

Ukrainian Reforms Impact Foreign Relations

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Abstract. Ukraine and Russia's military conflict have put Ukraine's past reforms under the spotlight. Foreign and domestic policy reforms made after the nation's independence in 1991 are believed to have triggered Russia's military operation. It was aimed to maintain Russian strategic and economic presence in the region. Ukraine acts as a proxy for western nations such as the United States in this conflict. In the past decade, Ukraine has steered economic developments away from the Russian circle of influence under the aid of the US and EU against Russian benefits. This fight already started when Ukraine began its reforms under guidance from western nations. Over time, Ukraine and its reforms have leaned far to the west, making war inevitable with Russia. This article will analyze the reforms that led to the current war. With the international relations theories of neo-liberalism, constructivism, and realism, it is the goal of this article to analyze how Ukrainian reforms led to the current conflict.

Keywords: Ukraine Reforms, Foreign Relations.

1. Introduction

On May 16, 2008, Ukraine entered the WTO, marking a monumental moment in the nation's changing process of economic and governmental reforms while steering away from its old Soviet ties. In the years following the accession, Ukraine kept its momentum and progressed further into its now more modern and liberalized market economy.

Ukraine and Russia have been caught in the mud of war for more than six months since Russia launched its "special military operation" deep into Ukrainian borders. The motives behind Russia's operation can be traced back to Ukraine's radical transformations in its economy and government to integrate into the world economy while attempting to leave Russia's circle of influence. Unfortunately, Western nations and organizations influenced and backed such reforms opposite Russian interests. This triggered Russia to respond with military action to keep western influence away from its borders. As a result, this incident puts Ukraine's reforms since the collapse of the Soviet Union under the spotlight of international relations studies. This article focuses on the impact of Ukraine's transformation and reforms under the influence of other nations and how it triggered Russia's response. In the following discussion, this article will aim to analyze Ukraine's reforms and their influence on foreign relations through the international relations theories of constructivism, neo-liberalism, and neo-realism to understand Ukraine's reforms and attempt to speculate on how they may impact the nation's foreign policies in coming years if they manage to fend off the aggressors.

Ukraine's unique historical context determines its unusual economic structure, and it is essential to analyze the nation's reforms. Formerly being a part of the Soviet Union, Ukraine adapted to a state-controlled command economy prior to 1991. Losing the Soviet Union as a host signified that the nation needed to develop its economy toward the west. However, Russia's weak economic circumstances do not provide what the country requires for economic advancements. Ukraine's integration into the world economy has been unique since it needed radical reforms to comply with the norms of nations under a market economy to engage in global trade. Ukraine met many obstacles in the integration process due to its significantly high percentage of state-owned properties and businesses. The corruption between government officials and major corporations also posed issues for Ukraine's developing economy. At the start of the country's independence, corruption made government officials neglect benefits of the state and cared only for personal gains. At the time, "people accepted the idea that common property does not belong to anyone and can be stolen,

destroyed, or neglected”[1].Corruption remains one of the largest issues in the country. Ukrainian citizens also have little faith in the nation’s economic structure, “scoring the economy a 2.5 on a scale from 0 to 10, with 10 representing the highest level”[2]. In order to overcome these difficulties, Ukraine sought help from western nations led by the United States and the EU. This has triggered Russia to respond with force since Ukraine acts as a runoff area between the North Atlantic Treaty Organization (NATO) and the former Soviet Union nation.

Losing Ukraine to the west means direct military and economic threats right next to its borders without any runoff. The Ukrainian reforms that indirectly caused this conflict can be studied through the aforementioned International Relations theories of constructivism, neo-liberalism, and neo-realism. Constructivism will discuss the role of Ukraine's identity in its history of reforms. Neo-liberalism will provide insight into Ukraine's compliance with western norms. Lastly, neo-realism, combined with constructivism, will investigate the essentials of Ukraine-Russian relations and how they led to war. This article will analyze the nation's reforms with the theories while considering the influence of its historical context to understand the reason behind this conflict. The questions raised in this paper will gain thoughts on Ukraine's history of reforms and how it led the nation to its circumstances today.

2. Literature review

In order to understand the analysis in this article, this part discusses the theories of neo-liberalism, constructivism, and neo-realism. The discussion of neo-liberalism will expand on global trade cooperation between states. The constructivist perspective will center around discussing a state's identity. At last, neo-realism will focus on Kenneth Waltz's theories and the relations between states on power distribution in an anarchic international structure. Ukraine's reforms and foreign relations can be thoroughly analyzed through these three International Relations theories. The accession of the WTO, trade reforms, and compliance to EU norms show Ukraine changing under the neo-liberalist theory since the nation actively sought out states and international organizations for economic and political collaborations. Ukrainian reforms also demonstrate the concept of constructivism since it is a changing Ukrainian identity in its historical and social context that brought those reforms to reality. Finally, neo-realist theories of an anarchic global system, in which power maintains the balance between states, explain how Ukraine-Russian relations worsened so much that it triggered the ongoing conflict.

2.1 Neo-liberalism

In the late 18th century, economist Adam Smith argued that the world economy is governed by an "invisible hand," the free market. Smith's theory suggests that a free market acts as an allocator of resources with little government influence. Neo-liberalism inherits that idea and believes in a free global economic structure where all actors cooperate to progress. This theory pictures an orderly international environment where cooperation is natural when states need to develop economically. States will comply with rules and norms so they may take part in trade and collaborations. As economist Milton Friedman put it, “only a crisis, actual or perceived, produce real change” [3]. This summarizes that only common issues produce advancements, so states naturally cooperate to progress.

2.2 Constructivism

Constructivism argues that every action made by a state can be explained through its social and historical context since it forms an identity around it. The identity is why an actor acts in a certain way in the international community. As for a state actor, a consensus on social and historical factors within the state is what makes up its identity. A state leader, in this case “should not only be a representative of ingroup identity but also to champion the interests of this group, to form ingroup identity, and to shape the reality in the image of ingroup identity”[4].

The nation and its leader are driven into action by the self-recognition of the entire society.

2.3 Neo-realism

Political scientist Kenneth Waltz argued in Theory of International Politics that the international system is always in an anarchic state. The only order in that anarchy is the distribution of power between actors. He states that there will always be limited chances for cooperation, and power determines the relations and order in this system. Since power is what keeps a balance in an anarchic system, Waltz argues that war's central role cannot be doubted since force is always meant to solve external issues, and conflicts inevitably arise. The fundamentals of the international system will always be based on the anarchic behavior of human nature, as noted by Waltz, "the most important causes of political arrangements and acts are found in the nature and behavior of man" [5].

3. Ukrainian reforms and foreign relations analysis from the perspective of the three theories

3.1 Neo-liberalism in Ukraine trade relations

Since 1996, Ukraine has been actively demonstrating its resolve to integrate into the global economy through international organizations. In order to join the WTO and trade with the EU, Ukraine actively complied with EU standards and norms. Furthermore, the nation cooperated with these western countries in areas such as trade deals and tariff eliminations, reflecting its international trade and diplomatic policies under the influence of the neo-liberalism theory.

Former members of the Soviet Union, such as Ukraine, faced economic challenges after 1991 when they lost the Soviet command economy as a host. These nations then needed to develop their economies in a free market, yet Russia was under significant economic difficulties at the time, so they turned to the west. Ukraine, in this case, initiated its accession process to the WTO in 1996 and started engaging in trade with the EU. In order to make Ukraine a worthy trade partner, the EU demanded reforms it has to comply with. The first task Ukraine faced was liberalization and privatization. Due to the previous Soviet economic model, Ukraine was left with thousands of state-owned companies and corporations. This led to corruption at almost every level of the Ukrainian government. The mess it created allowed for corruption and sets the root for similar future issues, as said by Motyl, "that Ukrainian independence came so abruptly and so unexpectedly has enormous consequences for the future of the country" [6]. A weak Ukrainian justice system and intensive connections between businesses and government officials made corruption a national issue. Ukrainian political power is not only corruptive, but also ambiguous. "Part of the puzzle of Ukrainian politics, for practitioners as well as political scientists, is to figure out what constitutes power and how it can be wielded effectively" [7]. The ambiguity of political power in the country makes the government unreliable. Corruption made the Ukrainian government non-transparent and unreliable in decisions and policymaking. Foreign investments, then, are not confident in the stability of the Ukrainian market and refrain from investing. In order to join trade with the EU and the WTO members, Ukraine started reforms on foreign trade policies and between its government ranks. This shows Ukraine's resolve to integrate into the world economy fully and demonstrates a neo-liberalist world where compliance is natural. Ukraine, in this case, chose to comply and transform itself into a completely different state based on western norms so it may participate in much more trade. The EU-Ukraine Association Agreement is an example of the deals made to advance Ukraine's reforms. The implementation of the commitments in this agreement allows for "economic, judicial and financial reforms to converge Ukraine's policies and legislation to those of the European Union." This compliance with EU market standards and norms opened a gateway for much more international trade between Ukraine and EU members since it gives them confidence in trading and investing with Ukrainian corporations. In 2017 alone, the implementation of this agreement allowed for a 24% increase in trade between Ukraine and the EU. Reforms within every aspect of the Ukrainian government show the neo-liberalist perspective of an orderly international system where cooperation is natural, and nations comply with

norms. Ukraine progressed much economically from cooperating with other actors, demonstrating a neo-liberalist-guided economic and governmental reform process.

3.2 Constructivism in Ukrainian reforms since 1991

The transformation of the Ukrainian economy and its compliance with western norms show the nation's changing identity from a former Soviet command economy to a new modern market one. "The current Ukrainian Government realizes the impossibility of blatantly reinstating the old Soviet identity; it would be in contradiction with the capitalist nature of economy and the self-definition of Ukraine as an open society"[8]. Liberalization and privatization have been the most important tasks faced by the Ukrainian government since its foundation. These changes in identity steer the nation away from Russia's circle of influence in eastern Europe. The nation's fight against corruption shows another transformation in identity. It is now working towards a transparent government, significantly different from its former one under a command economy when all decisions were made behind closed doors and corruption allowed for personal favors. All these reforms show the Ukrainian society's change of perspective from falling in line with commands to actively creating more economic opportunities for the nation.

Ukraine's historical and social context is crucial to analyzing the nation's identity and how it has leaned toward the west in the past decade. Since 1991, Ukraine has been under heavy influence from Russia economically. Such pressure from its neighbor kept Ukraine's identity as a "former Soviet state." The people of Ukraine kept the mindset of a Soviet state, that the state should offer the basics for the people. "The majority of Ukrainians expect that a just state should secure welfare and social protection of citizens, while the function of the state to secure political rights of citizens is considered less important"[9]. However, entering the 21st century, Ukraine began its intensive integration into the global economy while leaving Russia's circle of influence. This also marks the beginning of Ukraine's identity transformation. Through reforms that liberalized trade and privatized domestic enterprises, Ukraine gradually cut ties with its old identity as a closed-door centralized economy to now become an independent actor in a free world economic system. At the same time, Ukrainians have also adapted to the changes brought by a market economy, that political decisions are to also be discussed with the people and follow where the market leads. It has complied with western norms and fell in line with what nations such as the US and EU members advocate for, letting neoliberalist ideas guide its economic advancements. From a constructivist perspective, Ukraine's change in its national identity is what led to its economic advancements and decentralization efforts.

Ukraine's change in identity also acts as a stimulant that made Russia react with a military response. As previously mentioned in this article, Ukraine serves as a runoff area between NATO and Russia. However, as Ukraine steers its identity toward norms of western powers led by the US and the EU, Russia becomes economically vulnerable. Russia relies heavily natural resources exports to support its economy. With Ukraine leaning towards NATO countries, Russia loses the influence of its "energy weapon." Russia has been using energy supply as a weapon against the EU. It allows the country, a primary natural resources provider, to cut off natural gas resources vital to the EU. Ukraine's integration into the west can cause Russian benefits from natural resources exports to decrease. Ukraine holds many crucial pipelines and pathways through which natural resources are transported to western Europe. This partially sparked the 2014 Crimean crisis when Russia seized the natural resources plants in the formerly Ukraine-controlled peninsula. Cases such as this demonstrate how profound the impact of Ukraine's identity transformation is from a constructivist perspective.

3.3 Neo-realism and constructivism in Ukraine-Russian relations

Economic and trade reforms in Ukrainian history were all carried out under the guidance of neo-realism. The Ukrainian government realizes it is necessary to implement diplomatic policies based on the fundamental idea of diplomatic balance between the west and its neighbors. Ukraine established strong trading relationships with western countries and organizations while maintaining a strategic balance with Russia. This balance, however, was broken due to Ukraine's change in its

national identity and led to the conflict between the two nations. This shows the realism and constructivism in Ukraine-Russian relations entangled together.

Ukraine leaning too far toward the western nations poses a strategic threat to Russia. Militarily, Russia cannot allow a neighboring nation as necessary as Ukraine to be under intensive NATO influence. From a constructivist perspective, Ukraine's identity, as formerly mentioned in this article, transformed under the influence of US and EU-led nations that advocate for a free and decentralized market economy. This made Ukraine inevitably engage and grow closer to the west. From a neorealist perspective, the global system is anarchic and dictated by the distribution of power that maintains a strategic balance. Ukraine is leaning too far to the west, and NATO shows that the balance is broken. In the past, Ukraine served as a runoff area for NATO forces and Russia and as a balancer for regional strategic balance. However, when the weight scale of the region started falling toward NATO, Russia decided to react before Ukraine fell too far to the other side. The military actions taken by Russia are to restore the balance formerly kept by a Russian-influenced Ukraine so Russian economic and strategic interests in the region can be protected.

This case supports Kenneth Waltz's theory that conflicts are central to an anarchic international system. Waltz argues that "in some cases, power competition between states results in war" [10]. Ukraine, in this case, acts as leverage or a chess piece used between Russia and NATO to compete for power. The Ukrainian-Russian conflict now is an example of this argument: the power competition between two global superpowers resulted in an imbalance in eastern Europe, and war became the outcome.

4. Conclusion

Both economically and strategically, Ukraine serves as a proxy for NATO countries to oppose Russia without directly causing conflict. Economically, Ukraine is used by countries in the west to undermine the Russian trade network on crucial exports such as natural gas and oil. Strategically, NATO countries supply weapons to Ukraine in the current conflict to further undermine Russian efforts in war and trade. The harder Ukraine fights back, the heavier the burden on the Russian economy is. Ukraine essentially serves as a wrestling piece between Russia and NATO countries to be pushed around without triggering a direct conflict that may cause more significant economic and military havoc. It is without a doubt, Ukraine is one of the most important nations in Eastern Europe since it serves not only as a military runoff area but also as a critical economic entity that significantly influences the region's international relations.

Ukraine's phase of reforms has led the nation to a developed and liberalized market economy. However, the foreign relations factors involving multiple actors with its most influential neighbor Russia have turned into a conflict for more than six months. The article has analyzed this reform phase and concludes that Ukrainian economic liberalization reforms have leaned too far toward the west. This resulted in Russia's military response to ensure a Russian-controlled Ukraine. A neo-liberal perspective explains Ukraine's rapid reforms and integration into the global economy: the global free economic structure naturally made Ukraine comply with western norms to engage in more trade. On the other hand, a constructivist approach to analyzing Ukraine's identity provides insight into the change in Ukrainian diplomatic policies from a historical and social context.

At last, combining neo-realist and constructivist theories, it analyzes why Ukraine's reforms and changes in the past two decades caused Russia to respond with military actions. It is logical to summarize that Ukraine's adaption of a new global economic system since the late 1990s has caused it to fall too far under western influence. As a result, Russia inevitably responds to ensure economic, strategic, and political balance next to its borders.

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