

Ukraine “Color Revolutions”: At the Crossroads of Euro-Atlantic and Eurasian Power Politics

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Over twenty years after its independence, Ukraine is being rocked by an attempt at a second “color revolution” as its problems span a wide spectrum of politics, economics, and cultural identity and its “strategic location” places the country in the middle of the Euro-Atlantic and Eurasian power politics. If the West wants to help Ukraine, it should reverse course and adopt a helpful approach.

Ukraine’s eastern sustenance

At its independence after the break-up of USSR, expectations for Ukraine were high: it had inherited a fair share of Soviet industries, rich agricultural lands, millions of skilled workers and educated professionals, and among the highest per capita GDP in the former Soviet Union, higher than in Russia. These expectations have yet to be borne out. In the Post-Soviet space, Ukraine’s per capita GDP is now 6th, below Turkmenistan and 2.5 times below Russia at Purchasing Power Parity. Symbolically, the Project 1164 missile cruiser “Ukraine”, pried from Russia during the partitioning of the Black Sea Fleet, still sits unfinished and rusting at the Nikolaev wharfs.

To an important extent Ukraine has depended on Russian energy subsidies, debt forbearance, and labor market to help carry the social and economic burden of its independence. For over a decade (1992-2005) Ukraine received Russian gas supplies at a quarter to a third of the European market price, bought extra quantities and re-exported them abroad for additional revenues, saving and making billions of dollars each year. Ukraine’s industry and households relied on such discounts to survive in the long and arduous period of transition and socioeconomic dislocations. When president Yushchenko (2005-2009) began to sever ties with Russia and to pull Ukraine towards NATO, Russia began to reduce energy discounts but was still selling gas at 20%-30% below European prices.

Russia has also been a major source of remittances for the Ukrainian economy with 3.7 million Ukrainian citizens residing there in 2013, over 1 million of them illegal migrants,[1] with annual remittances in the billions of dollars, delivered not as official aid through government intermediaries, but straight to family budgets. Furthermore, Ukraine’s industries continue to rely on Russia for exports of a variety of industrial manufactures.

As his country’s economy and finances entered yet another crisis, President Yanukovitch has turned to both east and west. The most immediate and tangible response has come from Russia.

Another financial bind

The initial \$3 billion bail out from Russia was urgently needed to pay pensions and other social benefits, and government debt. Ukraine's leadership has grumbled at the difficulty of securing a smaller, €600 million loan from EU and the multi-billion dollar package from the IMF. The latter has put forth familiar conditions – freezing pensions and other social benefits, laying off government workers, raising the energy prices for households and industry – a precursor to the sort of social and political explosion any leader would want to avoid. Apparently the IMF feels the people there can afford to tighten their belts even more.

Over the past few years, Ukraine's leadership had turned to Russian and Chinese sources to provide over \$20 billion in loans for the state and banking sector. The most recent gas discount from Russia lowers the price to \$268.5/1000 m³, \$100 below European prices, and slows down the steady depletion of Ukraine's foreign exchange reserves. Moreover, Russian energy giant Gazprom has prepaid several years of gas transit fees to Ukraine. Yet the importance of discounted gas price runs wider and deeper than the national budget since energy prices affect production costs for Ukraine's industrial exports.

At this moment, Ukraine's outstanding gas bill for 2013 and 2014 stands at nearly \$3.5 billion as its leadership has requested another deferment, including for the discounted 2014. If Kiev ever got a worthy financial aid package from the EU, it would need to forward a large part of it to Gazprom.

Accompanying the above, are the declining quantities of Russian gas transited through Ukraine's pipeline system. During the early 2000's Gazprom had sent an average of 100-120 billion m³ per year through Ukraine's Soviet-build network, bringing over a billion dollars. In the past two years, however, the transited volumes have declined to 80 billion m³ as Russia is implementing new pipeline projects whose combined capacities exceed its European exports. Bypassing Ukraine, these pipelines enable Gazprom to deliver consistent supplies to European consumers. They also raise doubts over the modernization plans for Ukraine's gas transportation network which, without the guaranteed transit volumes, removes the rationale behind the multi-billion dollar funding such project requires.

Yet this modernization is necessary if the system is to continue to function reliably and to retain for Ukraine one of the advantages it inherited from the USSR. Now the pipeline network appears to be too costly not to modernize and too risky to commit substantial sums, given the danger of unfilled pipes. The key to this dilemma, as to others, is improved relations with Russia which retains considerable economic leverage over Ukraine.

Dreams and nightmares

After several years of steady PR campaign in favor of "Euro-integration" nearly half of Ukraine's citizens grew to believe in the approaching economic miracle, to help escape from the dream-turned-nightmare of transition to capitalism. Current expectations included higher pensions, better salaries, open access to EU job market, newly-paved roads, and law and order. As my Italian acquaintance claimed, "the new EU members all want to hang their problems on us and think we are going to carry them and solve them." Perhaps if EU membership was actually in the table for Ukraine these expectations would not have been unfounded.

Meanwhile, Russia has used its leverage to promote its interests and certainly continues to do so today, offering inducements and applying pressures towards eastern integration, haunted by nightmares of further NATO expansion, U.S. military bases, and ABM installations in Eastern Europe as sign-posts of post-Cold War “partnership”. As American scholar K. Waltz observed, U.S. leaders “to a dismaying extent think of East or West rather than of their interaction” and the expansion of NATO “is intended to keep a new balance of power from forming...to freeze historical development [and] keep the world unipolar” but this “alienates Russia”. [2]

More ominously, in 2007 U.S. Ambassador to Ukraine, W. Taylor dismissed neutrality as a viable option for Ukraine but promised that “NATO will not use Ukraine’s membership against Russia...there are a lot of examples of former Warsaw Pact countries and Soviet republics now in NATO, but we have not seen them being used against Russia”. [3] Today, Poland, Romania, and Bulgaria have been designated as new hosts for the relocation of U.S. forces and for U.S. ABM sites.

A few years later, Under-Secretary of Defense A. Vershbow disclosed that the U.S. and Ukrainian officials are discussing the use of former Soviet and Russian radars in Ukraine for the American ABM system, a claim that was seconded by Ukraine’s ambassador in Washington. [4] Soon after, NATO General Secretary Fogh Rassmussen promised “in no way [to] compromise on principal issues [with Moscow]” [5] and that NATO will continue to promote membership for Ukraine. [6]

Neutrality has indeed become very difficult for Ukraine in the context of west-east geopolitics. Observing from the other side of Eurasia, China’s Xinhua stated that “Ukraine has turned popular for Russia and NATO” and finds itself in a “delicate position...important for Russia [as] the final buffer against NATO”. [7]

The power and security competition has been accompanied by the geopolitics of integration. In 2011 the EU Commissioner Barroso warned Ukraine that “it is impossible to integrate into the Customs Union [with Russia, Belarus, Kazakhstan] while having a free-trade zone with EU” [8] while U.S. State Secretary Clinton openly declared that “we will work out methods to slow down or prevent reintegration” of the whole region. [9] Russian Foreign Minister Lavrov attempted to tone down the rhetoric and rejected “artificial choices between ‘western’ and ‘eastern’ vectors of development...these should not be opposed to each other...[our] approach envisions Eurasian integration as a contribution to the creation of a single economic and human space from the Atlantic to the Pacific” [10], a theme reiterated by President Putin during the January 2014 EU-Russia summit. Of course, if it ever to take place, the sequence of this integration and the eventual place of Ukraine in it are issues of conflict for both sides.

The right side of history?

A wealthier EU, endowed with substantially larger financial and economic resources than Russia, could have opened its borders to millions of Ukraine’s migrant workers that go to Russia, begin to subsidize Ukraine’s gas consumption, and offer hefty and low-interest loans. It has not done any of these. It has instead used its levers inside Ukraine’s fragile and troubled domestic politics to pressure and lecture its leadership.

In the West fascism and terrorism are rightly considered evil and, ultimately, dead-end movements. Surprisingly, today one could observe the U.S. and its NATO allies dabble on

the wrong side of history, quite willing to exploit extremist, backward factions for geopolitical goals in the Syria and now in Ukraine. Moreover, as it has done in Mosaddegh's Iran and Allende's Chile, the U.S. appears to be once again subverting a democratically-elected leader in an era when democracy is said to be on the march.

And while the Kiev Maidan to a large extent is made up of organized civil society groups and well-wishing individuals, the openly racist ultra-nationalist squatters have a strong presence there as well and are the fighting wing in the Maidan division of labor. Western politicians now euphemize as "activists" the groups inspired by the fetid remains of Hitler's ideology, they indulge in anti-government demagoguery before the crowds in Kiev, meddle in Ukraine's domestic politics and rock its fragile consensus. Even assuming the best intentions, this is an irresponsible and harmful policy.

They also consistently ignore Ukraine's eastern and southern regions and do not seem to include among "the People of Ukraine" those quieter millions that voted Yanukovitch into the presidency and made his Party of Regions the most numerous in the parliament. These same southern and eastern regions drive the country's economy and fill its budget. Western politicians are wrong to expect the less developed, recipient regions of Ukraine to unilaterally decide national policy for the more numerous and industrialized donor regions of the east and south, regions that have elected two of Ukraine's last three presidents.

A new "partnership"?

Besides the displays of diplomatic discourtesy in Kiev, the tenors of Western instructions to Ukraine are indicative. Even without signing the EU association agreement, the country's leadership has received demands to change domestic laws, create new coalitions, and peremptory proscriptions against government use of police all the while its offices are occupied, Kiev streets barricaded and manned, and its policemen attacked. In this light, one almost admires the effective suppression of the Occupy movement in U.S.A, with thousands arrests made against protesters immeasurably more peaceful than those in Kiev, or the EU indulgence towards the Greek police during the massive anti-EU and anti-Merkel riots in Athens.

Having obligations without equal participation or rights, faced with demands and strong suggestions in place of a dialogue, categorizes a person – and a country – as a subject. Rulers only have subjects; democracies have citizens. If the West truly has the best intentions in Ukraine, it ought to adopt different, more constructive means, to become sensitive to the plight of all of Ukraine's citizens and groups, not just to those it currently finds useful, and to match its financial aid with its political hyperactivity.

Notes

[1] "В.Мунтиян: В России находятся 18 млн украинцев и выходцев из этой страны", RBC NEWS, 11/23/2013, <http://www.rbc.ru/rbcfreenews/20131127215730.shtml>.

[2] Kenneth Waltz, "Structural Realism after the Cold War" International Security, Vol 25, No. 1 (Summer 2000), p. 36-38

[3] "Интеграция Украины в НАТО не будет использована против России – Тейлор" RIA Novosti,

07/04/2007, <http://rian.ru/politics/cis/20070704/68334630.html>. [Integration with NATO will not be used against Russia – Taylor]

[4] “U.S. considering Ukrainian radar for missile shield – envoy” RIA Novosti, 10/15/2009, <http://en.rian.ru/world/20091015/156477840.html> and “Ukrainian radars may find place in US missile shield” Russia Today, 10/15/2009, http://rt.com/Top_News/2009-10-15/ukrainian-radars-missile-shield.html.

[5] “НАТО не пойдет на компромисс с Россией по вопросу Грузии – генсек ” RIA Novosti, 12/17/2009 <http://rian.ru/politics/20091217/199784594.html>. [NATO will not compromise with Russia in Georgia]

[6] НАТО никогда не нападет на Россию – генсек альянса” RIA Novosti, 12/17/2009, <http://rian.ru/politics/20091217/199861258.html>. [NATO will never attack Russia – general secretary of the alliance]

[7] “Ukraine turns popular for Russia, NATO” Xinhua News Agency, 04/15/2004.

[8] “Баррозу: интеграция Украины в ТС исключает ее свободную торговлю с ЕС” RIA Novosti, 4/18/2011 <http://ria.ru/economy/20110418/365783646.html> [Ukraine’s Integration into the CU would exclude her free trade with EU]

[9] “Клинтон: США будут противодействовать интеграционным процессам на постсоветском пространстве” ITAR TASS, 12/7/2012 <http://itar-tass.com/glavnie-novosti/651348> [USA will oppose its efforts to the integration processes in the post-Soviet space]

[10] “Соседи России не должны ставиться перед искусственным выбором между “западным” и “восточным” векторами развития, считает Лавров” ITAR TASS, 1/14/2013 <http://itar-tass.com/ekonomika/657095> [Russia’s neighbors should not be put before artificial choice between ‘western’ and ‘eastern’ vectors of development, thinks Lavrov]

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