is right to notice that although the countries covered in the Partnership programme differ from each other, they have one thing in common: there are not more but less Europe and fewer European values in them now. Before our very eyes, Moscow is carrying out a creeping counter-revolution in Georgia, has imposed a real blockade on Moldova and finally tries to permanently bind Belarus and Armenia with it. Sparing no expense or effort, Russia buys power (and authority) in the post-Soviet area and even influences political processes in countries that it seemed found themselves outside the sphere of Russian influence and are the EU members. The failures of the EU eastern policy result from its lack of coherence and consistency, which constitutes the basic difference between Brussels and Moscow, which, on the other hand, is consistent in implementing its single and clear strategy of counteracting Europeanization and democratisation of former Soviet republics. Unfortunately, not long ago, warnings about Kremlin policy of revanchism were treated as a proof of Anti-Russian sentiment and belief in conspiracy theories. Today situation proves that concerns were justified. Inefficiency of the EU actions on the one hand and underestimation of Moscow counteractions on the other hand result in the redevelopment of the empire, different from the former one only in that oligarchy has substituted for communism.\(^{11}\)

Not until the Russian aggression against Ukraine, the secession of Crimea and its annexation by the Russian Federation, and due to the exacerbating Ukrainian crisis as well as highly ambiguous role


of the Russian President, many European Union citizens and politicians started perceiving Russia from a new perspective. European societies – absolutely not interested in integration and clearly tired with the economic, financial and the euro crisis – suddenly realised that the Community was and is not a lure or somewhere to start for most people protesting in Maidan. The Community also offers a security function – rediscovered on this occasion. Although the newest eastern members of the EU, i.e. the Baltic States and Poland, experience its advantages directly, they feel anxiety. It seems obvious that, in the context of Putin’s policy, they treat their membership in NATO as a strategic success. On that occasion, the EU managed to prove its unanimity and ability to act, imposing sanctions on Russia and providing suitable help for Ukraine. However, the EU actions arouse controversies and even lead to deep divisions between its members. They are thought to be too weak or too far-reaching. In either case, and this is a key argument in the discussion, the present crisis in Ukraine indicates the scale of the importance of the EU as a member of international politics. Many European Union citizens were either unaware of that or, to tell the truth – unwillingly, got used to ignoring extra-economic elements of the EU’s influence. Even if it is true that the present crisis in Ukraine moved the EU and its citizens and this way stirred them from their lethargy and at the same time provided politicians with new courage, ambition and broader perspective of world perception, the EU will continue to face the necessity to revive its integration again. It is indispensable because all the former crises damaged its strength. Moreover, at various levels, it faces a threat of disintegration either in the form of British Euro-scepticism on the border of withdrawal from the EU, or in the form of a gap between the community of 28 members and the 18 members of the euro zone¹².

¹² See D. Weber, How likely is it that the European Union will disintegrate? A critical analysis of competing theoretical perspectives, “European Journal of International Relations” (http://ejt.sagepub.com/content/early/2012/12/14/1354066112461286.full.pdf+html).
The outbreak of the revolution in Maidan in November 2013 was a turning point for Ukraine and its pro-EU policy – it foreshadowed the end of Kiev authorities’ dodging between the European Union and Russia, and adoption of a westward course, which resulted in the open conflict with Russia and the Russian-Ukrainian war\(^\text{13}\).

The above-mentioned policy of Ukrainian authorities’ dodging during the whole period of the existence of the independent state is also called a multi-vector policy in literature\(^\text{14}\). After 1991, it became an official doctrine of the Ukrainian foreign policy. On the one hand, the Ukrainian state wanted to have proper relations with the West, and on the other hand good relations with Russia with which it was closely linked, especially in the economic sphere. This kind of foreign policy strategy in the Ukrainian geopolitical environment can be compared to walking a tightrope. It was necessary to some extent because an unambiguous choice of a geopolitical option caused the deepening of political and social divisions that turned into regional divisions in the country. In the meantime, as I mentioned earlier, the multi-vector policy was not consistent with the currents and tendencies that occurred in the two powerful geopolitical entities neighbouring Ukraine and competing for influence in that country, i.e. the EU and Russia. Those currents and tendencies were expressed and are still expressed in those entities’ integration policies. In the case of the EU, it is integration expansion eastward targeted at countries being in Russia’s direct sphere of influence that the Russians call ‘close abroad’. In the case of the Russian Federation, it is (re)integration of the post-Soviet area, which – in Vladimir Putin’s plans – is to constitute the foundation of Eurasian Union. One


\(^{14}\) The multi-vector policy means conducting foreign policy aimed at different centres of influence in the region (often ones with contradictory geopolitical objectives and interests), which aims to maintain balance between these centres’ influence on its own domestic and foreign policy, but without distinct favouritism for any of them and trying to draw the maximum of benefits of the situation with the minimum of potential conflicts resulting from it. See K. Świder, A. Stec, T.Z. Leszczyński (eds.), *Współczesna Ukraina – trwałość czy rozpad?*, Warszawa-Kraków 2015, p. 31.
cannot forget about one more issue that is important here, namely the policy of a global hegemon – the United States for which one of the main aims is to weaken or even eliminate Russian influence in that country and its admission to NATO – an idea most of the Ukrainian society is against. Vladimir Putin neither wants Europeanization of Ukraine nor the presence of the United States in Ukraine. He treats the West’s policy towards Ukraine as an invasion of Russia’s geopolitical sphere and a threat to its security\textsuperscript{15}.

In spite of various obstacles, both domestic and international ones, the President of Ukraine, Petro Poroshenko, is trying not to come back to the policy of dodging between Russia and the European Union. He strives for Europeanization of Ukraine and anchoring it in the Euro-Atlantic system. As a result, Ukraine signed a political part of the Association Agreement with the EU on 21 March 2014, and on 27 June 2014, Ukraine, Georgia and Moldova signed Association Agreements together with the Deep and Comprehensive Free Trade Area Agreements, which aim to move these countries closer to the European Union. The Ukrainians hope that thanks to that their living conditions will improve and Ukraine will be a democratic country which in the long-term will become a member of the European Union. Will that happen? Today, it is difficult to predict because it will depend on many factors, first of all on the Ukrainians themselves and their consistency in attempts to build sovereign and democratic Ukraine as well as the EU’s and Russia’s favourable attitude to these attempts. However, they are not unambiguous today. Undoubtedly, it will be a long-lasting process and its main costs will have to be incurred by the citizens, because Ukraine is bankrupt and its economy in a catastrophic condition. In my opinion, at least twenty years and 80-120 billion dollars in loans are required in order to rebuild it and prepare to co-operation with the EU member states. This can cause social tensions and conflicts that Russia may feed

\textsuperscript{15} See K. Świder, A. Stec, T.Z. Leszczyński (eds.), Współczesna Ukraina... p. 32; also see A. K. Cianciara, A. Burakowski, P. Olszewski, J. Wódka, Europeizacja partii politycznych i grup interesu, Warszawa 2015, pp. 61-85; M. Ochlawa, Stars and Trident: the European integration of Ukraine, Kraków 2013.
because it is not going to abandon Ukraine. Moscow will protect the post-Soviet space, which it treats as the exclusively Russian sphere of influence, against the American or the EU’s influence expansion. Today, anti-Russian attitudes are not so common in Ukraine as they were in the period 2013-2014, and there are quite many supporters of reaching an agreement with Moscow. One can even hear voices of doubt: “What was it for?” In such a situation, one cannot exclude a possibility of disintegration of Ukraine – multi-layer disintegration – disintegration of the state, the nation and the society. Ukraine cannot rely on the EU’s generosity because its financial situation today is not optimistic and is not conducive to fast accession of Ukraine to the EU economic circuit. There is a lot of scepticism and moderation in the assessment of Ukraine’s ability to join the EU, especially among the so-called old EU and Central European smaller countries. In addition, Ukraine is still being undermined by ubiquitous corruption and, being in a deep economic crisis, has a very low credibility in the international environment, especially in the West. The situation is even worse because of the immigration crisis and enormous costs that the EU must incur in connection with it.

The prospect of joining the EU by the Eastern European states, especially Ukraine, has been an issue constantly discussed in the EU for quite a long period now, especially in Poland, which is the only member state that consistently is for Ukraine’s accession to the EU. Most often, the drama of a typical ‘vicious circle’ is emphasised: on the one hand – the states of the region need a European prospect to intensify reforms, on the other hand – insufficient reforms or the lack of them are the reason why the European Union states do not want to grant them that accession prospect. Obviously, the lack of adequate economic and political reforms is not the only reason why the EU is careful. Concern for Russia’s reaction is equally important. There is no doubt today that Russian aggression in Crimea and the East of Ukraine only strengthened this anxiety. This is confirmed by increasingly numerous opinions, inter alia in Germany, indicating

that the future of the states in the post-Soviet area, including Ukraine, cannot be discussed without Russia. And the President of the European Commission, Jean-Claude Juncker, straightforwardly said recently that Ukraine must start communicating with Russia again\textsuperscript{17}.

The European Union and the United States must also talk to Russia in order to put an end to the crisis in Ukraine as soon as possible and ensure security to Europe. This is so because the crisis in Ukraine, for the outbreak of which Russia is responsible although the European Union also shares the blame, poses a serious danger for the security in Europe and hampers the process of the development of the multipolar global order. Moreover, the crisis and Russia’s aggression against sovereign Ukraine, in the same way as the American aggression against Iraq in 2003, lead to the destruction of solidarity, divisions and misunderstanding between the NATO and the EU member states. The relations between the EU and the US, which have been the foundation of security and international co-operation so far, are also being loosened. What is currently happening in Ukraine, and also in Syria, is a test for the EU and NATO as well as the states in the West in general. It shows how cohesive and ready to co-operate they are and whether they can adopt a common policy and speak with one voice. Unfortunately, the test for the EU and NATO, and its individual states is not satisfactory. There is a crisis of the EU and NATO, which strengthens Russia and its President. Vladimir Putin does everything to avoid the EU and NATO and prefers to talk to every country individually, and has diplomatic and propaganda successes. Moscow threatens the world with a new world war and this way stops the West from providing the victims of the Russian aggression with military assistance\textsuperscript{18}.


On the other hand, taking into consideration that strongly defined interests of states, especially superpowers, are decisive in the contemporary world, they must not be ignored. Especially as the realistic paradigm still maintains big explanatory usefulness in the examination of international reality today and it proves that the contemporary world is changing quickly and a new international order is developing before our very eyes. The so-called emerging economies known as BRIC, i.e. Brazil, Russia, India and China, start playing the main role in it. Unlike in the United States and the European Union, the financial-economic crisis did not weaken the economic potential of the BRIC areas. Despite a noticeable slump in main macro-economic rates, especially in 2008, and slower growth in the next few years, those countries still constitute an unusual phenomenon worldwide as far as economic growth is concerned. According to experts, this trend is going to continue for a few decades, which will enable the BRIC countries, especially China, hold the position that belonged to the developed countries of the western world. Falling into an increasingly huge public debt spiral, they are losing their barely perceptible dominance. According to forecasts for 2050, the list of countries with the highest GDP will include: China, the USA, India, Brazil, Mexico and Russia. The BRIC countries cover ca. 25% of the world, are inhabited by 40% of the world population and their GDP equals about 3/5 of the GDP of the United States, but it slightly exceeds it when calculated with the use of the purchasing power parity rate. Their potential is so high that, according to various forecasts for the nearest future, the BRIC countries will hold four of the six top places with regard to the highest GDP in the world. Brazil’s main strengths are developed agriculture and dynamic development of other sectors, Russia’s assets are natural resources, India has an expansive service and technology sector and China provides cheap and well-trained labour force and developing industry and construction sectors. The economic crisis accelerated the process of movement of the economic
centre of gravity towards developing countries, especially the BRIC countries\textsuperscript{19}.

In connection with the above, I agree with Ryszard Zięba, who wrote: it is, thus, a question of a strategic choice that the West faces. Is it, on its own, able to meet the current challenges created by the Middle East conflict and the Islamic fundamentalism growing in power and at the same time to push Russia onto an inferior position; will it be able to accept a long-term challenge resulting from the growing importance of China or India? Paradoxically, the Ukrainian crisis should make all the external entities involved aware of the fact that the agreement between the West and Russia concerning Ukraine may be of critical importance for the whole international global order\textsuperscript{20}.

I would like to recall a thesis that Zbigniew Brzezinski formulated in 1992 writing that the stability and independence of Ukraine is the most important aspect of the relations between the West and Russia. Twenty years later, in 2012, he emphasised that Russia without Ukraine stopped being an empire, but with subordinate Ukraine, it is regaining its imperial status\textsuperscript{21}.

Russia fight for Ukraine and annexation of Crimea destabilised the international environment and some countries in Europe have noticed the threat of Russian aggression for the first time since the end of the Cold War. It is a very worrying situation for the European citizens who have enjoyed a few decades of peace and have not taken into account the prospect of war on our continent. Today, as soon as possible, it is necessary to adopt a common strategy in order to


\textsuperscript{21} See M. H. Van Herpen, Putin’s wars: the rise of Russia’s new imperialism, Lanham – Plymouth 2014, pp. 247-249.
protect Europe and the world against imperial ambitions of the Russian President, who as I wrote earlier wants to regain the position of a global superpower for Russia and the influence in the post-Soviet areas by creating the Eurasian Union, which is also aimed at limiting the influence of the EU and the United States in Europe and the world. Vladimir Putin has been implementing his aggressive policy to revive the Soviet (Russian) empire for years now. He dreams of re-joining the countries that escaped from Kremlin control after the collapse of the Soviet Union. He has already targeted Chechnya, Georgia, Belarus and Armenia; now Ukraine is the target. A sovereign state territorial integrity has been undermined and the principles of the United Nations Charter and the CSCE Final Act as well as the provisions of international law have been breached. In the light of international law, the inclusion of the Crimean Peninsula (Crimea), which was part of the Ukrainian territory, to the Russian Federation should be classified as annexation, i.e. illegal acquisition of another state territory resulting from the use of or a threat to use military power. The Russian Federation has also broken its pledges given to the whole international community\textsuperscript{22}. In fact, the whole international order has been destroyed. The Baltic States can be the next victims of his policy\textsuperscript{23}. As an outstanding expert on Russia Professor Richard Pipes writes, Putin actions are rational in the context of Russian history, because the Russians like strong leaders and he plays this role very well. From their perspective, only Russia that opposes the United States remains a superpower. The Russians may

\textsuperscript{22} For more on the topic see Opinia Doradczego Komitetu Prawnego przy Ministrze Spraw Zagranicznych RP w sprawie przyłączenia Półwyspu Krymskiego do Federacji Rosyjskiej w świetle prawa międzynarodowego, [The opinion of the Legal Advisory Committee to the Minister of Foreign Affairs on the incorporation of the Crimean Peninsula to the Russian Federation in the light of international law.], “Sprawy Międzynarodowe”, No. 3(2014), pp. 121-131.

starve but everything is all right unless they have the feeling of being a superpower.

It is therefore necessary today to do everything to make NATO and the EU be active entities on the international arena and play an important role in the development of a new international order in which Europe and the United States should be main pillars. To that end, all member states of the EU and NATO, especially Germany and France, should be united and co-operate. The co-operation between the EU and the USA as well as the EU and NATO must also be continued. However, if it is not intensified, the Euro-Atlantic system will lose its importance and will stop being the guarantee of the West’s security. In the light of the bankruptcy of the EU’s eastern policy, it is necessary to develop a new pattern of co-operation and the EU and NATO’s policy towards Russia, and adopt a new, far-reaching trans-Atlantic strategy towards this country.

2. Ukraine facing geopolitical and geoeconomic shifts in Central and Eastern Europe after 1991

The period of the rule of Vladimir Putin, an uncrowned emperor of the world’s biggest state in fact, accounts for years of promises and awakened hopes for gradual improvement of material living conditions of the Russians and a revival of Russia’s status of a superpower. Putin’s policy can be called pragmatic, de-idealised and consistently heading for a set objective. With his statements, especially critical ones, about the West, Putin has appealed to an ordinary Russian’s national-patriotic attitude. “Russia has risen from its knees!” and “Russia wins again!” are popular Putin’s slogans, which have given him social support and approval of his domestic and foreign policy. Very quickly, with growing self-confidence, Vladimir Putin – with Russian political elites – creating the image of Russia as an independent entity of international relations that is as influential as the

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24 See Siła rządzi światem….
United States, has strengthened his position as the Russian state and nation’s leader. He has become the most popular politician in Russia and one respected worldwide. After the annexation of Crimea in March 2014, Vladimir Putin’s popularity rose from 60% to 85% and after Russia got involved in the military conflict in Syria in Autumn 2015, it exceeded 90%. Undoubtedly, under Putin’s rule, the Russians “have regained the feeling of their national pride” and Russia has rebuilt its authority on the international arena, about which – as it used to be with the Soviet Union – the whole world is worried.

The European hopes that Russia can be the European Union’s partner in the fight for a new multi-polar world based on international law turned to be vain in the era of Vladimir Putin’s rule. The support for multilateralism and multi-polarisation was simply Moscow’s tactical weapon in the fight against the American hegemony. In fact, in the field of foreign policy, Russia acts by instinct that is more American than European in character. It believes in the strength of unilateralism and uncontrollable striving for safeguarding national interests. For Putin, sovereignty is not a law and does not stand for a place within the United Nations. For Putin, sovereignty means possibilities. It implicates economic independence, military power and cultural identity. In Putin’s vocabulary, ‘a sovereign power’ is a synonym of ‘a superpower’. While the EU was created in response to threats posed by nationalism and disastrous rivalry between European national states in the early 20th century, the present Russian foreign policy is a response to threats posed by post-nationalistic policy and problems resulting from the collapse of the Soviet Union, to which Putin and millions of the Russians cannot resign themselves even today. The source of the European nightmares lies in tragic experiences of the 1930s. The Russian nightmares were shaped by Russian experiences of the 1980s and 1990s. The European Union

has always believed that the main reason of instability in Eurasia is the lack of democracy. Russia, on the contrary, believes that weak democracies and western policy of exporting democracy are the main reasons of the lack of stability in the post-Soviet area. Therefore, earlier or later, a clash between the two contrasting opinions on the European order in the 21st century was unavoidable.27

As we read in an outstanding work on Russia under Putin’s rule written by a British correspondent, Luke Harding: “Putin’s expansionism has undoubtedly constituted the biggest challenge for the West, especially the European Union, since the end of the Cold War. After five or six years of denying that, the White House admits that its attempts to ‘reset’ the relations with Russia failed. In the European Union states’ foreign affairs ministries, military academies and analytic centres, it is obvious that new strategies of dealing with aggressive Russia are necessary. ‘Involvement’ is no longer a key word – although the European citizens have not given up a dialogue. A term that is again acquiring its basic meaning in our times originates from the early years of the Cold War – it is ‘deterring’.”28

The collapse of the USSR in 1991, which accelerated integration processes in Europe, reduced the area of Russian rule and this caused that the Russian empire de facto stopped existing. This is what Russian nationalistic parties and politicians with Vladimir Putin as their leader classified as the so-called Homo Sovieticus, i.e. Soviet people missing the Soviet Union and its superpower status on the international arena.29 Andrzej Nowak aptly describes this longing for the good old days and, at the same time, Vladimir Putin international policy objectives writing: the Great State an emphasis of the natural

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29 See A. Nowak, Putin. Źródła imperialnej agresji , Warszawa 2014.
character of its geopolitical unity and also continuity of its historic tradition, from the 9th to the 21st century; recognition of the central position of the USSR in that tradition, especially in its apogee in the period of the Great Patriotic War (from the Molotov-Ribbentrop Pact till Yalta); highlighting continual external threat that brings the Times of Trouble on the Great State; and finally indicating the need of patriotic motivation that, guided by a wise leader, leads to a revival of the Great State and its global importance these are, in a nutshell, the motives that constitute a synthesis of where the official historical education of Putin Russia seems to head for 30.

As I mentioned earlier, Vladimir Putin is extremely popular with the Russians and his main aim will be to maintain this popularity as long as possible. He will not maintain it with the use of an economic miracle. Well, nobody can expect one today, especially with crude oil price at $48 per barrel and falling prices of gas Russia main export product. Just the opposite Russia is on the brink of bankruptcy or even collapse. Therefore, he will want to maintain it by force or as an army commander. It would be best if it were a triumphant one but it might also be attacked by the traitorous West. Today, nobody wants such a war but in the future it may be possible and that is why the European Union must take this option into consideration and be well prepared. Today, this is the most essential challenge for the EU and the whole West. As Sergei Kovalev 31 highlights, because Putin has no choice. He cannot turn back. () Colonel Putin started building a pillar of power in the way he was taught in the USSR. He got down to that as befits an operational officer. He started searching for enemies. Absolute power cannot function without external and internal enemies. () There is no way for Putin to retreat. And it is not easy to communicate with him32.

30 Ibid. p. 203.
31 Sergiei Kovalev – born in 1930 in Ukraine, biophysicist, famous dissident and human rights defender, gulag prisoner at the time of the USSR.
For Russia, the loss of Ukraine, the biggest country in East Europe in every respect, was most painful. Ukraine, like other countries of East-Central Europe, was the USSR’s natural resources supply base and a market for the Soviet industry. That is why Russia has been striving to transform Ukraine into a federation, which was supposed to facilitate its influence on Ukraine’s domestic and foreign policy. For Russia, relations with Ukraine are critical because of close historical, political and cultural ties.\(^{33}\)

In addition, Ukraine has a big potential for destabilising and influencing the structure of power not only on East European scale, but in the whole post-Soviet area. Because of that, it is important from the point of view of all European interests of the Russian Federation. That is why, when pro-Russian Viktor Janukovych was removed from his post in February 2014, Moscow started its counterattack to prevent Ukraine from signing the Association Agreement with the EU and this way preclude its potential accession to the Community, and then NATO. Russia fears that further enlargement of the EU and NATO will result in the weakening of its influence not only in East-Central Europe, but in the whole world, and will prevent a revival of the Russian empire, which in Vladimir Putin’s plans is to become a key element (a pillar) of the new multipolar global order that is being developed today.\(^{34}\)

By the way, literature on the issue provides various, often totally contradictory, scenarios and forecasts for the future of Russia and its role in the world. On the one hand, there are predictions that Russia will collapse and will not play any significant role on the international arena; on the other hand, it is classified as one of the

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new emerging economies (BRIC), which will be the pillars of the future global order.\(^{35}\)

Until recently, Russia benefited from this kind of speculations because after 2001 the United States, the European Union, Turkey and also China endeavoured to co-operate with it. Meanwhile, Russia under Vladimir Putin’s rule strove to regain its superpower status in the world and influence in Ukraine, Belarus and other post-Soviet countries, also in Central and Southern Europe, blackmailing them and the whole EU with the use of energy weapons. Russia tried to make use of the weakening international position of the United States, which was involved in costly wars in Afghanistan and Iraq in the period 2001-2014 resulting in animosities between the members of NATO and the EU and the weakening of the Euro-Atlantic alliance. On the other hand, Russia – like the Soviet Union in the past – is still a nuclear weapon power but has economic ‘feet of clay’. The economic sanctions and the decrease in crude oil and gas prices caused that today Russia faces great economic problems that can lead to a serious social-political crisis and sweep Vladimir Putin from power or will make him start co-operating with the European Union and the United States and finish the war in Ukraine.

It is very difficult today to objectively forecast the future of Russia and its role in the development of a new world order because foreign policy of that state has never been very responsive to the requirements of external conditions and almost always has been a result of its domestic policy. The vectors of Russia’s international activeness have in general been a backup, replenishment and continuation of actions undertaken by its leader within the current political system. Its main aim has always been obtaining defined effects inside the system and effects obtained in the surrounding are treated as ancillary. Today, such an aim for Putin is maintaining popularity with the Russian society, which is impoverished and dissatisfied,
and remaining in power at any price. The present situation of Putin and in Russia resembles that of the early 20th century, when Tsar Nichols II of Russia made an attempt to save the backward and underdeveloped country, where revolutionary turmoil was increasing, starting a war with Japan (1904-1905), which eventually resulted in a disaster for him and Russia in 1917.

Today, Vladimir Putin does not want to let Russia meet the same fate as the Soviet Union and at any price wants to regain its position on the global scene. From that perspective, Ukraine is a great challenge for Putin because, as Adam D. Rotfeld aptly says, if the political system transformation is successful, and the rule of law, decentralisation and democracy are established, not only a new point of reference and new configuration will be created in the post-Soviet space, but also many Russians will believe that a change for the better is possible in their country. The example of Kiev will be contagious. ( ) The fact that the street may show a red card to those who are in power is perceived in Moscow as a bigger threat than geopolitics or geo-strategy often commented on.\footnote{See Ukraina potrzebuje pieniędzy, nie broni. Z prof. Adamem D. Rotfeldem rozmawia Bartosz T. Wieleński, “Gazeta Wyborcza”, 14-15 February 2015.}

The annexation of Crimea and the war between Russia and Ukraine have resulted in further polarisation of East-Central European states, where the situation is totally different today than it was 11 years ago and this is important for the whole EU and its future, which is doubtful. While Poland perceived the conflict in the context of tight security with emphasis on military hazard, for the Czech Republic, Hungary and Slovakia the future of their economic-energetic co-operation with Russia was the main challenge. For long, neither the so-called Visegrad Group nor the Weimar Triangle has operated, and the policy of Prime Minister Orban in Hungary shows that the model of liberal democracy may be negated in the middle of the European Union. The Czech Republic and Slovakia, like Hungary, lean towards Russia and communicate with Vladimir Putin. Lithuania joined the euro zone on 1 January 2015 and has very bad relations with Poland, which irretrievably lost its chance to become
a leader of East-Central Europe\textsuperscript{37}. Moreover, strengthening Poland’s position through its activeness and co-operation with East-Central European countries might have been an essential asset in developing its relations with European powers, mainly Germany and France, and also Russia. The then Foreign Affairs Minister of the Republic of Poland, Radosław Sikorski, for whom the European Union, Germany in particular, was the main direction, wasted that opportunity. Sikorski’s announcement of the so-called ‘Jagiellonian policy’ was understood as giving up active policy in East-Central Europe and turning his back on smaller players in order to strengthen relations with Germany and France instead\textsuperscript{38}.

On the other hand, as earlier quoted Luke Harding aptly writes, twenty five years after Solidarity swept communists out of power in the general election in Poland in June 1989 (which changed the picture of Europe), the divisions between the East and the West appear more distinctly than whenever before. Poland, the Czech Republic and Hungary have been in NATO for 15 years and in the European Union for a decade, together with the Baltic States. All these countries have been flourishing over that period. These are real success stories with regard to democratic, economic and institutional development. But the non-EU post-Soviet republics make a completely different, less successful story. They are regressing. Russia repressive actions serve as a pattern for other regional leaders, including Janukovych before he was overthrown\textsuperscript{39}.

Vladimir Putin’s current policy – in my opinion – is short sighted and will cause even stronger isolation of Russia not only in Europe


but also in the world. It will accelerate, contrary to Moscow’s expectations, the creation of modern Ukrainian state and nation, which will be hostile towards Russia, and which in future can play the role of a leader in East-Central Europe and become a model for Belarus or Moldova and other post-Soviet states. Economic troubles, which are exacerbated by Russia’s rowdy policy, may – as I mentioned earlier – lead to a serious political crisis in this country, similar to the one that touched the Soviet Union in the second half of the 20th century and together with the war in Afghanistan in the period 1979-1989 accelerated its collapse in 1991. Thus, it is not a dream prospect for Russia, but this is not optimistic for the EU and its future, either. As I mentioned earlier, it is really doubtful. One cannot rule out a possibility that Russia might, on some pretext or other, unleash a big-scale war in Europe, which might result in the collapse of the European Union.

Final remarks

The year 2014, especially the events in Ukraine, the Middle East and in North Africa, made Europe realise that the end of history that people believed in after the fall of the Berlin Wall and the collapse of the USSR was an illusion. The triumphalism and hope for ‘forever peace’ ended and trust in gradual but unavoidable democratisation of successive states and societies were considerably undermined. In the light of dramatic events in Kiev, Crimea and the Donbas, as well as in Syria, Iraq and Paris, many serious drawbacks of the European Union were exposed and its prestige in the world was weakened. Today, eleven years after the great enlargement of the EU in the East, peace and security of Europe and the world are endangered. Such phenomena and processes as undermining the credibility of disarmament agreements, including non-proliferation of weapons of mass destruction, sustained autocratic regimes and confrontational attitudes, non-compliance with international law, democratic standards, human rights, ethnic and religious minorities, growing international terrorism and organised crime raise anxiety.
Today, the world is evolving in a multi-polar and multi-
civilizational direction, but the role of the EU and the West in gen-
eral on the international arena is decreasing. The West is losing its 
economic, political, demographic and moral bases and, at the same 
time, stops being a model for the world. However, the European 
Union, in spite of many problems, still has a potential to become an 
active entity in the Euro-Atlantic system and the new global order. 
But it must successively deepen and broaden as well as improve its 
political and economic system (maybe towards a federalist one) in 
order to become a world player from both geo-economic and geopo-
litical point of view.

It is indispensible because the West after the financial-economic 
crisis of 2008-2014 and prestigious diplomatic failures, and in case 
of the United States also military ones (in Iraq and Afghanistan), 
evidently got lost. Unable to find its place in the changing global 
order and remaining on the defensive in the presence of the BRIC 
group, it has found Russia to be its rival and is trying to push it to 
the periphery of world politics. But Russia under the rule of Vladimir 
Putin is getting stronger and stronger and is actively joining in the 
global game. Its present-day operations in Syria are the evidence 
of it. That is why it is necessary to speak to it and not isolate it on 
the international arena because this makes Russia take aggressive 
steps, which is exemplified by the war in Ukraine, and can lead to a 
new cold war or even the third world war. The normalisation of the 
relations between the West and Russia is also a necessary condition 
for Ukraine’s recovery from the deep crisis; it should have the right 

The European Union, which is accustomed to using soft power 
and tired of crises it suffers from, is neither determined nor aware 
of the growing threat and counts on the United States, which after
its failure in Afghanistan and Iraq, is not eager to get involved in the protection of democracy in Ukraine. As a result, the escalation of Russia’s violence, especially the annexation of Crimea in March 2014, did not meet with adequately strong response from the West. This proves, in my opinion, that the United States and the European Union are exhausted by the long financial-economic crisis and shows that the Euro-Atlantic alliance is also suffering from a deep crisis and is losing its strategic power, which is making Russia impudent. Vladimir Putin uses many different, although not integrated, instruments. But it is necessary to talk to Russia ruled by Vladimir Putin and with him in particular with the use of force and not only the force of arguments, which Russia does not recognise. On the other hand, Ukraine will not win the war with Russia without military and economic help. Thus, it is necessary to divert Russia onto the right path as quickly as possible with the use of different means – diplomatic, economic and military ones.

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Between Russia and Ukraine.
Donbas Region as Area of Confrontation or Agreement:
Conditionings and Perspectives

Abstract

This article discusses the historical, social and ethnic determinants of the contemporary situation of Donbas as a region between Ukraine and Russia. Donbas used to have its own regional identity, but the recent conflict leads to the necessity which consist of making the choice between the two state’s options – Russian or Ukrainian. However, the location and the experience of Donbas’s past qualifies it to play the role of a bridge between the two countries and societies.

Key words: Donbas, Ukraine, Russia, conflict, agreement

Introduction

Donbas (Ukrainian: Донбас – Донецький вугільний басейн; Russian: Донбасс – Донецкий каменноугольный бассейн) is a region on the Ukrainian (Donetsk Oblast and the southern part of Luhansk Oblast) and Russian border (western Rostov Oblast). It is a heavy industry centre (hard coal mines and metallurgy)\(^1\). There is no doubt that Donbas plays a more significant role in the Ukrainian

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economy than in the Russian Federation which also has Kuzbas resources situated in the southern part of Western Siberia (Kemerovo Oblast and partially Novosibirsk Oblast). Till the end of the Soviet Union, despite formal borders between the two republics – Russian and Ukrainian – Donbas was considered as a whole. After 1991, Donbas was divided and adapted to conditions arising from functioning in independent countries while keeping strong economic, social and cultural bonds.

1. Road through history

The current ethnic structure of Donbas is a result of processes in the last several hundreds of years connected with the nationality of regions constituting it, their state of settlement and economic development. The location of this region in a steppe zone had a huge impact. It had effects on the possibility for permanent settlement and building a stable state apparatus.

The region between the Dnieper River, the Donets River, the Don River and the Sea of Azov (present Donbas) was in the migration zone of nomads who sometimes formed relatively loose proto-state organisms. Since half of the 13th century, it belonged to the Mongolian Empire, later to its successors – the Great Horde and the Crimean Khanate. After the fall of the Great Horde, it became a buffer zone between the Grand Duchy of Lithuania (the Crown of the Kingdom of Poland since 1569), the Crimean Khanate (as a vassal to the Ottomans), Turkish dominions at the mouth of the Don River to the Sea of Azov (Turkish fortress of Azak, present Azov)

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2 История Кузбасса, Н. П. Шуранов (ед.), Кемерово 2006, р. 279-344.
and the Grand Duchy of Moscow. It was connected with a steady loss of not only real power over this terrain by the countries which were heirs of the Great Horde but also with questioning their right to potentially exercise this power. A factor which began to have significant influence on the steppe (including the steppe on the Sea of Azov) was Moscow, especially after the conquest of the Khanates of Kazan and Astrakhan in the 1550’s by Ivan the Terrible. As a result of the conquest, the disintegration of the previously quite homogeneous space of Muslim Tatar countries took place and it opened the way for the rising empire to the south and east, to the areas under Genghis Khan followers’ control. From the second half of the 16th century, after the renunciation of the Ukrainian land by the Grand Duchy of Lithuania in favour of the Crown of the Kingdom of Poland, it seemed that it could play a certain role in taking-over the legacy of the Great Horde. Formally, the south-eastern borders of the Crown (after the agreement with Moscow in 1647) were extended to the slopes of the Donets Ridge. Poland, in that period (the end of the 16th century – the first half of the 17th century), did not express an anti-Tatar political programme aiming at subordination of Khanate. Poland was also not able to conduct long military activity on the border with Tatar Crimea. Its presence on the so-called ‘Wild Fields’ was absolutely passive, this could be observed during the construction of the Kodak fortress on the Dnieper.

The area of the steppe between the Dnieper River and the Don River was controlled in the 16th and 17th centuries by the Zaporozhian and Don Cossacks who formed loose military federations, sometimes entering (for own benefits) into a formal relationship or

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5 M. Khodarkovsky, Russia’s Steppe Frontier. The Making of a Colonial Empire, Bloomington 2002, pp. 47-75.
military alliance with a neighbouring country. All over this region a permanent clash of two civilizations – Muslim and Christian – took place. It became a part of a classic scheme of the relationship between the world of settled and nomadic population. After all, such a form of exercising territorial power turned out to be anachronistic. The rising tsarist empire after overcoming the Time of Troubles, made an effort to conquer and join borders of the steppe in the direction of the coasts of the Sea of Azov, the Black Sea as well as the Caspian Sea. An important role in this decision, apart from ideological reasons, was played by benefits from developing of large stretches of the fertile, black-earth steppe. Russia also used a method of strengthened points construction, forming a distinct defence line which base allowed to carry out offensive actions and to construct another line. This tactics turned out to be very effective. Not only the sources of the centre were used, but also the existing military capabilities in the form of Cossacks (Zaporozhian and Don). The result of this cooperation was a seizure and maintenance of Turkish...
Azak (Azow) in 1637-1642\(^\text{13}\), however, for various reasons not used by Moscow. It was the announcement of its further activities in the region of the Sea of Azov, taken in time of Peter the Great.

2. Integration into the Russian state

The process of integrating lands of the previous borderline between the Polish Republic and the Tatar Crimea into the tsarist empire took the whole 18\(^{\text{th}}\) century. After the Polish-Russian treaty in 1686, Moscow subdued Transnistria, forming the autonomous Cossack Hetmanate (Little Russia) within its borders, which existed until 1764. In turn, in the south, down the Dnieper River, the Zaporozhian Sich (Zaporizhia) existed but its dependence on Moscow deepened together with the reinforcement of the tsarist authorities in left-bank Ukraine. It disappeared in 1775. Further east Slobozhanshchyna (Sloboda Ukraine) extended. It was also based on a Cossack regimental organization, liquidated in 1765\(^\text{14}\). The consequence of the practice of depriving the Polish Republic old Ukrainian lands of their legal, cultural and religious remains was their assimilation into the Russian imperial space in which new communities, apart from regional identity, had broader national identity, manifested by loyalty to authorities, submission to Moscow

\(^{13}\) A.В. Венков, Азовское сидение. Героическая оборона Азова в 1637-1642 гг., Москва 2009.

Orthodox Church and speaking Russian until it was accepted as own native language.

The subordination of the Crimean Khanate (1774), its later elimination and the inclusion of Crimea in the Russian Empire (1783)\(^\text{15}\) were turning points in the history of the Black Sea – the Sea of Azov region. In this way, the dominance of nomadic way of life in this part of the steppe was finally overcome. The steppe was included into the system based on settled population. Additionally, tsarism took a military-political initiative in the Transnistrian region and soon conquered the area of future Bessarabia.

In order to achieve economic benefits from the annexed areas and also to connect them with the rest of the empire, Russian authorities conducted a large-scale colonization, using settlers of different ethnic origin – Ruthenians (Ukrainians), Great Ruthenians (Russians), Serbs, Bulgarians, Romanians (Wallachians and Moldovans), Greeks, Armenians or Germans. The settlement processes were accompanied by the foundation of towns (at that time Kherson, Ekaterinoslav, Mykolaiv and Odessa were founded), establishment of administration and new territorial subdivisions. Prince Grigory Potemkin, a favourite of tsarina Catherine II\(^\text{16}\), played a major role in the whole process. Peasant colonization was accompanied by forming of multinational landed gentry and small landowners who were not only supporters of local authorities but also fundamental economic strength of new provinces. The new elite owed everything to the state, hence its loyalty to Russia and tsarism\(^\text{17}\).

In 1764 the New Russia Governorate was formed which covered most of former territories of New Serbia, Slavo-Serbia,
Slobozhanshchyna, the Zaporozhian Sich, the so-called Ukrainian defensive line and Bakhmut Province (near Bakhmut, currently Artemivsk). It is interesting that Donetsk and Lugansk regiments appeared at that times as the names of administrative units. In 1775 the Azov Governorate was formed from Novorossiya. In 1783 the Ekaterinoslav Viceroyalty was formed from both these units. A year later Taurida Oblast was formed from former lands of the Crimean Khanate. In turn, in 1796 according to tsar Paul I’s decision, the New Russia Governorate was restored, which in 1802 was again divided into three governorates: Ekaterinoslav, Nikolayev (the Kherson Governorate since 1803) and Taurida.

The territory of today’s Donbas was divided in the 19th century between the Ekaterinoslav Governorate and the Province of the Don Cossack Host. It was settled with agricultural population mainly of Russian (Ukrainian) and Great Ruthenians (Russian) descent (in 1823 about 555,000 people lived in eight counties in the Ekaterinoslav Governorate). The extensive farming with diversified agrarian culture based on different types of property models – both individual farms (of Ukrainian emigrants), the earth community (of the Great Ruthenia Governorate emigrants) and a system of stanitsa (on the territory of the Don Cossacks Host) prevailed.

As part of joining these lands in political and cultural space of the state of the Romanovs, local authorities took actions to reinforce (rather in a civic sense) the awareness of Russian inhabitants.

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21 Е.М. Дружинина, Южная Украина, pp. 202-265.
This work was conducted by governor-general Mikhail Vorontsov (reigning 1823-1854). He developed national institutions (courts, offices, police institutions) and financial institutions (banks, the stock exchange) especially taking care of trade development, including international trade. However, governor Vorontsov and whole Russian administration’s efforts were reflected on the coastal strip of Novorossiya. Its hinterland benefited to a lesser degree from this economic activation, however, it became a field of intensive multi-ethnic peasant colonization\textsuperscript{22}.

3. Modernization and industrialization

From the end of the 18\textsuperscript{th} century the foundries in Lugansk functioned. They used coal extracted from mines located in the nature reserve of Lisicza Balka but they did not play a major role in the economic activation of the state\textsuperscript{23}. Governor Vorontsov paid attention to hard coal deposits near Bakhmut which were exploited by local peasants. An attempt made by him in the 1840’s to arouse Saint Petersburg’s interest in possibilities connected with the use of coal both in economic intensification of the region, and its export to Western European countries turned out to be unsuccessful\textsuperscript{24}. Nevertheless, Vorontsov used coal extracted in Lisicza Balka and transported it to Crimea where it was used to heat public buildings\textsuperscript{25}.

Only the Crimean War, which exposed weaknesses of the Russian empire, contributed to the use of deposits of this valuable mineral. In the end of the 1860’s, Welsh businessman John Hughes opened


\textsuperscript{23} В. Молчанов, \textit{Донбас у системі соціально-демографічних та економічних процесів (XIX – початок XX ст.)}, Київ 2015, pp. 63-64.


\textsuperscript{25} О. Донік, \textit{З історії індустріального освоєння Донбасу}, Київ 2014, p. 12.
the first hard coal mines and metallurgical plants in a place which took its name Yuzovka from his surname (present Donetsk). It originated the process of forming a mining-industrial region in the area between the Dnieper River and the Don River, which at the turn of the 19th and 20th centuries became the most important pig iron and steel producer in Russia26.

The industrialization processes were accompanied by a range of negative effects. Because of the origin of capital and an influx of foreigner specialists who did not demonstrate any relationship with the local community, the issues concerning the development of the region were discussed not on site but outside the borders. Hence, in the decision-making sphere Donbas was more united with Western Europe and North America than with the area constituting its close or distant hinterland. The industrial development did not have major influence on the change of the agrarian culture of the countryside, leaving it backward and unable to increase the production volume of goods. The most important thing is that the character of estates forming near the factories and mines which did not acquire qualities of contemporary towns (with their infrastructure and numerous economic and social functions) did not change. They remained places concentrating labour force27.

As a result of internal and external migration, the population of Donbas was multinational with the majority of Ukrainian and Russian emigrants. This duality of origin, in the face of confrontation with the socially destructive reality, did not generate a confrontation between both ethnic groups (it refers to ‘towns’ because a village preserved a sense of ethnic diversity) and it became irrelevant. Joint

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existence led to the creation of an interesting range of mixed soci-lects of Ukrainian and Russian languages, i.e. surzhyk (it consisted of Ukrainian grammar and Russian lexis). The multiethnic population of the quickly industrializing region was run by the elite of foreign, usually Western European descent. Therefore, the willingness to change the existing social situation was connected with the necessity to accept Russian as own language which was not only a communication tool in the empire but also in these particular conditions it was an expression of belonging to the elite of the empire. Social advancement of a non-Russian in Donbas at the turn of the 19th and the 20th centuries was linked with his/her accession to the world of the Russian culture (also political) and often to the Russian nation. Pressure from the authorities did not necessarily lead to this because the lack of any other option was the driving force of such a choice. The lack of a point of reference to the past gave no chance to refer to any local tradition providing grounds to develop any identity.

An alternative, rejecting national motifs, was to take part in the labour movement which began at the beginning of the 20th century in Donbas\textsuperscript{28}. The programme departure from nationalist slogans and focus on an economic and social programme gave all socialist initiatives enormous influence. They were used during the period of disturbance in 1905 and later in the time of the Communist Revolution. Class consciousness replaced the sense of ethnic belonging and caused the formation of a multimillion social group. For this group national issues were of slight or no importance. It used Russian or surzhyk – it was a necessity, not an expression of national preferences. Nevertheless, the majority of Donbas population stayed indifferent to ideas which went beyond the basic existential scope\textsuperscript{29}.

\textsuperscript{28} Ch. Wynn, \textit{Workers, Strikers and Pogroms}, pp. 131-164.

\textsuperscript{29} Г. Куромія, \textit{Свобода і террор у Донбасі. Українсько-російське прикордоння, 1870-1990-і роки}, пер. з англійської Г. Кьорян, В. Анеев, Київ 2002, р. III.
4. The Soviet paradise

Events of the First World War and both revolutions triggered a resonance in the Donbas population, also with reference to national problems. At the beginning of the war it was easy to notice some signs of Russian patriotism development and attachment to the military involved country. These signs disappeared because of duties connected with war effort. Revolutions in 1917 did not change the attitude towards national issues of the local population living in a crisis. Problems of the national identity and system in Donbas were resolved at the central level. Several different concepts clashed then. The ethnographic attitude, based on the result of the National Census from 1897, was formulated by the Ukrainian elite (of varied ideological provenance). It stated that the Ukrainian State should be formed where Ukrainians represent a clear majority. As part of this concept, Donbas was considered Ukrainian. The Bolsheviks were prone to pay attention to economic relations giving opportunity to particular regions in socialist Russia to function independently. It is debatable to what extent the Great Ruthenians tendencies became apparent. Nevertheless, in theory, a class approach was realized here\(^{30}\). The creation of Ukraine as formally independent and connected with Soviet Russia by the union required the establishment of borders, which was done in 1920 during a long negotiation process. The territory of the Ukrainian Soviet Socialist Republic covered the whole territory of Donbas (which was changed into the Donetsk Governorate) with Alexandrovsk-Grushevsky (present Shakhty) and Taganrog. According to the Moscow centre, it was a concern not for the national face of the region but for the maximum use of its economic potential through its internal integration and management by one decision-making centre, i.e. Kharkiv, at that time the capital of Soviet Ukraine\(^{31}\).


\(^{31}\) Е.Ю. Борьсенок, *Украина и Россия: спор о границах в 1920-е годы*, [In:] *Регионы и границы Украины в исторической ретроспективе*, Л. Е. Горизонтов (ed.),
The problem of the national nature of the Ukrainian-Russian borderland was triggered by the Bolshevik policy of ‘korenization’, promoted in the early 1920’s. The main idea was to grant underprivileged by tsarism ethnic communities the greatest possible prerogatives, the aim of which was to regenerate (or create) their national identity, including territorial autonomy on each administrative level. In the Ukrainian Soviet Socialist Republic strenuous Ukrainization was contested by a number of communities, including the party apparatus to a large extent of non-Ukrainian descent. In Donbas the policy of ‘korenization’ met with opposition of local population to whom Ukrainian national idea (even in Soviet character) was totally unknown. It was estimated that till April 1925, when Lazar Kaganovich became the first Secretary of the Communist Party of Ukraine, in the south-east governorates of the republic ‘korenization’ turned out to be unsuccessful. Moreover, this opposition had serious repercussions. In 1920-1925 a serious dispute over the course of the border between Russia and Ukraine was ongoing. It concerned two districts – Alexandrovsk-Grushevsky and Taganrog. Obviously, it was not triggered only by language or cultural issues. For south-western Russia to possess a harbour in Taganrog and its industrial facilities was a real necessity. Nonetheless, the harbour played an important role, especially during the mobilization of local communities to present support for the concept of return of eastern part of Donbas to Soviet Russia. On 16 October 1925 the Central Executive Committee of the Russian Soviet Federative Socialist Republic made a final decision on the change of the border between both republics. Both arguable districts were granted to the Russian Soviet Federative Socialist Republic.
In 1926-1938 the Soviet authorities began strenuous industrialization of Donbas, leading to the development of many industry branches and concentration of a huge number of mines, factories, industrial plants, power plants and other manufacturing and repair centres. The main idea was to build a huge complex working to serve the needs of the army. Industrialization, as in the whole Union of Soviet Socialist Republics, was done at the cost of rural communities on which impossible to fulfil crops quotas were imposed. It led at the beginning of the 1930’s to almost total exhaustion of village reserves and the famine, causing the death of tens of thousands of people.

This pressure on industrial development in Donbas meant for its inhabitants compulsory sovietization through the largest exploitation of labour resources. Absolute and slave exploitation based on work competition was introduced. Apart from this, terror was introduced in order to track usually imaginary plot and conspiracy. It was aimed to eradicate any separateness, including national one.

During the German occupation of Donbas (1941-1942) the inhabitants encountered, apart from the Soviet ideology, the Nazi ideology and to some extent the Ukrainian nationalist ideology represented by communities gathered around the Organization of Ukrainian Nationalists. Due to strict, even inhuman behaviour of Germans in the occupied areas of the Soviet Union, even Soviet citizens of different nationalities who had previously had favourable attitude to the Third Reich became hostile towards it. In the territory of Donbas, the situation was complicated because due to the close front it was within the management of German military administration which influenced its behaviour. Nevertheless,

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35 В. Марочко, Голодомор 1932-1933 років на Донбасі, Київ 2015, pp. 74-89.
Germans did not decide to close collective farms and reintroduce private ownership of land, which alienated the rural community. They also led to export of about 30,000 forced labourers from both Donbas oblasts – Stalino (Donetsk) and Voroshilovgrad (Luhansk). Moreover, about 30,000 people were killed by the occupying German authorities. The theoretical ideological alternative turned out to be a tragic mistake.37

It is not all certain how real the presence of the Organization of Ukrainian Nationalists (representatives of Ukrainian integral nationalism) was in Donbas during the German occupation. Nevertheless, this organization tried to influence the local population in the spirit of activity for the independent Ukrainian State led by the Organization of Ukrainian Nationalists and found there (a small number of) followers of this project.38

The record of the war was very disadvantageous for Donbas. Factories and mines were destroyed, the population decimated. Reintroduction of the Soviet authorities meant another wave of repression and new human fatalities. In 1946-1947 the famine contributed to the situation deterioration. Natural demographic movement was not sufficient to complement huge human losses. In order to restore the Donbas population, series of actions were taken. Their aims were to direct a wide range of migrants from the Republics of the Soviet Union as well as from abroad. Human resources were gathered from the Ukrainian Soviet Socialist Republic, the Russian Soviet Federal Socialist Republic, also from demobilized soldiers of the Soviet army, former prisoners of war and forced labourers. Also, Ukrainians displaced under contracts between neighbouring countries, e.g. with


Between Russia and Ukraine 85

communist Poland, were settled in Donbas. A part of migration was involuntary. Till 1953 the influx of labour force to the south-east of the Ukrainian Soviet Socialist Republic was spontaneous. In this period the authorities’ policy with reference to national issues did not change. Although Ukrainians constituted a vast majority of incoming population in Donbas, they were subordinated to denationalization aiming at Russification and sovietisation. Alleviation of this problem took place in 1953 but it did not stop the process of national changes. In 1959, out of 6.7 million of inhabitants in Donbas over 3.75 million were of Ukrainian descent. Among them about 75 0000 people accepted Russian as their mother language. In the late 1950’s in both Donbas oblasts Ukrainian was used every day by less than a half of Ukrainians.

Processes of denationalization were deepened in the times of Nikita Khrushchev and Leonid Brezhnev when a vision of Soviet nation was propagated, simultaneously all manifestations of nationalism were eliminated. In the times of the Stalinist Thaw, later Khrushchev return of Soviet enthusiasm and Brezhnev stagnation, Donbas stayed between Ukraine and Russia, and in fact did not belong to either of them. As previously, there was a move to build local identity based on class consciousness. Profession and type of performed work were more important than a sense of belonging to a particular ethnos (even Soviet). A phenomenon of a trade glorification took place. It was especially noticeable in the mining industry. Miners became – at least in the official discourse – a privileged, absolute professional elite with high, almost sacred prestige. This high social position did not require a national declaration. The Russian language was associated to it, which was natural due to its all-union status.

40 Г. Куромія, Свобода і террор у Донбасі, рр. 459-474.
41 M. Studenna-Skrukwa, Ukraiński Donbas, pp. 192-203.
Final remarks

The economic crisis in the Soviet Union was strongly manifested in industrial and highly urbanised regions, such as Donbas. In the face of the economic collapse in the Soviet Union, the strike movement began which led to the fall of the Ukrainian Soviet Socialist Republic. Donbas support for the idea of independent Ukraine did not mean national self-identification of Donbas population. It was rather a sign of attachment to the ideas of economically self-sufficient administrative units. It characterized traditional dislike of this region to express any ethnic enthusiasm. The referendum of 1 December 1991 was supported by over 80% of voters in Donetsk and Luhansk Oblasts. It was rather opting for – understood in the Soviet spirit – a specific work ethos, not the act of accession to the Ukrainian civic space and certainly not ethnic space. As a matter of fact, it was not a denial of belonging to any other nation – Russian or Soviet.

Over two decades of Donbas presence as an element of independent Ukraine, in light of recent events, it turned out to be rather an unsuccessful experiment. Central authorities did not allow for a possibility of special status of this region, including its specificity as well as economic and political importance. Only recently and with difficulty has the awareness of the necessity to change the attitude towards Donbas issues by Kiev and nationally tuned districts of the state entered the Ukrainian political and social discourse. However, it seems that this reflection is hugely delayed. In the current geopolitical configuration of the region which due to its border location and historical experience could become similar to Alsace in the French-German frontier a starting point for close and fruitful cooperation, became a place of military and political confrontation.

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in which the success of any of the parties is doubtful. With each day of the war, resulting in enormous human and material losses, traditional Donbas becomes a thing of the past.

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Belgian Experience of Political System Transformation. Lessons for Ukraine

Abstract

The political system of Belgium and factors that caused its formation are very interesting both from scientific and practical points of view. The combination of two leading European political cultures – French and Dutch – has significant influence on the political development of this country. Belgium is a federal state comprising three Communities, three Regions, and four language areas. Ukrainian political arena, as we know, has been formed on the basis of political forces that emerged after the collapse of the Soviet Union. All transformations of the political system, including a party system, took place within the complex process of transition to democracy, building of civil society, transformation of the old nomenclature to the new elites.

Key words: Political system, political transformation, party system, regionalism, federalization.

Introduction

Belgium is an example of combination of deep social conflicts and political will aimed at solving them by means of finding consensus. The political system of the country and the process of its transformation are caused by religious-ideological, ethno–linguistic, regional-economic, informational factors and the European integration factor. The first one is the religious-ideological factor. The
form of its manifestation is the existence of three social segments of Belgian society: Catholic, Socialist and Liberal. The existence of such division caused the formation of a consocialism model in the system of political relations. In particular, the formation and evolution of the party system in Belgium and specifics of inter-party struggle on the electoral, parliamentary and governmental arenas.

The ethno–linguistic factor has strong influence on the activity of the Flemish and Walloon national movements which became the basis of Flemish and Walloon regional parties. Later this factor manifested itself in the process of federal transformation of Belgium.

The regional-economic factor is one of the most important in the process of Belgium’s political system transformation. Disproportions in levels of economic development cause tensions in social relations. More prosperous Flanders underlines every time its superiority and demands revision or redistribution of financial resources, or change of a state system, or even the independence. Distribution of plenary powers in the economic sphere is the agenda of the last stages of state reforms.

The development of information society requires the establishment of such a communication system, especially between government and society, which would ensure rapid and direct contact between all bodies of making and implementation of political decisions. As a result the system of e-governance was created aimed at ensuring equal access to public information, simplification of the administration system, taking into account ethnic, linguistic and cultural specific character of Belgium’s socio-political system on the federal, regional and local levels. Transformations that took place, first of all, concerned legislative changes, changes of the government structure and adaptation of information–communication systems of Belgium to the all–European requirements and standards.

As a result of the process of broadening of integration of the European Union, some of the federal units of Belgium freely realize their own policy within the European Union. Each of them is a fullfledged participant of the regionalization process in the EU. Moreover, the EU stimulates such participation which is proved by the existing motto “Europe of Regions”. We consider that such a form of
cooperation is perhaps even more effective within the cross-border cooperation. The Belgian example shows us its effectiveness. The EU, on the one hand, stimulates the long-term process of strengthening of regions, on the other hand, strongly hampers the disintegration of its member-states. If we assume the recognition of the independence of Flanders, how can the EU prevent the separation of Catalonia from Spain, Bayern from Germany? The existence of the EU will be threatened.

The process of federalization of Belgium which was held within the seven stages of reforms caused the complex hierarchy of the federation subjects. Belgium became a two-part federation, the elements of which have two levels. The level of regions – Flanders, Wallonia and the Brussels Capital Region – has the territorial basis. The level of communities – Flemish, French and German-speaking – has the ethnic and cultural basis. Although the goal of the federalization was the elimination of political, economic and cultural differences, the current political situation shows the opposite results.

A characteristic feature of the Belgian political system is a complicated institutional structure caused by the confusion of hierarchy and interrelations between the authorities and the complexity of the power division between the central government and federal subjects. In Belgium, except the central government, five governments of federal subjects exist, as well as five parliaments except for the federal Parliament. The specific hierarchical structure of the Belgian federation provides for exclusive legislative and executive powers of federal subjects. The main arbiter in the conflicts resolution between authorities of different levels is the Constitutional Court of Belgium.

Another aspect of political relations and the transformation of Belgium’s political system is its party system. The changes inside this part of Belgian political life have significant impact on the whole transformation process. Changes of the Belgian party system during the studied period have demonstrated the important role of socio-political cleavages. In particular, these cleavages led to the separation of the party and electoral systems according to the language characteristics. The emergence of regional separate Flemish and Walloon parties exacerbated the existing contradictions between both these
Regions, which we can observe in numerous political crises. Overall, the entire period of changes can be called a history of controversy and compromises concerning the status of federal subjects at the level of inter-party struggle.

Modern events in Ukrainian politics have shown the weakness of the state, government institutions and political parties. Today, we observe the ongoing debates about the optimal model of Ukrainian political system. As examples we consider models of many democratic countries, one of which is the Kingdom of Belgium. The formation of the Belgian Federation underwent a difficult path of conflicts and compromises between Walloons and Flemings. Therefore, the only option to preserve the integrity of the country was its gradual rebuilding on a federal basis. Towards the federation the central government gradually passed to regional governments their rights and responsibilities. To assess the Belgian experience we should analyze the similarities and differences in development of Belgium and Ukraine.

In general, Belgium and Ukraine could be compared in such matters as: 1) economic imbalances; 2) cultural heterogeneity; 3) party-political regionalism; 4) tendencies of separatism; 5) the idea of federalization. In order to understand the experience of Belgium and give some conclusions for Ukraine we should consider all these aspects.

1. Economic imbalances

Since gaining independence in 1830, Belgium has been characterized by the heterogeneity of regional economic development. Disparities existed on the north-south axis. The wealthy, industrialized Wallonia for a long time ensured for Belgium the leading position in the world market of coal, steel and engineering industries. Instead, the Flanders region was an agricultural one. Because of the economic superiority Francophones dominated also in the political sphere, Walloon aristocracy often stressed secondary role and complete dependence of Flemish on the industrial south. After World War II
the situation radically changed in favour of the northern region. Skilful use of investment and introduction of scientific technologies facilitated the appearance of the high-tech information industry in Flanders. In addition, the North Sea and the availability of ports such as Antwerp, Ostende and Zeebrugge played an important role. The global trends of reducing the role of heavy industry in the economic development and the development specificity of Wallonia have reduced the share of the region in the Belgian economy. Since this time the economic and political dominance has passed into the hands of Flemings.

In Ukraine, the issue of economic development imbalances exists in its East-Western part. As a powerful industrial region in Soviet times, the eastern regions of Ukraine claimed the same status in independent Ukraine. With time, lack of funding and lack of development strategies caused the crisis. However, this does not prevent local elites from positioning themselves as an economically strong region that provides the west of the country with all necessary goods.

2. The cultural heterogeneity

Throughout its history the territory of modern Belgium was a part of different states: the Frankish state (5th–second half of the 9th century), Lorraine (second half of the 9th century–early 10th century), the Holy Roman Empire and a part of France. In Medieval Times there were independent duchies, counties and free cities. Later they expanded the power of the Dukes of Burgundy (15th century), the Habsburg Empire (1477-1516), Spain (1516-1713), Austria (18th century), Napoleonic France (until 1815), the Netherlands (Holland). In 1830 Belgium became an independent state, combining two nations – Walloons and Flemings. In 1920 a small territory with the German-speaking population was annexed as the compensation for the First World War.

The stumbling block both in Belgium and in Ukraine was the language issue. But the Belgians were able to find a way out of the
situation, initially much more complex than in Ukraine\(^1\). Bilingualism in Belgium did not appear immediately. In the period of the joint state with the Netherlands (up to 1830) the dominant position in the country was occupied by the Flemish, and only their language was official. However, immediately after independence, the “frenchification” of Belgium began. The only official language was French, while Flemings has always constituted the majority of the population. The Flemish language was quite distressed. In response to this situation in the 1840s the Flemish movement emerge. The Flemish language slowly got the same rights as French and became the second official language only in the middle of the 20th century. Furthermore, it should be noted that in the eastern part of the kingdom, inhabited by Germans, for a long period the policy of de-germanization was pursued. But today German has extensive rights in German speaking districts.

In Belgium the bilingualism is constitutionally enshrined. There is state support for both languages, as an attempt to integrate society. All paperwork at the state and municipal levels in Flanders is conducted in Flemish and in Wallonia – in French. In the Brussels Capital Region all the institutions are bilingual. A special “Brussels status” greatly reduces the possibility of language confrontation. This experience is extremely interesting for Ukraine. This means that bilingualism can be implemented on the regional (not federal) level – two official (not state) languages in the areas densely populated by different linguistic and ethnic groups. Among such regions in Ukraine are Sloboda, Donbas, Transcarpathia etc. The experience of solving language issues in eight Belgian municipalities, where the regime of so-called “linguistic benefits” was introduced is definitely worth studying. These municipalities geographically lie in Flanders, but have a significant minority (and sometimes majority) of francophones. Although the official language is Flemish, but francophones have the right to contact with the institutions, conduct official correspondence and receive documents in French\(^2\).

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\(^1\) Світ, який тріщить по швах (http://dunajclub.info/291).

\(^2\) Ibidem.
It is clear that Ukraine has nothing in common with Belgium either in history or in the principles of state-building or the language issue. Unlike Belgium, Ukraine is not a country that was formed by union of several lands with different ethnic populations. In Ukraine, we deal with an attempt to legislate bilingualism and constant pressure on the Ukrainian language and culture. Regional elites build the artificial division of society for permanent Ukrainian and Russian opposition.

3. Party-political regionalism

Belgian political parties are divided on the ethno-regional basis. This division led to the specifics of the party system. Now, in Belgium we can observe that the government cannot be formed for a long time after the election. But people do not vote for political leaders. They vote for political and economic programs, for ideologies. In Belgium we deal with the mechanism of separate vote. There are separate Walloon socialists and Flemish socialists, Walloon Christian democrats and Flemish Christian Democrats, etc. Parties compete with each other in their regions, and then winners from Flemish and Walloon sides through negotiations form a coalition in the federal parliament. The government has to include an equal number of Walloons and Flemings.

There is a difference in the views of party members on political process implementation. Flemish parties have expressed a desire to follow the process of regionalization. The initial requirement of linguistic and cultural nature that led to the formation of communities transformed into a new one, focused on the autonomy in the economic field. Francophone political parties challenged these claims, which provides for independent resolution of negative economic consequences, while Flanders enjoys more favourable social and economic position than the other two regions. Francophones also support the extension of the principle of interpersonal and interregional

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solidarity which Flanders widely enjoyed in the past. The basic requirements are relating to the partial or complete defederalization (regionalization), social support (family help and health insurance), taxes on individual and business incomes. Other requirements are relating to the juridical sphere and police.

Flemish parties, which are the most demanding on the issue of new powers sharing, support the formation of such an institutional model, which they represent as a “confederative”: a federal system that keeps in practice very broad autonomy for Regions and Communities and that deprives the federal centre of substantial part of his powers. Many Flemish parties also demand the formation of a new institutional framework in which the significance of Flanders and Wallonia would increase with the simultaneous reduction of powers of the federal centre, Brussels and the German-speaking Community.

The French-speaking part demonstrates commitment to the existing federal structure, due to the dominance of Belgian identity, economic motivations and preservation of the institutional contact with French-speaking minorities in Flanders. Francophone parties involved in the federalization of the state, basically seek to emphasize the importance of a federal approach. Realizing the irreversibility of the institutional dynamics of the process initiated by the Flemish political society, they do not want to take the “institutional pause”. Francophones confirm their desire to keep the federal centre powers in such areas as justice, social security, taxes, and to keep the legal guarantees for minorities (mainly linguistic privileges for

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4 Р.Ф. Туровский, Политическая регионалистика, Москва 2006, p. 343.
French-speaking regions of Brussels periphery). Moreover, the institutional evolution brings increasing clarity on the status of minorities. Discussion of this question focused on the issue of recognition of the Francophone population in Flanders as a linguistic minority. The Flemish categorically oppose this, fearing that such recognition would destroy the linguistic homogeneity of their region. From this follows the question whether once recognized as the minority, the French-speaking population of Flanders could question the primarily status of Dutch in the region? This is a complex issue that combines a subjective vision and goals that relate to the recognition of identity principles.

In Ukraine the situation is quite different. Unlike Belgian, Ukrainian political parties have not yet become powerful political entities that would be based on the real interests and needs of the overwhelming majority of the population. Political practice shows instead, that most of the parties are united around charismatic personalities to implement personal interests. It should be stressed that the current political system is based on the dominance of clans, parties and so-called political holdings, which build the mechanism of inter-clan agreements through the political system. As well the following fact must be admitted that almost none of the Ukrainian parties have put forward constructive, reasonable public ideas that could unite the nation and establish clear priorities for the state-building process.

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9 Van Dyck R., Regionalism, federalism and minority rights in Belgium (http://poli.vub.ac.be/publi/etni-3/ruthvandyck.htm).
4. Trends of separatism

Along with liberal federalist views, separatist sentiments have a significant impact on Belgian society. In particular, the popularity of Flemish separatists is considerable. Even Flemish liberal politicians put forward demands which include strengthening the autonomy of Flanders, the division of social security systems for Flanders and Wallonia, an autonomous organization of the transport system and express claims to the international airport of Brussels. In addition, supporters of Flanders independence refer to the right of peoples for self-determination and the fact that all the requirements for the existence of Flanders as independent state are democratic. According to the Constitution, Regions have the right to exercise limited foreign policy. The country is well integrated into the Benelux and the EU. One of the problems of Flemish independence is that it is inextricably linked with the issue of border demarcation. As long as Brussels is located in Flanders, its status determines the future of Flanders as the region of Dutch speaking inhabitants or the independent state.

In the Ukrainian case it is difficult to imagine the possibility of a long-term reform of the territorial system, like in Belgium. However, unlike Belgium, Ukraine being at the crossroads of geopolitical interests of Europe and Russia, can hardly count on the support of neighbours in the preservation of its territorial integrity. Modern problems of separatism only confirm this thesis.

5. The idea of federalization

Speaking about the federalization of Belgium, it should be noted that in this country such a political structure was build historically to preserve the statehood. After administrative reforms Belgium has a federal structure and consists of six federal subjects: three Regions – Flanders, Wallonia and Brussels – the Capital Region, and three Communities – Flemish, French and German-speaking. Each of them has its own government, official language and budget.
There is no historical basis for federalization in Ukraine. This idea was given for artificial division. Traditionally supporters of a federal form in Ukraine indicate that in many countries a federal territorial structure has existed for a long time, and it does not lead them to disintegration. In the Ukrainian case when the civil society is only beginning to emerge, we can say with a high degree of probability that the transformation into a federation will lead to the excessive concentration of power in regional elites instead of democratization of the state administration. In this case the central government will lose its influence on federal subjects.

A Ukrainian response to the processes in Belgium could be the trend towards regional autonomy within the unitary state. So, the federal form of the state in Ukraine, taking into account the objective weakness of the central government, economic crisis and political instability, will only contribute to the possibility of further disintegration of Ukraine. This is the difference between the federal and unitary state, where key decisions about the entire country belong to the central government. It is clear that in today’s realities the institutional structure in Ukraine cannot be just a copy of federal models such as, for example, in Belgium. New structures based on a flexible combination of the principles of federalism and territorial, national and cultural autonomy can be formed here. It could be self-governing regions, territories or lands.

The analysis of the outlined features of the political systems of Belgium and Ukraine allows us to formulate some recommendations for transformations of Ukraine’s political system. For Ukraine it is important not to repeat the mistakes of Belgium, with state authority system destabilization in the way of reforms of the key state institutions with the aim to eliminate the asymmetry in the system of inter-ethnic relations.

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11 О. Москалюк, Чи потрібна Україні федералізація? (http://blogi.korrespondent.net/blog/events/3350625/).
12 Бельгійський федералізм будувався десятиліттями терпіння й компромісів (http://www.radiosvoboda.org/content/article/25268732.html).
The enhancing of linguistic, ethnic, religious and ideological divisions endangered the existence of the key Belgian state institutions, questioned the essence of forming of the unified nation, the institutional mechanisms of political representation at the federal and regional levels, as well as the efficiency of the Belgian socio-economic model. Combination of these divisions played a decisive role in Belgium’s political system transformation, causing a significant number of political and economic crises and reforms caused by them, as well as promoting the implementation of the principle of regions’ linguistic and ethnic homogeneity and forming two separate regional parties and political systems. Regional disparities, imbalances in the relations between the centre and regions and consistent decentralization of the state led to formation of two distinct Dutch and French communities as well as Flemish and Walloon regional party systems. All these factors weakened the Belgian national political system. Moreover, if the Flemings were interested in weak Belgian state institutions based on ethno-linguistic and regional economic autonomy, the Walloon and Brussels elites favoured the preservation of the strong federal government that would guarantee the preservation of patronage relations between them and the French-speaking community, and support the subsidized status of these regions. Thus we have grounds to state that the Belgian experience shows that simultaneous influence of ethno-linguistic and territorial / regional cleavages leads to synergies and the strengthening of each cleavage, complicating thereby the possible solution of accumulated problems.

Preventing the deepening of socio-political divisions in the Ukrainian system of social relations is as follows. First, it is necessary to prevent the introduction of the principle of bilingualism, as this may cause the strengthening of the existing linguistic and ethnic division according to the Belgian scenario. Second, the stable functioning of the state depends on solving of religious conflicts that can be achieved through the dialogue between the leaders of Orthodox churches. Third, it is important to unify the historical memory of Ukrainian society, which would be enshrined in a unified interpretation of the concept of interpretation of Ukrainian state building.
during the early twentieth century and the liberation struggle during
the Second World War. Fourth, levelling of regional disparities in the
way of reforming the system of social relations between the centre
and the regions, and between the regions with the aim to eliminate
the division between the East and the West.

The progressive complexity of the mechanisms of development
and implementation of key political decisions in conditions of sharp-
ening contradictions between the Flemish and Walloon communities
led to the formation of intricate system of public institutions. A char-
acteristic feature of state reforms in Belgium since 1960 has been the
necessity of such reforms which preceded the sharp political crises.
However, each of these reforms caused the new deeper conflicts.
The federal Belgian state has institutionalized the contradictions
existing inside Belgian society and the political system but failed
to reduce or eliminate them. The factors that led to the Belgium
political system transformation prevented the complete articulation
and coordination of interests of ethno-linguistic communities. They
strengthened instead the division of society into separate ethnic and
regional segments. So, it should be stated that the analysis of the
possibility to use the Belgian experience concerning solving conflicts
between Flanders and Wallonia communities in the case of Ukraine
demonstrates the need for simultaneous integration of differences
and consideration of special interests of each party of the dialogue.

The reforming of Ukraine’s political system, following the Bel-
gian example threatens our country with similar consequences. The
basis of the Ukrainian political system should be a multi-identity
model, which means the integration of social networks at various
levels within the national political space. This model is based on
the mechanisms of inter-regional cooperation within all the levels
of government and administration, which should help to strength-
en the Ukrainian state. The key factor in this case is the ability of
Ukrainian society and the political elites to find a sustainable bal-
ance between the unitary structure, the process of decentralization
(political, economic) and ethno-cultural heterogeneity.
Final remarks

The similarity of Belgium and Ukraine can be characterized by such matters as economic imbalances; cultural heterogeneity; party-political regionalism; separatist tendencies; the idea of federalization. The usage of the Belgian experience of political transformations for Ukraine could cause the same problems. Therefore, it is important to prevent the deepening of socio-political divisions within the political system of Ukraine. This can be achieved by prevention of implementation of bilingualism; resolving of religious differences through dialogue between churches; unification of historical memory of Ukrainian society; levelling of regional development through the elimination of ethnic and regional division between the East and the West.

The Ukrainian political system and the specifics of socio-political relations should be based on the model of multi-identity, which involves the integration of the national political space. The ensuring of stable political development will promote inter-regional cooperation mechanisms at different levels of government and administration. The ability of Ukrainian society and political elites to ensure a sustainable balance between the unitary structure, the processes of decentralization and ethno-cultural heterogeneity become a crucial prerequisite for the success of political reforms.

The Ukrainian example of using the Belgian experience should be a trend towards the autonomy of administrative units within the unitary state. However, the introduction of a federal form of the territorial organization in Ukraine can cause the weakness of the central government, economic crisis and political instability and will create conditions for further disintegration of Ukraine.

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Abstract

This chapter analyses core trends in Ukraine’s domestic economic and social context and the shifts that are happening in the areas of economic reforms, decentralisation of power and society. While recognising the severity of the security situation and its negative impact on the national economy and welfare, the analysis offers some evidence that illustrates the dramatic structural changes occurring in both economy and social sphere. Combined with the deep shifts in the values and attitudes of Ukraine’s population, these emerging trends provide a basis for modest optimism about the future of Ukraine as an independent democratic state and open market economy.

Key words: Ukraine, economic crisis, conflict, decentralisation, competitiveness, society

Introduction

Since the end of 2013 Ukraine has been submerged in the biggest crisis of its modern history. The Revolution of Dignity in 2013-2014, which was prompted by the decision of then President Yanukovych
to dramatically change Ukraine’s geopolitical and geoeconomic path, led to the change of regime and election of the new pro-European President and Parliament. However, the domestic political crisis that weakened state institutions and deepened the economic crisis was exploited by Russia, which first annexed Ukraine’s Autonomous Republic of Crimea and then launched military aggression in parts of Donetsk and Lugansk oblasts in Eastern Ukraine. This external aggression led to dramatic loss of human lives, economic collapse and humanitarian crisis in Eastern Ukraine, and sent shock waves throughout the country as 1.4 million Ukrainians have fled the conflict zone and relocated to other regions of Ukraine.

Ukraine, which has faced at least three large-scale economic crises since becoming independent in 1991, is now facing a geopolitical, security, and economic crisis, and suffers from spatial disintegration, which requires fast and dramatic decisions in all spheres of social and economic life.

This chapter captures emerging evidence of the impact of the geopolitical crisis and Russia’s military aggression on the economy and society of Ukraine and on the continuity of its space fabric. It does not provide an insight into the external factors and the geopolitical context that shape the course of events. Instead, it focuses on the internal context and the way it is evolving – rapidly and continuously.

1. Economy – from passive to creative destruction

Ukraine’s path from a Soviet republic to a truly independent state was not simple and continues to be very challenging. Economically Ukraine scored the worst not only in relation to Central and Eastern European (CEE) countries, but also to many former republics of the Soviet Union, like Belarus, Kazakhstan or Georgia. From 1989 to 1998 inclusive Ukraine experienced the decline of GDP and as a result lost about 2/3 or its economic potential (compared to GDP in 1989). A period of relatively rapid growth from 1999 was interrupted by the global economic crisis in 2008. In 2004 Ukraine
reached only 65% of its 1989 GDP level. Sluggish recovery of 2010-2013 was followed by the most dramatic fall in national outcome caused by the military conflict and destruction of the significant share of Ukraine’s industrial capacities in Eastern Ukraine, which is currently controlled by pro-Russian terrorist organisations. Figure 1 below illustrates the trend of Ukraine’s GDP growth over the last decade.

![Figure 1. Dynamics of Ukrainian GDP, 2004-2015, % (previous year=100)](image)

Source: SSSU, 2015.

In 2015, according to preliminary estimations, Ukraine’s GDP declined by 11.5%, while for 2016 both the Government and international financial organisations foresee GDP growth at the level of 1-2% (SSSU 2015, EBRD 2015).

It should be noted, that Ukraine’s economy was traditionally dependent on very few resource intensive but low value added industries, such as ferrous metallurgy, chemical industry and extraction
industry. Until 2014 ferrous metallurgy represented a quarter of Ukrainian GDP and almost a third of Ukrainian exports. There was quite a strong correlation between the GDP growth rate and the dynamics of world steel prices. Given recent trends at the global steel markets, the decline of Ukraine’s industry is prompted not only by domestic factors, but also by declining demand from emerging economies whose growth dynamics have slowed down.

For years it was argued (Mykhnenko and Swain, 2010; Mrinska, 2012) that Ukraine was using its resources ineffectively, giving priority to energy – and material-intensive metallurgy, chemical industry, and mining. On the other hand, historically strong intellectual and technical potential was wasted and gradually lost, especially through the brain drain. With the demise of “heavy” sectors, there is an opportunity to redirect the attention of government policies and stimuli into new sectors, which could yield higher value added and consequently contribute to higher rates of economic growth.

Due to the ongoing military conflict in Eastern Ukraine and loss of industrial capacities in the annexed Autonomous Republic of Crimea Ukraine experienced a dramatic fall in industrial production – 25% in 2014 and 15.4% in 2015 (January-October). If taken separately, Donetsk and Lugansk oblasts – traditional industrial strongholds of Ukraine – experienced industrial output decline of 32% and 42% respectively. Negative effects for the entire national economy were either direct (through demolition of factories and infrastructure and illegal relocation of industrial capacities to Russia) or indirect (loss of market share in occupied Ukrainian territories and closure of Russian markers and markets of some CIS countries (Belarus, Kazakhstan).

According to the National Institute of Strategic Studies (December 2015), the annexation of the Autonomous Republic of Crimea cost the Ukrainian economy 1.4 trillion UAH (circa 56 billion USD) and additionally the Ukrainian Armed Forces have lost assets worth of 1.5 billion UAH (60 million USD). Loss of parts of Donetsk and Lugansk oblasts cost the economy 5 billion UAH (200 million USD) and the ongoing conflict and disintegration of space due to the collapse of infrastructure is causing more material losses each day. At
the same time, Ukraine continues to supply gas and electricity to occupied Eastern regions that on average costs 1 billion USD per season, without any compensation.\footnote{Supply of electricity to the Autonomous Republic of Crimea annexed by Russia has been disrupted since December 2015 due to the destruction of high voltage lines.}

However, the significant decline in traditional industries opened the way for relative growth in others. There are some indications that this growth could be transformed into absolute one, if ongoing structural transformations of the economy and governance system persist and sustain. There are some positive indications that the Government of Ukraine, as never before, is prepared to support the growth leaders and the industries/services sectors that are able to deliver the fastest growth rates in productivity and employment. And this support is not demonstrated via large subsidies, as it was the case for many years with Ukraine’s coal industry, but through deregulation, streamlining of standardisation and permit system, support in promotion at domestic markets and abroad. These sectors have already existing significant human capital and technical capacities, and opportunities to evolve into unique selling points in the short-term perspective, notably machinery building, ITC sector, software development, agrarian sector, transport services etc.

For example, Ukraine has 90,000 IT engineers, more than 1,000 IT service companies and 100 IT R&D centres. Ukraine’s software development and IT services generated 2.3 billion USD export volume in 2014, demonstrating double-digit growth over several years. The US market is the main destination with an estimated 80% volume of exported services. Combination of liberalization of the regulatory sphere, expansion of open data and growing demand for e-services (public and private) is fuelling domestic demand for IT products and services and growing demand for IT expertise (UADN 2015).

At the same time, Ukraine has great potential in the agrarian sector, which has been developing very dynamically for the last 10 years and in 2014 it was the only sector which demonstrated growth
It contributed 10.4% of GDP and 17% of employment in 2014. Despite absolute decline in export volume in 2014 (due to Russian sanctions that caused 74% decline in agrarian trade between the two countries) it is expanding dynamically into new markets of Asia and Africa. In the first quarter of 2015 the share of agrarian products and food in total export of goods reached 36.5% (comparing to 13% in Q1 2008) (Kramar 2015) and it was higher than export of metal and machinery combined, while in Q1 2008 it was 4.5 times lower. Ukraine is one of the world’s top producers of wheat, corn, sugar, and sunflower oil, which at the same time is expanding the share of higher value-added agrarian products in the overall volume. In 2014 the agrarian sector contributed 15 billion USD to national GVA comparing to 13.5 billion USD contributed by the industrial sector (Kramar 2015).

Figures 4 and 5 illustrate changes in the structure of national exports, which in 2014 shrunk by 13.5% and in January-September 2015 – by 30.9% (SSSU 2016).

Figure 4. Structure of Ukrainian export of commodities, January-November 2015

Source: SSSIU, 2016.
Geography of foreign trade experienced fundamental shifts with Russia accounting for only 17% of Ukrainian exports while export to the EU countries was equal to 33.8% (January-November 2015). There was a dramatic drop in trade between Ukraine and Russia as the result of sanctions imposed by both countries and direct boycotting of Russian goods, which became a massive trend among Ukrainian businesses and consumers. In 2013-2015, even before Russian introduced almost total ban on trade with Ukraine, the share of Russia in the total volume of Ukrainian export decreased by 70%. Simultaneously, as part of national strategy of energy independence Ukraine dramatically cut down its import of Russian gas, which for decades was the biggest item in Ukrainian import of commodities. In 2015 comparing to 2014 the volume of Russian gas purchased by Ukraine contracted by 2.3 times, which was due to dramatic cuts in the consumption and due to gradual re-orientation of Ukraine’s gas market – there was a two-fold increase of gas.
purchased from European suppliers who offer more competitive pricing and conditions.\(^2\)

In January-November 2015, according to the Ukraine State Statistics Service, Ukraine’s export decreased by 30.9% to 34.5 billion USD while import decreased by 31.2% to 34.3 billion USD. Faster contraction of imports means that the positive trade balance increased from 94.4 million USD in January-November 2014 to 249.5 million USD in January-November 2015 (SSSU 2016).

In 2015 inflation reached a record 43.3% (in 2014 it was at the level of 24.9%) and national currency Hryvnia lost 70% of its value against the US dollar in 2014-2015, which led to a dramatic decline in household incomes and their purchase power. In 2015 the most dramatic price increases were due to the liberalisation of tariffs for key utilities and bringing rates closer to full recovery levels. For example, the gas price was increased by 370%, the cost of hot water and heating increased by 78.4%, and the price of electricity – by 66.9%. All these changes are in line with the key covenants of Ukraine-IMF deal, which has secured systemic financial support of the Ukrainian Government by providing a loan equal to 17.5 billion USD. Ukraine’s ability to secure the IMF loan and re-negotiate the terms of repayment of its existing foreign debt (with 20% write off) was one of the major achievements of 2015 which allowed to avoid sovereign default and somehow reassure investors about the stability of Ukraine’s reform programme. The World Bank foresees that in 2016 inflation in Ukraine will reach 20%.

The macroeconomic crisis, destruction of many industrial enterprises and effects caused by the ban of Ukrainian products in Russia had dramatic effect on the Ukrainian banking sector, which over 2014-2015 saw 62 bank closures and dramatic decline in bank deposits (in 2014 deposits in US Dollars dropped by 40% and in Hryvnia – by 23%). Lending to businesses and population is practically non-existent and when on offer it has prohibiting high interest rates.

\(^2\) http://www.epravda.com.ua/publications/2015/12/31/574789/
To sum up, in the last two years the Ukrainian economy suffered from:

- Significant loss of industrial capacities;
- Decline in GDP, exports and employment;
- Loss of traditional export markets;
- Significant devaluation of the national currency;
- High rates of inflation and decline in consumer index; and
- Systemic banking crisis.

All these trends are very negative and demotivating, if looked at in separation from the context. The current destruction of large segments of national economy in fact potentially has crucial positive implications. For years experts argued that the Ukrainian economic system was ineffective, corrupt, dominated by loss-making state-owned enterprises, and resource-intensive giant industrial companies owned by a dozen of richest men (oligarchs). It was energy inefficient (according to the World Bank Ukraine’s consumption of energy per 1 USD of GDP is 2.5 times higher than in developed economies), unproductive (GDP per capita (PPP) in 2015 was 8,000 USD while in Germany it was 47,000 USD and in Poland – 26,400 USD) and undiversified (2/3 of the whole national product and exports were generated by 3 sectors). The banking system was inefficient with too many pocket banks, while energy consumption was huge and tariffs were considerably below recovery rates. Ukraine was losing billion dollars a year through corrupt actions, incomes diverted to third jurisdictions and the inefficient procurement system. According to Global Financial Integrity in 2004-2013 Ukraine lost 116.7 billion USD (on average 11.6 billion USD per year) through illicit financial flows – money diverted from official economy via elaborated financial schemes. It puts Ukraine on the 14th place among 142 countries (GFI 2015). Such outflows of the capital are not only illustration of the scale of corruption, which despite recent initiatives, remains rampant, but also signals the unfriendliness of business climate and the risk of losing assets to unfriendly takeovers and raiding attacks.³

³ During the years of Yanukovych presidency the scale of raiding attacks, often backed up or executed in the interest of his “family”, reached a dramatic scale
In 2015 Ukraine managed to start dramatic reforms. Many of them were driven by the enactment of the Association Agreement between the European Union and Ukraine (came into force in 2015) and the Deep and Comprehensive Free Trade Agreement (DCFTA) between the EU and Ukraine (came into force in 2016). These opened new European markets for Ukrainian producers of goods and services, on the condition that the standards and quality of the export complies with the European ones. This dramatic change in geopolitical and geoeconomic situation created both opportunities and challenges for the Ukrainian economy. Many companies, especially large state-owned enterprises or companies that used to work with the partners in CIS countries, are struggling to comply with the new requirements and experience declines and forced job cuts. Those who muster new rules of the game are experiencing dramatic growth and expansion (see for example UADN 2015).

Among successful reforms that have the greatest significance for deep restructuring of the Ukrainian economy are the following (the list is not complete):

**Procurement.** From being the most corrupt and ineffective public sphere it turns into a model reform with deep systemic effects for both public and private sectors. All public procurement procedures from 1 April 2016 are to be performed through the electronic procurement system PROZORRO (e-procurement platform) which provides equal access to supplying goods and services for all Ukrainian companies regardless of their size and location. Initial savings of budget resources during a pilot stage (April-December 2015) were equal to 20 million USD and potential savings in 2016 are estimated at the level of 2 billion USD. Simultaneously Ukraine became a member of WTO GPA agreement (the Agreement on Government Procurement) that opens for Ukrainian businesses public procurement markets of 45 countries.

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and forced many companies to restructure their corporate ownership so that the final beneficiaries could be well hidden and protected by legal jurisdictions of third countries with stronger rule of law.
**State debt.** In 2015 it was successfully restructured with 20% write-off of the total amount. Consistent implementation of the IMF structural programme and receipt of two first tranches of the IMF loan (the total amount is 17.5 billion) had a positive effect on macroeconomic stability. Other IFIs and donors followed with significant financial packages for different spheres (from gas purchases to the reform of social services).

**State-owned enterprises.** Ministry of Economic Development and Trade is leading a reform of about 3,500 state-owned companies. Inactive companies (circa 1300) are in the process of liquidation, top-100 working companies published their reports online and have to prepare audits, about 100 new CEOs were selected through competitive procedures (for the first time). Successful ongoing corporatisation and unbundling of several biggest state-owned companies contributes to reducing their losses and attracting interest of potential investors. The reform of Ukraftogas is the most symbolic as the company’s losses are responsible for 4.7% of GDP deficit. By liberalising Ukraine’s gas and oil markets and introducing international corporate governance standards it is expected that in 2016 Ukraftogas will be a loss-free company, which will have significant positive macroeconomic effect.

**Energy consumption** has decreased by 25% both through forced closure of industrial enterprises and changing consumer behaviour, that is more oriented towards energy and resource saving.

**Deregulation:** substantial decrease in the number of permits and licenses (30 types of business activities require licence instead of 57 in 2014), increase of electronically available business and administrative services, opening the registers of ownership rights. Despite significant progress Ukraine remains in the middle of the World Bank’s Doing Business Ranking – in 2016 it is on 83rd position (WB 2015).

**Infrastructure upgrade.** Through corporatisation of some state-owned infrastructure companies and introduction of new governance structures with competitive salaries for management and clear KPIs traditionally loss-making companies (sea ports, railways, post, etc) are on the trend of making profits. Decentralisation of
local infrastructure with simultaneous transfer of financial sources is driving upgrade of the most needed infrastructure, while change in the borrowing rules for local authorities opens alternative sources of financing.

**Banking sector reform.** Enhancement and enforcement of bank standards enabled dramatic cleanout of the Ukrainian banking system and closure of loopholes that were used for illegal channelling of funds abroad.

Overall Ukraine has achieved significant progress in some areas of economic reforms that initiated deep structural changes. “Enforced” reduction of the importance of traditional raw material and low value-added industrial sectors due to the demolition of industrial capacities and severance of traditional trade links is opening the way for new leaders of economic growth. These sectors are in need of higher qualified labour force and can provide greater input into national output while using significantly fewer resources and less energy. Balanced state support through deregulation and creating better business climate, rather than paying off large subsidies to individual companies, is proving to be effective. New cadres in the government, regulatory agencies and state-owned enterprises are also bringing new vision and new dynamics into promoting more diversified, productive and competitive sectors of the economy.

### 2. Civil society – awakening

Since 2013 Ukraine has seen not only great change of the economic model, but has also experienced dramatic “reloading” of the society. Traditionally paternalistic values are being significantly disrupted, while understanding of the need of proactive civil society for successful growth of economy, transparent and effective governance system, strong defence, competitive education, conscious use of energy and resources, reliable healthcare, transport and other spheres is growing (Mrinska 2015). Only 3 years ago Ukraine almost lacked any bridging social capital and its society relied purely on relations with the family and close circle of friends (bonding social capital).
Trust was limited to the same circle of close people while trust in public institutions was minimal (Mrinska 2012).

The Revolution of Dignity in 2013-14 prompted a great movement of people across the country – first to the capital city of Kyiv for mass protests, then to other regions of Ukraine, which were struggling to get rid of the old corrupt elites. In the situation when state institutions were either sabotaging reforms or were unable to change, the massive volunteering movement emerged across all the regions of Ukraine. From creating makeshift hospitals for the wounded, providing food and shelter, to enforcing order and providing education – new networks and self-organised groups emerged in hundreds. Trust in them also increased dramatically.

Later on, when Crimea was annexed by Russia and a military conflict erupted on Eastern territories even a greater movement of people happened. Around 1.4 million internally displaced people (IDMC 2015) have found new homes in other regions of Ukraine – further away from violence and looting. The volunteering movement have expanded into supporting inept army, police, and social services. In 2014 it was mostly volunteer organizations that supplied soldiers with ammunition, food and often with the equipment – from drones to planes and helicopters. It was mainly volunteers who were evacuating vulnerable people (orphans, disabled, elderly) from occupied territories and providing basic means for existence and shelter for refugees. Volunteer job centres, training centres, and children day care emerged across Ukraine. Currently they are being transformed into non-profit companies or charitable foundations with clear long-term set of goals and fundraising strategies. Crowdfunding is becoming popular: Ukrainian companies, NGOs, TV and radio channels are fundraising millions UAH either via international platforms (Indiegogo, Kickstarter) or Ukrainian platforms (Spilnokosht). In 2015 leaders of volunteering movement were being gradually integrated into state institutions and currently the Ministry of Defence, the Ministry of Social Policy and others are better equipped for executing their direct responsibilities.

Still, volunteering movement and donations remain high on the agenda of Ukrainians. According to the research by GfK for a UN of-
Office in Ukraine performed in November 2014, 23% of all Ukrainians are volunteering and 9% have started doing it in the previous 12 months (GFK, 2014). 74% of Ukrainians give to charity and 25% have started doing it only in the previous 12 months. It is high – and middle class and creative professionals who are most active – 53% of Ukrainian volunteers have higher education (comparing to 39% of the total sample).

Ukrainians mainly support Army Forces (70%), Maidan activists and their families (25%), and refugees from Crimea, Donetsk and Lugansk oblasts (23%). When disregarding the military and security-related activities, which are dominant in the current situation, other important areas of volunteering are support of vulnerable groups (aged, children, people with disabilities and severe medical problems) (28%) and regeneration of public spaces and environmental projects (25%). According to the more recent survey conducted by the Fund “Democratic Initiatives” and Razumkov Centre in November 2015, 13% of Ukrainians were volunteering, and were spending significantly more time on this than 2 years ago. Also 47% of Ukrainians were donating to charity (FDI 2016).

The great “mix” of people from across the country who came together and learned about each other in a way that was never possible before have prompted tectonic changes in the Ukrainian mentality, self-identification and patriotism. The relocation of large masses of people is conductive to a greater understanding of other people’s values, life priorities and generally contributes to greater tolerance. It also helps in destroying myths, some of which have been sustained for decades. At the same time, Ukrainians still do not trust governing elites and state institutions. After a brief boost in 2014 they are as always negative about the effectiveness of the Parliament (81%), the

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4 The research is based on 1000 telephone interviews across all regions of Ukraine except the temporarily occupied Autonomous Republic of Crimea, conducted in November 2014.

5 The sample comprised of 2009 individuals across all regions of Ukraine except the temporarily occupied Autonomous Republic of Crimea, conducted in November 2015.
President (69%), and the Government (84%) (Rating Group 2015). According to another sociological survey, 80% of Ukrainians do not trust courts.\(^6\) At the same time, the level of trust in the road police force which is in the process of dramatic reforms, is growing and is equal to the level of trust to church and charities.\(^7\)

There are still many problems in Ukrainian society that require dramatic changes in the attitudes, behaviour and trust. However critical shifts have happened and overall views and values of Ukrainians have moved from the post-Soviet paternalistic spectre to the European liberal free market and democratic values. Recognition of this dramatic change and its support by European counterparts is critical for Ukraine’s survival as a free and democratic state, in the situation of the military conflict with Russia and comprehensive assault on its economic and political freedoms (Snyder 2015).

3. Decentralisation – mobilizing space

Among the most dramatic changes that have happened in Ukraine over the last 2 years are spatial changes. First and foremost, it is the loss of the Autonomous Republic of Crimea which was annexed by Russia in February 2014, and the loss of certain parts of Donetsk and Lugansk oblasts of Ukraine in mid-2014 due to military aggression by Russia-supported separatist terrorist organisations, which formed the so called Donetsk and Lugansk People’s Republics. Overall Ukraine has lost 4% of its territory. According to conservative estimations, the military conflict in the East has led to the loss of 8,000 lives and has forced many families to leave their homes and migrate to other regions of Ukraine. In total at the end of 2015 Ukraine had 1.4 million of internally displaced people – mainly settled in Eastern and Central regions of Ukraine and in some Western

\(^6\) http://www.ukrinform.ua/rubric-society/1956455-sudam-doviraut-lise-8-bekeskina.html
\(^7\) http://espreso.tv/news/2015/10/06/ukrayinci_doviryayut_noviy_policyi_yak_cerkvi_opytuvannya
regions. There is a major humanitarian crisis and Ukrainian government and voluntary organisations, with the support from international organisations, are in the process of constructing housing for internally displaced people, upgrading infrastructure and creating jobs for new settlers.

While experiencing significant economic and social losses due to the territory disintegration Ukraine is on the firm path to decentralisation of powers from central government to regional and local authorities. This reform was long overdue and though intentions to implement it were proclaimed from the beginning of 2000s it is only in 2014 that the core legislation was adopted, budget approved and respective institutional changes were launched.

In 2014-2015 the parliament of Ukraine approved two crucial laws that enhanced the powers of the local self-governments and launched a territorial-administrative reform. Multiple but small local communities were given an opportunity to amalgamate into bigger and stronger (united) communities, receiving financial incentives and more powers which are in line with those of the cities of oblast significance (traditionally the most independent and wealthy territorial units in Ukraine) (Mrinska 2015). The number of basic territorial communities is set to decrease from 11.5 to 1.5 thousand. Between January and October 2015, 800 local communities amalgamated into 159 united communities, where local elections were organised at the end of October and new councils elected as per new territorial-administrative arrangement.

At the same time the Government and the Parliament approved amendments to the Tax and Budget Codes of Ukraine that increased fiscal autonomy of local authorities through reallocation of taxes to the local level and changing their rates. The fiscal decentralisation enacted in January 2015 is the backbone of the decentralisation reform, as it provides incentives for local leaders and communities to

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mobilise endogenous resources, which previously were underutilized. The first results of the fiscal reform are impressive. In 9 months of 2015 local budgets saw 40.7% increase in their incomes comparing to 9 months of 2014 – from 50.4 billion to 70.9 billion UAH (National Council of Reforms 2015). For the first time the incomes of local communities were bigger than their expenditures – by about 24 billion UAH (circa 1 billion USD). It is worth reminding that this growth is happening on the background of overall economic decline (see economic chapter above). The number of local budgets receiving subsidies decreased from 96% in 2014 to 74% in 2015 due to the shift of compensation mechanisms (from expenditure equalisation subsidies to income equalisation subsidies), when 50% of any additional income generated by localities is kept at the local level, thus enhancing the stimulus for finding new ways of generating incomes.

Despite successes in the fiscal sphere and deepening decentralisation in several other sectors of public services (roads, land use and spatial development, provision of administrative services, education, healthcare and police) there are big challenges related to unbalanced powers of local (reformed), sub-regional and regional (unreformed) authorities and lack of oversight over their legality (Tkachuk 2015). The delayed Constitutional reform, that should streamline 3-tier territorial arrangement, pave the way to liquidation of state administrations at regional and sub-regional tiers and creation of self-governments with powerful executive bodies at oblast and rayon levels, is badly needed. Also comprehensive national framework that would bring interests and priorities of all new united communities and regions under one roof is essential for preventing deepening divisive localism and concentration on addressing local problems while ignoring their impact on wider territories. With further delays of the constitutional reform the decentralisation will be limited to functional improvements that however do not enable proper balance of power and accountability of local and national government institutions. Creation of effective and cohesive multi-tier governance system will be further delayed.

The system of decision-making and institutional framework are essential fundamentals for effective development and implementa-
tion of all public policies. Their effectiveness is conductive to reforms that are necessary for integrating the changing socio-economic situation and demographic trends. The overregulated, non-transparent system with the insufficient capacities and skills generates multiple bottlenecks and challenges for the sustainable and dynamic development of rural areas and cities that corresponds to the needs of the economy and society. In the sphere of regional and local development central oversight and universal standards and requirements are essential, however it is the local level that is crucial for planning and implementing policies, as it is the closest to the ultimate users – private, communal, and commercial. Finding the right balance between localism and a unifying national governance framework that enables harmonious and dynamic development of all Ukrainian territories based on their potential and resources should be a priority for Ukrainian governing elites in order to avoid further spatial disintegration and loss of control over more territories of Ukraine.

**Final remarks**

Ukraine is undergoing dramatic changes in its economy, social sphere, society and territorial arrangement. Large-scale movements of people, businesses, material assets and financial flows across Ukraine are changing its socio-economic geography. This creates both opportunities and threats for future sustainable growth. Although it is too early to make any in-depth conclusions and build long-term trends, as most figures presented in this chapter might not be relevant in 2-5 years, it is essential to observe the key trends, and flag up the new patterns and models of economic and social collaboration, co-creation and opportunities for “creative disruptions”. All of these articulate Ukrainian society’s new demands for fundamental changes in the way the country is governed, its assets are created and distributed, its people are using the opportunities both domestically and in the wider context of the European continent and the world. This narrative has presented some constructive (rather than destructive) evidence of the development trends
that are shaping new economy, new society and new Ukrainian space.

External geopolitical factors fundamentally affect the course of development of Ukraine, which has lost significant share of its industrial capacity, suffered from large-scale currency devaluation, banking crisis, contraction of GDP, decline of export and growth of unemployment. Military aggression requires mobilisation of resources – financial, human and organisational – that otherwise could be used for dynamic and sustainable growth in peaceful sectors of economy and society. Some experts argue, that Ukraine “wasted” the peaceful period of its independence and was unable to push for dramatic economic and social reforms, to shift society’s values that were essential for surviving in the Soviet paternalistic centrally planned model to those which are necessary for thriving in the entrepreneurial and self-reliant model of development (Gorbulin 2015, Grytsak 2015, Mrinska 2012). However, fundamental political changes over the last 2 years have elevated societal demands for the models of statehood, economic and welfare system to the new quality level. Civic and entrepreneurial activism, volunteering, public control over state institutions and power elites – all these phenomena are on the rise and illustrate emerging qualitative changes in the society that are necessary for successful completion of transition process from the authoritarian post-Soviet centrally planned model to the truly democratic and open market model.

At the same time, the Ukrainian economy, though suffering from a severe systemic crisis, has finally entered the stage of “creative destruction”. The greatest losses are originating from old industries, which for many years were more of a burden than a motor of development. Physical demolition of industrial capacities in ferrous metallurgy, coal mining and basic chemical industry is forcing Ukraine to focus on other strength areas. Dynamic expansion of the agrarian sector (also the segments with higher value added), IT sector, transport infrastructure, some subsectors of machinery building, prompted by state regulatory support and promotion at international markets, are reshaping the structure of the national output and create demand for new quality of labour and material resources.
At the same time the attitudes to the Ukrainian space – its territory, regions and cities – are changing. For many years ignored and misunderstood, the country’s territory has acquired a new sense in the wake of the disintegration and losses of some areas due to the external aggressor. The authoritarian centralist model of spatial planning and governance, which was cultivated from the early days of Ukraine’s independence, has not survived the recent trials.

The great movements of people across the territory of Ukraine in the short period of time have opened new perspectives and contributed to dismantling certain myths about different regions of Ukraine. Driven by this greater knowledge and confidence in the unity of the Ukrainian nation and space, the government and its agencies are persistently implementing a decentralisation reform agenda, which spans from fiscal relations and land management, to building roads, administering primary healthcare and education. While facing some tremendous challenges, local communities, councils, civil society institutions, and businesses, are learning (by doing) how to manage the resources of their area, how to generate and invest them effectively in order to achieve higher level of competitiveness and greater welfare for local population. All these trends are very positive signs of the progressive movement of the Ukrainian state and society towards a new level of socio-economic development which is based on realistic assessment of the opportunities and threats and adequate mechanisms for their use or neutralization.

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Determinants of Socio-economic Development of Ukraine and Poland after the Autumn of Nations

Abstract

The article analyses key determinants of socio-economic development of Ukraine and Poland after the Autumn of Nations. Socio-economic development was defined through the prism of economic development and economic growth. The paper identifies the main differences in the assumptions of major economic schools and political thoughts concerning shaping socio-economic development. Next, the most important elements of social and economic transformation in Ukraine and Poland are analysed. This analysis concerns geo-political conditions in Central – Eastern Europe, main actors having influence on the course of political transformation and consequently on socio-economic development. The successes and failures of this transformation and the factors that have contributed to them are noted. The summary indicates similarities and differences in the process of socio-economic development in Ukraine and Poland.

Key words: Socio-economic development, Central and Eastern Europe, Autumn of Nations

Introduction

Analysing the determinants of socio-economic processes and the current geopolitical situation in Central – Eastern Europe it can be argued that about a quarter of a century ago opportunities for full sovereignty opened for nations living behind the “iron curtain”. The weakness of the Communist government in Moscow allowed the
countries of Central – Eastern Europe to take action leading to real independence. These opportunities are now blocked by the current rulers in Moscow. Of course, the process of blocking of the so-called post-communist countries has been going on all the time. But it has intensified since the strengthening of Vladimir Putin’s power. Some countries, such as Latvia, Lithuania and Estonia, have taken the greatest possible advantage of this chance. Others, like Ukraine, have decided too late to try to obtain full sovereignty. The processes of political transformation in the European post-communist countries after 1989 have taken many tracks, proceeded with varying intensity, and often took distinct directions in different countries. These processes pertained to all spheres of social and economic life.

The main objective of this article is to analyze the most important factors affecting socio-economic development of Ukraine and Poland after the Autumn of Nations. Specific objectives are focused on the identification and analysis of economic and social processes in Ukraine and Poland. In the first part of the article, the concept of socio-economic development is defined and its essence is presented. In the next two parts I analyze the most important determinants of economic and social transformation in Ukraine and Poland respectively. The summary presents the most important conclusions of the article.

1. The concept and essence of socio-economic development

Socio-economic development can be defined as the process of desired changes, both quantitative and qualitative ones, not only in the economic, but also in social, cultural, political, systemic, etc. sphere. A conditions necessary for socio-economic development is

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1 A. Miszczuk, K. Żuk, Samorząd terytorialny jako stymulator lokalnego i regionalnego rozwoju gospodarczego, [In:] A. Miszczuk, M. Miszczuk, K. Żuk, Gospodarka samorządu terytorialnego, Warszawa 2007, p. 161; L. Kupiec Jaki rozwój?, [In:] A. F. Bocian, Rozwój regionalny a rozwój zrównoważony, Białystok 2008, p. 22.
economic development, and a prerequisite for economic development is economic growth. Economic development covers a sphere of human activity which is connected with economy, that is production and distribution of goods and services. Economic development means change in production capacity, economic relations, production, structure and mechanism of functioning of the economy, consumption and the natural environment. The result of economic development is, therefore, the improvement of all its factors and an increase in the quantity and quality of goods and services satisfying specific needs. The most important components of economic development are the assets, the structure of the national economy, the mechanism of its functioning, quantity, quality and distribution of goods and services, and the condition of the natural environment.2

In turn, social development covers a “change of social relations, the structure of society, its preferences, social criteria and rules of conduct, behaviour patterns, attitudes and awareness aimed at improving co-existence and cooperation of people and their appropriate share of the effects of economic development”3. According to this author, the most important elements of social development are variety of scientific and cultural output, the quality and speed of its multiplication, the availability of the effects of economic development, changes in standards, attitudes and awareness of individuals and social groups. Social development is a process of multiplication of choice possibilities faced by every human being, achieved by enabling efficient operation and effective fulfilment of duties. Three factors play the most important role at all levels of this development: ensuring conditions for long and healthy life, full access to information and access to means enabling ensuring a decent standard of living.

A natural question arises about the determinants of socio-economic development. The majority of classical and neoclassical economic theories are based on the assumption of the self-regulation of the market. According to neoclassicists, economic growth is

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3 Ibidem, p. 360.
generated automatically by perfect competition and rationality in decision-making by economic operators. Neoclassicists also show that the intervention of institutional actors in economic processes is ineffective. Keynesian school proves, in turn, the effectiveness of state intervention in both the creation of economic growth and social policy. Without referring directly to classical and neoclassical theories or to Keynesian school it is worth paying attention to the fact that economic processes involve many non-economic institutions which regulate the economy market. It results from the fact that the market could not function by itself because it would annihilate the natural substance of society. The market needs public administration which will regulate it and only then it can become a driving force for socio-economic development\(^4\), and public administration should focus on creative, non-commanding methods. This means moving away from the classical understanding of administration (Weber’s bureaucratic model) dealing primarily with putting into force of the rules of law in the sphere of administration, which is an active participant of socio-economic processes. The basic role is played by so-called Strategic Management, defined as a continuous process of selecting targets and directions of development, and methods and ways of achieving them\(^5\).

One of the most important goals of political and economic transformations that took place in the countries of Central and Eastern Europe at the end of the last century was to increase socio-economic development of these countries. These changes, especially in terms of decentralisation of public administration, were characterised by a different scope and different dynamics. In this respect, Poland was a leader in Central – Eastern Europe. In no other country of this part of Europe was the process of decentralisation of public administration so advanced. Ukraine was another extreme example, where, in principle, instead of the process of decentralisation, the deconcentration of public administration occurred. In other countries of

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\(^5\) A. Miszczuk, K. Żuk, Samorząd ..., op. cit. p. 175.
the region, these processes had an intermediate nature, that is, they fluctuated between systemic solutions of Poland and Ukraine⁶.

2. Ukraine. Determinants of economic and social transformation

The process of transformation and restructuring of the Ukrainian economy can be divided into several stages. The first one overlapped the first years of independence. Due to the geopolitical situation of Ukraine during this period not much importance was given to economic issues in the public debate, it rather focused on the themes connected with independence. The geopolitical situation of Ukraine has been problematic to this day because there are dilemmas between the East and the West. The dilemmas whether to develop cooperation with the European Union (including becoming a member of the EU) and NATO, or to rely on the membership in the Common Economic Space and deepen ties with Russia?⁷

In the early nineties of the last century the main topic of discussion in Ukraine was the issue of building state institutions. Programs of social and economic policies were marginalised and did not contain virtually any specifics. The proposal to start real economic transformation did not win sufficient political support. This period was entirely lost as far as economic transformation is concerned. Social and economic policies were not driven by a clear strategy and were dominated by clans of oligarchs. Already at the beginning of the economic transformation oligarchic groups in Ukraine not only took over entire sectors of the economy including the media, but also increased their influence in political parties. Often the basic principle of existence of a particular political group was to represent

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the interests of oligarchs sponsoring it. Oligarchic groups supporting a given political party were guided solely by their economic interests and did not identify themselves with the views advocated by the political parties and politicians financed by them. In the case of a political configuration change, oligarchs usually communicated with the new authorities without any problems.

Ukraine experienced one of the most difficult economic changes among the post-communist states. In the years 1990 – 1999, real GDP fell by 60%, while in neighbouring countries, such as Poland and Hungary, the decline was not only smaller (respectively 14% and 18%) but also the economies of these countries entered a phase of economic growth and bounced back faster, because after 3-4 years. Even in Russia, which experienced a difficult transition period, in 1998 GDP was about 40% lower than GDP in 1990. The achievement of macroeconomic stability turned out to be extremely difficult in Ukraine, for example, inflation exceeded 10 thousand % in 1993 and remained at the level of several hundred percent until 1995. A certain success was the introduction in 1996 of a new currency, the hryvnia, but still GDP was falling until 1999. The standard of living of Ukrainians also deteriorated considerably.

The deteriorating economic and social situation forced oligarchs to accept more far-reaching measures aimed at marketisation of the economy. Prime Minister of Ukraine Viktor Yushchenko, appointed in 1999, tried to implement a reform program which provided the withdrawal of state intervention in the economy by means of subsidies, as well as an administrative reform and anti-corruption action. It focused on the introduction of equal competition conditions for businesses. The main activities focused on the reform of government administration, a fiscal reform, an energy reform, privatisation of large enterprises and anti-corruption activities. The completion of the program coincided with a significant improvement in macroeconomic indicators. In a large part, however, the good situation

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8 Ibidem.
9 K. Fedorowicz, Transformacja systemowa na Ukrainie, [In:] T. Wallas, Od totalityzmu do demokracji, Poznań 2003, p. 54.
was the result of temporary external phenomena. However, the favourable macroeconomic conditions were not taken advantage of to carry out deeper socio-economic reforms. This situation favoured the petrification of outdated structures and limited the pace of changes increasing the efficiency of enterprises and the entire socio-economic system.

Contrary to expectations, after the political events connected with the “Orange Revolution”, the situation did not improve. For some time Ukraine’s economy seemed stable. Economic growth continued, however, it was combined with stagnation in terms of institutional and social change. The fact that appropriate conditions for restructuring had not been created resulted in a devastating economic collapse, which was the effect of the global crisis which started in 2008. Despite the fact that the economic collapse was proof of the ineffectiveness of the policy of transformation, no major changes have occurred in this area. Stimuli for restructuring changes are still weak, and the necessary reforms are not implemented. This means that in many areas of the Ukrainian economy inefficient structures persist, and the entire economic system is characterised by low competitiveness and resilience to crisis situations.

Despite some positive elements of the oligarchic system (pluralism in the media and political life) still having a significant impact on socio-economic development, the overall impact of oligarchic groups on the process of transformation should be regarded as harmful. The monopolisation of key sectors of the economy restricts competition and negatively affects the investment propensity of both Ukrainian and foreign enterprises. The dependence of political forces on oligarchic groups means that in many cases the state authorities are not guided by national interests, but by the interests of oligarchic clans sponsoring them.

3. Poland. Determinants of economic and social transformation

Poland, like other countries of Central and Eastern Europe, which underwent economic transformation, experienced economic
slowdown in its initial period. This was true for all countries of Central and Eastern Europe – regardless of the prevailing economic conditions or the moment of the beginning of the transformation, or the way of the transition to the market economy.

In Poland, the program of systemic transformation aimed at fast reconstruction of the model of ownership in the country, a significant expansion of economic liberalism, that is replacing the “visible hand of the state”, the “invisible hand of the market” in so far as it was possible. At the same time fast privatisation was a target, later called a “shock therapy”. The program announced also de-monopolisation of the economy, elimination of rationing, elimination of the central distribution of raw materials, amendment of the bankruptcy legislation, reform of the banking system allowing the introduction of new banking entities, establishment of the stock exchange. The creation of the program, and its implementation took place under the supervision of the International Monetary Fund and the World Bank – organisations that financially supported the reform. In addition to changes in the ownership structure there were changes in the regulatory sphere. Despite the great optimism of the reformers and society’s positive attitude to the change, it was impossible to reach the level of the announced macroeconomic indicators. The expected fall in GDP by 3%, reached in fact 11%, to fall by further 7% in 1991. Industrial production fell by 25% instead of the planned 5%. Unemployment, which was supposed to be only temporarily fairly high and amount to 400 thousand people, actually affected more than one million people at the end of the first year of the plan, and in the next two years it got close to almost three million. The real wage level fell almost by 1/310.

The transformation carried out in Poland enabled the achievement of a systematic and relatively high economic growth rate. The transformational recession in Poland was short, and the subsequent growth was one of the most dynamic in comparison to other countries in the region. This enabled a significant improvement of the

Polish position among other countries implementing the transition process. It is worthwhile to confront changes in the Polish economy with the achievements of countries which have also undertaken the systemic transformation. Appropriate for comparison are the countries of Central and Eastern Europe, which in 2004 became members of the European Union, and also our eastern neighbours, Belarus and Ukraine. Initial conditions play an important role in a comparative analysis. In 1989 GDP per capita (purchasing power parity) in Poland amounted to 6101 doi\textsuperscript{11} and it was significantly lower than the average value for the whole region, which was at the level of 8611 doi. Poland was ahead of only Belarus with 4321 doi. (See Figure 23). In addition, the share of foreign debt in GDP (63.4\%) belonged to the highest in the region, and only Hungary (64\%) was before Poland\textsuperscript{12}.

The beginning of the transformation brought a transformational recession in all countries of the region. However, the moment of the greatest collapse occurred in a fairly wide interval, from 1991 (Poland) until 1999 (Ukraine). The most severe slump (GDP fell by 62.2\%) was recorded in Ukraine, the weakest (13.1\%) in the Czech Republic. Poland was just behind the Czech Republic with a GDP decline of 15.7\% compared with 1989\textsuperscript{13}. The results Poland achieved were significantly related to the determination accompanying the implementation of the reforms. Their basis was the Balcerowicz Plan, which clearly set the target shape of economy as the market economy.

\textsuperscript{11} International dollar, just like purchasing power parity, is a contractual currency used to express real GDP, eliminating the impact of differences in price levels among countries.


A path to reach it consisted of activities leading to privatisation, de-monopolisation, foreign trade liberalisation, currency convertibility and the reduction of the role of the state in the economy. These systemic changes were accompanied by the stabilisation activities, mainly related to the fight against inflation. And the radical methods, commonly called a shock therapy, were chosen consciously\(^{14}\). The direction given by the Deputy Prime Minister Balcerowicz in the autumn of 1989 was maintained by successive governments, sometimes in an atmosphere of criticism by their predecessors.

Poland was a pioneer of the systemic transformation and constantly remained at the forefront of reformers. Its economic growth was relatively stable and allowed to achieve favourable macroeconomic indicators. The social effects were definitely different, positively felt by economically privileged groups, and negatively by the masses of the unemployed and essential part of the peasantry and public sector employees. The latter groups, bearing the considerable cost of changes, were a source of discontent and criticism of the process of the thorough restructuring of the Polish economy. Accumulation of negative phenomena occurred in Silesia, in areas where state farms were located, and in underdeveloped north-eastern provinces, as well as in professional groups such as miners, railway workers, teachers, nurses, farmers and shipyard workers. Poland was the largest of the ten countries which in May 2004 became members of the European Union. Polish population exceeded the total number of residents of the other nine countries. However, in terms of socioeconomic indicators Poland definitely lagged behind.

Since the year of entry into the EU, despite the undisputed achievements after 1989, Poland has still faced serious challenges in the sphere of socio-economic development, its further opening to international cooperation and enhancing of competitiveness and, above all, the reduction of the unemployment level which inhibits progress in improving the living conditions of the population. Participation in the European Communities, in particular the use of

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the vast market and EU funds, is more likely to reduce the backward Polish, especially in relation to the countries of Western Europe. Participation in the European Communities, in particular the use of the vast market and EU funds, is more likely to reduce Poland’s backwardness, especially in relation to Western European countries.

**Final remarks**

In the process of economic transformation Poland was a leader in Central – Eastern Europe in terms of socio-economic development. In no other country of this part of Europe was the process of decentralisation of public administration so advanced. Ukraine was another extreme example, where, in principle, instead of the process of decentralisation, the deconcentration of public administration occurred in the process of political transformation, and consequently in the economic transformation. In other countries of the region, these processes had an intermediate nature, that is, they fluctuated between systemic solutions of Poland and Ukraine\(^\text{15}\). The success of decentralisation processes in Poland was determined by actions improving the functioning of the economy, restructuring public finances, creating conditions to reduce unemployment, encouraging investment conductive to export production and the development of infrastructure conductive to socio-economic development\(^\text{16}\).

In Ukraine, however, during the initial period of transformation the focus was on the issues of the political system and building of state institutions. On the other hand, programs of social and economic

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\(^\text{15}\) See more on this topic: P. Swianiewicz: *Poland and Ukraine: Contrasting Paths of Decentralisation and Territorial Reform*, „Local Government Studies” 2006/5, vol. 32, pp. 599–624

policies were marginalised and did not contain virtually any specifics. The proposal to start real economic transformation did not win sufficient political support, particularly among oligarchs. As a result, Ukrainian political elites did not use the opportunities arising from the weakness of the Russian Federation. They failed to carry out social and economic reforms after the “Orange Revolution”, and only after the events of “Euromaidan” the newly formed government declared its readiness to carry out comprehensive reforms in the field of social and economic policy, creating an appropriate ground for the formation of civil society in Ukraine. Currently, one of the biggest barriers to socio-economic development in Ukraine is the lack of elites originating in the democratic opposition (not related to oligarchs), which would took power and initiate reforms in all spheres of social and economic life, as it has happened in Poland.

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Socio-economic Transformations on the Polish-Ukrainian Border in the Years 2004-2014

Abstract

Borderlands and constituent border regions are particularly vulnerable to changes in international (interstate, transnational) relations compared to areas located within the country. In 2004 Poland became a member of the European Union. Thus, its border with Ukraine became the external border of the EU, substantially sealed as a result of the introduction of the visa regime and Poland accession to the Schengen Agreement. The aim of this article is to analyse and assess the socioeconomic changes which have taken place on the Polish-Ukrainian borderland since Polish accession to the European Union and to answer the question whether Polish integration with the EU has contributed to deepening of development disparities of areas located on both sides of the border.

Key words: border regions, regional development, crossborder cooperation

Introduction

Borderlands and constituent border regions are particularly vulnerable to changes in international (interstate, transnational)
relations compared to areas located within the country. Their specific attributes are:

– the geographical (geopolitical) location,

– the nature of the state border,

– differences in levels of development and the functioning of the economy of regions adjacent along the border (economic distance),

– the institutional distance associated with the competence inadequacy of neighbouring administrative regions and sub-regional units,

– differences in the state of development in relation to border regions of neighbouring countries,

– socio-cultural conditions connected with the functioning of national and ethnic minorities and stereotypes about the population of neighbouring border regions.

The Polish-Ukrainian borderland is relatively young as it was divided by the state border after World War II. Until the collapse of the USSR in 1991, this border had a closed nature, isolating areas on its both sides. In the socio-economic sphere it resulted in the occurrence of different trajectories of development, and thus different levels of development of the border areas. It was an important geopolitical event when the Polish-Ukrainian border became the external border of the EU in connection with Poland’s accession to this organization. This fact once again, after a period of relative openness in the years 1991-2003, contributed to raising the border barrier.

The article attempts to answer the question whether Polish integration with the EU has contributed to the deepening of development disparities of areas located on both sides of the border. In order

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to obtain the answer to this question an analysis of socio-economic changes was conducted, using official Polish and Ukrainian statistics for the years 2004 and 2014 for the relevant provinces (oblasts). The year 2004 was taken as the input year, because it was the year of Polish accession to the European Union. An important consequence of this event for the analyzed borderland was the resealing of the Polish-Ukrainian border. At the same time, this period for the Polish part of the cross-border areas was associated with the launch of large financial assistance from European funds, the value of which only within 3 programmes (the Regional Operational Programme, the provincial component of the Social Fund and the Development of Eastern Polish Programme) corresponded to 2.1% of their cumulative GDP in 2007-2013. The final turning point closes the 10-year period of Polish membership in the European Union, prompting to conducting first summaries of effects which the decade of Polish membership in the EU had on the shape and direction of development processes on the Polish-Ukrainian borderland.

1. Economic transformations

Contemporary development processes are characterized by considerable spatial polarization. They lead to the delineation of a clear division between the more developed areas (growth areas) and so-called stagnant (peripheral) ones characterized by weaker economic condition. In general, border areas are characterized by lower levels of economic development and competitiveness than centrally located areas. This confirms the thesis that the peripheral in the geographical sense translates into the peripheral in terms of socio-economic development, determining the accessibility of regions, the level of economic cooperation, the creation of networks, and the development of transport and communication infrastructure\(^2\). The area of the Polish-Ukrainian borderland belongs to the areas with a strong

\(^2\) A. Jakubowski, U. Bronisz, Granica Unii Europejskiej jako czynnik (dez)aktywizujący rozwój i konkurencyjność obszarów przygranicznych, [In:] A. Grynia
agricultural profile and underdeveloped industry sector. Due to significant structural backwardness, poor use of local assets (including infrastructure or innovation and technological potential) and low labour productivity, both Polish and Ukrainian parts of the borderland are among the least developed regions of both countries. The causes of the development backwardness of the Polish and Ukrainian border regions have, however, a much more complex, multidimensional character and deep historical roots, which is in part a consequence of the border location. The extremely tight Polish-Soviet border formed in 1945 and existing for almost half a century contributed to the formation and consolidation of the features of peripheral areas on the analyzed territories. Also, the current location of the Polish and Ukrainian border regions at the outer, relatively tight and hardly permeable external border of the EU makes us perceive the analyzed cross-border area as a periphery in the dual sense, i.e. both geographically and economically. Moreover, it should be borne in mind that in the first decade of the economic and political transformation Ukraine experienced a multi-faceted crisis which translated into a significant decline in the value of GDP. A direct result of the recession of the 90s of the twentieth century is the persistent considerable disparity in economic development between the Polish and Ukrainian parts of the borderland.

The value of gross domestic product (GDP) produced on the Polish-Ukrainian borderland in 2014 amounted to 37.4 billion euro. More than 86.1% of this value was produced in Lublin and Podkarpackie Provinces, 10.4% in Lviv Oblast, while only 3.5% in Volyn Oblast. These values show the disparity of both, that is Polish and Ukrainian parts of the borderland in terms of their economic potential. At the same time the fact should be borne in mind that the share of Lublin and Podkarpackie Provinces in Polish GDP amounted in 2014 to 3.9% (in both cases), which should be considered a relatively low result, especially in the context of their human potential amounting to approx. 5.5% of national resources in both provinces.
Table 1. Gross domestic product in 2004 and 2014

<table>
<thead>
<tr>
<th>Specification</th>
<th>GDP (in mln Euro)</th>
<th>GDP per capita (in Euro)</th>
</tr>
</thead>
<tbody>
<tr>
<td>POLAND</td>
<td>220152</td>
<td>411294*</td>
</tr>
<tr>
<td>Lublin Province</td>
<td>8931</td>
<td>16080*</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td>8791</td>
<td>16124*</td>
</tr>
<tr>
<td>UKRAINE</td>
<td>49689</td>
<td>84916</td>
</tr>
<tr>
<td>Lviv Oblast</td>
<td>2015</td>
<td>3902</td>
</tr>
<tr>
<td>Volyn Oblast</td>
<td>719</td>
<td>1295</td>
</tr>
</tbody>
</table>

Source: Calculations based on data from the Central Statistical Office and the State Statistics Committee of Ukraine. Data from the European Commission on the official exchange rate of the PLN and the UAH against the EUR (at the end of the year) were used for the calculations, available at: http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/index_en.cfm

* Preliminary estimates.

The situation is similar in the case of the two regions of Western Ukraine. The share of Lviv Oblast in Ukraine’s GDP was 4.6%, and of Volyn Oblast 1.5%, while their demographic potential amounted to respectively 5.6% and 2.3% of the population of Ukraine (Table 1).

In comparison to 2004 the share of the Ukrainian side in generating GDP of the Polish-Ukrainian cross-border area increased by 5.0 percentage points (from 8.9%). This means the relative growth of the importance of the economies of Lviv and Volyn regions in relation to the adjacent Polish provinces. The analysis of the data presented in Table 2 indicates, however, much more dynamic growth in the share of GDP generated by the Ukrainian side, which in 2013 reached 19.9% (that is twice as high as in 2004). A clear decrease in the value of this measure in 2014 was a consequence of the economic downturn in Ukraine (due to, among others, the political crisis and the outbreak of the armed conflict in the east of the country) and significant depreciation of the UAH against the EUR (as well as other world currencies).
Table 2. Gross domestic product in 2004-2014 (current prices, in mln euro).

<table>
<thead>
<tr>
<th>Specification</th>
<th>Lublin Province</th>
<th>Podkarpackie Province</th>
<th>Lviv Oblast</th>
<th>Volyn Oblast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>8931</td>
<td>8791</td>
<td>2015</td>
<td>719</td>
</tr>
<tr>
<td>2005</td>
<td>10099</td>
<td>10000</td>
<td>2891</td>
<td>1102</td>
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<tr>
<td>2006</td>
<td>10974</td>
<td>10951</td>
<td>3285</td>
<td>1175</td>
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<tr>
<td>2007</td>
<td>12948</td>
<td>12620</td>
<td>3742</td>
<td>1347</td>
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<tr>
<td>2008</td>
<td>13659</td>
<td>13346</td>
<td>4419</td>
<td>1590</td>
</tr>
<tr>
<td>2009</td>
<td>12791</td>
<td>12735</td>
<td>3006</td>
<td>1022</td>
</tr>
<tr>
<td>2010</td>
<td>13946</td>
<td>13724</td>
<td>3933</td>
<td>1363</td>
</tr>
<tr>
<td>2011</td>
<td>13584</td>
<td>13415</td>
<td>4929</td>
<td>1669</td>
</tr>
<tr>
<td>2012</td>
<td>15685</td>
<td>15354</td>
<td>5966</td>
<td>1926</td>
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<tr>
<td>2013</td>
<td>15673</td>
<td>15518</td>
<td>5829</td>
<td>1898</td>
</tr>
<tr>
<td>2014</td>
<td>16080*</td>
<td>16124*</td>
<td>3902</td>
<td>1295</td>
</tr>
</tbody>
</table>

Source: as in Table 1.
* Preliminary estimates.

Over the last decade the Polish-Ukrainian borderland regions were characterized by diverse development dynamics. The average annual estimated GDP growth (year on year) was 4.0% in Podkarpackie Province, 3.3% in Lublin province, compared to 4.0% on average in Poland. This means that Lublin Province showed a slight tendency to divergence, while Podkarpackie Province developed at a rate close to the national one. In Volyn Oblast in the years 2004-2014 the average annual GDP growth was almost twice as high as the national growth (3.7% vs. 1.9%), while in Lviv Oblast it amounted to 1.7%, which was close to the average for Ukraine.\(^3\) (Table 3).

\(^3\) In order to avoid the distortion of data on GDP growth due to exchange rate fluctuations, the data based on the index value expressed in current prices and in national currencies were adopted for the purposes of this analysis.
At this point it is worth noting that in the analyzed period Ukraine experienced two recessions. It happened for the first time in 2009, and the slump was the result of the global economic crisis, which this state experienced to a much greater extent than Poland. For the second time the recession hit Ukraine in 2014, which was in turn a consequence of the already mentioned turbulences on the political and security plane. Although the global economic crisis in 2009 led to a significant decline in the value of GDP in both Ukrainian border regions (respectively by 11.7% in Lviv Oblast and 14.0% in Volyn Oblast), in 2014 these provinces recorded a slight increase in the index despite the unfavourable economic situation in the country. It is also worth noting that after eliminating the year 2009 from the analysis (for both Polish and Ukrainian regions), the average annual GDP growth in all the regions concerned would have a higher and more congenial values, reaching 5.5% in Volyn Oblast, 4.3% in Podkarpackie Province (i.e. values higher than in the reference countries), 3.5% in Lublin Province and 3.1% in Lviv Oblast (i.e. less than in the reference countries).

However, the gross domestic product per capita (Table 1), which is one of the most common indicators comprehensively reflecting the level of economic development, was at the level which was significantly lower than the average values for Poland and Ukraine. In 2014 in Podkarpackie Province this indicator was at the level of 7576 euro, and 7472 euro in Lublin Province, which accounted for 70.9% and 69.9% of the national level, placing both regions on the last two places in the country. In the same year, GDP per capita in Lviv Oblast amounted to 1537 euro (which accounted for 77.8% of the national average), while in Volyn Oblast it was 1242 euro (i.e. 62.9% of the average for Ukraine). In this respect both units took respectively 13 and 22 positions out of 27 Ukrainian regions. In comparison to 2004, three border regions recorded a decline in GDP per capita in relation to the national average, and it ranged from of 0.9 percentage point in Lublin Province to 2.7 percentage points in Volyn Oblast. Only in Lviv Oblast an increase in the value of the analyzed indicator was recorded, although in this case (taking into account slower
<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>POLAND</td>
<td>105</td>
<td>103</td>
<td>106</td>
<td>103</td>
<td>106</td>
<td>103</td>
<td>107</td>
<td>102</td>
<td>103</td>
<td>107</td>
<td>103</td>
<td>105</td>
</tr>
<tr>
<td>Lublin Province</td>
<td>102</td>
<td>101</td>
<td>104</td>
<td>101</td>
<td>104</td>
<td>101</td>
<td>103</td>
<td>100</td>
<td>101</td>
<td>103</td>
<td>102</td>
<td>101</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>105</td>
<td>100</td>
<td>101</td>
<td>103</td>
<td>102</td>
<td>101</td>
</tr>
<tr>
<td>UKRAINE</td>
<td>112</td>
<td>102</td>
<td>107</td>
<td>107</td>
<td>107</td>
<td>107</td>
<td>107</td>
<td>107</td>
<td>102</td>
<td>105</td>
<td>107</td>
<td>101</td>
</tr>
<tr>
<td>Lviv Oblast</td>
<td>105</td>
<td>98</td>
<td>108</td>
<td>108</td>
<td>105</td>
<td>100</td>
<td>102</td>
<td>102</td>
<td>103</td>
<td>103</td>
<td>102</td>
<td>101</td>
</tr>
<tr>
<td>Volyn Oblast</td>
<td>119</td>
<td>103</td>
<td>103</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
<td>112</td>
</tr>
</tbody>
</table>

Source: Data of CSO and the State Statistics Committee of Ukraine. In current prices and national currencies.
growth of nominal GDP than in other regions) it was influenced by changes in the population potential of the region (Table 4).

Table 4. Gross domestic product per capita in 2004-2014 (in euro)

<table>
<thead>
<tr>
<th>Specification</th>
<th>Lublin Province</th>
<th>Podkarpackie Province</th>
<th>Lviv Oblast</th>
<th>Volyn Oblast</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>4082</td>
<td>4191</td>
<td>777</td>
<td>687</td>
</tr>
<tr>
<td>2005</td>
<td>4628</td>
<td>4767</td>
<td>1119</td>
<td>1057</td>
</tr>
<tr>
<td>2006</td>
<td>5045</td>
<td>5222</td>
<td>1277</td>
<td>1131</td>
</tr>
<tr>
<td>2007</td>
<td>5969</td>
<td>6017</td>
<td>1460</td>
<td>1299</td>
</tr>
<tr>
<td>2008</td>
<td>6314</td>
<td>6364</td>
<td>1729</td>
<td>1535</td>
</tr>
<tr>
<td>2009</td>
<td>5850</td>
<td>5994</td>
<td>1178</td>
<td>986</td>
</tr>
<tr>
<td>2010</td>
<td>6392</td>
<td>6452</td>
<td>1544</td>
<td>1314</td>
</tr>
<tr>
<td>2011</td>
<td>6246</td>
<td>6305</td>
<td>1939</td>
<td>1608</td>
</tr>
<tr>
<td>2012</td>
<td>7233</td>
<td>7212</td>
<td>2348</td>
<td>1853</td>
</tr>
<tr>
<td>2013</td>
<td>7254</td>
<td>7290</td>
<td>2295</td>
<td>1824</td>
</tr>
<tr>
<td>2014</td>
<td>7472*</td>
<td>7576*</td>
<td>1537</td>
<td>1242</td>
</tr>
</tbody>
</table>

Source: as in Table 1.
* Preliminary estimates.

In the analyzed period there were also apparent transformations in the structure of the creation of Gross Value Added (GVA) by sectors of the economy, and they were more pronounced on the Ukrainian side of the borderland. The analysis of the data presented in Table 5 shows, first of all, a clear decline in the importance of the agricultural sector. Although it still constitutes a significant part of the economy of both Ukrainian regions, its share in the case of Lviv Oblast dropped almost twice (from 15.6% to 8.6%), while in the case of Volyn Oblast by almost a third (from 22.4% to 16.3%). At the same time in all the regions (except for Lviv Oblast) during the analyzed decade the importance of the industrial sector grew.
In 2014 the share of industry in the creation of GVA was the highest in Podkarpackie Province (where it amounted to 29.3%), in Lublin Province it was at the level of 20.9%, in Lviv Oblast 17.8%, while in Volyn Oblast the industrial sector accounted for 14.4% of GVA.

Taking into account low productivity in the agricultural sector and high in the industry, these transformations should be considered desirable. Still, the structure of gross value added in the border regions was less favourable than in the reference countries. Despite the fact that the importance of agriculture in the economic structure of the border regions decreases, in the case of Lviv Oblast and Lublin Province its share in 2014 was almost twice as high as the average in Ukraine and Poland. At the same time the importance of industry was clearly less significant in the economic structure of all the border regions (except Podkarpackie Province).

Services had the largest share in the economy of the border regions, accounting for the generation of 71.0% of gross value added in Lviv Oblast, 66.9% in Volyn Oblast, 65.8% in Lublin Province, and 61.2% in Podkarpackie Province. While during the analysed decade in both Polish provinces a decline in the share of this sector was recorded, in Volyn Oblast it grew by 7.8 percentage points, and in Lviv Oblast by 12.5 percentage points. It is worth noting an increase in the share of the construction sector on the Polish side of the borderland, which should be associated with infrastructure projects implemented with the support of European funds. At the same time, the share of this sector in the Ukrainian regions decreased more than twice.

The above structure of the economy of the Polish-Ukrainian borderland regions finds its reflection in the labour market (Table 6). Both in 2004 and 2014 people working in the service sector constituted the largest group. At the end of the analysed period, their share on the Polish side exceeded 50%, while on the Ukrainian side – 60%. In addition, what should be also highlighted in the structure of employment by economic sector is a relatively small share of employment in industry (except Podkarpackie Province), and a relatively high share of employment in agriculture, which is associated with the already mentioned structural features of the economies of
Table 5. The structure of the creation of gross value added by economic sectors in 2004 and 2013

<table>
<thead>
<tr>
<th>Specification</th>
<th>Total</th>
<th>Agriculture, forestry, hunting and fisheries</th>
<th>Industry</th>
<th>Construction</th>
<th>Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lublin Province</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100.0</td>
<td>8.4</td>
<td>19.9</td>
<td>5.7</td>
<td>66.0</td>
</tr>
<tr>
<td>2013</td>
<td>100.0</td>
<td>6.1</td>
<td>20.9</td>
<td>7.2</td>
<td>65.8</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100.0</td>
<td>2.0</td>
<td>28.6</td>
<td>5.5</td>
<td>63.9</td>
</tr>
<tr>
<td>2013</td>
<td>100.0</td>
<td>1.9</td>
<td>29.3</td>
<td>7.6</td>
<td>61.2</td>
</tr>
<tr>
<td>Lviv Oblast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100.0</td>
<td>15.6</td>
<td>20.5</td>
<td>5.4</td>
<td>58.5</td>
</tr>
<tr>
<td>2013</td>
<td>100.0</td>
<td>8.6</td>
<td>17.8</td>
<td>2.6</td>
<td>71.0</td>
</tr>
<tr>
<td>Volyn Oblast</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2004</td>
<td>100.0</td>
<td>22.4</td>
<td>13.4</td>
<td>5.0</td>
<td>59.1</td>
</tr>
<tr>
<td>2013</td>
<td>100.0</td>
<td>16.3</td>
<td>14.4</td>
<td>2.4</td>
<td>66.9</td>
</tr>
</tbody>
</table>

Source: Own calculation on the basis of data of CSO and the State Statistics Committee of Ukraine.

the analysed border regions. Taking into account the low level of productivity in the latter sector, much higher percentage of people working in agriculture than its share in the structure of the creation of gross value added becomes understandable. This fact, together with a considerable fragmentation of farms characteristic for the Polish-Ukrainian borderland also shows the persistence of so-called hidden unemployment in the countryside in the analyzed area, and this phenomenon is equally applicable to the Polish and Ukrainian parts of the borderland. In the last ten years, however, there was a significant reduction in the share of people working in agriculture
Table 6. Labour market in 2003 and 2014

<table>
<thead>
<tr>
<th>Specification</th>
<th>The employed</th>
<th>The unemployment rate according to LFS*</th>
<th>The average monthly gross salary in euro</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>including by sector:</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>agriculture, forestry, hunting and fisheries</td>
<td>industry and construction</td>
</tr>
<tr>
<td></td>
<td></td>
<td>%</td>
<td></td>
</tr>
<tr>
<td>Lublin Province</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>896</td>
<td>37.5</td>
<td>18.8</td>
</tr>
<tr>
<td>2014</td>
<td>988</td>
<td>23.3</td>
<td>23.3</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>735</td>
<td>30.3</td>
<td>27.1</td>
</tr>
<tr>
<td>2014</td>
<td>777</td>
<td>16.2</td>
<td>31.1</td>
</tr>
<tr>
<td>Lviv Oblast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>1142</td>
<td>24.3</td>
<td>23.7</td>
</tr>
<tr>
<td>2014</td>
<td>1038</td>
<td>18.2</td>
<td>21.4</td>
</tr>
<tr>
<td>Volyn Oblast</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2003</td>
<td>440</td>
<td>26.4</td>
<td>15.2</td>
</tr>
<tr>
<td>2014</td>
<td>411</td>
<td>23.4</td>
<td>15.6</td>
</tr>
</tbody>
</table>

Source: as in Table 5.
* For the Ukrainian side in relation to the economically active population aged 15-70, the Polish side – 15-65 years of age.
in all the units, with a simultaneous increase in the share of people working in other sectors.

With the exception of Lviv Oblast (8.6%), in all the border regions the unemployment rate remained at the level higher than the average (according to the methodology of the International Labour Organisation), which in 2014 amounted to 14.0% in Podkarpackie Province and 9.9% in Lublin Province (compared to 9.0% in Poland), and 9.9% in Volyn Oblast (compared to 9.3% in Ukraine). At the same time its pronounced decline was recorded in each of the analysed regions, ranging from the level of 0.9 percentage points in Volyn Oblast to 6.1 percentage points in Lublin Province. The last determinant defining the condition of the economy subjected to analysis in this study is the level of wages. The average monthly gross salary in Volyn Oblast in 2014 amounted to 145 euro, while in Lviv Oblast to 158 euro, representing respectively 78.2% and 81.1% of the average salary in Ukraine. The average salary in both Polish border regions was lower than the national level, although several times higher than in the Ukrainian part of the cross-border area. In 2014 it amounted to 862 euro in Lublin Province and 816 euro in Podkarpackie Province, i.e. respectively 90.0% and 85.2% of the average for Poland. Although in the years 2004-2014 the average monthly gross salary in the Polish part of the cross-border area doubled, while in both Ukrainian regions it increased almost threefold, there still remains a considerable, several times disproportion in this regard.

2. Social transformations

Social transformations and above all demographic ones exhibit significant correlation with economic changes. On the one hand, the economic situation indirectly affects the development processes in the demographic sphere, thus determining migration decisions and, to some extent, reproductive decisions of the population, on the other hand, the demographic sphere should be considered one of the primary determinants of economic growth, which translates, for instance, into the shaping of demand for goods and services, as
well as significantly influences the situation on the labour market, especially on the supply side.

At the turn of 2014 and 2015 the area of the Polish-Ukrainian borderland was inhabited by 7 million 861 thousand people; 4 million 280 thousand people (54.4% of the total) on the Polish side, 3 million 581 thousand people on the Ukrainian side. The value of the index of population density reflects wide variation in population distribution. Both southern regions, i.e. Podkarpackie Province (with the average of 119 persons per 1 km²) and Lviv Oblast (116 persons per 1 km²) were more densely populated and the latter region was one of the most densely populated in Ukraine. A much lower value of the indicator was characteristic for the northern part of the cross border area, covering Lublin Province and Volyn Oblast (Table 7).

Rural areas, inhabited by 3 million 891.8 thousand people, cover the majority of the surface of the Polish-Ukrainian borderland. This area is characterized by the relatively low level of urbanization, reaching the level of 50.5%. This means that approximately the same number of people lived in cities as in rural areas (Table 7). The highest percentage of urban population was characteristic for Lviv Oblast, it also slightly predominated in Volyn Oblast, while in the case of the Polish part residents of rural areas constituted the majority. At the same time in each of the analysed regions the value of the urbanization rate was at a level significantly lower than in the reference countries, which in Ukraine amounted to 69.0%, while in Poland to 60.4%. At the same time the urban network of the Polish-Ukrainian cross-border area can be described as poorly developed. Small and medium-sized centres predominate here, while large cities are relatively scarce. This is of significant economic importance, because in the modern economy the key role is played by large cities, in particular metropolitan ones, which are centres of concentration of intellectual, economic and technological capital, which are innovation centres, and therefore they significantly contribute to the acceleration of economic development⁴.

---

Table 7. Characteristics of the demographic situation on the Polish-Ukrainian borderland in 2004 and 2014

<table>
<thead>
<tr>
<th>Specification</th>
<th>Polish part</th>
<th>Ukrainian part</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lublin Province</td>
<td>Podkarpackie Province</td>
</tr>
<tr>
<td>Population (in thousands)</td>
<td>2004</td>
<td>2185.2</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>2147.7</td>
</tr>
<tr>
<td>Total population change (2004 = 100)</td>
<td></td>
<td>98.3</td>
</tr>
<tr>
<td>Population per 1 km²</td>
<td>2004</td>
<td>87</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>85</td>
</tr>
<tr>
<td>Urbanization ratio</td>
<td>2004</td>
<td>46.7</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>46.2</td>
</tr>
<tr>
<td>Young people share</td>
<td>2004</td>
<td>16.9</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>14.8</td>
</tr>
<tr>
<td>Old-age dependency ratio</td>
<td>2004</td>
<td>20.7</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>22.9</td>
</tr>
<tr>
<td>Birth rate ()</td>
<td>2004</td>
<td>-0.8*</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>-1.1</td>
</tr>
<tr>
<td>Average annual birth rate in 2004-2014 (‰)</td>
<td></td>
<td>-0.7</td>
</tr>
<tr>
<td>Net migration rate (‰)</td>
<td>2004</td>
<td>-2.0</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>-1.0</td>
</tr>
<tr>
<td>Average annual net migration rate in 2004-2014 (‰)</td>
<td></td>
<td>-2.4</td>
</tr>
<tr>
<td>Total population growth (‰)</td>
<td>2004</td>
<td>-2.8</td>
</tr>
<tr>
<td></td>
<td>2014</td>
<td>-3.9</td>
</tr>
<tr>
<td>Average annual total population growth in 2004-2014 (‰)</td>
<td></td>
<td>-1.8</td>
</tr>
</tbody>
</table>

Source: as in Table 5.
* Data for 2005
In the years 2004-2014 the population of the analyzed cross-border area decreased by 36.7 thousand people, that is by 0.5%. Thus, the Polish-Ukrainian borderland should be classified as depopulation areas. However, the scale and dynamics of changes in the state of the population proceeded with varying intensity in different administrative units of the regional level, their cause were also varied. The largest decrease in the population was recorded in Lublin province (-1.7%) and in Lviv Oblast (-1.2%), while the only region in which population growth was recorded was Podkarpackie Province (1.5%).

The dynamics of changes in the population state is determined by two aspects – the natural movement of the population and migration processes. Over the last decade in the majority of the borderland regions a gradual increase in the birth rate was recorded (Lublin Province was an exception), which, together with a fall in the death rate resulted – after several years of decrease – in the population growth in Volyn Oblast and Podkarpackie Province in recent years. The improvement of natural movement indicators was also visible in Lviv Oblast and in Lublin Province, although so far a surplus of births over deaths has not been observed in them.

Migration processes have an equally significant impact on the situation of the borderland population. They directly affect the change in the number and structure of the population, and indirectly the shaping of the natural movement. They depend on a number of “pulling” factors, that is the broadly understood attractiveness of the area and “pushing” factors, connected mainly with difficulties on the labour market. Large urban centres and their surroundings predominate among the inflow areas, while the outflow of residents can be seen in peripheral areas and those which lag behind in economic terms. Thus, migrations can be regarded as a kind of litmus paper which makes it possible to assess the economic situation in the given area.

For years Lublin and Podkarpackie Provinces have belonged to those regions which are characterized by the largest outflow of the population. In the years 2004-2014 92.4 thousand people left Lublin Province to settle down permanently in other Polish provinces.
(primarily Mazowieckie) and the net migration amounted to – 53.0 thousand people. The scale of migration in Podkarpackie Province was slightly lower, though also here in the last decade a negative balance in the amount of – 22.0 thousand people was recorded. Both Ukrainian border regions were characterized by a slightly more balanced scale of migration processes. In the case of Lviv Oblast net migration amounted to – 12.1 thousand, while in the case of Volyn Oblast to – 4.8 thousand people. This means that the regions of the Polish-Ukrainian cross-border area generally have an outflow character, although the negative interregional net migration rate translates to a large extent into the results of the actual movement of the population only on the Polish side of the border. At the same time referring to data on the natural movement and net migration rate of the population it is worth noting that in the period 2004-2014 a number of negative trends on the Ukrainian side of the borderland slowed down, and in some respects the situation indeed improved when compared to the previous decade.\footnote{Cf. M. Flaga, Procesy demograficzne oraz ich uwarunkowania w zachodnich obwodach Ukrainy w okresie przemian ustrojowych, Lublin 2006.}

The course of the above processes greatly affects the age structure of the population. In this context, the process of population aging, when the share of younger people decreases and the share of older people increases, should be considered a problem of particular importance. It should be emphasized that this is a trend common across Europe, which acquires, however, certain characteristic features in the areas suffering from depopulation, to which – as a whole – the analysed region should be included.

Negative trends in the age structure of the population are reflected in the analysis of the young people share calculated as a share of population of pre-working age (0-14 years) in relation to the total population. In the last decade a decline in the value of this ratio was recorded in all the analysed regions, except for Volyn Oblast (Table 7). The analysis of the old-age dependency ratio, calculated as the ratio of the number of people of post-working age to the number of people of working age, confirms the population ageing process on
the Polish side of the borderland. It should be noted, however, that although in the case of the Ukrainian part of the borderland the value of this indicator decreased, its decline was mainly caused by a significant increase in the number of working-age population. In summary we can say that although it is true that in the age structure of the population of the borderland we can see some gradual decrease in the pre-working age population (0-14 years) and increase in the working age (15-64 years) and post-working age population (65 and over), these changes are not yet alarming. At the same time the analysis of the mentioned indicators lets us to conclude that Volyn Oblast and Podkarpackie Province are characterized by the most favourable (i.e. the youngest) age structure of the population, and the problem of aging society is currently the most visible in Lublin province.

Apart from the changes in the natural movement of the population, an increase in average life expectancy has the greatest impact on the process of population aging, and the indicator can be also considered a valuable measure of the level of social development and the quality of life. In 2014 the average life expectancy at birth in Podkarpackie region was the highest in Poland, amounting to 75.1 years for men and almost 82.8 years for women. This index has a slightly lower value in the case of Lublin Province residents, amounting respectively to 73.2 and 82.2 years. In this regard, in recent years there has also been a significant progress on the Ukrainian side of the borderland. Although the average life expectancy in Ukraine is the lowest among European countries, at the end of 2014 in Lviv Oblast it was higher than the national average and amounted to 73.1 years (68.2 for men and 77.9 for women).

**Final remarks**

On the basis of the presented analyses it can be stated unequivocally that in the years 2004-2014 the peripheral economic situation of the four regions forming the Polish-Ukrainian borderland was not overcome. The matrix of development disparities, measured by the
difference in GDP per capita (Table 8) will be helpful for finding the answer to the question posed in the introduction, that is whether the Polish integration with the EU contributed to deepening or alleviation of development disparities of the areas located on both sides of the state border. This analysis shows that in the period 2004-2014 there was a slight reduction of the development gap between the two Polish regions and Lviv Oblast but the development gap between the Polish side of the borderland and Volyn Oblast was sustained. The analysis of other indicators presented in this paper also reflects this conclusion.

Table 8. The matrix of development disparities in 2004 and 2014.*

<table>
<thead>
<tr>
<th>Specification</th>
<th>Lviv Oblast</th>
<th>Volyn Oblast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lublin Province</td>
<td>5.3</td>
<td>4.9</td>
</tr>
<tr>
<td>Podkarpackie Province</td>
<td>5.4</td>
<td>4.9</td>
</tr>
</tbody>
</table>

* The development disparity was calculated as the ratio of GDP per capita of Polish and Ukrainian regions.

Undertaking an attempt to conduct a comprehensive assessment of socio-economic transformations on the area of the Polish-Ukrainian borderland it should be borne in mind that they were taking place in the conditions of the existence of the EU external border which is characterized by a high level of tightness and low permeability, which resulted in limited development opportunities of the analysed border areas. Secondly, the process of Polish integration with the EU was not accompanied by the rapprochement of Ukraine with European structures, which besides the obvious consequences in the political sphere had also specific implications of the economic and financial nature. First of all, the economic development of enterprises from Eastern Poland was driven, among others, by the access to the world’s largest European market and the removal of barriers in foreign trade with EU countries, while
Ukraine was deprived of such preference. Secondly, during this period, both public and private entities operating in the Polish border regions had at their disposal substantial aid funds from the EU, from which Ukrainian regions could not benefit. In addition, the development of the regions located on both sides of the border was deprived of, besides the Cross-Border Cooperation Poland- Belarus-Ukraine Programme, instruments for the coordination and linkage of investment efforts on both sides of the border. At the same time it should be borne in mind that in 2014 Ukraine experienced a multi-faceted political and economic crisis, resulting in a significant reduction in the measures of socio-economic development, also in both analysed Ukrainian border regions.

We should see certain opportunities for more dynamic development processes on the Polish-Ukrainian borderland in the future in the rapprochement between the EU and Ukraine, confirmed by the conclusion of the 2014 Association Agreement and the Agreement on deep and comprehensive free trade area (DCFTA). Significant potential benefits connected with the entry into force of this document should be associated with the liberalization of visa requirements for citizens of Ukraine and the abolition of customs barriers. In the short term it can affect mainly the increase in the number of transactions in border trade. In the longer term the abolition of the visa regime could lead to the intensification of social, business and cultural contacts, leading to the emergence of multi-faceted functional relations. In addition, the transposition of the EU acquis to the Ukrainian legislative system and the harmonization of regulations, as well as the adoption by Ukraine of European norms and standards should have a positive impact on the scale of cross-border business relations.

The Strategy of cross-border cooperation of Lublin Province, Lviv Oblast, Volyn Oblast and Brest Oblast for 2014-2020 may also turn out to be a useful instrument stimulating the development of the Polish-Ukrainian borderland. It has a unique and downright model character also from the point of view of partnership between bordering regions and the realisation of the European Neighbourhood
Policy objectives. At the same time it seems that the realization of projects within the Poland Belarus Ukraine Cross-border Cooperation Programme for 2014-2020 will only slightly promote the development of the Polish and Ukrainian border regions especially in the context of the reduced allocation of funds earmarked for this programme compared to the previous financial perspective.

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