



INSTITUTE FOR REGIONAL AND  
INTERNATIONAL STUDIES

## AGENTS OF REFORM IN THE BLACK SEA REGION: NATIONAL AGENDAS AND INTERNATIONAL ASSISTANCE

### *IRIS Position Paper*

*This paper presents the understanding of the team of the Institute for Regional and International Studies (IRIS) about the agenda of reform in the Black Sea region of today. We do not aim at exhaustively presenting all aspects and analytical conclusions on this topic. Our purpose is to construct a framework and to structure the background of the debate for the conference in Batumi on March 31 – 3 April.*

#### **I. The Context**

The Black Sea has been considered as an emerging region since the early 1990s as a result of several major trends of transformation taking place in the East of Europe. The **first** dimension of change reflects the collapse of the Soviet Empire and the emerging of new nation-states in the eastern part of Europe – a process completing the ‘Europe of nations’ wave which started at the Place de Bastille in 1789 and spread throughout the Old Continent in the next 200 years. Some of the Black Sea nations, like Bulgaria and Romania, re-gained their sovereignty lost after the Soviet takeover in the 1940s. Others – like Ukraine, Georgia, Armenia and Azerbaijan – have practically emerged as independent nations from centuries’ long imperial domination, and their nation building process had to start from scratch. The newly born independent nations needed partners and geopolitical space to develop, which made them respond positively to the first regional initiative for cooperation in the Black Sea in the early 1990s – the Organization for Black Sea Economic Cooperation (BSEC).

**Secondly**, the post-Soviet transformation was also part of a major wave of democratization which took momentum in the debris of the Berlin Wall of November 1989 and spread to the East, sweeping the ‘*ancien regimes*’ of communist domination in favor of a clearly defined alternative – return to the European mainstream of political democracy, market economy and respect of human rights. Democratic change varies in terms of success from Warsaw to Tirana and from Prague to Tbilisi, yet it’s been the target pursued by all nations emancipated from communism – Soviet rule in Eastern Europe and in post-Soviet Europe. The desire for European-style democracy produced a geopolitical reality – a common space of potentially common interests, which embraced also Russia in the 1990s, and the Black Sea was integrally considered to belong to this common space: with all its post-communist nations undertaking reform, with Turkey – a NATO member – embarking on a strong strategy to join the EU, and with Russia enduring a painful reform and reconsidering its vision of self and the world around.

The collapse of the Soviet Empire has opened the long forgotten trade route between East and West, known as the 'Silk Road', cutting through the South Caucasus and reaching European soil on the shores of the Black Sea. There's no excessive demand for silk today in Europe, but the old trade route is seriously considered as one major new corridor to bring Caspian and Central Asian oil and natural gas to the markets of Europe. The commercial interest in transferring hydrocarbons to the Western markets creates a power integrative dimension of (structuring the) Black Sea region as a strategic corridor – part of the Euro-Atlantic security system. This is the **third** dimension of change, a powerful factor for the creation of an organic link of cooperation among the countries of the Black Sea region.

All those **three dimensions of change** created an expectation of growing synergy in integrating the Black Sea region – as part of post-communist – post Soviet Europe – into the mainstream of European-style democracy and development. The strategic importance of the Black Sea was also considered a valuable argument of integrating the region into the Euro-Atlantic community and its institutional framework – NATO. The accession of the European post-communist countries both into the NATO and the EU and the democratic revolutions in Georgia and Ukraine in the early 2000s have strengthened analytical perceptions and strategic expectation of extending the wave of change that originated from the collapse of the Berlin Wall in 1989 to the shores of the Caspian Sea. This expectation proved premature.

The willingness of major international factors to integrate the Black Sea region and post-Soviet Europe into the European mainstream proved rather a contemplative vision than a pragmatic strategy. Overwhelmed by the accession of Central and Eastern Europe, the EU was stuck into a skin deep approach towards the transformations in the post-Soviet space. The European Neighborhood Policy (ENP) and the Black Sea Synergy represent framework approaches to a region adjacent to the borders of the EU without real instruments to make a strategic difference in terms of European policy. A number of Central and Eastern European countries kept an active approach to assist the reformist efforts of their friends in the Georgian 'Rose' and the Ukrainian 'Orange' revolutions. They promoted the 'Eastern Partnership' initiative of the EU for developmental assistance to the post-Soviet countries' reforms. Yet, being under-funded, the Eastern Partnership does not go beyond an administrative process of consultations so far. As a general perspective, the EU seems to be seriously burdened by its institutional and financial dilemmas in order to focus on serious projects of developmental assistance and strategic partnership in the Eastern Neighborhood.

Under the U.S. strategic initiative, in a certain period of the early 2000s NATO was more active than the EU in its policy planning towards integrating the post-Soviet space into the Euro-Atlantic community. The successful 'Big Bang' accession of the Vilnius group of Eastern post-communist countries, the three Baltic republics included, pushed forward the strategic debate of NATO enlargement to post-Soviet Europe, the Black Sea included. A number of seminars and brainstorming sessions organized between 2002-2005 by the German Marshall Fund of the U.S. together with key analytical centers and high-level institutional representatives developed a framework strategy of 'anchoring' the Black Sea region into the Euro-Atlantic security system. This strategy assessed in a pragmatic manner the controversial state of domestic reforms in post-Soviet Europe and considered a longer-term, yet active process of political and economic transformation of those countries on their way to full membership in the institutions of the Western world, NATO included. It is important to note that Russia and Turkey were considered to be sterling and respected actors within this strategy of 'anchoring' the region into the Euro-Atlantic community.

The sinking of American power in Iraq between 2003-2007 and the restructuring of major EU countries'<sup>1</sup> strategic interest towards reducing Russia's NATO anxiety at the expense of further enlargement, weakened the impact of Western strategic assistance to post-Soviet Europe security and development reforms. The Bucharest NATO Summit virtually froze the Membership Action Plans for Georgia and Ukraine, while further domestic and international developments – political change in Ukraine, the Russian-Georgian war of August 2008 - made the process of NATO enlargement to the post-Soviet space practically irrelevant. Subsequent developments in international relations – the EU-Russia partnership and the U.S.-Russia 'reset' process – have resulted in a *de facto* if not *de jure* recognition of a special immunity status of Russia within its post-Soviet neighborhood. This immunity equals to what Moscow defines as its special 'sphere of influence' and it deprives the ex-Soviet republics from their right to decide in a sovereign manner which international institutions and alliances to join.

The developments which we briefly described above have shifted remarkably the strategic balance in the Black Sea region. Considered initially to become a part of the integral Euro-Atlantic strategic space, the Black Sea region emerges from the first decade of the 21<sup>st</sup> century divided among different and competing strategic domains. Even if weakened, the Western Alliance is present in the Black Sea in multiple ways, primarily *via* NATO members Turkey, Bulgaria and Romania, which are littoral countries and active participants in the regional process. Russia has strengthened its influence on the region, and Russian policies have a strong impact on the domestic and international policies of most regional actors – primarily the ex-Soviet republics. Turkey has developed its own agenda of strategic, economic and political interest which does not necessarily coincide with the positions of its Atlantic and European partners. Turkish naval and maritime policies in the Black Sea are a good example of that process of shifting from the joint strategic vision of the Western community. This new triangle of strategic balance and competition among Brussels (Mons), Moscow and Ankara opens serious rifts in the security agenda of the Black Sea, which clears the way for smaller players and outer factors to enter and affect the security dilemmas of the region.

We could not ascribe the present day security or developmental dilemmas of the Black Sea region solely to the strategic weakness of the West or on the power assertiveness of Russia and Turkey. There are powerful factors on domestic-regional level which impact the controversial development of the ex-communist – ex-Soviet members of the Black Sea regional community of nations. The **first one** is the depth and the quality of the democratization process.

There is a general observation that democratic reform was stronger and most successful in Central Europe, while moving to the East and to the South of the former Eastern block, democratization loses efficiency and momentum. This observation proves correct as we assess in comparative terms the achievements of different post-communist countries after 1990. Whereas Poland, Hungary, Slovakia and the Czech Republic had completed the most important tasks of political and economic transformation until the mid-1990s, Bulgaria and Romania embarked upon serious economic reform only in the late 1990s. The republics of ex-Yugoslavia kept lagging behind throughout the two decades of transition, devastated by wars and debilitated by institutional weakness and the inter-communal distrust resulting from the conflicts. The post-Soviet space provides a diverse picture of democratic reform achievements which vary by country and sub-region. The Baltic republics were most successful, while Moldova, Ukraine and the South Caucasus were trapped in a continuous, 'dead' equilibrium between democratization efforts and post-Soviet socio-economic and political instability and controversy. Ex-Soviet Central Asia remained apart from the wave of democratization, reproducing traditional power structures of a 'feudal emirates' type.

---

<sup>1</sup> Germany and France

One basic shortage of the ‘transition paradigm’ under which post-communist reforms took place is its irrelevance to the degree of modernization achieved by societies of the former Eastern block. The entire history of post-communist transition shows us an intense correlation between high levels of modernization and successful democratic reform. In Central Europe, where modern institutions and life-styles had persisted for more than a century, the ex-communist countries performed adequately and successfully in favor of democratic reform and market transformation. In societies where modernization was partial, shorter or larger periods of instability were experienced, fragile democratic institutions could not balance or resist this instability. Institutional fragility and political instability opened the door for alternative strategies of transformation which resisted democratization and reduced it to a ritual of formality. The most successful among those different strategies was the attempt of state capture and economy capture by the organized elites of the former party apparatus and the security services of the late communist/Soviet regimes.

The oligarchies newly-born out of the late regimes monopolized the national economy and created a *perpetuum mobile* mechanism of draining the state resources instead of developing a free-market economic environment. Democratic institutions were either sacked or reduced to the state of empty rituals. Strong public opinion, strong civil society, strong business communities and influential media – those are all instruments of a modern society to guarantee democratic de-concentration of power and pluralistic equilibrium of organized interests within an efficient democratic system. Moving to the South and to the East of Europe, we see those instruments weakening in the hands of predominantly frustrated traditional societies unable to respond to the challenges of democratization in an organized and efficient manner. The logical result of such a weakness is the reduction of democratic representation and democratic procedures to a hectic political process of instability and permanent crisis which opens the door to the oligarchic takeover of the national institutions and resources.

The gap between democratization and insufficient modern development gets wider under the influence of a **second factor** of domestic and regional fragility within the process of transition – the state of **nation-building**. A strong modern nation-state is the key instrument of modern development and stable democracy as a form of government. All nation-states were weakened under Soviet rule within the Eastern bloc and had to recover in regaining independence after 1989. But as Central Europeans had simply to reaffirm their sovereignty, lost after Soviet takeover in the 1940s, most ex-Soviet republics had to embark on a nation-building process from scratch. Nation building is a creative process dependent upon various factors of legacy, tradition, leadership, political culture and common identity. A nation could not exist as a successful community without a strong and modern state to reproduce communal integrity and awareness of common interest. It takes time and huge resources before a state develops the power to represent a nation.

Most post-Soviet republics lost the continuity of their own statehood tradition for centuries, and some of them have never performed as nations. Recreating their identity as modern nations clashed with **two major obstacles** throughout the period after 1990. The **first obstacle** is the inherited ethno-communal diversity, involving a long history of animosity and hostility among major constituent groups in the newly independent states. Historical controversies served all communal projects of emancipation from the bigger entity – national or imperial. Constituent republics fought to emancipate from the Soviet Empire, while smaller communities embarked on a struggle to emancipate from the new independent states. Tribal claims of separation grew in an endless chain of a ‘matryoshka’ doll – the smaller the community, the more radical the ‘independence claim’. Inter-communal conflicts have shaken up many post-Soviet nations to the very foundation of their fragile nation-building projects. Exhausting conflicts, numerous refugees, destruction of entire areas and plenty of human lives, poverty, pauperization, and large scale emigration are only part of those sad effects that come with the ethnic strife.

Inter-communal strife impedes the entire agenda of economic and political transformation required by the nation-building process. Oligarchic state capture and control over the ruined economy, the set up of widespread corruption networks, and the organized crime's control over the major national economic and institutional assets – all those effects of post-communist – post-Soviet transformation are amplified by interethnic hostilities. Ethnic strife and criminalization of state and society go hand in hand in the institutional vacuum of weaker and weaker states. Institutional weakness causes intense process of de-modernization: wider communities of people tend to retreat to traditional forms of social solidarity in order to survive in this new harsh environment. Yet traditional society has also been frustrated and decomposed – local criminals and war lords replaced kinship patriarchal authorities, imposing the law of the jungle over entire nations.

Here we come to the **second obstacle** to efficient nation-building in the post-Soviet space: the privileges that the ex-imperial metropolis draws from the fragility and the weakness of the new independent nations. The Russian Federation applies all instruments of the classical repertoire *divide et impera* in order to preserve its influence and control over the post-Soviet space in manipulating inter-ethnic animosities and conflicts. We could hardly presume any serious positive shift in the nation-building process among the ex-Soviet nations without bringing Russia to a position to respect, if not to support, the legitimate rights of the new nation-states to defend and promote their national interests under the basic rules of the international law and the international community.

## **II. The State of Play**

Here we come to the following basic conclusions on the **state of play** within the Black Sea region at present:

1. For the time being the Black Sea region could not shape up as an integral part of the Euro-Atlantic institutional and security system. The region is split among three major power centers and their strategic interests: Europe and the West (with significant internal divisions of attitudes on the both sides of the Atlantic); resurgent Russia with its claims over the post-Soviet space as a 'natural sphere of influence'; and post-Kemalist Turkey aiming at a status of independent regional power, building upon its historical legacy as power center of the Middle East. Those three strategic projects are in a state of growing competition among themselves.

2. The division and the competition of strategic interests cause growing security concerns in the Black Sea region. There is a dangerous process of growing arms race in the South Caucasus, initiated both by the countries of the sub-region and by outer regional powers, aiming to take advantage of the present strategic restructuring. The risk of pushing the 'frozen' conflicts into a new hot phase is growing. The Russian-Georgian war of August 2008 has set controversial standards of dealing with interethnic conflicts that may have an impact on further conflict management in the region. The tensions in the North Caucasus – a region closely linked with the Black Sea community of nations, the penetration of radical Islam in the region and the development of wider terrorist networks is a security issue of primary concern not only for Russia but for all nations in the Black Sea region and for the entire Europe. Security situation in the region is also negatively affected by expanding organized crime networks and their penetration into the oligarchic structures that permeate all economic and political systems of the countries in transition.

3. The EU and the U.S. remain the most powerful factors of supporting democratic reform in the Black Sea region. The efficiency of their support largely depends on the national determination of smaller post-communist/post-Soviet countries to pursue democratic reforms, law and order, anti-

corruption strategies and partnership with civil society. The strategy of Russia is to resist European-style transformation in favor of its own 'soft' authoritarian model of 'sovereign democracy' and for the purpose of sustaining significant political and economic control over the post-Soviet republics. Turkey extends its ambitions to shaping itself as a model of Islamic democracy and to promoting its strategic influence as far east and north as possible.

4. Smaller countries of the Black Sea region differ in their achievements on the road to democracy and national independence. Bulgaria and Romania made it to the EU and to NATO, yet they still have a wide agenda of societal and institutional transformation to follow in order to fully adjust to this membership. Georgia made a remarkable progress in institutional modernization and in political and economic reforms. There are significant criticisms of the democratic performance of the Georgian government. The August 2008 war had serious negative impact on Georgia and its reformist potential. Ukraine makes an uneasy shift from democratic reformism with controversial results to a more conservative and pro-Russian oriented government. Moldova, Armenia and Azerbaijan are strongly affected by the ethnic conflicts in which they are involved. Moldova strongly aims at European style democratization, but stumbles into a long-term political instability and institutional impasse. Armenia acts to reduce the ability of a democratic opposition to perform, while Azerbaijan denies the rights of an opposition to an organized participation in the political process.

5. Most post-Soviet countries of the Black Sea region face limited potentials for efficient modernization and democratic change. The legacy of their Soviet past and the present strategic pressure by Russia additionally aggravate and correlate with the domestic hardships towards efficient nation building and democratization. However, those nations are not in a helpless situation. The transformation process of their economies and the political systems will last longer and will be subjected to controversial influences. Yet a political and civic mobilization and strong determination on the part of reformist elites to follow an agenda of successful nation-building and democratic transition are capable of bringing impressive results.

6. International assistance in favor of modernization and democratic reform is of key importance to the success of local reformist agendas of the Black Sea nations. The Eastern Partnership of the EU has strong political support of the member states, but it is under-funded and reduced to bilateral relationship with each post-Soviet country. The Eastern Partnership is not connected to the existing formats of regional cooperation like BSEC and it does not involve the two regional powers – Russia and Turkey – into the effort of developmental assistance.

7. Energy security is a major issue in the Black Sea region where Russian strategy of extending its supplies' hegemony clashes with the ambitions of most countries in the region to safeguard their national energy systems as part of their national sovereignty. The ambitions of the EU and the West to diversify the energy supply routes throughout the region are an important part of the strategic competition for influence and control over the region. The 'gas wars' between Russia and Ukraine in the near past have cut regular supplies not only to the neighboring countries, but affected the supplies for the entire Europe. All issues of strategic division between Russia, Turkey, Europe and the U.S. need to be addressed in cooperative manner by the parties involved, but the energy security issue might prove to be the most important *vis-à-vis* the process of integrating the Black Sea into the global community of nations. Russia's application for membership into the World Trade Organization and the growing necessity of economic cooperation and international integration for all countries of the region presume abandoning all efforts and strategies for commercial monopolization or misuse of trade for political purposes, in particular in the energy field.

### III. The Framework of Our Debate

In the course of our conference work we'll focus on three basic aspects of our general topic:

- Sub-topic 1: Governance and institutional reform (public administration reform; rule of law; fight against corruption; security sector);
- Sub-topic 2: Civil society and civic participation (human rights and democratic representation of civil society; media independence and public opinion impact on decision-making; poverty alleviation and social welfare reform; environmental awareness);
- Sub-topic 3: The economy – crisis management and economic reform (strategies for compensating for the crisis effects; free market vs. government regulation; trade and international cooperation; energy sustainability).

All three sub-topics encompass a wide range of policy issues that are the essence of our society reform agenda. Governance and institutional reform represent the hard core of the nation-building project – the institutional design of a stable and prosperous national community. Citizens' solidarity within a modern nation is based on a value system which is implemented in a *compendium* of formalized norms and procedures, constituting the nature of the **social contract** between state and society. A successful social contract is expressed in the **rule of law**. Wide spread corruption, organized crime penetration in the economy and in the institutions, the violation of basic human and communal rights – all those constitute the main obstacles to decent functioning of the social contract in our societies and therefore all they impede our efforts in building strong modern and proud nations out of the former Soviet Empire domains.

Civil society is the backbone of a modern nation. Traditional society rests on the subordination of individuals to a 'God-sent' external social hierarchy with a 'God-sent' Governor on top. To oppose the Government is to oppose the God-sent design – that is to sin. Modern society is based on the individual – on the mature person capable of planning his/her own life and project it in the future. The agreement of all those reasonable individuals – free and responsible persons – to create the Government as their common denominator is the nature of the nation-state project. We cannot successfully develop modern nation without the assistance of those free and responsible men and women, united in numerous initiatives under the common name of **civil society**. Civil society must be free and responsible partner of the state institutions. As we all know, there is a lot to debate in that field and in this relationship.

A modern nation is based on a modern market economy. Free market was the first thing we were told we'd achieved after the demise of communism. Did we achieve it? The oligarchic state capture and control over the major economic assets of our societies prevented the formation of a free market. The institutional weakness and fragility precluded the establishing of a strong legal framework to guard a decent market exchange. The result is mass scale poverty and a 'law of the jungle' in our economic systems. Free market is the essence of a successful nation-building project, which should be defined in practical terms: what economic aims we define for ourselves, what are the means to pursue them, how to participate in the regional and economic cooperative game, etc. At the same time, we should beware of the imperfections of an absolute free market system with no checks and balances, as demonstrated by the financial and economic crises of the last several years.

Having said all that, we need to emphasize that our debate should not be oriented towards theories of modern change. It should be a practical discussion, centered upon one basic question: how could the community of modern reformers in the Black Sea countries make a difference in implementing their

visions and projects of modern nation-building today and in the observable future? We have a tough agenda of problems and dilemmas – both domestically and internationally. We compete with powerful opponents aiming to prevent the fruition of our common project – the developing of modern democratic nations as sovereign members of the regional and the global community of nations. We need to develop and implement a sustainable strategy of modern democratic reform of state and society in order to catch up with the European mainstream and attune to priorities of global development.

Reformist communities and elites in the Black Sea countries need to strengthen their influence over the institutions and in our societies in order to get fair chances to promote this strategy. Our experience shows that strategies of modern democratic reform often fail without serious assistance from the international democratic community. International assistance for our reforms does not include ‘staging of color revolutions’, as our authoritarian opponents usually claim. Black Sea reformers should *convince* the European institutions and all other important factors in international democratic community to assist them in the following fields of policy cooperation: First, international assistance to build an adequate strategy of reforms. Second, successful reforms at national level require international support in creating a regional environment of tolerance, respect towards international law, including respect for national sovereignty. Third, national reform should rest upon an efficient regional cooperation effort as part of a wider project of integrating the Black Sea into the European economic and security space. Nothing coming from Brussels is granted. We have to advocate and pressure for the assistance package we need in order to succeed.

In case of success, the community of young reformist leaders of today will represent the national political economic and intellectual elites of the Black Sea countries of tomorrow.

#### **IV. Hypotheses for a Policy Agenda**

1. Unstable democracy discredits democratic values among large sections of society and opens the way to populism and ‘soft’ authoritarianism. The agenda of creating a strong constitutional government and respect for law and order is priority #1 on the agenda of democratization in mid-term perspective.
2. EU-Russia relations are defined by the ambition to create a closer partnership between the two as a prerequisite for successful modernization of the Russian Federation. Black Sea reformers should strive for two major agreements with Brussels and Moscow in this context. First, European economic and institutional assistance to modernizing Russia should be an inseparable part of the EU’s efforts to assist the modernization of the entire post-Soviet space. Second, the modernization process should be based on respect of national sovereignty of each country and not on outmoded considerations of ‘spheres of influence’, thus upgrading legal sovereign status of all nations in the region.
3. Regional cooperation should develop in closer partnership with the EU, provided that most countries of the region view the European model of development, security and democracy as a model of their own future. Strong advocacy efforts are needed to make Brussels more responsive in political and financial terms to the ambitions of post-Soviet Europe to join the European mainstream as an outer circle of European integration – until the day when full membership for the Eastern Neighborhood countries might become a realistic aim to pursue.
4. The security dilemmas of the Black Sea region should be treated as part of the common security agenda of all regional and international players present in the region, the EU, the U.S., Russia and

Turkey included. If the 'reset' policy could work in such fields of complexity as strategic arms limitation, anti-missile defense (AMD) and Afghanistan, it should also be tested in more conventional problems like 'frozen conflicts', like the conventional arms race in the Caucasus and in addressing numerous other security challenges from the 'soft security' agenda in the region. Reviving classical geopolitical power play among major traditional actors, which takes place currently in the Black Sea region, causes further destruction and new conflicts.

5. Economic reform should not be a subject of ready-made and fashionable macroeconomic theories. Pragmatic exploration of the success stories in the region and in the global world is needed in order to develop a sustainable strategy for economic growth and development at the national level.

## **V. Conclusion**

The participants in the Black Sea Young Reformers conference in Batumi do not need to agree with the analytical statements, the state of play assessments or to verify the hypotheses we have formulated. In fact, the discussion in Batumi will largely benefit from your disagreement with our statements and from a real process of further elaboration of the Black Sea region policy agenda in our upcoming debate. The purpose of this position paper is to frame the starting points of our discussion. In the course of our conversation the points of general assessment in this paper will be deepened into a more practical and diverse agenda of policy problems and policy instruments to address them. The debate will display the basic policy positions, the key cleavages and the positions of consensus among us. This is the real background of further Black Sea Young Reformers strategy development and elaboration throughout the post-conference debates and networking before we gather again in Brussels in October. Let's wish our conference in Batumi success!