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Foreign Aid in the Process of Post-Socialist Transition: Remedying Remedies

by

Tetyana Narozhna   ©

A thesis submitted to the Faculty of Graduate Studies and Research in partial fulfillment of the requirements for the degree of Doctor of Philosophy

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Date of Thesis Submission
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DEDICATION

To my parents, Lesya and Volodymyr, and to my husband, Vasyl

ABSTRACT

In response to legitimate concerns about the ineffectiveness of foreign aid, my doctoral thesis critically examines assistance programs designed to build civil society in former socialist countries, particularly Ukraine. The project focuses on the intersubjective dimension of institution building in the area, i.e. on the effects of aid discourses, which often involve the transfer of images and interpretive schemata, and the role of local mentalities and behavioural practices in shaping the visions among the citizenry and in determining the nature and substance of democracy in the former socialist world.

A key argument of this study is that by concentrating narrowly on the economic dimension of transition and formal institution building, Western donors almost completely disregarded civil society as a domain of cultural frames and codes. As a consequence, aid programs in support of civil society proved incapable of performing many of the objectives they were intended to achieve.

My interpretivist understanding of social change and development aid departs significantly from the determinism of earlier prescriptive concepts that were centered on the material growth factor and were depreciative of cultural variables. I argue that no meaningful change of social institutions, or of the entire social order can be accomplished through a simple transfer of technology, know-how, cognitive structures and improved practices. I advance *strategic social constructivism* as an approach to international development assistance which is concerned with purposeful and guided innovations that have the capacity of becoming self-sustainable in any recipient society.

ACKNOWLEDGEMENT

This thesis marks the culmination of an exciting and challenging intellectual journey with numerous stumbling blocks along the way. Its completion would not have been possible without generous assistance, encouragement, and advice of many individuals. I am indebted, first, to my supervisor, Professor W. Andy Knight, who patiently read drafts of the evolving manuscript and offered numerous suggestions for further readings and changes. I am privileged to have had the opportunity of working with him. He has been a powerful source of meaningful criticism and of inspiration, and I am pleased to acknowledge my warmest appreciation for the brilliant job he has done. I owe a big debt of gratitude to Professor Ian Urquhart, my graduate chair and friend, who told me not to engage in the impossible exercise of making the dissertation perfect. I would like to thank the following members of my committee: Professor Tom Keating for his intellectual rigour and a wonderful learning experience. Our Political Science 660 class discussions and essays brought to mind a number of theoretical and conceptual points that later found their way into the analysis here. Professors John-Paul Himka and Wenran Jiang refined my views on matters of nationalism and development. I am also indebted to Professors Michael Schechter for stimulating and rigorous questions during the dissertation examination and for offering constructive criticisms of the draft. Professor Fred Judson provided numerous helpful suggestions on the earlier draft of the dissertation. I thank Professor Judith Garber for serving as a member of the examining committee. In addition, I would like to thank Sharon Moroshan, Alice Lau, Marilyn Calvert, Cindy Anderson and Tara Mish (staff in the Political Science department) for their support and wise

counsel, which, though not directly related to the dissertation, helped me to complete it.

I also wish to thank the Department of Political Science, University of Alberta, and Canadian Institute of Ukrainian Studies for their generous financial support for this study.

My views on the practical aspects of foreign aid were also shaped by my experience working in the USAID-funded US-Ukraine Community Partnership Programme in Ukraine. I learned much by working closely with my colleagues, especially with Petro Mavko and Vitaliy Lesyuk. This dissertation owes much to friendly discussions and email correspondence with a number of individuals working in the 'aid industry' in Ukraine, who helped me realize that there was something wrong with the workings of foreign assistance in this country. In particular, I would like to thank Svyatoslav Pavlyuk (Senior Program Officer, Polish-American-Ukrainian Cooperation Initiative, PAUCI), Yuriy Tsetnar (Regional Coordinator, Partnership for a Transparent Society, USAID), Olesya Kotsyumbas (Civic Education Project Manager, Open Society Institute), Anastasiya Leukhina (Civil Society Adviser, Integrity in Action Project, UNDP), Oleh Protsak (Director of the Center for Educational Policy), Anatoliy Romanyuk (Director, Center for Political Studies), and Nadiya Vrublevska (EveryChild Ukraine, Regional Manager, TACIS).

I wish to acknowledge the constructive critiques of the anonymous reviewers for the following journals that published earlier versions of sections of this dissertation: *Canadian Foreign Policy, Journal of International Relations and Development, Demokratizatsiya, Spaces of Identity, Kakanien Revisited, and Analysis*

of Current Events. Panel participants and discussants at the 2004 meeting of the *International Studies Association* (ISA) and 2003-2004 meetings of the *Canadian Political Science Association* (CPSA) made useful suggestions that helped me improve the chapters that follow.

I am profoundly grateful to my parents, Lesya and Volodya, for their love, wisdom, patience, and their incredible ability to believe in me even when I was not sure where I was going, and to guide me through the rough patches from across the Atlantic.

I thank Vasyl, my husband and closest friend, for being there for me every step of the way; for patiently enduring endless reiterations of the same paragraph and my frustrated lapses into 'I'm not going anywhere with this;' for volunteering thousands of hours as my research assistant and technical support person, for generating a wealth of provocative ideas, and above all; for filling my life with generous, warm-hearted and sustaining love.

PREFACE

In the winter of 2001, as I was doing the fieldwork for my dissertation in Ukraine, I met with a university colleague of mine who worked at the time as a regional manager in the EU-funded program in Ukraine. She had just come back from London where she was getting a hands-on project-related experience. As it turned out, the program of her visit was very intense with a lot of sightseeing and numerous visits to shopping centers. As she admitted herself: 'I don't know how all that sightseeing and shopping improved my expertise, but I would gladly go on a trip like that again.' This was the first in a myriad of other stories I learned about which involved Ukrainian aid workers on project-related trips to the West that had very little to do with enriching their understanding of Western practices and concepts.

Since 2001, I have spent much time thinking and reading about the practice and (in)effectiveness of foreign aid programs, discussing these issues with foreign aid workers in Ukraine and with academics in the West. I began this dissertation research with the modest objective of analyzing foreign assistance in support of civil society and NGOs in Ukraine. Yet, as I discovered increasingly disturbing patterns in foreign aid practices, I broadened the scope of my research by asking some fundamental questions about the effectiveness of foreign assistance and the nature of social development.

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LIST OF ACRONYMS / ABBREVIATIONS

IBRD	International Bank for Reconstruction and Development (World Bank)
CAP	Counterpart Alliance for Partnership
CAS	Country Assistance Strategy
CEC	Central Electoral Commission, Ukraine
CIDA	Canadian International Development Agency
CSO	Civil Society Organization
DFID	British Embassy's Department for International Development
EBRD	European Bank for Reconstruction and Development
ECA	Economic Cooperation Administration
EERP	European Economic Recovery Program
EU	European Union
FSA	Freedom Support Act
FSU	Former Soviet Union
HIID	Harvard Institute for International Development
IBRD	International Bank for Reconstruction and Development (World Bank)
IFC	International Finance Corporation
IMF	International Monetary Fund
IDA	International Development Association
IR	International Relations
IRF	International Renaissance Foundation
KPMG	Klynveld, Peat, Marwick, Goerdeler
MP	Marshall Plan
NATO	North Atlantic Treaty Organization
NED	National Endowment for Democracy
NGO	Non-governmental Organization
NIS	New Independent States
ODA	Official Development Assistance
OEEC	Organization of European Economic Cooperation
OSCE	Organization for Security and Cooperation in Europe
PFP	Policy Framework Papers
PHARE	Pologne Hongarie Assistance à la Reconstruction des Economies
PVP	People's Voice Program
SEED	Support for East European Democracy
TACIS	Technical Aid to the Commonwealth of Independent States
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WB	World Bank (International Bank for Reconstruction and Development)

INTRODUCTION

> Transition in Eastern Europe and the former Soviet Union is not just something happening east of Elbe. Transition is also a strategy being implemented by international development agencies, western financial institutions, foreign aid programs and humanitarian or other non-governmental organizations (NGOs). The east-west divide formerly based on 'cold war' has now been replaced by the west's concerted effort to 'modernise' the east and to 'integrate' the former communist states into European economic, political and security frameworks. Spearheading this effort is a gamut of western aid programmes aimed at helping the Central and East European states achieve 'privatisation', 'agricultural reform', 'higher-education restructuring', 'democratic institutions,' 'legal reform,' and 'a developed civil society.'

> Steven Sampson[1]

PROBLEM STATEMENT

For more than a decade, enormous resources and energies have been spent on trying to replicate Western-type ideals in the East. The magnitude of changes in former socialist states engendered an avalanche of technical assistance from the West accompanied by new visions, slogans, and metaphorical clichés which contrasted with those of the socialist past. The market economy, civil society, democratic pluralism, good governance, the rule of law, citizen participation, to name a few, became the new 'shining emblems' that symbolized the discourse of transition. This massive transfer of material and symbolic resources attracted a large number of experts, analysts, and practitioners on both sides. The aid world has become

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[1] Steven Sampson, 'The Social Life of Projects: Importing Civil Society to Albania' in Chris Hann and Elizabeth Dunn, eds., *Civil Society: Challenging Western Models* (London: Routledge, 1996), pp. 121-142 at 121.

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an arena where donors, receivers, and countless middlemen meet, brought together by the magnetic stream of aid resources. This stream is fuelled by fashionable development goals and concepts. [However], once inertia takes hold, it tends to perpetuate these goals and concepts as well as to provoke new ones. The whole process has a tendency to become a powerful, self-referential perpetuum mobile, [floating in its own] ritual oratory.[2]

Eventually it became apparent that the great undertaking of converting the post-socialist world into a liberal democracy and open market turned into *zastoi* (stagnation), to use a term popularized by Gorbachev in his critique of the Brezhnev-era Soviet Union.

In the process of aiding former socialist countries in their transition to free market and democracy, it has gone largely unnoticed that Western ideals, though loaded with political appeal, have not necessarily been endowed with the intersubjective *meaning* that is in synchronization with popular social yearnings in the East. Often, these Western ideals have reverberated in the post-socialist world without an adequate or, indeed, any understanding of their essential meaning. When embraced by the recipients, these ideals have acquired distinct overtones and have been used for purposes not envisioned by Westerners. As this development has grown intensely in scale and vigour, it is evident that the West and the East are still speaking quite different languages, despite the fact that they are now using the same terms. This fact has had profound implications for the process of democratic institution building in the East.

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[2] Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies* (Chicago and London: The University of Chicago Press, 2002), p. 25.

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A traditional way of looking at Western assistance has been to view it as a transfer of exclusively material, rather than material plus symbolic, resources. Yet, as John Searle astutely points out, it is "impossible to have institutional structures ...without some form of language."[3] Thus, discourse, being constitutive of institutional reality, has become the crucial, but neglected, element of Western aid.

The subject of Western assistance in the process of post-socialist transition has stimulated much research and debate. However, determining the role such programs play in the post-socialist reform process is not easy. The mixed record of foreign aid failure and success, as well as growing discontent with transition to democracy and free market among the citizenry of the former socialist world, make the imperatives which attribute universal importance to a particular way of life and the usefulness of Western assistance practices, increasingly questionable.[4] Ironically, the end of socialism introduced not only an unprecedented chance for the West to go global, but also posed a challenge of scale and complexity that hardly anyone could imagine in the late 1980s. The dynamics of transition from socialism to capitalism was not given much attention prior to 1989, other than, perhaps, in some fiction books or at academic seminars.

When these issues suddenly emerged in the late 1980s, there was no model or precedent to follow. The promptness with which the developments unfolded left no

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[3] John Searle, *The Construction of Social Reality* (New York: The Free Press, 1995), p. 59.
[4] See, for example, Gerald Creed and Janine R. Wedel, 'Second Thoughts From the Second World: Interpreting Aid in Post-Communist Eastern Europe,' *Human Organization* 56:3 (1997), pp. 253-264; Milos Hajek, 'The Left in the Process of Democratization in Central and Eastern European Countries,' in Michael Walzer, ed., *Toward A Global Civil Society* (Providence, RI: Berghahn Books, 1995), pp. 251-8.

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time for in-depth analyses and considerations of unfamiliar alternatives. Under these circumstances the idea that 'we once reconstructed Western Europe, we can do it again east of the Elbe,' has been applied to the 'real world' situation in post-socialist Eastern Europe and, a few years later, in the former Soviet Union (FSU).[5]

The very language of transition presupposed a determinate destination -- the former socialist world was to be converted to liberal democracy and capitalism. What went largely ignored in the 'capitalist system export' schemes was the very 'real world' they were intended to remake. This is not to say that the West has forcefully imposed the neo-liberal model of development on the former Second world. Given a strong aversion to the socialist past and an idealized view of the West, it is no surprise that Western democratic capitalism appeared at the time as the only perceivable alternative to the population in the East. Furthermore, the attractiveness of a Western socio-economic order has been reinforced by the economic growth of the mid-1980s that seemed to confirm the efficacy of neo-liberal economics.[6] As a result, many citizens and governments in the former socialist countries welcomed the ideas of liberal democracy and free market economy, even though only a small percentage of population in the East had a concrete idea and experience of what democracy and free market were in reality. When referring to democracy throughout the post-socialist

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[5] Claus Offe, *Varieties of Transition: The East European and East German Experience* (Cambridge, Massachusetts: The MIT Press, 1996).

[6] See, for example, Gerald Creed and Janine Wedel, 'Second Thoughts From the Second World: Interpreting Aid in Post-Communist Eastern Europe,' *Human Organization* 56:3 (1997), pp. 253-264; Dieter Dettke, Foreword in Michael Walzer, ed., *Toward A Global Civil Society* (Providence, RI: Berghahn Books, 1995); John Gray, 'Post-Totalitarianism, Civil Society, and the Limits of the Western Model' in Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, (Boulder: Westview Press, 1991), pp. 145-160; Christopher Bryant, Edmund Mokrzycki, eds., *The New Great Transformation? Change and Continuity in East-Central Europe* (London, New York: Routledge, 1994).

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world, most people pictured a consumer's, not a democratic, society.[7] In retrospect, it is obvious that the modalities of political and economic trajectories traveled by former socialist countries, and perhaps more importantly their present conditions, barely resemble any recognizable stage in the development of capitalism and democracy in the West. Many observers have noted a discrepancy between mostly instantaneous political change and a far slower tempo of actual economic and social transformation. According to Leszek Balcerowicz, this asymmetry produced *"a historically new sequence*: mass democracy (or at least political pluralism, i.e., some degree of legal political competition) first, and market capitalism later."[8]

Indeed, post-socialist reality represents a confusing hybrid of the old and new patterns, rules, mentalities and habits. The surprising viability of the remnants of the pre-1989 regime turned out to be a significant impediment to a sustained transition. The term 'transition' itself has become so abused and so eclectically cluttered with teleological concepts, strategies, and prescriptions that it no longer adequately captures the social reality in most, if not all, former socialist countries. What emerges on the ruins of the old regime is a new reality with its own imbalances, turbulences, and highly indeterminate consequences. In the words of Steven Sampson, the transition in Eastern Europe is not a "fundamental, irrevocable social change along western lines, nor is it the controlled transfer of western experience to the east. Rather, the transition is a social space in which various resources – material,

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[7] Milos Hajek, 'The Left in the Process of Democratization in Central and Eastern European Countries,' p. 252.

[8] Jiri Melich, 'The Relationship between the Political and the Economic in the Transformations in Eastern Europe: Continuity and Discontinuity and the Problem of Models,' *East European Quarterly* 34: 2 (2000), pp. 113-157 at 132.

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organizational, human, symbolic – are manipulated and reconstituted by a variety of actors..."[9] Indeed, what is happening in the former socialist world can be more adequately described as a *social metamorphosis* – a complex blending of political, economic, and cultural processes with no determinate destination, and more often than not, without a clear blueprint of how the change should proceed.

This dissertation project critically examines Western assistance programs designed to create and strengthen the foundations of civil society in former socialist countries (with a particular focus on Ukraine), as well as the effects of local cultural frames and codes on the implementation of these aid programs. I look at transition as the transfer of Western symbolical resources, i.e., of concepts, ideals, and representations. I recognize that the existing institutional structure in the former socialist world is not the product of exclusively external factors, foreign aid being one of them. Certainly, numerous legacies of the collapsed socialist rule have hampered the development of liberal democratic and market institutions. This reserach focuses on how Western aid in its discursive form has blended with the residual socialist legacies and has helped shape institutional reality in the region.

CONCEPTUAL FRAMEWORK

There is now a voluminous collection of works on what has been termed *transitology*. A good deal of these works is remarkable for excessive verbiage, endless description and tireless reiteration. Miller, White and Heywood even observed that in practice

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[9] Steven Sampson, 'The Social Life of Projects: Importing Civil Society to Albania,' pp. 121-142 at 122.

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"few of these offer a genuinely explanatory framework... [It] can be argued that much recent research has primarily contributed to what might be termed 'deep description', providing ever more nuanced accounts of transitional processes. Sadly, descriptive detail is all too often purchased only at the expense of analytical insight."[10]

This project offers a systematic critical analysis of the issue of donor involvement in the development of civil society in the East within a broader conceptual framework of social change and development aid. Even though the empirical focus of this project is on the post-socialist region, particularly Ukraine, critical scrutiny of donor strategies in support of civil society allows one to conclude with some general comments about the broader questions of the nature of social change and the extent to which Western assistance can induce desired and sustainable innovations in transitional and developing societies. Too often transitologists and development scholars describe the creation of new democratic institutions as the construction and proliferation of new physical entities.

My goal is to understand the intersubjective dimension of institution-building in the former socialist world, i.e. the effects of aid discourses, which often involve the transfer of images and interpretive schemata, and the role of local mentalities and behavioural practices, in shaping the visions and perceptions among the citizenry, and, by extension, in determining the future of post-socialist countries. More specifically, this project addresses the following questions:

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[10] William Miller, Stephen White, and Paul Heywood, *Values and Political Change in Postcommunist Europe* (London: Macmillan Press, 1998), p. 62.

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- What *meanings* do concepts/ideals brought by Western donors (particularly, '*civil society*' and '*non-governmental organizations*') acquire in the culturally unique post-socialist setting?

- What are the local interpretations of these western concepts? Into what kind of practices have these ideals materialized when integrated into western assistance strategies?

- Can there be more effective aid strategies?

I argue that *civil society* is a combination of a scientific concept, a philosophical idea, a political slogan and a social reality that provides an important perspective from which a critical analysis of transitional processes can and should be undertaken. Not only has it been central for thinking about the underground life and political reality in totalitarian socialist societies prior to 1989, more importantly, this concept still has much purchase in describing current political and social transformation.

My conceptualization of civil society takes on a somewhat Gramscian twist whereby the state and civil society are only methodologically/analytically distinct elements of the social fabric. In reality, they are inseparably bound together in a single structure. Within this state/civil society complex, the underpinnings of the state are always rooted in civil society.[11] While civil society "is the realm in which the existing social order is grounded; ... it can also be the realm in which the new social

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[11] Keith Krause and W. Andy Knight, *State, Society and the UN System: Changing Perspectives on Multilateralism* (Tokyo and New York: United Nations University Press, 1995).

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order can be founded."[12] In other words, in the state/civil society relationship, the latter appears "to be more fundamental than the state, indeed to be the basis upon which the state can be founded. Civil society is both shaper and shaped, an agent of stabilization and reproduction and a potential agent of transformation."[13] Civil society is also an historically variable condition with no fixed content. It can be viewed through a three-dimensional prism:

- In its sociological meaning, civil society is represented by the totality of formal and informal voluntary institutions, associations, and groups located in the space between state, family and market;

- In its economic dimension, civil society embraces a diversity of actors and institutional forms within the free market. This current of thought on civil society emerged in the 18th century Europe, where it signified the realm of private economic interests of the bourgeoisie;

- Finally, as a cultural concept, civil society includes all the normative parameters shared by the members of society.

I define civil society as a *process* of public engagement and an *arena* between the family and the state where multiple identities and interests are contested. Civil society may be represented by various institutional forms (social movements, civic networks, religious organizations, national(ist) groups, NGOs, charitable foundations, political parties, trade unions, etc.) that serve as the medium through which individuals counterbalance the state. I use the term 'civil society organizations'

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[12] Robert W. Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order,' *Review of International Studies* 25 (1999), pp. 3-28 at 4.
[13] Ibid., pp. 4-5.

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(CSOs) as an umbrella concept for different institutional forms of civil society. Furthermore, I contend that strong civil society is necessarily based on mutual trust, solidarity, and tolerance among the members of a larger community.

A key argument here is that by focusing primarily on the economic dimensions of transition and formal institution building, Western aid donors disregarded, almost completely, civil society as a domain of cultural frames and codes. As a consequence, Western aid programs in support of civil society proved incapable of performing many of the objectives they were intended to achieve. Instead of developing indigenous, long-term capacity to provide solutions to the problems relevant to their setting, assistance efforts ended up reproducing familiar socialist patterns with only marginal deviations from the previous practices, leaving the nature and substance of democracy in the former socialist world rather questionable.

Cultural values are 'obligatory.'[14] Values and perceptions, norms and implicit understandings are to be taken seriously, especially in the analysis of social transformation on the scale observed in the former socialist world. Rose, Mishler, and Haerpfer once noted that when "one regime collapses and a new one is formed, the structure of political power is up for grabs. However, the legacy of the political past remains. ...[The] past does not disappear when one constitution supersedes another; it persists in the values and beliefs of politicians and citizens socialized to accept the

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[14] Max Weber, *The Methodology of the Social Sciences*, translated and edited by Edward Shils and Henry Finch (New York: The Free Press, 1949), p. 15.

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cultural norms of the previous regime."[15] This research demonstrates that the inter-subjective beliefs shared by the members of society may facilitate or constrain what they actually think and do, and thus may lead to broader socio-political consequences. The agenda for contribution into the civil society debates is precisely to particularize, i.e. to show how the idea that originated in European intellectual discourse has different referents even within European societies.

An important general point is that so far civil society debate and aid policies to build civil society outside Western countries have been too narrowly determined by Western ideas of liberal individualism. To a great extent, this predominant understanding of civil society was the product of American hegemony, that is, of a particular configuration of power, ideas, and institutions within the international system. Ideologically, this particular structure of the international system, founded by what was once called Anglo-American capitalism and protected by the US, was sustained by and legitimated through the ideas of liberal individualism. These ideas helped define policy guidelines for donors and recipients and shaped social institutions (including civil society institutions) at the national level across the system.

The agenda for contribution to studies of foreign aid and development is to demonstrate that development thinking has for too long been driven by the logic of social engineering that is premised on the belief that social technology can become a leverage for the construction and alteration of any social order. In practical terms, this

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[15] Richard Rose, William Mishler, and Christian Haerpfer, *Democracy and Its Alternatives: Understanding Post-Communist Societies* (Cambridge: Polity Press, 1998), p. 44.

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approach has addressed the predicament of underdevelopment as a technical problem soluble through rationally-devised mechanisms and procedures. In my analysis, I argue that the problems of 'technical assistance,' which attempt to modify or transform social institutions, stem primarily from the incompatibility of specific aid techniques with local social and cultural frameworks, and therefore from the lack of both *meaning* and *relevance* of assistance efforts for the recipient population.

In this project, I introduce the reasons why the traditional social engineering approach to the theory and practice of social change and development assistance is largely ineffective. Now is the time to seriously consider a historicist perspective that allows the perception of social development in a different light by "singling out development as an encompassing cultural space."[16] Therefore, the scholarship concerned with the issues of social change and development aid should move beyond traditional confines and pay closer attention to ideational and normative (cultural) explanations as a means of improving the existing models of the design and implementation of aid programs. My interpretivist understanding of social change and development aid departs from the determinism of earlier standardized, prescriptive and predominantly economic definitions/concepts that were centered almost exclusively on the material growth factor and were depreciative of cultural variables. I consider development as a complex process, and as reality, comprised of multiple, often-conflicting interests, cultural perceptions, and intersubjective beliefs.

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[16] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton: Princeton University Press, 1995), p. 6.

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My analysis also demonstrates that the intersubjective foundation of social reality allows for the possibility of linking social engineering with historicism and erasing some of their mutual indeterminacies within a single *strategic social constructivist* approach. Strategic social constructivism is not unique to this dissertation.[17] However, much of the social constructivist work has lacked empirical applications. Moreover, social constructivists traditionally shy away from doing policy analyses or offering policy recommendations. I propose strategic social constructivism as an approach to international development assistance and social change. This approach is based on the assumption that no meaningful change of social institutions, or of the entire social order (whether in transitional countries, or developing countries), can be accomplished through a simple and straightforward transfer of technology, know-how, cognitive structures and improved practices from one culture to another. All these technicalities must be endowed with *meaning* that will resonate adequately within the recipient culture. My approach, thus, deals with strategic social construction whereby aid providers can introduce normative and behavioural innovations into transitional and developing societies in a manner that would allow "traditional cultures [to] survive through their transformative engagement with modernity."[18]

This is not the first time that cultural change has been proposed as a target of foreign aid. Modernization scholars often envisioned development in terms of traditional/backward – modern/progressive dichotomy. From their perspective,

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[17] See, for example, Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' *International Organization* 52:4 (1998) pp. 887–917.
[18] Ibid., p. 219.

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development was seen as "an encroachment of the modern on the traditional."[19] Unlike modernization theorists, however, I advocate a more plural idea of social development based on the acknowledgement of the value and validity of the culture of aid recipients. This idea recognizes the possibility of multiple paths to development, and more importantly, of different outcomes. My position evolved out of Stuart Hall's idea of different temporalities and the great diversity of actual forms of historical development. Like Hall, I am convinced that culture should be accorded a higher explanatory status, since it is constitutive of the economic, political, and social processes in the modern world.[20] To speak of development as the multiplicity of culturally unique experiences carries enormous implications. This means not only that the idea of a universal model of economic development has to be abandoned, but that it is "necessary to recognize that forms of production are not independent from the representations (the 'models') of social life in which they exist. The remaking of development must thus start by examining local constructions, to the extent that they are the life and history of the people, that is, the conditions of and for change."[21]

Thus, the conceptual framework of this project is grounded in social constructivism and rests on three pillars:

- Irreducibly intersubjective foundation of social reality;

- The possibility of linking historicism and social engineering in the *strategic social constructivist approach* to aid and development; and

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[19] Arturo Escobar, *Encountering Development*, p. 77.
[20] Stuart Hall, Introduction in Stuart Hall, David Held, Don Hubert, and Kenneth Thompson, eds., *Modernity: An Introduction to Modern Societies*. (Cambridge: Blackwell, 1996), p. 12.
[21] Arturo Escobar, *Encountering Development*, pp. 97-8.

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- Guided sustainable social change as a result of the strategic social constructivist approach to development aid.

METHODOLOGY

Any defensible empirical work requires both conceptual clarity and methodological precision. My choice of methodology is determined by the very nature of the project. Joseph Eaton once noted that it is "rare for one country to be able to adopt *in toto* the organizational procedures and ideas of another. What usually takes place are selective adaptations, along with variations to cushion the impact of the new ideas on the established order of things."[22] Therefore, those concerned with social change and development aid have to devise analytical tools that would allow them to abstract and emphasize certain elements of one cultural setting with its institutions, and compare it with another empirical reality so as to establish similarities and divergences between them.

The Weberian 'ideal type' is a methodological device that can help attain knowledge of concrete social reality. The ideal type in itself is an abstract construct, a *'utopia'* that was arrived at by the analytical accentuation of certain elements of reality. Ideal type helps one make the characteristic features of reality "pragmatically *clear* and *understandable*... It is not a *description* of reality but it aims to give

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[22] Joseph Eaton, 'Planning and Development: An Ideological Typology' in Thomas Woods, Harry Potter, William Miller, and Adrian Aveni, eds., *Institution Building: A Model for Applied Social Change* (Cambridge, Massachusetts: Shenkman Publishing Company, 1972), pp. 91-111 at 91-2.

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unambiguous means of expression to such a description."[23] Ideas, concepts, symbols and representations that Western donors brought into the countries in transition as part of their assistance strategies, though not necessarily withstanding verification across Western societies, were extracted from unique historical experiences of the West. In that sense, they are utopian ideal constructs that cannot be found anywhere in empirical reality, and as such, they should have served not as an end but only as a means to attain better knowledge of the distinct social reality in transitional societies. However, instead of being used as ideal types in the logical sense, these constructs were used by donors as ideal types in a practical sense. They were turned into the models of what post-socialist reality *should* be. "In this sense, ...the 'ideas' are naturally no longer purely *logical* auxiliary devices, no longer concepts with which reality is compared, but ideals by which it is evaluatively *judged*."[24]

Aid policies have generally been designed on the basis of value judgements. Consequently, instead of assisting in *reforming* post-socialist societies, Western donors were primarily concerned with *remaking* them. The hidden trap of their approach is in that no matter how civil society develops in the former socialist countries, this society will never stand up to the ideal and will always remain 'defunct,' simply because the assessment of civil society in the East is made against a blueprint rather than from within the framework of existing conditions. This is why all analyses that attempt to trace the features of Western open societies in the post-socialist world have diagnosed civil society in the East as defeated, alienated,

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[23] Max Weber, *The Methodology of the Social Sciences*, p. 90
[24] Ibid., p. 97.

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stagnant, or even as failing to emerge. A proper understanding of what is needed to build viable civil societies in the East must separate them from implicit identification with ideal Western-type plural society.

The method used in this dissertation comprises three steps:

1. Description of the concepts of Western donors as ideal types in the logical sense;

2. Analysis of local interpretations of these ideal types;

3. Critical investigation of how these ideal types when incorporated into assistance strategies have been fused with the distinct social reality and have translated themselves into the practices that differed from the original donor plans.

In an attempt to demonstrate the importance of perceptions in shaping the outcomes of aid, I refer specifically to the case of aid experience in Ukraine, even though many of the lessons from this study are transferable to other countries in transition and developing countries. My choice of the case study is driven by close familiarity with Ukrainian culture, language, traditions, and contemporary social dynamics. In addition, I have personal experience with the implementation of assistance programs, having worked for the United States Agency for International Development (USAID) in Ukraine. Therefore, the empirical components of this thesis rely on the relevant literature (especially where different models of development, both Western and local, and the state of civil society in Ukraine are concerned); on governmental and non-governmental sources (aid agencies documentation, primary documents produced by the Ukrainian government concerning the development of

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civil society, interviews with state officials, intellectuals, NGO employees, and public opinion survey); as well as on personal experience and observation. The secondary literature is analysed from a critical constructivist perspective -- major emphasis being placed on the normative and ideational factors that range from traditional values and perceptions to inter-subjective principles and beliefs, and to the interpretation of specific policy problems.

ORGANIZATION AND PREVIEW OF CHAPTERS

The following chapters deal with some fundamental issues that must be raised in an effort to advance a deeper understanding of social change, development aid, civil society, and post-socialist transition. This work is divided into seven chapters. Following the Introduction, is a chapter that offers a systematicoverview of a reflexive approach to the study of social reality by tracing its origins in the works of major sociologists – Durkheim, Weber and Giddens – and demonstrates the ways in which their theorizing has affected the emerging social constructivist project in political science. In particular, this chapter focuses on the relationship between ideational properties on the collective and individual levels and proposes a way of reconciling two competing perspectives on social development – 'historicism' and 'social engineering' – within a single 'strategic social constructivist' framework.

Chapter 2 is an historical detour into the workings of foreign assistance in two different settings -- post-WWII Western Europe and post-Cold War Eastern Europe and the former Soviet Union. Against the background of a highly politicised reality of the development aid world, this chapter investigates the emergence of the Marshall

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Plan discourse of foreign assistance in early post-World War II Europe, its subsequent consolidation, and universal employment by the donors. It challenges some of the deeply rooted myths and stereotypes about the extraordinary success of the Marshall Plan, and questions the relevance of donor efforts to replicate the Plan elsewhere. The need to revisit this highly acclaimed program is dictated by the mixed record of foreign assistance camouflaged in the 'Marshall Plan' discourse in the Third World and the former Second World. Furthermore, this chapter illuminates the profound gulf between the Marshall Plan rhetoric of aid and actual aid practices in transitional countries.

Chapter 3 demonstrates revealing commonalities between Western assistance policies and practices in the developing world and in the post-socialist world. The similarities between aid experiences in the developing and transitional countries include donor rigidity in the identification, design and implementation of aid projects and programs; donor focus on short-term projects; lack of coordination among numerous aid agencies; and the advisory role in reforming the recipient societies largely through the employment of experts. Furthermore, it is argued here that the neo-liberal model of economic development, donor's disproportionate focus on the policies of instantaneous marketization, and neglect for civil society, exceedingly pronounced in the aid strategies in the 1990s, have been a major departure from the original post-WWII Marshall Plan. Not only did these donor policies fail to assist transitional countries in creating a functional institutional environment, they also contributed to the skyrocketing of corruption, the growth of authoritarianism, and to the plummeting of living standards.

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Chapter 4 explicates the importance of civil society in the process of post-socialist transition. In view of the fact that civil society shapes many of the current reforms and political processes of the former socialist region, I introduce a critical inquiry into the programmatic, policy-oriented dimension of civil society. To do so, I depart from Van Der Zweerde's idea that the "empirical reality, the academic concept, and the political slogan of civil society are all part of the same social reality,"[25] and, therefore, serve as the most adequate reflection of each specific social context. This chapter takes us deep into the domain of civil society, both as a theoretical concept and a policy directive. It categorizes a rapidly growing body of literature on civil society in order to distil different ideational and institutional expressions of civil society in both the East and West, as reflected in divergent intellectual traditions and concepts. An important argument of this chapter is that, despite the strong national/communitarian tradition of civil society in the former socialist world, Western donors tended to emphasize a Western-type individualist vision of civil society and to privilege typically Western institutional forms, e.g. NGOs. As a result, not only did these donors' efforts become largely ineffective or even counterproductive, but also, in the eyes of local citizenry, donor practices strikingly resembled the attempts of Soviet authorities to weaken national communities and eventually replace them with Soviet supra-nationalism and international proletarianism.

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[25] Evert Van Der Zweerde, "'Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case', *Religion, State and Society*, 27:1 (1999), pp. 23-45 at 34.

Chapter 5 focuses specifically on Ukraine's experience with Western assistance. It illustrates that the nature, volume, and dynamics of donor support for transitional reforms in Ukraine were consistent with the general pattern of aid delivery to the entire post-socialist region. This chapter vividly demonstrates donor preoccupation with structural reforms and blatant disregard for civil society at the early stage of donor involvement in Ukraine, which exposed the *ad hoc* character of Western aid policies and the absence of any longer-term strategy. Chapter 5 also provides an in-depth look at the qualitative dimension of donor support for civil society and at the practical consequences of Western initiatives in the field. Focusing on the phenomenon of grant-oriented civic activists and non-governmental organizations (*grantoids*), this analysis serves as a reminder that donor cultural illiteracy and commitment to social engineering makes a great deal of Western technical assistance unproductive or even counterproductive.

Chapter 6 explores the concept of civil society and its intimate relationship with the idea of nationhood in Ukraine. It challenges the established view that civil society is weak in this country. To begin with, this chapter examines the attitudes of both NGO leaders and average Ukrainians toward NGOs and civil society. It reveals that NGOs in Ukraine suffer from a poor public image, low levels of participation, and paucity of support among the population. The analysis contained in this chapter demonstrates that not only do Ukrainians believe NGOs do little to promote democratic values, but that Ukrainians rarely associate the notion of civil society with NGOs. This chapter also suggests that the recent Orange Revolution in Ukraine

demonstrates the vitality of civil society, expressed and asserted through national consolidation.

Based on the lessons learned from the experience of the former socialist countries (particularly Ukraine) with Western assistance policies and practices, Chapter 7 advances the possibility of developing, theoretically, a strategic social constructivist approach to development assistance and social change. This alternative theoretical/conceptual approach allows for the incorporation of cultural dimensions of social reality into the design of aid programs and projects. It is concerned with qualitative changes in intersubjective beliefs and perceptions, in behavioural patterns, and social relationships. It does not prescribe a unique and universally-valid model for social change. On the contrary, this approach views development as a multiplicity of culturally unique experiences.

From a theoretical perspective, a culturally-sensitive approach makes it possible to erase some of the mutual indeterminacies of the two competing intellectual traditions of conceptualising development and social change – 'historicism' and 'social engineering.' In practical terms, this proposed approach provides a solution to the dilemma of incompatibility between donor aid techniques and recipient socio-cultural landscapes and, therefore, can potentially increase the net productive outcomes of Western aid. This chapter outlines some of the challenges to implementing this alternative approach. It is argued that the introduction of a culturally sensitive approach to development aid is absolutely necessary, as demonstrated by some practices of humanitarian assistance. Chapter 7 also demonstrates that a culturally sensitive approach to foreign aid is not only possible

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but also potentially more effective than traditional technical assistance practices. In conclusion, some of the practical recommendations for designing and implementing culturally-sensitive foreign aid projects based on a strategic social constructivist approach to development aid and social change are outlined.

Finally, the concluding chapter provides a brief summary of the arguments in this study and highlights some of the major research findings, demonstrating their contribution to the main thesis.

CHAPTER 1. INTERSUBJECTIVE FOUNDATION OF SOCIAL REALITY

INTRODUCTION: BRINGING IDEAS BACK IN

Despite periods of indifference, oblivion, and even hostility to ideas, normative and ideational concerns have been far from negligible in the study of social reality. Interestingly, deliberate retreat from culture, identity and subjectivity in the past has always been followed by the revision, rethinking, reconsideration, or revisiting of ideas. This kind of a segue, manifesting a dynamic confrontation between purposeful amnesia and the forceful comeback of ideational concerns, has figured dramatically in the recent re-emergence of the centrality of idea-focused discourses in the study of contemporary global politics. Yosef Lapid noticed this pattern when he wrote "it is remarkable that in the subtle struggle of the prefixes, the 're-' (as in rethinking, reclaiming, reorienting, returning, and so on) has lately been scoring some impressive victories over the 'post-' (as in postmodernism, poststructuralism, postcolonialism, and so on). ...[W]ith respect to culture and identity, there is no alternative to using a 'return' type of depiction."[1]

This chapter examines the ways in which enriched knowledge of inter-subjectivity can contribute to a better understanding of social reality, change, and development aid. It traces the roots of interpretive approaches in the works of major sociologists – Durkheim, Weber, and Giddens -- and explicates how the sociological

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[1] Yosef Lapid, 'Culture's Ship: Returns and Departures in International Relations Theory,' in Yosef Lapid and Friedrich Kratochwil, eds., *The Return of Culture and Identity in IR Theory* (Boulder, London: Lynne Rienner, 1996), pp. 3-20 at 5.

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tradition developed by these scholars has affected the emergence of new disciplinary directions in political science. This chapter also presents an in-depth examination of the major challenges confronting the social constructivist project today and proposes a compromise between two competing *Weltanschauungen* on the nature of social reality and change using a strategic social constructivist theoretical approach.

1.1. BACK TO THE CLASSICS

The classical origins of the interpretive/reflexive approach are rooted in the sociology of Emile Durkheim, Max Weber, and Anthony Giddens. This approach stands in sharp contrast to functionalism and structuralism, both of which strongly accentuate structure with its constraining qualities over agency. The interpretive approach accords primacy to agency and meaning. Durkheim, for example, focused on the collective aspects of the beliefs and practices of a group, which, he believed, characterized truly social phenomena. He discerned a distinct category of ideational factors - social facts, defined as "ways of acting, thinking and feeling, external to the individual, endowed with the power of coercion, by reason of which they control him."[2] Social facts express a certain state of 'collective mind,'[3] assume a shape distinct from their individual manifestations and constitute a reality in their own right. Society, accordingly, is not a mere group of individuals, but a specific collective individuality, where institutions represent "all the beliefs and modes of behaviour

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[2] Emile Durkheim, *The Rules of Sociological Method*, Steven Lukes, ed. (New York: The Free Press, 1982), p. 52.
[3] Ibid., p. 55.

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instituted by the collectivity."[4] More recently, but very much along the same line, John Searle distinguished between brute facts that exist objectively (independently of individual ideas about them) and institutional facts -- the existence of which is dependent on inter-subjective agreement or acceptance. He claimed that discourse/language is partly constitutive of institutional facts, because the latter contains some symbolic elements: "words, symbols, or other *conventional* devices that *mean* something or express something beyond themselves, *in a way that is publicly understandable*."[5] The key to creating new viable social institutions, according to Searle, is in the creation of intersubjective meaning and, therefore, acceptance.

Max Weber also sought to understand the puzzle of human agency by revealing the cultural significance of social reality. "We are *cultural beings*,' he argued, 'endowed with the capacity and the will to take a deliberate attitude towards the world and to lend it *significance*."[6] Weber's foremost concern was with uncovering the instrumental and normative functions of the meaning of specific actions and with determining their social significance. "We wish to understand,' he wrote, 'on the one hand the relationships and the cultural significance of individual events in their contemporary manifestations and on the other the causes of their being historically *so* and not *otherwise*."[7] Both Durkheim and Weber asserted that shared intersubjective beliefs, norms, and values are what holds societies together.

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[4] Ibid., p. 45
[5] John Searle, *The Construction of Social Reality* (New York: The Free Press, 1995), p. 61.
[6] Max Weber, *The Methodology of the Social Sciences*, p. 81.
[7] Ibid., p. 72.

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Therefore, all social phenomena and processes should be studied as embodiments of cultural values, which lend meaning, set standards for appropriate behaviour, and provide justification for actions. Yet, what they both left unexplained was how the concepts of meaning and subjectivity relate to the notion of structure and constraint. For, if culture implies some culturally dictated schemas which pattern social relations and remain external to the individual, then culture itself becomes a source of constraint on agency.

Anthony Giddens' work profoundly affected the structure-agency debate by proposing to free agency from structural constraints. His structuration theory deals neither with the individual's experiences, nor with the existence of societal totalities. Rather, the basic domain of Giddens' study is social practices reproduced by the agents in and through their activities. He overcame the dualism of individual and society, so fundamental to other approaches, by re-conceptualizing their opposition as a dialectic duality of agency and structure, where structural properties are both constraining and enabling, and therefore resist or allow change. According to this position, structure comprises the rules and resources but does not exist independently from knowledge and activity of agents, since it is recreated continually via the conscious thoughts and actions of agents. In Giddens' words, structure refers to the "structuring properties allowing the 'binding' of time-space in social systems, the properties which make it possible for discernibly similar social practices to exist

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across varying spans of time and space and which lend them 'systemic' form."[8]

Institutions, according to this approach, refer to the practices and cognition, which have the greatest time-space extension within societal totalities. Thus, when studied carefully, ideational factors can steer scholars toward a deeper understanding of the dynamics of social institutions and toward a theoretically informed analysis of how certain societal practices, embodied in institutions, are "renegotiated into new arrangements over time to create new patterns of politics."[9]

1.2. THE RETURN OF IDEATIONAL CONCERNS IN THE STUDY OF SOCIO-POLITICAL ISSUES

The sociological tradition developed by Durkheim, Weber, and Giddens has strongly influenced the social constructivist project in political science. Scholars of international/world politics have always wrestled with the issue of ideational factors. However, ideas, norms and intersubjective beliefs by their very nature elude measurement, provide only an indirect evidence of their existence, and are generally resistant to the methods of hard science.

For a long time, the dominant state-centric paradigm, driven by rational choice and utility maximization logic, has focused primarily on the material dimension of power and rendered the study of ideas irrelevant. During the 1970s and early 1980s, ideational concerns retreated into even deeper exile under pressure from

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[8] Anthony Giddens, *The Constitution of Society: Outline of the Theory of Structuration* (Berkeley: University of California Press, 1986), p. 17.
[9] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' *International Organization* 52:4 (Autumn 1998), pp. 887-917 at 891.

the behavioural revolution, with its fetishism for measurement and with the growing preoccupation among political scientists with scientific/rational methods. However, interest in ideational phenomena did not languish for too long. In the 1970s some scholars "called attention to transnational actors who were sometimes influenced by norms and ideas."[10] In the 1980s, attention to this subject matter was further emphasized in the works of regime scholars (Ruggie, Kratochwil, Wendt, and others). Many of them subsequently contributed a great deal to the development of the constructivist project by making ideational phenomena a core constituent of their research. Constructivists gained their moment of triumph in the 1990s, when traditional international relations (IR) theory found itself uncomfortably confronted with charges of failing to measure up to reality. The critical question became, with what should the dominant body of knowledge that failed to predict, or to explain, the epochal events of Soviet collapse and the end of the Cold War be replaced. Engaging this question opened a window of opportunity for ideas and intersubjectivity to be in vogue.

Today the trend to embrace 'idea-ism'[11] is so widespread that it penetrates through formidable intra-disciplinary divisions between the critical peripheries of the IR discipline and established mainstream orthodoxies, capturing the attention of international political economists,[12] (neo)liberals,[13] even some political realists,[14] and

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[10] Ibid., pp. 887-917 at 887.

[11] Alexander Wendt, 'Identity and Structural Change in International Politics,' in Yosef Lapid and Friedrich Kratochwil, eds., *The Return of Culture and Identity in IR Theory* (Boulder, CO: Lynne Rienner, 1996), pp. 47-64 at 48.

[12] John Jacobsen, 'Much Ado About Ideas,' *World Politics* 47 (1995), pp. 283-310.

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national security analysts.[15] This dramatic (re)turn to ideational phenomena has caused some authors to ponder whether this is simply a passing fad – "just another indicator of changing tastes,' an 'understandable desire of another 'fringe group' to carve out a position vis-à-vis the dominant paradigm."[16] There is more to this comeback story than a simple change of fashion. During periods of profound turbulence in world politics,[17] like the one we have been witnessing since the early 1990s, the cultural dimension of global order has been transforming more rapidly than geopolitical or economic ones. Therefore, "it is neither surprising nor improper that the IR discipline should similarly reconfigure its theoretical and empirical gaze."[18]

Adequate understanding of social reality requires critical scrutiny and intellectual flexibility. Embracing ideational phenomena as "emergent and constructed (rather than fixed and natural), contested and polymorphic (rather than unitary and singular), and interactive and process-like (rather than static and essence-like) can lead to pathbreaking theoretical advances."[19] Integrating ideational concerns into the analysis of international politics and development not only allows us to move

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[13] Mark Zacher and Richard Matthew, 'Liberal International Theory: Common Threads, Divergent Strands,' in Charles Kegley, ed., *Controversies in International Theory* (New York: St. Martin's Press, 1995), pp. 117-139.

[14] Yosef Lapid and Friedrich Kratochwil, 'Revisiting the 'National': Toward an Identity Agenda in Neorealism?', in Yosef Lapid and Friedrich Kratochwil, eds., *The Return of Culture and Identity in IR Theory*, pp. 105-128.

[15] Peter Katzenstein, ed., *The Culture of National Security: Norms and Identity in World Politics* (New York: Columbia University Press, 1996).

[16] Friedrich Kratochwil, 'Is the Ship of Culture at Sea or Returning?' in Yosef Lapid and Friedrich Kratochwil, eds., *The Return of Culture and Identity in IR Theory*, pp. 201-222.

[17] James Rosenau, *Turbulence in World Politics: A Theory of Change and Continuity* (Princeton, NJ: Princeton University Press, 1990).

[18] Yosef Lapid, 'Culture's Ship: Returns and Departures in International Relations Theory,' pp. 3-20.

[19] Ibid., p. 8.

away from fixed, static and deterministic views of social reality, but also encourages us to have greater sensitivity to the variety, multiplicity, and dynamics of cultural life. In this respect, the (re)emergence of intersubjectivity and ideas is at the heart of current 'robust intellectual openness' in the study of world politics.[20]

Social constructivism today still lacks a fully-fledged general theory and "remains more of a philosophically and theoretically informed perspective on and approach to the empirical study"[21] of social reality. Yet, over the last two decades the constructivist project gradually evolved into a working research program, without which a fuller understanding of the real world would be impossible. Most importantly, for political scientists engaged with ideational phenomena, a significant repercussion of the behavioural revolution was that it forced these scholars "to think much more rigorously about issues of research design, theoretical clarity, disciplinary cumulation, and parsimony."[22] And, while normative and ideational factors were bound to remain ephemeral, elusive, and difficult to measure, two of the major challenges faced by constructivists were to overcome the conceptual morass in explaining cultural phenomena as well as to reconcile ideational variables with traditional rationalist explanations.

Until the arrival of social constructivism, interests, identities and other ideational phenomena were generally taken for granted or treated as exogenous and

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[20] Robert Latham, 'Moments of Transformation,' *Items* 47 (1994), pp. 1-8 at 8. Quoted in Yosef Lapid, 'Culture's Ship: Returns and Departures in International Relations Theory,' pp. 3-20 at 4.

[21] John Gerard Ruggie, 'What Makes the World Hang Together? Neo-utilitarianism and the Social Constructivist Challenge,' *International Organization* 52:4 (Autumn 1998), pp. 855-885 at 856.

[22] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' p. 890.

given. On the one hand, by problematizing ideas, constructivists highlighted previously ignored dimension of social reality. On the other, however, they opened a conceptual Pandora's box. The problem, as astutely noted by Yosef Lapid, "is not the absence, but oversupply of *potentially rewarding* definitions,"[23] and since the consensus regarding operational definitions is yet to be achieved, every constructivist project requires that the concepts employed in it be matched with professed project objectives on a case specific basis.

To explain the nature of social institutions through collective intentionality – i.e., cooperative behaviour among the members of society on the basis of shared intentional states such as beliefs, desires, perceptions, intentions, etc.[24] - this project relies on a highly refined concept of bilateral 'supervenience,' rooted in the sociological tradition of Durkheim, Weber and Giddens, and explicated by Alexander Wendt. Supervenience is a "nonreducive relationship of dependency, in which properties at one level are fixed or constituted by those at another, but are not reducible to them."[25] This concept is used in science to analyse phenomena on different levels, such as links between biology and chemistry, or between mind and brain.

Wendt particularly singles out the mind-brain relationship as a good illustration of the relationship between state agents and systemic structures in his theoretical synthesis known as 'structural idealism.' The most important feature of the mind-brain relationship is that states of mind are determined by, but are not reducible

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[23] Yosef Lapid, 'Culture's Ship: Returns and Departures in International Relations Theory,' pp. 3-20 at 7.
[24] John Searle, *The Construction of Social Reality*, p. 23.
[25] Alexander Wendt, 'Identity and Structural Change in International Politics,' pp. 47-64 at 49.

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to, the physiology of brain states, because the same state of mind can 'be realized by many different brain states.' Therefore, logically, it is hardly possible "to discover the necessary 'bridge laws' for a reduction of mind to brain."[26] Because supervenience relations are normally one-way relations, Wendt proposes the possibility of mutually constitutive, or *bilateral supervenience*, which is employed in his analysis of ideational properties of both agents and systemic structure in international politics. In this project the concept of bilateral supervenience is used to explain collective intentionality, or in Durkheimian terms 'collective mind' within society.

Even though the collective mind is supervenient on the properties of individual minds, the latter are, to a considerable degree, determined by the collective mind. Thus, the ideational properties at the individual level are constituted by, but not reducible to, the ideational properties at the level of the collectivity. They are mutually enabling, constituting and constraining at the same time. At the collective level, individual ideational properties build up a cultural structure of society composed of interlocking subjective beliefs, perceptions, identities, and understandings, or what Wendt simply refers to as "'knowledge' held by members of the system."[27] The intersubjective nature of a cultural structure does not mean that it is malleable and easily transformable. On the contrary, it consists of obdurate social/institutional facts. The transformation of cultural structure may often require change of the historical context, sometimes even a crisis, as well as a proper discourse. But once accepted, the building blocks of the cultural structure in the form

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[26] Ibid., p. 49.
[27] Ibid.

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of ideas and institutions hold tremendous cognitive power due to their capacity to represent fundamental values and attachments.

1.3. BRIDGING HISTORICISM AND SOCIAL ENGINEERING

The second challenge confronting the constructivist project is the necessity of reconciling the ideational properties of social reality with rationalist explanations. For a long time, the tendency to counterpose ideas to rationality was reinforced by the view that "rationalist models are incompatible with the inclusion of norms or culture [as a] result of an unfortunate conflation of methodology and substance. Most cultural and normative treatments employ 'thick description' or interpretive approaches to their subjects, in contrast to the deductive or parsimonious bent of rationalist models."[28] However, some recent theoretical and empirical work makes it apparent that interpretivist and rationalist approaches can be intimately connected. In fact, they can complement each other and erase some of their mutual indeterminacies. Upholding their separation does not offer any fresh insight into the workings of social and political processes, where actors consciously design rational strategies using ideational leverage to reconfigure a social environment or some of its components, i.e. social institutions.

The work of Finnemore and Sikkink on norms entrepreneurs convincingly demonstrates that "these actors are extremely rational and, indeed, very sophisticated in their means-ends calculations about how to achieve their goals. They engage in ...

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[28] Miles Kahler, 'Rationality in International Relations,' *International Organization* 52:4 (Autumn 1998), pp. 919-941 at 933.

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[the] making [of] detailed means-ends calculations to maximize their utilities, but the utilities they want to maximize involve handling the other players' utility function in ways that reflect the normative commitments of the norm entrepreneurs."[29] Consequently, rationality does not exist independently from ideational influence or ideational change. Similarly, it would be wrong to call cultural frameworks 'irrational.' In the words of Fukuyama, to "identify culture with habit rather than rational choice is not to say that cultures are irrational; they are simply a-rational with regard to means by which decisions are made. It can be the case that cultures actually embed a high degree of rationality."[30] Therefore, the dilemma shared by rationalists and constructivists alike, both of whom have accumulated explanatory power regarding structure, stability, and order, is how to explain change.[31] This is exactly the point where constructivist theorizing, which accounts for human knowlegeability and action, intersects with and is supplemented by the historicist understanding of system transformation.

Historicism builds its explanation of social change from the premise that history and society are being continuously recreated by purposeful individual action and that individual action, no matter how purposeful, is made by history and society.[32] In other words, the construction of a new social reality is possible, but only from within the cultural framework of what has already been created in the past. Thinking of culture as a way of classifying systems has influenced the works of major

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[29]Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' p. 910.
[30] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995).
[31] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' p. 894.
[32] Philip Abrams, *Historical Sociology* (Shepton Mallet, Somerset, England: Open Books, 1982).

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historians and philosophers, including Spengler, Toynbee, Wight, Hegel, Marx, all of whom believed that historical processes were not accidental, but that these processes followed certain laws. Though they often used the term 'civilization,' in their interpretations this concept acquired the meaning of a culturally constructed referent that determined collective identity; gave deeper meaning of unity to essentially mythical communities; and signalled "the presence of shared understandings, implicit or explicit, about who is in, who is out, what matters, what does not, what is important and meaningful, what is not, as well as the sense of common mission."[33] According to historicists, both the shaping of action by an historical-cultural structure and the transformation of structure by agency occur as a process over time. History unfolds as the *longue durée* (a long duration)[34] -- a continuous stream of social cognition and action. Yet, even though created by intentional activities, history is not 'an intended project.'[35]

Recently, a number of scholars referred the notion of path dependency to reintroduce an historical turn in social science and to construct a cultural framework for the analysis of social processes.[36] Path dependence is based upon the belief that 'history matters,' i.e. the past dictates the chains of causation, thus shaping and

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[33] Sujata Chakrabarti Pasic, 'Culturing International Relations Theory: A Call for Extension,' in Yosef Lapid and Friedrich Kratochwil, eds., *The Return of Culture and Identity in IR Theory*, pp. 85-104 at 99.

[34] Fernand Braudel, *On History*. Translated by Sarah Matthews (Chicago: The University of Chicago Press, 1980).

[35] Anthony Giddens, *The Constitution of Society*.

[36] See, for example, Jack Goldstone, 'Initial Conditions, General Laws, Path Dependence, and Explanation in Historical Sociology,' *American Journal of Sociology* 104:3 (1998), pp. 829-845; Paul Pierson, 'Increasing Returns, Path Dependence, and the Study of Politics,' *American Political Science Review* 94:2 (2000), pp. 251-267.

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constraining institutional arrangements in the present and future. Historicists and constructivists thus share the view of the institutions as a "relatively stable collection of practices and rules defining appropriate behaviour for specific groups of actors in specific situations. Such practices and rules are embedded in structures of meaning and schemes of interpretation that explain and legitimize particular identities and the practices and rules associated with them."[37] Institutions, in other words, are represented by the clusters of codes of meaning, ways of reasoning, and accounts for action; and, like history, although the products of conscious social activity, institutions are not necessarily always the 'products of conscious design.'[38] Their development depends on their "origin, history, and internal dynamics."[39] Institutional development is a *longue duree* process, in which new institutional arrangements are embodied, incorporated, and sustained by continuously recreated codes of meaning and patterns of behaviour.

Social engineering stands in sharp contrast to historicism. "The social engineer,' in the words of Karl Popper, 'does not ask the questions about historical tendencies or the destiny of man. He believes that man is the master of his own destiny and that, in accordance with our aims, we can influence or change the history of man just as we have changed the face of the earth. He does not believe that these ends are imposed upon us by our historical background or by the trends of history, but

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[37] James March and Johan Olsen, 'The Institutional Dynamics of International Political Orders,' *International Organization* 52:4 (Autumn 1998), pp. 943-969 at 948.

[38] Paul DiMaggio and Walter Powell, Introduction in Paul DiMaggio and Walter Powell, eds., *The New Institutionalism in Organizational Analysis*, (Chicago: University of Chicago Press, 1991), pp. 1-38 at 8-9.

[39] James March and Johan Olsen, 'The Institutional Dynamics of International Political Orders,' p. 955.

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rather that they are chosen, or even created, by ourselves, just as we create new thoughts or new works of art or new houses or new machinery."[40] In other words, the social engineer believes in the inevitability of producing some sort of social technology that can be used as leverage to construct and alter social institutions, or even the entire social order, in accordance with a rationally designed blueprint. Social institutions are thus seen by social engineers as means to serve certain ends and are judged according to their utility, appropriateness and efficiency.

However, as Popper himself admits, social engineering sooner or later leads to "a dangerous dogmatic attachment to a blueprint for which countless sacrifices have been made. Powerful interests must become linked up with the success of the experiment. All this does not contribute to the rationality,.."[41] Most importantly, social engineering never works exactly in accordance with the blueprint, because social action hardly ever produces precisely the results anticipated. Therefore, the reconstruction of social reality through rationally produced technicalities does not necessarily result in workable systems.

One of the most consistent features of donor involvement in the development of civil society in Eastern Europe and the FSU was donors' firm commitment to the social engineering approach and an unshakable belief that, with the right manual, civil society can be built anywhere. Surprisingly little consideration was given to the fact that most former socialist countries, when entering the transition stage, were largely discredited states carrying a heavy burden of socialist legacies, such as

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[40] Karl Popper, *Open Society and Its Enemies* (Princeton, New Jersey: Princeton University Press, 5th edition, 1966), p. 22.
[41] Ibid., p. 163.

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underdeveloped political systems, highly politicized populations, little or no respect for law, and poor economic performance. Developing civil society in this context was not only a risky undertaking, but was also bound to bring about unanticipated results. No meaningful change of social institutions, or of the entire social order, can be brought about through a straightforward transfer of technology, know-how, and improved practices from one culture to another, unless the ideas of new institutions resonate with adequate *meaning* within the recipient culture. Development of new institutions is therefore more than a technical activity. It is a continuous process of dealing with subjectivity, "uncertainty, and contingencies, with human and technological shortcomings, and with competitive interests,"[42] ideas, and values.

The mutually constitutive dynamics of the ideational properties at the individual and collective levels within society allows for the possibility of cultural innovation at both levels that can eventually lead to a sustainable change. Such cultural adaptation is possible through a *strategic social constructivist approach* to foreign assistance and social change. This approach recognizes the inherent limitations of quick technological fixes based on social engineering alone. It moves beyond the technicalities that dictate simple replacement of old social institutions by the new ones to the neglect of existing ideational properties at both individual and collective levels within the recipient society. In this respect, it is very similar to the analytical framework developed by path dependence scholars.

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[42] Milton Esman, 'Some Issues in Institution Building Theory,' in Thomas Woods, Harry Potter, William Miller, Adrian Aveni, eds., *Institution Building: A Model for Applied Social Change* (Cambridge, Massachusetts: Shenkman Publishing Company, 1972), pp. 65-90 at 68.

Academics writing on path dependence are faced with a powerful criticism that this concept can only explain institutional stability, rather than institutional change.[43] A strategic social constructivist theoretical approach develops a concrete mechanism for *guided social change*. It is concerned with qualitative changes in intersubjective beliefs and perceptions, in behavioural patterns, and in social relationships. This approach deals with *strategic* social construction, where certain agents take seriously existing ideational frameworks, while deliberately inducing normative and behavioural innovations toward a social environment. Although with an implicit social engineering bias, a strategic social constructivist approach to institution-building is a middle ground between historicism and social engineering. It is concerned not simply with changing the formal organizational structure of society but also with induced and guided innovations that have the capacity to act on the social environment, to become integrated into society, and to sustain themselves.

CONCLUSION

This chapter demonstrates ways in which the sociological tradition developed by Durkheim, Weber, and Giddens has underpinned the current trend to embrace 'idea-ism' and the emerging social constructivist project in political science.

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[43] The literature on the mechanisms that account for the adaptation and reproduction of social institutions is currently in a state of development; there is very little consensus on the mechanisms themselves and on the ways of using them in explanatory accounts. See, for example, Peter Hedstrom and Richard Swedberg, eds., *Social Mechanisms: An Analytical Approach to Social Theory*, (London: Cambridge University Press, 1998); James Johnson, "How Conceptual Problems Migrate: Rational Choice, Interpretation, and the Hazards of Pluralism," *Annual Review of Political Science* 5 (2002), pp. 223-248; James Mahoney, "Beyond Correlational Analysis: Recent Innovations in Theory and Method," *Sociological Review* 16:3 (2001), pp. 575-593; Doug McAdam, Sidney Tarrow, and Charles Tilly, *Dynamics of Contention*, (New York: Cambridge University Press, 2001).

Notwithstanding its underdeveloped general theory and its confrontation with the avalanche of critical voices from the mainstream camp, social constructivism remains a promising research program. Not only does constructivist research deepen our understanding of social reality, it also sheds light on the nature of inter-subjectivity. Particularly interesting in the context of this work is the concept of bilateral supervenience, which explains the nature of the relationship between ideational properties at the individual and collective levels and allows for the reconciliation of two competing perspectives on social development – 'historicism' and 'social engineering' – within a single 'strategic social constructivist' theoretical approach. While recognising the inherent limitations of these alternative perspectives, a strategic social constructivist approach is concerned with guided social development achieved through qualitative changes in intersubjective beliefs and social relationships.

The theoretical and conceptual elaborations of a strategic social constructivism are reserved for later. Meanwhile, the following chapters will demonstrate the need for incorporating ideational phenomena into the theory and practice of foreign assistance by examining the mixed record of Western aid from the Marshall Plan to this day.

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CHAPTER 2. LEGACY OF THE MARSHALL PLAN

INTRODUCTION: ANOTHER GRAND EXPERIMENT

Following the demise of the 'Evil' Empire, traditional Cold War rationales for assistance strategies disappeared, prompting reconsiderations of donor priorities.[1] While the dust of the Soviet past was still in the air, donor vision was simple and promising: communist regimes were defeated, neo-liberal economics and democracy had to fill the void. The prospects of the former socialist states' transition opened up new opportunities for Western donors. Realizing the historical significance of the transition to liberal democracy and free market economy in the region, donor governments, agencies, and individuals redirected a significant share of resources away from the Third World and became actively involved in formulating, financing and implementing multiple aid programs in Eastern Europe and the FSU. Former socialist countries thus became an experimental ground for development/transitional assistance.

For donors, the failure to build socialism/communism in the East not only provided an excellent opportunity to 'go global,' but it also introduced a chance to rectify their image and credibility by demonstrating that they had learned the lessons from their aid experiences in the Third World. For the recipients, the arrival of

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[1] See, for example, Janine Wedel, 'Aid and Reform in the Former Second World,' in Steven Hook, ed., *Foreign Aid Toward the Millennium* (Lynne Rienner Publishers, 1996), pp. 141-156; Nicholas Eberstadt, 'Western Aid and Russian Transition,' in Doug Bandow and Ian Vasquez, eds., *Perpetuating Poverty: The World Bank, the IMF, and the Developing World,* (Washington, D.C.: CATO Institute, 1994), pp. 89-99; and, Melanie Tammen, 'Fostering Aid Addiction in Eastern Europe,' in in Doug Bandow and Ian Vasquez, eds., *Perpetuating Poverty: The World Bank, the IMF, and the Developing World,* pp. 101-123.

Western aid was applauded and greatly desired. In the perceptions of East Europeans, aid was coloured with a tinge of magic as it symbolized, and was believed to catalyze, the re-unification of Eastern Europe with the West. The recipients would soon discover, however, that aid was unequal, conditional, and more often than not that it arrived in insufficient amounts. Whereas the projected transitional achievements did not materialize as quickly as anticipated, Western enthusiasm for assistance "appeared to disappear along with the communist system itself, and this exposed the political self-interest of Western governments."[2] Political and commercial interests of aid providers were soon revealed behind the altruistic façade of assistance policies. The euphoria and excitement that accompanied the Soviet collapse was soon transformed into disillusionment and frustration.

The purpose of this chapter is twofold. First, it addresses the issue of the ongoing tension between the altruistic discourse of aid, encased in 'the Marshall Plan' rhetoric and its extremely politicized reality in the East. While this tension is not a new phenomenon, it became pronounced in the former socialist world in the 1990s. Despite donor rhetorical commitment to the Marshall Plan, post-socialist experience with Western assistance demonstrated, from the outset, that donors used foreign aid to promote their self-interests, rather than to respond to the developmental/transitional needs of recipients.

Second, this chapter challenges some of the lasting stereotypes about the European Economic Recovery Program (EERP), commonly known as the Marshall

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[2] Jerald Creed and Janine Wedel, 'Second Thoughts from the Second World: Interpreting Aid in Post-Communist Eastern Europe,' *Human Organization* 56:3 (1997), pp. 253-264 at 255.

Plan (MP). For a few decades now, scholars and politicians of different ideological commitments treated the Marshall Plan with a degree of reverence that few political programs, plans, or doctrines of the 20th century could boast. The achievements of the Marshall Plan have been rarely questioned. Today, they are still taken as axiomatic. As a result, MP stereotypes have helped consolidate the dominant view on, and practice of, development aid.

Evoking its perceived success, foreign aid to Third World countries has been wrapped in Marshall Plan rhetoric. In the late 1980s and early 1990s, the end of socialism raised numerous calls for a Marshall Plan for Eastern Europe and the FSU. Amidst the efforts to replicate the 'success' formula of the EERP, the actual accomplishments of the post-war Marshall Plan have been overlooked. I question the perceived success of what is conventionally considered 'the most successful' foreign aid program in history to demonstrate the unbridgeable gulf between complacent MP rhetoric and actual donor practices in both the Third World and the former Second World. Contrary to conventional wisdom, I argue that the Marshall Plan did not play a key role in the extraordinary economic success of post-WWII Western Europe. Rather, the reforms of domestic economic policies served as the touchstone in restoring the viability of the West European economies.

The assistance plan that is so commonly considered a showcase of successful aid program and a great act of philanthropy is, in fact, an example of the United States' self-interested policy driven by inherently political motives. Hence, a re-examination of the Marshall Plan economic achievements raises critical questions,

not only about its actual success, but also about the rationale for copying this highly

acclaimed foreign aid program in the post-socialist countries or anywhere else.

2.1. COMMON INHERITANCE, DIFFERENT WELCOME: THE POLITICIZED REALITY OF THE AID WORLD

"Foreign aid is first and foremost a technique of statecraft. It is, in other words, a

means by which one nation tries to get other nations to act in desired ways."[3] This

statement was made almost four decades ago. Yet, even a cursory look at foreign aid

practices in the 1990s shows that the similarity between donor and recipient goals

ends at the rhetorical level. All donors, whether bilateral or multilateral, are driven by

inherently political and strategic considerations.[4]

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[3] David Baldwin, *Economic Development and American Foreign Policy, 1943-1962* (Chicago: University of Chicago Press, 1966), p. 3.

[4] Arnold de Silva's study contends that Canadian bilateral aid is not driven by such declared goals as the alleviation of global poverty, the reduction of gender disparities, human resource development and debt relief. Rather, political and strategic considerations such as Commonwealth membership and proximity to Canada seem to be quite important. See, Arnold de Silva, 'The allocation of Canada's bilateral foreign aid,' *Canadian Journal of Development Studies* 23:1 (2002), pp. 47-68. Similarly, Jean Sebastien Rioux's analysis of Canada's Official Development Assistance (ODA) program during the 1990s uncovered that Commonwealth members received more aid; that media coverage and the content of media coverage of aid recipients affected aid levels; and that, contrary to its announced policy, Canada did not favour democratic states that would be more likely to practice "good governance." See, Jean-Sebastien Rioux, 'Les defis pour le Canada en matiere d'aide publique au developpement' (The challenges for Canada's Official Development Assistance), *Etudes Internationales* 33:4 (2002), pp. 723-743. Cranford Pratt reaches similar conclusions. See, Cranford Pratt, 'Competing rationales for Canadian development assistance: reducing global poverty, enhancing Canadian prosperity and security, or advancing global human security,' *International Journal* 54:2 (1999), pp. 306-323. Bjym Hassler argues that Swedish environmental support to the Baltic States during the 1991-1996 period was designed primarily to promote Swedish interests. See, Bjym Hassler, 'Foreign assistance as a policy instrument: Swedish environmental support to the Baltic States, 1991-96,' *Cooperation and Conflict* 37:1 (2001), pp. 25-45. Sidsel Saugestad discovered that Norwegian assistance led to a process of clientization that runs contrary to other objectives set for development co-operation, such as empowerment. See, Sidsel Saugestad, 'Dilemmas in Norwegian development assistance to indigenous peoples. A case-study from Botswana,' *Forum for Development Studies* 27:2 (2000), pp. 205-234. Lael Bernard believes that of US assistance to combat global poverty is driven by Cold War logic. See, Lael Brainard, 'Compassionate conservatism confronts global poverty,' *Washington Quarterly* 26:2 (Spring 2003), pp. 149-169. Stephen Zunes reminds of the strategic functions of US aid. See, Stephen Zunes, 'The strategic functions of US aid to Israel,' *Middle East Policy* 4 :4 (1996), pp. 90-101.

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The case of the Western support for post-socialist transition is no different. From the early days of the transition, the West did not view the entire post-socialist world as monolithic. On the contrary, concerted efforts to remake the post-socialist world after the image of Western countries appeared to have been highly discriminatory across the region. Western donors tended to favour the countries of Eastern and Central Europe and to treat them as potential partners. Whereas the South-European and post-Soviet nations, with the exception of the Baltic states and Russia, were denied their right to statehood.

From the late 1980s and onwards, the West focused primarily on the so-called Northern Tier of states - Poland, the Czech Republic, Slovakia, and Hungary. The Southern Tier countries of Bulgaria, Romania, Albania, the former Yugoslavia, and the post-Soviet states were diagnosed as having poorer prospects for pluralistic democracy and market economy. Eventually, these countries became the "isolated backwater of Europe."[5] Western favouritism exacerbated disappointment among the 'outcasts' and contributed towards growing frustration with transition reforms and to much of the 'blame' discourse over Western unwillingness to embrace all the countries in the region on equal terms. Western support for transition reforms in the two neighbouring countries -- Poland, whose independence has been wholeheartedly welcome by the West, and Ukraine, belonging to the group of the 'outcast' states -- makes an exemplary case.

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[5] Trond Gilberg, 'New Wine in Old Bottles: Democratization in Balkan Authoritarian Cultures,' in Joan Serafin, ed., *East-Central Europe in the 1990s* (Boulder, Co: Westview Press, 1994), pp. 195-217 at 211.

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Although both countries started from a common inheritance, socialism was practiced in these countries with varying degrees of orthodoxy.[6] Prior to 1989, the legitimacy of the socialist regime in Poland had been incessantly challenged. The pressures came from different directions: from reform-oriented communists who attempted to liberalize the one-party system; from the independent position of the Catholic church, which served as a venue for civic activity; and from the opposition activities of the powerful trade union *Solidarity*, an organization with 10 million members, which simultaneously performed the functions of a political party and of a civil society institution.[7] Eventually, these pressures resulted in the overthrow of the discredited socialist regime of Gen. Wojciech Jaruzelski.

In contrast, the decisive factor that brought about Ukraine's independence was the Soviet collapse, rather than any pressure from civil society or from democratic protest. At the dawn of its independence, following the seventeen-year long rule of Volodymyr Shcherbytsky, Ukraine appeared as one of the most conservative and repressive republics of the Soviet Union, lagging far behind the pace of liberalization in the Baltic states and Russia.[8] The weakness of Ukrainian democratic opposition groups was evident not only in their late appearance but also in their inability to consolidate their efforts. Having failed to constitute a politically viable force, these

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[6] Joan Serafin, Introduction in Joan Serafin, ed., *East-Central Europe in the 1990s*, p. 2.

[7] Buchowski, Michal, 'The Shifting Meanings of Civil and Civic Society in Poland,' in Chris Hann and Elizabeth Dunn, eds., *Civil Society: Challenging Western Models* (London, New York: Routledge, 1996), pp. 79-98.

[8] Ilya Prizel, 'Nation-Building and Foreign Policy' in Sharon Wolchik and Volodymyr Zviglyanich, eds., *Ukraine: The Search for a National Identity* (Lanham: Rowman and Littlefield Publishers, 2000), pp. 11-29.

scattered groups of democrats and nationalists turned out to be too feeble to define the ends and means of the subsequent post-socialist transformation.

In addition, unlike Poland, Ukraine's cause attracted little support in the West, outside the Ukrainian Diaspora. Moreover, in the context of collapsing global bipolarity, Ukraine's entitlement to statehood was openly unwelcome. Preoccupied with concerns related to the end of the Cold War, Western leaders feared that the Soviet collapse would lead to the proliferation of nuclear states. Ukraine would then become the third-largest nuclear power in the world. Thus, the attitudes and policies of Western leaders were heavily circumscribed by these concerns.

In his famous speech on 1 August, 1991, which William Safire of *The New York Times* called 'the Chicken Kyiv speech,' President George H. Bush urged the Ukrainian parliament not to push for 'suicidal nationalism,' but to remain part of the Soviet Union. Margaret Thatcher supported the US President's position by pointing out that Great Britain does not establish diplomatic relations with provinces, drawing the analogy between Ukraine and Quebec. Politically, the West was slow in coming to view Ukraine as a country on its own terms rather than as a regional outpost. Even after independence, the capitols and institutions of the free world did not treat Ukraine as a potential partner and defined their policies toward Ukraine through the prism of their relations with Russia. Notably, US policy toward 'the post-Soviet space,' outlined in the twenty-two-pages long paper prepared for Secretary of State Warren Christopher, stated: "If reform succeeds in Russia, it may not assure the

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success of reform in the other states of the FSU; but if reform fails in Russia, it most assuredly will mean the failure of reform throughout the former Soviet empire."[9]

While reformists in Ukraine were struggling for the recognition of their country's legitimate claims to independence, Poland was already leaning in the late 1980s on the supportive shoulders of Western donors. The country rejoined the World Bank in 1986, and in 1990 received the first loan. In 1989, the European Union (EU) established its largest aid program to the region – PHARE (Pologne Hongarie Assistance à la Reconstruction des Economies), which, as its name indicates, was initially focused on Poland and Hungary. The PHARE program was to assist the countries of Central Europe with their preparations for joining the EU. In late 1989, the US Congress adopted the SEED (Support for East European Democracy) legislative package, which authorized nearly US$1 billion for democratic and market reforms in Poland and Hungary. In 1992, Poland and Hungary were the largest recipients of US aid to the region.

In contrast, following the declaration of Ukraine's independence, Kyiv forgot the sobering speeches of Western leaders. Ukrainian politicians remained greatly misled by the illusions that Ukraine's European orientation, its record of ethnic tolerance and firm commitment to renounce its nuclear arsenal, declared in 1991, would help establish closer relations with the West. The deep concern of Western leaders over the destiny of the 'orphan missiles', left on Ukraine's territory after the Soviet collapse (over 2,000 warheads located on 176 intercontinental ballistic

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[9] Strobe Talbott, *The Russia Hand: A Memoir of Presidential Diplomacy* (New York: Random House, 2002), p. 45

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missiles), in fact, brought the country into the orbit of international attention, but only for a brief while.[10] Following its commitment to renounce the nuclear arsenal, Ukraine voiced requests for compensation, economic assistance and security assurances in return for the removal of strategic nuclear weapons. The US and Russia, with Ukraine's participation, "quickly reached broad agreement on a complex deal that would result in Russia getting the warheads along with American money to help with their dismantlement and Ukraine getting various forms of assistance from the U.S. as well as debt relief from Russia and international assurances on its sovereignty."[11]

When Ukrainian President Leonid Kravchuk attempted to reopen this issue on a bilateral basis during Bill Clinton's two-hour 'visit' to Ukraine in January 1994, President Clinton and Secretary of State Christopher made it clear that if Kravchuk "backed out of the deal that had already been made, it would be a major setback for Ukraine's relations with both Russia and the U.S."[12] After signing the Trilateral Agreement in Moscow with the US and Russia in early 1994 in Moscow, which required that Ukraine dismantle its entire nuclear arsenal by June 1996, Ukraine's relations with the US improved somewhat.[13] In 1996 Ambassador Morningstar, the US assistance coordinator to the former Soviet Union, reported to the US Congress that Ukraine was receiving the third lowest per capita assistance among the twelve

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[10] Ibid., p. 78.
[11] Ibid., p. 109
[12] Ibid., p. 112
[13] The country became the third-largest recipient of US assistance after Israel and Egypt, but received far less than requested (a $900 million two-year US aid package, of which $350 million was to expedite disarmament and another $50 million from Japan for the same purpose).

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new independent states (NIS) of the former Soviet Union. Of the funds allocated for the nations of the NIS, the rate of expenditure for Ukraine was also the third lowest.[14]

Clinton's administration justified the delay in assistance by citing the slow pace of economic reforms in Ukraine. It is true that when Ukraine's independence emerged as an unanticipated by-product of the collapsed Center, loyal members of the former Communist elite took advantage of the multiple opportunities, ranging from ministerial portfolios and parliamentary seats to a privileged monopolistic position under new quasi-market rules. These 'new-old' elites, represented by a trinity of government, Parliament, and the so-called 'red' directors,[15] were most interested in delaying economic reforms. A non-transparent, unreformed, or rather semi-reformed, economy provided excellent possibilities for these regenerated, capitalist-oriented Communist elites to pursue their individual and group interests, living from corruption and rent-seeking, and advancing an oligarchic capitalism.[16] However, the justification of the Clinton's administration for the decreased volumes of aid to Ukraine left no explanation of the greater volumes of aid delivery to countries like Turkmenistan, Tajikistan and other NIS nations that were far behind Ukraine in implementing liberalization measures.

Strategically motivated aid is not a new phenomenon. There is a consistent pattern among the major bilateral donors of prioritizing strategic objectives over humanitarian and developmental ones. By order of weight, support for market

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[14] Eugene Iwanciw, Letter to the Editor, *The Ukrainian Weekly* (October 27, 1996), p. 7.
[15] The directors of large Soviet enterprises, who made fortunes on early privatization.
[16] Oleh Havrylyshyn, 'The Political Economy of Delayed Reform in Ukraine,' Sharon Wolchik and Volodymyr Zviglyanich, eds., *Ukraine: The Search for a National Identity*, pp. 49-68.

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reforms and democratization usually comes second. Following denuclearization, the West no longer considered Ukraine as a strategic objective, which was reflected in the dramatically decreased inflows of aid. Having achieved its major goal with regard to Ukraine, i.e. denuclearization, the West moved on to other preoccupations, whereas Ukraine's membership in the North Atlantic Treaty Organization (NATO) and the EU turned into the indeterminate 'strategic goals'. While stumbling relations between Ukraine and the West resulted in their mutual distancing, the Marshall Plan rhetoric of Western donors concealed political considerations behind the provision of Western assistance and sustained optimism among the recipients.

2.2. THE MARSHALL PLAN: POLITICAL SUCCESS, FAILED ECONOMIC MODEL?

In his speech before the Senate vote on the Marshall Plan, Arthur Vandenberg warned about the prospects of aid to Western Europe: "There are no blueprints to guarantee results. We are entirely surrounded by calculated risks."[17] Yet, in retrospect, hardly any transfer of resources has been so commonly hailed as successful.

From 1948 through 1951, the Marshall Plan, a $US1.7 billion program of grants and loans to European nations, is believed to have achieved its objectives of increasing productivity, stimulating economic growth, and promoting free trade. The Plan is thought to have improved living standards and to have strengthened the economic, social, and political structures in participating countries. The program is

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[17] Bradford De Long and Berry Eichengreen, 'The Marshall Plan: History's Most Successful Structural Adjustment Program,' in R. Dornbusch, W. Noelling, and Richard Layard, eds., *Postwar Economic Reconstruction and Lessons for the East Today* (Cambridge, Massachusetts: The MIT Press, 1993), pp. 189-230 at 223.

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considered to have established political stability in Western Europe and to have greatly contributed to containing communism. No wonder, then, that all subsequent development-related efforts attempted to emulate the 'success' of the Marshall Plan.

While the political success of the Marshall Plan in the Cold War context goes largely unchallenged, assessment of its economic achievements has recently become an issue of much debate. Thus, Melanie Tammen argues against the conventional view of the Marshall Plan as the linchpin of post-war West European recovery.[18] The study by Hadley Arkes reveals that the actual financial impact of Marshall Plan aid was quite small, at no time exceeding 5 per cent of the recipient nations' GNP.[19] The genuine investment value of the Marshall Plan assistance was also not remarkable. The largest portion of the MP money was used to cover imports of US agricultural products, raw materials and semi-finished products.[20]

Critics point out that in view of the time constraints and insufficient information, the procedures of the MP aid allocation were in many cases deficient. Actual allotments were deposited in the accounts of counterpart funds that were at the disposal of national governments. Used as credits for specific investments, mostly state projects, these funds not only supplemented domestic sources of capital, but also "made it easier for governments to direct resources into politically desired uses and

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[18] Melanie S. Tammen, 'Aiding Eastern Europe: The Leveraged Harm of 'Leveraged Aid'', *Policy Analysis* no. 139, September 10, 1990 at www.cato.org/pubs/pas/pal139.html

[19] Hadley Arkes, *Bureaucracy, the Marshall Plan, and the National Interest* (Princeton, New Jersey: Princeton University Press, 1972), p. 3 cited in Tyler Cowen, 'The Marshall Plan: Myths and Realities' in Doug Bandow, ed., *U.S. Aid to the Developing World: A Free Market Agenda* (Washington: Heritage Foundation, 1985), pp. 61-74 at 63.

[20] Food, fertilizers, and feed constituted 32.1 per cent of all ERP shipments, raw materials and semi-finished products 48.3 per cent; only 14.3 per cent was used for machinery and vehicles. See, Wojciech Kostrzewa, 'A Marshall Plan for Middle and Eastern Europe,' *World Economy* 13 (March 1990), pp. 27-49 at 31.

thus ...strengthened state control over Western Europe's economies."[21] Distributed in such a way, Marshall Plan aid did not serve as an incentive for European governments to change their economic policies in order to attract private capital inflows. Instead, it encouraged them to pursue "internal policies of 'planification,' demand expansion and premature redistribution."[22] As a result, the Marshall Plan aid became the driving force behind statist economic centralism in Germany, Italy, France, Austria, Greece, and other European countries.

Tyler Cowen has also noted the strong interventionist sympathies of those who directed postwar US foreign economic policy: "When faced with any problem, their instinct was to seek a governmental solution."[23] Furthermore, efforts of some European governments, like those in Italy and Germany, to seek market solutions to their domestic economic problems were discouraged, or even actively opposed. In some cases, e.g. in Greece, growing corruption and graft were the side effects of the rigid system of increased economic controls.[24] Moreover, one of the original objectives of the Marshall Plan was to develop intra-European trade by reducing tariffs and other barriers to the expansion of trade. In the fall of 1949, the head of the Economic Cooperation Administration (ECA), Paul Hoffman, complained that the Organization of European Economic Cooperation (OEEC) member states were not making enough proposals for freeing trade. Under ECA's pressure, the European leaders agreed to liberalize 50 per cent of private import trade in foodstuffs,

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[21] Ibid., p. 31.

[22] Ibid., p. 33.

[23] Tyler Cowen, 'The Marshall Plan: Myths and Realities,' in Doug Bandow, ed., *U.S. Aid to the Developing World: A Free Market Agenda* (Washington: Heritage Foundation, 1985), pp. 61-74 at 66.

[24] Ibid., pp. 65-69.

manufactured products and raw materials. However, these measures were of limited scope, since the liberalization related only to a joint list of products, and a large part of the trade remained regulated and controlled by the state.[25]

It has been repeatedly stated in the speeches and reports of the ECA administrators and representatives of the OEEC member-states that 'increased production is the touchstone of economic recovery.'[26] It is true that during the Marshall Plan Western Europe's agricultural production and industrial output generally increased. (Table 1) However, even an ardent defender of the MP,

Table 1.PROJECTED AND ACTUAL INCREASES IN THE OUTPUT OF SELECTED COMMODITIES 1948/49

Commodity	Projected increase	Actual increase
Bread grains	46%	42.1%
Coarse grains	12%	16.9%
Sugar beets	26%	40.1%
Coal	14%	12.7%
Pig iron	68%	62.8%
Steel	50%	46.7%
Lead (metal)	78%	61%
Zinc (metal)	45%	25%
Tin (ores)	38%	52%
Aluminum	37%	37%
Copper	16%	9%

Source: Immanuel Wexler, The Marshall Plan Revisited: The European Recovery Program in Economic Perspective, Westport, Connecticut: Greenwood Press, 1983, p. 75.

Michael Hogan, admits that the designers of the Marshall Plan cannot take all of the credit for this success. Local resources accounted for 80 to 90 percent of capital formation in the major European economies during the first two years of the recovery

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[25] OECD official website,
http://www.oecd.org/documentprint/0,2744,en_2649_201185_1876912_1_1_1_1,00.html
[26] OEEC, *Report to the Economic Co-operation Administration on the First Annual Programme*, Paris, October 1948, p. 21 cited in Imanuel Wexler, *The Marshall Plan Revisited: The European Recovery Program in Economic Perspective*, Westport, Connecticut: Greenwood Press, 1983, p. 71.

program. Compared to this effort at self-help, the American contribution was marginal

and actually declined after 1949.[27]

More importantly, the recovery record of Marshall Plan recipients offers little

evidence to prove a steady correlation between the amount of aid received and actual

economic performance, as measured by the indices of industrial production. (Figures

1 and 2) The emerging pattern demonstrates that the countries that received larger

amounts of aid performed poorly (Figure 2), until the assistance programs were

reduced.

Figure 1.   ECONOMIC ASSISTANCE, APRIL 3, 1948 TO JUNE 30, 1952
              (IN MILLIONS OF DOLLARS)
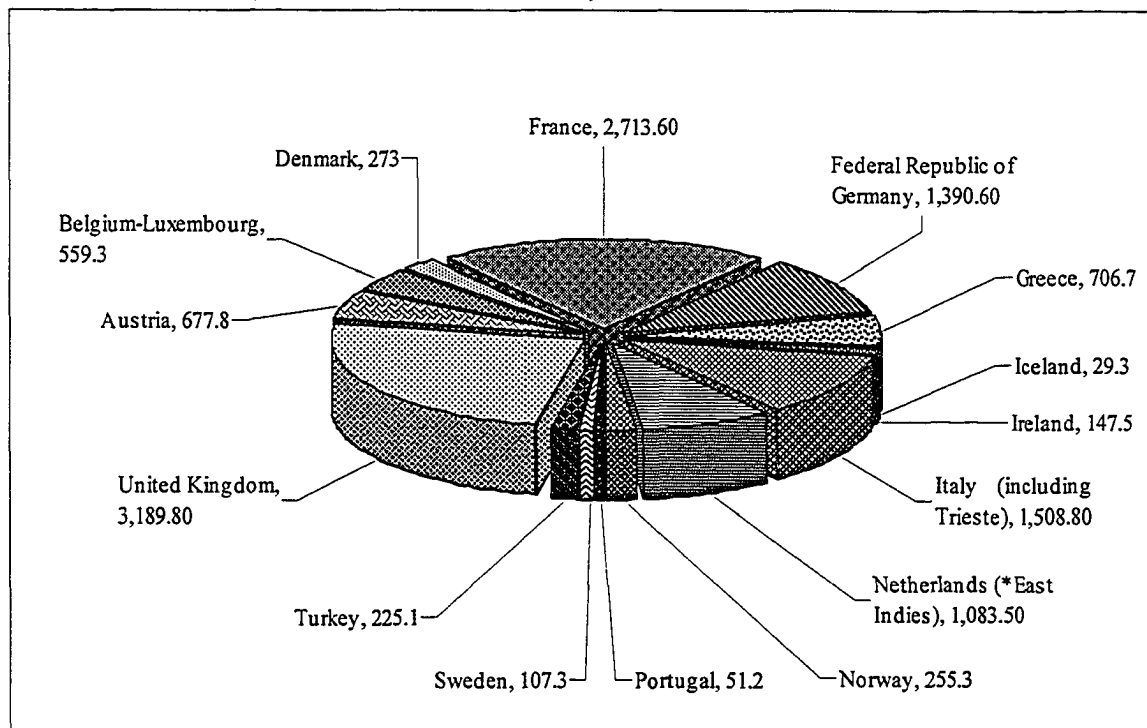
Source: http://www.turnerlearning.com/cnn/coldwar/marshall/mpln_re1.html

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[27] Michael Hogan, *Blueprint for Recovery*, http://usinfo.state.gov/usa/infousa/facts/marshall/pam-blu.htm
(May 2005).

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Great Britain, for example, received more aid than any other European country, but experienced the slowest economic growth rate. France received the second largest share of aid. In both cases, MP money has been largely used to subsidize expenditures to retain British and French colonial empires.[28] Not only did the Plan make it 'easier for governments to live beyond their means and to postpone needed belt tightening,' it also covered 'the most objectionable practices of the recipient governments.'[29]

Greece and Austria were the recipients of large amounts of MP aid money per capita. However, in view of the flawed monetary, fiscal, and trade policies encouraged by the US in both countries, economic recovery was retarded. For example, serious damage to the Greek economy was caused by the Marshall Plan tobacco exports to Western Europe, especially to Western Germany. Although in 1947 Greek tobacco sales were only to 35 per cent of the prewar levels, they still amounted to 17,300 tons that year. With 40,000 tons of American tobacco funded by Marshall Plan and delivered to Europe in 1948, Greek tobacco exports fell to 2,500 tons and have not recovered since then.[30] On the other hand, Belgium had begun to recover economically before the Marshall Plan financial inflows. Following successful monetary reform in 1944, the country achieved economic stabilization in 1946 and in the late 1940s became a creditor to the rest of Europe.[31] The Marshall Plan

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[28] Tyler Cowen argues that in Great Britain, Marshall Plan subsidized British colonialism. In 1949-1950 major portion of the Marshall Plan aid to France was offset by French military expenditures abroad, primarily in Indochina. See, Tyler Cowen, 'The Marshall Plan: Myths and Realities,' pp. 62, 67.

[29] Tyler Cowen, 'The Marshall Plan: Myths and Realities,' pp. 67-68.

[30] Ibid., p. 68.

[31] Ibid., p. 66.

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contribution to increasing European production was further undermined in the fall of

1950. Not only were the European recipients of American aid advised to direct the

increasing portion of US assistance to rearmament, they were also required to divert a

substantial share of their own economic resources from civilian to military

production.[32]

Figure 2. INDICES OF INDUSTRIAL PRODUCTION
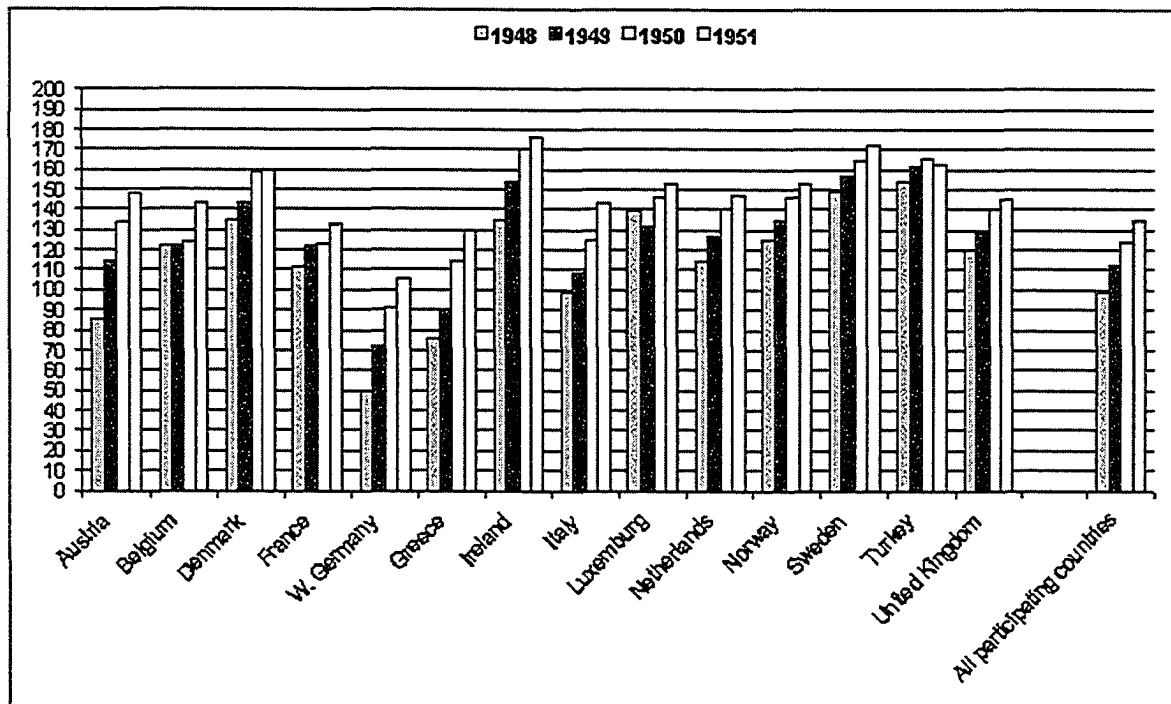
Source: Immanuel Wexler, *The Marshall Plan Revisited: The European Recovery Program in Economic Perspective* (Westport, Connecticut: Greenwood Press, 1983), p. 75.

In 1952, the OEEC Secretary-General's assessment of ECA's Production

Program stated the following: "The Marshall Plan has raised productivity during four

years. But it has not created a basis for permanent increase in productivity."[33] In

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[32] Immanuel Wexler, *The Marshall Plan Revisited*, p. 69.
[33] Ibid., p. 93.

nearly every European country, postwar economic growth occurred after free market economic policies, such as the restoration of liberal regimes and monetary and fiscal stability, were launched. Economic viability was attained irrespective of the timing and extent of the Marshall Plan aid.[34] This is not to discard the role of the Marshall Plan in the process of post-WWII European economic recovery altogether. In a strictly economic sense, the Marshall Plan was at best the *beginning* of European recovery process, even though the actual effects of the Marshall Plan aid on the postwar West European economies were mixed. Nonetheless, terminated in December 1951, the Marshall Plan aid served as a cushion and a stimulus for launching successful economic reforms in West European countries in the decade to follow.

2.3. IN THE KINGDOM OF DISTORTED MIRRORS, OR EFFORTS AT REPLICATING THE MARSHALL PLAN

The myth of the Marshall Plan as an ideal and successful foreign assistance program has dominated, and still thrives in, both scholarly and popular views. Winston Churchill allegedly called it "the most unsordid act in history."[35] In an appeal to its perceived success, in 2001 Geoffrey Sachs called for an analogous Powell Plan. In view of the fact that Colin Powell held the same military rank (General of the Army) and the same office (Secretary of State) as the author of the original Marshall Plan, Sachs suggested that Powell could mobilize American technology and finances for the economic development of the world's poor countries by designing a program that

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[34] Tyler Cowen, 'The Marshall Plan: Myths and Realities,' p. 63.
[35] James Lachlan MacLeod, 'The Most Unsordid Act in History?' *History News Network*, (6 October, 2003) http://hnn.us/articles/1712.html

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could be "a fitting follow-up to Marshall Plan."[36] Building on the myth of Marshall Plan, development aid to the Third World has, for decades, been justified on the grounds that lack of capital is the major impediment to economic growth. Thus, the solution to this problem was thought of as the transfer of wealth from the developed to the developing world.[37] However, as Peter Bauer wrote in 1972:

> [I]f all conditions for development other than capital are present, capital will soon be generated locally or will be available ... from abroad... If, however, the conditions for development are not present, then aid ... will be necessarily unproductive and therefore ineffective. Thus, if the mainsprings of development are present, material progress will occur even without foreign aid. If they are absent, it will not occur even with aid.[38]

In fact, in the absence of 'the mainsprings of development' aid has often contributed to deteriorating economic conditions in developing countries. Typically, the ruling elites in recipient countries exert strict control over the inflows of aid. This leverage allows them to persist with damaging macroeconomic policies and block comprehensive and consistent policy reforms (for example, land reform) that could assist in overcoming economic backwardness.[39] Therefore, instead of helping the developing countries, aid in reality has often contributed to hindering their economic progress.

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[36] Geffrey Sachs, 'What's Good for the Poor is Good for America,' *The Economist* (14 July, 2001), pp. 32-33 at 33.

[37] Doug Bandow and Ian Vasquez, Introduction, in Doug Bandow and Ian Vasquez, eds., *Perpetuating Poverty: The World Bank, the IMF, and the Developing World* (Washington, D.C.: CATO Institute, 1994), pp. 1-12; Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton, New Jersey: Princeton University Press, 1995), pp. 39-40.

[38] Peter Bauer, *Dissent on Development* (Camrbidge: Harvard University Press, 1972), pp. 97-98.

[39] Wojciech Kostrzewa, 'A Marshall Plan for Middle and Eastern Europe,' p. 35.

Similarly to the donors' Marshall Plan rhetoric in the Third World, Western involvement in the post-socialist transition has often been compared to the post-war reconstruction of Western Europe. Inside Western official circles, Western aid to the former socialist countries has even been referred to as the 'Mini Marshall Plan.'[40] To an extent, this analogy can be justified, since both assistance plans were targeted at achieving some form of liberal democracy and free market economy. However, in the post-war case it was the plan of *reconstruction*, whereas post-Cold war assistance was drawn as a plan of *transition*. Liberal-democratic and market values, institutions and elites did not require radical change in post-WWII Western Europe. Capitalism and democracy in their institutional and traditional forms were in place and facilitated the recovery process. In contrast, in the former socialist world the problem was one of building the new order based on entirely different institutional and cultural foundations, often incompatible with the existent mentalities, routines and habits.

The different nature of the reform process in these two cases generated the paradox noted by Claus Offe. He argued that the reconstruction of democratic capitalism proceeded much more smoothly in the late 1940s and early 1950s, despite the massive destruction of physical infrastructure during the war. The 'sense of accomplishment,' of being 'on the right track,' and of moving 'with adequate speed in the right direction' was much more pronounced in the first case. This paradox has been reinforced by the fact that the economic conditions in the former socialist world,

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[40] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998* (London: Macmillan Press, 1998).

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which largely escaped the enormous wartime physical destruction of lives and industrial assets, were much more favourable.[41]

Interestingly, despite donor rhetoric, few Western policy-makers supported serious commitment on the scale of the post-war Marshall Plan in the early 1990s.[42] Low levels of enthusiasm among the politicians was explained by a different international setting, characterized by the absence of antithetical self-identification available within the framework of opposing political, ideological and military blocs.[43] Indeed, the original Marshall Plan had a very clear political agenda. Post-war reconstruction coincided with the beginning of the Cold War and the NATO economic and military alliance to contain communism.[44] To a great extent, the Marshall Plan was a geo-strategic move to protect Western Europe from Soviet expansion and to expand the reach of the world capitalist system. Political and strategic arguments paralleled the economic ones. European recovery would reduce the risk of political instability that threatened to feed communist influence in Western Europe. Economically, ongoing stagnation in West European economies would result in a sharp decrease in US exports.

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[41] Claus Offe, *Varieties of Transition: The East European and East German Experience* (Cambridge, Massachusetts: The MIT Press, 1996), pp. 163-4.

[42] In 1990, Senator Bill Bradley praised the 'genius of the Marshall Plan' and appealed to Congress to set aside 1 per cent of the defence budget for East European reconstruction. Bill Bradley, 'We Can't Afford Not to Help East Europe,' *Washington Post* (30 March, 1990), p. A.23 Similarly, Henry Kaufman advocated another Marshall Plan in his article 'Where's the Cash for Eastern Europe?' *Washington Post* (7 July, 1990), p. A19. In March 1992 former President Nixon issued a memorandum in which he appealed to President Bush and Congress 'to make greater commitments to transform the former Soviet republics into democracies. 'Nixon's 'Save Russia' Memo: Bush Feels the Sting,' *New York Times* (12 March, 1992).

[43] Claus Offe, *Varieties of Transition*, p. 168.

[44] See, for example, Gabriel Kolko, *The Politics of War: The World and United States Foreign Policy, 1943-45* (New York: Random House, 1968).

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Post-socialist transition, which crowned the end of the Cold War and the Soviet breakdown, was devoid of similar legitimacy and historical mission. What would be the rationale for the second Marshall Plan, when the communist challenge was gone? Indeed, in contrast to post-WWII West European countries, after 1989 the West did not view former socialist states with their threatening uncertainties "as valuable strategic partners in commerce and defense, but rather as a more or less unwelcome new burden."[45] Hence, the lack of political and strategic appeal in the West for a modern-day Marshall Plan, which in 1997 – the year that marked 50th anniversary of the Marshall Plan - would equal (by various estimates) approximately 75-90 billion dollars.[46] Such Western attitudes resulted in much disillusionment with aid among the recipients, whose reaction was quick to follow.

In the mid-1990s, Polish authorities requested more capital support and less technical assistance, whereas the Czech government went further; it decided to utilize "a minimum of foreign aid and refrained from establishing relations with the World Bank [on the grounds that] reform should begin and end at home."[47] This position soon proved correct, when by the mid-1990s the bubble of euphoria burst. Frustration and resentment with Western assistance grew among aid recipients. Western aid policies became entrapped in the discourse of blame.

On the one hand, Western donors accused recipients of misuse of assistance money and little or insufficient reform efforts. Donors also blamed the lack of

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[45] Claus Offe, *Varieties of Transition*, p. 168.

[46] Doug Bandow, 'A Look Behind the Marshall Plan Mythology,' http://www.cato.org/dailys/6-04-97.html (accessed 25 April, 2005).

[47] Janine Wedel, 'Aid and Reform in the Former Second World,' in Steven Hook, ed., *Foreign Aid Toward the Millennium* (Boulder, Co.: Lynne Rienner Publishers, 1996), pp. 141-156 at 147.

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'successful' reforms on the persisting legacies of socialism and the difficulties of refashioning people's consciousness to produce individualist attitudes. Indeed, the transition has been affected by elements of the socialist/communist past. However, it needs to be emphasized that there has been no simple homogeneous pattern of how transitional processes proceeded in different post-socialist countries. In fact, the neo-liberal economists and politicians were not that wrong in anticipating that the removal of economic and political impediments to the natural expression and articulation of individual interests would produce a spontaneous proliferation of market activity. Liberalization opened doors for many individuals to exercise personal initiatives; challenging the arguments of some Western academics that post-communist human capital was unsuited to the requirements of a market economy. In addition, an entirely new generation arose, whose attitudes were unaffected by the socialist past. What the neo-liberals failed to take into account was the nature of their activity. Given the pressures and constraints from the state in the absence of stable legal regulations, much of this activity has been exercised either abroad or in the 'shadow.' In this respect, institutions of free market economy and civil society, in a strictly Western sense, often failed to emerge in East European and former Soviet countries.

On the other hand, recipients blamed donors for the gulf between actual aid and the Marshall Plan rhetoric of aid. Poland was among the first recipients to become disillusioned with aid. In 1991, despite a favourable Western disposition and serious commitments to assist in the process of Polish transition, Poland's chief coordinator of foreign assistance, Jacek Saryusz-Wolski, articulated general frustration with aid: "When people in Poland hear that billions of dollars come to Eastern Europe, they

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expect that Poland gets one-half or one-third of that money... Very often people ask us what happened to that money."[48] In 1992, Poland's President Lech Walesa voiced the growing resentment with aid at the European Parliamentary Forum in Strasbourg, charging the West for making good business on the Polish revolution. The West, he said, "was supposed to help us in arranging the economy on new principles, but in fact it largely confined its efforts to draining our domestic markets."[49] In 1999, Ex-President Walesa spoke critically again about Western assistance and blamed Western leaders for the lack of serious commitments analogous to the post-war Marshall Plan.[50]

CONCLUSION

The process of post-socialist transition became increasingly a political strategy implemented by Western donors, illuminating the fundamental and ongoing tension between the economic, political, and strategic self-interests of the donors and the transitional/developmental needs of the recipients. The politicized reality of Western aid has been skilfully camouflaged by the altruistic Marshall Plan rhetoric, evoking the perceived success of the post-WWII European Economic Recovery Program and implying the possibility of replicating it in the post-socialist setting. However, a critical examination of the original Marshall Plan leaves the success of its economic achievements rather contested. Furthermore, aid in the 1990s lacked the historical

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[48] 'Beware Western Governments Bearing Gifts,' *Wall Street Journal Europe* (14 January, 1992) in Janine Wedel, 'Reaching Through the Opened Door: A Comparison of American and European Approaches to Assisting Central and Eastern Europe,' pp. 27-42.

[49] Blaine Harden, 'Poles Sour on Capitalism,' *Washington Post* (5 February, 1992), p. A1.

[50] RFL/RL, 11.99

legitimacy and context of the original Marshall Plan. Notwithstanding these inconsistencies, the chain of myths around the Marshall Plan generated a series of powerful stereotypes around aid and development.

For decades, stereotypical assumptions about the MP's unquestionable success have held a firm grasp over reality. Paradoxically, despite the fact that the legacy of foreign assistance in the Third World stripped donor discourse of its optimism and some even began to talk about 'aid pathology,'[51] these myths persisted in the former socialist world in the 1990s. In the early days of transition, the Marshall Plan rhetoric strongly upheld optimism about the workings of aid in the absence of any significant evidence to sustain it. Moreover, despite the fact that Western assistance efforts in the post-socialist world strikingly resembled operations of aid agencies in the developing countries, the legacy of aid in the Third World with $450 billion of foreign debt in Latin America and per capita income in sub-Saharan Africa lower in 1990 than in 1970,[52] has largely been ignored. Most states in Eastern Europe and the FSU assumed, optimistically, that foreign aid would allow them to establish the necessary institutions to ingrain democracy and capitalism. The mere fact that the majority of Western aid advisors were coming to the former Second World with the experience of aid programs/projects implementation in the Third World failed to send a sobering message.

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[51] Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies* (Chicago and London: The University of Chicago Press, 2002), p. 1.
[52] Melanie Tammen, 'Aiding Eastern Europe,' p. 1.

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CHAPTER 3. THE GREAT DEFORMATION OF THE 1990S

INTRODUCTION: THE PROBLEM OF MODELS

Two major models of Western assistance to Eastern Europe were elaborated on at the early stage of transition. The Bush (Sr.) administration and much of Congress called for a Marshall Plan-like assistance strategy for Eastern Europe with massive financial investments. However, they could find little agreement on who would foot the bill due to the tight federal budget.[1] Others advocated a so-called Third-World model of assistance based on limited bilateral, multilateral and/or nongovernmental aid often tied to specific objectives or projects. A serious defect of both models was that they paid little or no attention to the broader socio-cultural environment in post-communist countries. Most notably, the experience and historical associations of aid with the Third World created many problems for implementing assistance programs in the East.

The volume and quality of local knowledge, often equal to and at times surpassing Western standards, was largely devalued and ignored by donors. Due to their previous experience with aid programs in developing countries, the professionals involved in reforming post-socialism tended to apply Third World conceptions of socio-cultural backwardness to Eastern European societies. Often, proud of their cultural links to the West the recipients considered such attitudes to be

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[1] Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (Cambridge: Cambridge University Press, 1991); Melanie Tammen, 'Fostering Aid Addiction in Eastern Europe,' in Doug Bandov and Ian Vasquez, eds, *Perpetuating Poverty: The World Bank, the IMF, and the Developing World* (Washington, D.C.: CATO Institute, 1994), pp. 101–123.

an insult. A critical glimpse at donor–recipient aid relations in Eastern Europe reveals that just "as there was little interest in a 'third way' within Eastern Europe after 1989, there was no alternative aid model envisioned by the West, and while the First-World paragon was held up as the ideal for the region, Third-World models were actually implemented."[2]

This chapter is organized in the following manner: part 1 demonstrates that in spite of the Marshall Plan rhetoric of aid donors, assistance to the post-socialist world bore little resemblance to the European Economic Recovery Program. Not only was the structure of aid for post-socialist transition altogether different, but the patterns of aid for post-socialist transition strikingly resembled aid policies and practices in Third World countries. This is not to assert that the experience of East European countries with Western assistance was typical of the case of third world aid recipients. But it does highlight the 'cookie cutter' approach of Western donors in implementing their projects and programs in both transitional and developing societies. This subject merits an extensive elaboration because it brings us to the heart of the aid dilemma, i.e. the disjuncture between rhetoric and practice.

In the second part, I argue that the neo-liberal model of economic development, also known as the Washington Consensus model, represents the most significant disconnect between the original Marshall Plan and Western assistance for post-socialist transition in the 1990s. Donor pressure to introduce instant market liberalization, fiscal austerity, privatization, and deregulation in the former socialist

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[2] Jerald Creed and Janine Wedel, 'Second Thoughts from the Second World: Interpreting Aid in Post-Communist Eastern Europe,' *Human Organization* 56:3 (1997), pp. 253-264 at 253.

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countries resulted in the failure to create a functional institutional environment, and, by extension, in the skyrocketing corruption, growth of authoritarianism and the plummeting of living standards.[3] Eventually, major donors were forced to admit that the decade of the 1990s was lost for many countries in transition and they redirected their resources toward support for civil society. Such inconsistent support for civil society exposed aid as lacking longer-term vision.

3.1. SIMILARITIES BETWEEN THE FORMER SECOND WORLD AND THIRD WORLD AID EXPERIENCES

The mixed record of foreign aid programs and projects in the Third World is extensively documented in the literature. However, a cursory look at the activities of aid agencies in developing countries sheds light on the fact that Western assistance for post-socialist transition bore close resemblance to the Third World aid experience[4] and differed significantly from the post-WWII reconstruction efforts. To begin with, the composition of aid to the former socialist countries was heavily dominated by technical assistance in the form of export credits, loans and debt relief (nearly 90 per cent), whereas in the case of the post-war Marshall Plan, grants made up more than

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[3] Joseph Stiglitz, 'Whither Reform? Ten Year of Transition,' paper prepared for Annual [World] Bank Conference on Development Economics, (Washington, D.C., April 28-30, 1999), www.worldbank.org/research/ abcde/washington_11/pdfs/stiglitz.pdf (Accessed April 26, 2005); Christopher Bryant, 'Economic Utopianism and Sociological Realism: Strategies for Transformation of East-Central Europe,' in Christopher Bryant and Edmund Mokrycky, *The New Great Tranformation? Change and Continuity in East-Central Europe* (London, New York: Routledge, 1994), pp. 58-77; Janine Wedel, 'Clans, Cliques, and Captured States: Rethinking 'Transition' in Central and Eastern Europe and the Former Soviet Union,' *Journal of International Development* 15:4 (2003), pp. 427-440.
[4] Tony Killick and Christopher Stevens, 'Eastern Europe: Lessons on Economic Adjustment from the Third World,' *International Affairs* 67:4 (1991), pp. 679-696.

90 per cent.[5] Also, the Marshall Plan was a joint responsibility of the newly created US government agency, the Economic Cooperation Administration (ECA), and the Organization for European Economic Cooperation (OEEC). In administering the program, ECA worked in tandem with the European body that had the power of determining questions of general policy, such as dividing American aid among the OEEC member states, reducing trade barriers, improving the system of payments in intra-European trade. Even though the ECA had important leverage over the OEEC decisions through its power over the release of the counterpart funds,[6] the establishment of the OEEC in itself allowed for some limited autonomy to recipient countries that donors would not allow afterwards.

Most importantly, many of the field operations of Western donors were a direct replication of their programs and projects in Latin American, Asian and African countries. The parallels that can be drawn between aid experiences in the developing and transitional countries include donor rigidity in identifying, designing and implementing aid projects and programs, donor focus on short-term projects, lack of coordination among numerous aid agencies, and the employment of the army of experts.

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[5] Bernhard May, *The Marshall Plan: Historical Lessons and Current Challenges in the Balkans*, Updated paper presented at a Conference in Istanbul in May 1999 organized by the IEWS (New York) and DEIK (Istanbul), retrieved from http://www.dgap.org/texte/marshallplan.html

[6] Counterpart funds were created when firms importing the aid supplies paid for them in local currencies. The portion equal to grant expenditures for aid was deposited into special governmental accounts. These accounts were available only for purposes agreed to by the US.

Roughly half of all official development assistance (ODA) to developing countries has been, and continues to be, bilateral while the other half is distributed via multilateral institutions, primarily the World Bank (WB) and the International Monetary Fund (IMF). Over the years, the World Bank's financial and intellectual leadership, so apparent in the WB domination over 'cooperative' work with other donors, has been firmly established within the global development industry. Indeed, the experience of developing and transitional countries demonstrates that World Bank and IMF lending policies have had a strong impact on other donor agencies and their programs through direct consultations on the formulation, evaluation, and monitoring of assistance programs, lending proposals and loan conditions.

As a rule, the Bank formulates in-house development policies that subsequently exert critical influence on the specific aid strategies – both bilateral and multilateral – within the individual countries. In other words, it has become a tradition that the Bank sets up the dominant strategy or model of development that other donors follow or react against. In the words of Cheryl Payer, the "intellectual hegemony of the Bank complements, and is dependent upon, its financial hegemony."[7]

Interestingly, the Bank has succeeded in preserving its leading role within the donor community, despite the growing rigidity and lack of innovation in its development policies, oftentimes criticized by its own staff. For instance, in 2002,

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[7] Cheryl Payer, *The World Bank: A Critical Analysis* (New York: Monthly Review Press, 1982), p. 17.

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Joseph Stiglitz, former chief economist of the World Bank and winner of the 2001 Nobel Prize in economics, published a powerful and comprehensive critique of the flawed one-size-fits-all economic policies promoted by global financial institutions. Throughout the 1980s and 1990s, Stiglitz argued, the World Bank and the IMF pursued the so-called Washington Consensus policies of instantaneous privatization, fiscal austerity, and market liberalization without giving serious consideration to the timing and sequencing of the proposed reforms. Many of the WB/IMF policies forced privatization and liberalization before adequate regulatory frameworks and social safety nets were in place. As a result, these policies often entailed job destruction, skyrocketing of corruption, stagnation, and recession.

Specifically, in the post-socialist context, Stiglitz compared the standard western advice with a 'blietzkrieg' approach and Western advisers with 'market Bolsheviks,' who used "a peaceful version of Lenin's methods to make the opposite transition."[8] Indeed, the Washington Consensus policies were "pushed too far, too fast, and to the exclusion of other policies that were needed,"[9] thus failing to become means to sustainable and equitable development. Stiglitz was not the first dissident within the Bank. Back in 1963, the World Bank President George Woods (1963-1968) remarked, "I never saw a more rigid institution – it is an institution, not a bank, why they call it a bank I don't know."[10]

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[8] Joseph Stiglitz, 'Whither Reform? Ten Year of Transition,' p. 7.
[9] Joseph E. Stiglitz, *Globalization and Its Discontents* (New York: Norton and Norton, 2002), p. 54.
[10] David Lilienthal, *The Harvest Years 1959-1963*, vol. 5 of the Journals of David E. Lilienthal (New York: Harper & Row, 1971), entry for 20 June 1963, p. 480.

The Bank's rigidity and commitment to standardization were substantially reinforced during the presidency of Robert McNamara, former Secretary of Defense in the Kennedy and Johnson administrations. McNamara brought a group of Pentagon 'efficiency experts' to the Bank. These experts equated efficiency of the WB projects with the speed of project implementation and money disbursements. The introduction of such an efficiency strategy resulted in WB staff being "strongly tempted to avoid anything that detract[ed] from well-trodden paths; any deviant or more ambitious course of action introduce[d] additional uncertainty and possible delay in completion dates, which look[ed] bad on staff records."[11] On paper, the Bank's sophisticated methodology makes many dubious projects appear successful. In practice, however, it is often overoptimistic in its projections and serves as an incentive for 'money-pushing' and 'fund-channeling' techniques with the resulting excessive aid interventions, over-funding, and low productivity of aid allocations, often directed to unsound projects in the developing countries.[12]

In a similar vein, IMF programs and projects in the developing world have been bitterly criticized as too uniform in their design, too dogmatic in their content, too optimistic in their predictions, and too often pursuing 'quick fixes' for deeply rooted structural problems. Indeed, the Fund is well known for its overwhelmingly mechanistic approach, based on the quantified performance criteria.

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[11] Aart van de Laar, *The World Bank and the Poor* (The Hague: Martinus Nijhoff, 1980), p. 232.
[12] Christopher Colclough and James Manor, eds., *States or Markets: Neo-liberalism and the Development Debate* (Oxford: Clarendon Press, 1993); Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies* (Chicago and London: The University of Chicago Press, 2002).

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Tony Killkick's critical analysis of the IMF field operations portrays Fund missions as adopting a rigid 'take it or leave it' attitude, when even staff members admit being too constrained by their briefs. Consequently, the Fund is "too reluctant to adjust performance criteria in the light of changed circumstances, leading to programme breakdowns."[13] Analysis of the IMF programme completion between 1979 and 1993 has demonstrated that "over half (53 per cent) of the 305 programmes were incomplete."[14] While the lack of transparency in the lending policies of the Fund makes it very difficult to determine the extent of its flexibility in practice, observers believe that some of the project breakdowns in the field result directly from Fund rigidity.

Donor rigidity in project identification and design became an integral part of the larger top-down approach that gives the recipients little voice in determining how assistance priorities are identified and how Western money is spent. Even though this approach originated in the 1960s and 1970s, it remains very popular with donors to date. For example, project identification in the World Bank is done in accordance with the Country Economic Surveys – allegedly the most comprehensive compilations prepared by the Bank for each borrowing country. Using these surveys as guides to project identification allows the Bank to impose high levels of control -- prior to being identified, proposed projects must first be considered feasible by the Bank.

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[13] Tony Killick, *IMF Programmes in Developing Countries: Design and Impact* (London and New York: Routledge, 1995), p. 28.
[14] Ibid., p. 61.

Bilateral assistance features strikingly similar patterns. For years, US aid to developing countries has been, and continues to be, allocated mainly through the 'country programming' approach, whereby the US Agency for International Development (USAID) develops an overall country strategy and designs specific projects based on its in-house assessment of the economic and social conditions in the recipient country.[15] Plagued by burdensome and time-consuming restrictions, this top-down, donor-driven approach has an undeniable advantage of giving the US government unlimited power in establishing priorities and determining expenditures that reflect the interests of the US but do not necessarily mirror the needs of the recipient country. Certainly, in different situations, USAID staff members cooperate with the recipient government officials and civil society representatives to varying degrees. However, the role of the borrowing side in determining USAID strategies and projects is often minimal and most policy papers continue to be written in Washington. This approach has a definitive downside. A group of Brookings scholars recently noted that when "the US government has the lead in design, the recipient country often lacks ownership in and commitment to specific interventions. …In most cases this weaker recipient commitment to projects reduces the chances of success. US-designed projects and programs often are only partially coordinated with recipient government's overall development strategy."[16] This is similar to the practice of

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[15] Carol Lancaster, *Transforming Foreign Aid: United States Assistance in the 21st Century* (Washington: Institute for International Economics, 2000).
[16] Brainard Lael, Carol Graham, Nigel Purvis, Steven Radelet, Gayle Smith, *The Other War: Global Poverty and the Millennium Challenge Account* (Washington, D.C.: Brookings Institution Press, 2003), p. 102.

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tripartite policy framework papers (PFPs), which are allegedly drafted 'jointly' by the borrowing country, the IMF and the World Bank.

A former senior member of the Fund staff dealing with Africa in the 1980s once admitted that "the PFPs so far have been primarily a subject of negotiation between the staffs of the Fund and the Bank."[17] Such a donor-led process requires an extensive and costly aid bureaucracy and produces an adverse effect -- the recipient government has no incentive to design and implement its own home-grown development strategies that could integrate innovative ideas rooted in local experience, and, by extension, tailor specific projects to the unique circumstances of their country and region.

FOCUS ON THE SHORT-TERM PROJECTS

Aside from uniformity, rigidity, and standardization, another pronounced feature of the donor approach has been a disproportionate emphasis on short-term projects, rather than on long-term programs. For the most part, grants, loans, and credits disbursed by Western, especially bilateral, donors in the developing and former socialist countries have been project-tied rather than program-oriented.

In the US, for example, Congress tends to be more favourably disposed toward funding specific projects, because they are thought to be traced, controlled, and monitored more effectively than program funding. This has four important implications. First, funding specific projects, as opposed to broader government

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[17] Goreux Louis 'The Fund and the Low-Income Countries', in Catherine Gwin and Richard Feinberg, eds., *The International Monetary Fund in a Multipolar World: Pulling Together* (US-Third World Policy Perspectives no.13 Washington, D.C.: Overseas Development Council, 1989), p. 162.

programs, allows donors to attach national and institutional labels to those projects that have successful outcomes. This has a positive effect on public relations in donor countries and encourages public support for foreign aid activities.[18] Indeed, all donors, with the US being no exception, "like to plant a flag with their aid programs, and project aid allows them to do that."[19] However, 'advantages' of project funding can be outweighed by a number of drawbacks. Donor control over their project funds is oftentimes 'illusory,' since funding for specific projects opens opportunities for manipulations through reallocations within the recipient budget, which, by extension, can breed corruption. For example, "donor support to build a school that the government would have otherwise built with domestic resources could simply free government funds to buy a new airplane for the president. In this case the marginal impact of donor funds is not to build a new school, ... but to buy a plane."[20]

Second, the plethora of individual projects imposes a financial burden on, and weakens the administrative capacity of, the recipient government. Scrupulous monitoring and strict financial controls require that part of government bureaucracy should address a wide range of donor concerns. In addition, many of the country's qualified and skilled individuals prefer to work for donors rather than on government projects, because they can get higher wages. This further drains the government's administrative capacity.

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[18] In 1994, USAID Administrator Brian Atwood pointed to the aid program's low public standing in the USA. "Foreign aid' is the second most unpopular word in the country right now, just behind the word 'welfare'." Matthew Auer 'Agency Reform as Decision Process: The Reengineering of the Agency for International Development,' *Policy Sciences* 31 (1998), pp. 81-105 at 87.
[19] Brainard Lael, et. al., *The Other War*, p. 118.
[20] Ibid.

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Third, by their very design, specific projects are more constraining on the recipient country than are programs. Project funding may even prove counterproductive in cases when recipient governments are required to 'match' their domestic resources, i.e. operating expenses or infrastructure, to ensure the project success. In other words, a recipient government is forced to reallocate funds from social programs for projects and purposes determined by aid agencies. Above all, the strong tendency among major donors to lean toward projects as opposed to programs reflects donors' reluctance to engage in lasting and costly undertakings. As a result, many development projects are chronically under-funded.[21]

The fourth implication of a project-tied strategy is that, in view of the low levels of organizational capacity to implement aid agenda by agencies themselves, most projects are usually sub-contracted to consulting firms and other aid providers through a competitive bidding process casually supervised by aid agencies. In Africa alone, the aid-funded consultancy industry is worth $4 billion a year.[22] Already in the 1980s, about 80 per cent of the World Bank's funds were allocated through competitive bidding.[23] Transparent and fair selection procedures are meant to eliminate abuse, especially favouritism. However, in practice, companies with the firmly established record of previous contracts – the ones that have invested considerable energies in developing network connections with aid institutions and are deeply familiar with a contracting system – usually are the most successful

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[21] Ibid., p. 119.
[22] James Wolfensohn, 'Aid Donors Should Get Their Act Together,' *International Herald Tribune* (24 February, 2003) http://www.iht.com/articles/87672.html (accessed 24 February, 2003).
[23] Cheryl Payer, *The World Bank: A Critical Analysis* (New York: Monthly Review Press, 1982), p. 35.

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competitors in the bidding process. Not surprisingly then, in the US, for example, a group of Washington-based firms, also known as the 'Beltway Bandits,' won a large portion of the USAID contracts to Central and Eastern Europe and the FSU in the 1990s.[24] These were the firms with earlier aid experience in Latin America, Asia, or Africa. In the 1990s, when aid work was subcontracted to consulting firms and other providers, these providers were not generally open to innovation or to the incorporation of recipients' inputs. The army of subcontractors was led by the so-called 'Big Six,' namely Deloitte & Touche, Klynveld, Peat, Marwick, & Goerdeler (KPMG), Arthur Andersen, Coopers & Lybrand, Ernst & Young, and Price Waterhouse. In view of their impressive track record and extensive portfolios in Latin America, Africa and Asia, all major donors, including the World Bank, USAID, the European Bank for Reconstruction and Development (EBRD), the European Union (EU), and the British Know How Fund, deemed these providers the most suitable experts on post-socialist transition.[25]

LACK OF COORDINATION

Western assistance to developing countries and former socialist countries in transition differed from the original Marshall Plan in yet another significant respect. A single donor, the US, administered post-war assistance for West-European reconstruction. In contrast, the plethora of bilateral and multilateral donors were involved in reforming developing and transitional countries. One of the most widely documented pitfalls of

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[24] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998* (New York: Palgrave Macmillan, 1998), p. 27.
[25] Ibid.

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donor involvement was the poor level of coordination among multiple aid agencies. A UN study found 1,500 projects in Burkina Faso, and as many as 850 in Bolivia.[26] World Bank President James Wolfensohn pointed to a myriad of 63,000 projects in developing countries with an average of thirty donor agencies sending at minimum five missions each year to oversee their projects' implementation.[27]

Little coordination of frequently overlapping aid activities at the policy-making and operational levels, little sharing of pertinent information, and, most importantly, pursuit of strategic self-interested agendas by multiple individual donors, resulted in much duplication, competition, inefficiency, and waste, undermining the effectiveness of donor efforts.[28] As mentioned earlier, the lack of donor coordination also imposed a significant burden on host governments. To correspond effectively with donors and to meet their reporting requirements, recipient governments had no choice but to familiarize themselves with numerous procedures, approaches, procurements, evaluations, and red tape of each particular agency. In addition, since every agency tends to window-dress its policies in accordance with major political priorities and the interests of donors, diverging and competing policy objectives of multiple donors have often overstretched and hollowed out host government capacity.

As donor bureaucracies arrived in the former socialist world with assistance programs that were designed earlier with developing countries in mind, "they encountered, and colluded and collided with societies that functioned in some

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[26] James Wolfensohn, 'Aid Donors Should Get Their Act Together,' *International Herald Tribune* (24 February, 2003) http://www.iht.com/articles/87672.html
[27] Ibid.
[28] Brainard Lael, et. al., *The Other War.*

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fundamentally different ways from their own."[29] Indeed, donors tended to operate in isolation from one another, often running parallel projects and wasting limited resources. In addition, by pursuing a multiplicity of objectives, donor agencies and institutions often diffused their focus and spread expertise too thin. In Ukraine, for example, the USAID, the British Embassy's Department for International Development (DFID), Canadian, French, German, Dutch, and Swedish Embassies, the European Commission, the International Renaissance Foundation (IRF, or Soros Foundation), the Organization for Security and Cooperation in Europe (OSCE) have all been involved in one way or another in providing assistance for elections and media. The Soros Foundation, the EU, the World Bank, and Canadian and British Embassies have been working in the area of education. A group of donors, including the USAID, the British DFID, the EU, and the World Bank have implemented projects in the area of social protection.

In addition, coordination problems often plague the activities of numerous governmental agencies of a single donor. For instance, the US (the largest bilateral aid donor in Ukraine) is represented by a myriad of governmental agencies, including the Department of Justice, responsible for a $4 million judicial reform program; the Treasury Department that provides assistance to the banking sector and macroeconomic reform; the US Department of Agriculture in charge of the overall agricultural strategy; and the Public Affairs section of the US Embassy, especially its international visitors program. The design of assistance projects, based on allocations

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[29] Janine Wedel, 'Reaching Through the Opened Doors,' p. 33

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to individual sector adjustment, often proves to be a major shortcoming, because stand-alone operations have difficulties addressing cross-sectoral institutional and governance issues.

Attempts at greater donor coordination through regular meetings and participation in working groups have recently been undertaken. For example, regular meetings are held among donors working with civil society, including the USAID, the IRF, TACIS, the British Council and DFID, the Canadian International Development Assistance (CIDA), the Dutch Embassy, the United Nations Development Program (UNDP), the United Nations Children's Fund (UNICEF), the National Endowment for Democracy (NED), the WB, and the Charles Stuart Mott Foundation. A large and active working group, including the WB, the OSCE, Dutch Embassy, the UNICEF, the US Department of State and Ukrainian NGOs, meets regularly to coordinate activities to counter trafficking in human beings, especially women.

Yet, lengthy discussions on the 'aid efforts harmonization' problem have borne little fruit, as different donors continue to provide support for analogous projects with little coordination. Recently, representatives of the international aid community have initiated further steps towards rectifying this lack of coordination by creating databases and 'clearinghouses.' These initiatives were meant to forge stronger and more effective relationships among/between donors through the provision of information on existing aid projects and therefore, through the identification of overlaps and gaps. But, as Janine Wedel notes "no database or technology, no matter how sophisticated, could overcome the fundamental reality that programs were set up to serve the strategic and cultural agendas of individual donors.

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Technical mechanisms could not provide incentives to solve problems that were fundamentally political."[30]

EXPERTS

Perhaps the most prominent feature of Western assistance to the former socialist world, that reflected both the limitations of that assistance and a profound gap between Marshall Plan rhetoric and the actual financial commitments of donors, was the inflow of the army of technical experts. A significant bulk of the grant aid was directed to covering experts-related expenses (salaries, airfares, per diems, etc). Unfortunately, the provision of expertise and training was not accompanied by actual disbursement of massive capital investments. This was often recognized in the jargon of Western aid officials, who referred to the assistance efforts as the 'Marshall Plan of advice' or the 'Mini Marshall Plan.'[31] By the 1990s, the method of retaining donor-country-based staff for short advisory, consultative, or evaluative missions was a well known practice in developing countries and generally recognized to be far from an effective assistance technique. For example, in one case of a World Bank irrigation project in Mexico, nine short-term missions were dispatched to handle a basic technical problem involving water leakage from a reservoir. The experts on each

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[30] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998,* p. 33.
[31] Ibid., p. 30.

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mission would record the problem and simply relay the job of getting to the bottom of the problem on to the following mission.[32]

In theory, these 'experts' represent an important link in the development assistance industry, as they are responsible for adaptation, adjustment and redirection of project goals and methods on the basis of hands-on professional field experience. However, such ideal 'experts' are hardly ever found in reality, since most of them, whether consultants or trainers, are generally employed on short-to-medium-term contracts – in most cases, too short a time to conduct productive field research. Ample illustrations of project activities in the field demonstrate that even aid workers, who are stationed in the developing countries for longer periods of time, often chronically ignore field research. Experts are burdened with administrative responsibilities, including organization of the visits, trainings, and public relations activities, liaison with host government and with donor headquarters, and writing of the reports. Routine duties, camouflaged by overly optimistic reports, cause experts to neglect their commitment to field research and usually leave them with only a vague idea about local realities.[33]

In most cases, comprehensive information about recipient cultural factors is not readily available. Even when this information is available, cultural accounts cannot be easily ordered, structured, or standardized. The nature and magnitude of cultural information is at times confusing and unmanageable to many officers of aid

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[32] World Bank Report no. 2539, *Mexico: Impact Evaluation Report: Third Irrigation Project* (Washington, D.C.: World Bank, 18 June, 1979), pp. 18-20.
[33] Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies*, p. 38.

agencies. From their perspective, cultural concerns tend to delay and unnecessarily complicate projects' implementation. Additionally, experts rarely possess adequate linguistic or technical skills. Neither do they always have the courage to question the priorities and modes of implementation determined at the top of the aid agency hierarchical bureaucracy. Generally pressured by unrealistic goals set by their headquarters and by euphoric expectations on the side of recipients, some experts fall victim to an insecurity syndrome. Others are fueled by personal ambitions and some adopt a blueprint approach towards project implementation in the field. Yet others may be stricken by an insulating superiority complex or even corrupt motivations.[34]

One of the most egregious cases of aid abuse in the 1990s occurred in Russia. It was orchestrated by Harvard professor Andrei Schleifer and by the general director in charge of the Moscow office of Harvard Institute for International Development (HIID), Jonathan Hay, on the one hand, and the former Russian First Deputy Prime Minister, Anatoly Chubais, and his clan, known as the 'dream team,' on the other. Shleifer and Hay were in charge of massive aid programs to Russia aimed at supporting the implementation of an open market, including privatization reform and the establishment of transparent decision-making in government. Exploiting their close relations with Chubais and the US government, the HIID advisers allegedly conducted business activities for their own enrichment.[35] As the architect of the Russian privatization, the HIID/Chubais clique channelled millions of aid money into

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[34] Ibid., pp. 92-93.
[35] For details, see Janine Wedel, 'The Harvard Boys Do Russia,' *The Nation* (14 May, 1998), available at http://www.thenation.com/doc.mhtml?i=19980601&c=1&s=wedel (accessed 3 October, 2002)

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a network of private organizations, thus having a hand in creating a system of tycoon

capitalism, in strengthening a corrupt political oligarchy, and in undermining popular

support for reformers among Russians.[36] While the exact figure of assistance money

under Schleifer/Hay influence is unavailable, specialists on Russian transition point

out that hundreds of millions, even billions of dollars were involved. A peculiar detail

of the Russian privatization program, called 'Loan for Shares,' in which Schleifer and

Hay played advisory roles, was that Harvard University was one of only two foreign

entities allowed to bid on it.

The US federal government has now launched a lawsuit against Schleifer,

Hay, and Harvard University for false claims submitted by the University to USAID,

and, in particular, for violating the terms of the agreement with USAID by profiting

financially from businesses they were supposed to be setting up and advising. Anne

Williamson, the author of *Contagion: The Betrayal of Liberty, Russia and the United*

States in the 1990s, told *Insight* magazine:

> Hay and Shleifer took advantage of the opportunities provided to them.
> Harvard University privatized our aid program, then they socialized the
> benefits amongst themselves and their supporters in the private investment
> world... These men could funnel large amounts of money [including USAID,
> the World Bank and IMF money] to people who were nothing less than
> quislings —Russians who were willing to sell out for money. What we did
> beyond the economic abuse was we built up a very small group of people and
> labelled them as reformers and great democrats. The perverse result of this
> was that every other Russian reformer was pushed aside. It was the opposite
> of open debate and democracy. Our money — taxpayer money — actually
> smothered other actors who weren't all communists, but rather were decent
> people who were trying to have input into the process in the creation of a new

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[36] Kelly Patricia O Meara, 'Looting Russia's Free Market,' *Insight on the News* (12 August, 2002)
http://www.insightmag.com/main.cfm/include/detail/storyid/260507.html (accessed 12 November,
2003)

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country, a new government and a new way of life. ...[Consequently, we] now have to deal with a large territory and significant piece of geography that is controlled by a handful of corrupt people we support.[37]

Aid officers' inclinations toward standardization, misjudgement, inertia, and complacency at the project implementation level result in donors' approaches being generally insensitive to recipient conditions and objectives.[38] Western aid providers adopted the so-called advisory-role strategy, which secured a safe degree of non-involvement and emphasized that recipients did not need to rely too heavily on the donors to get the job done. Advisory strategy was also meant to have a greater effect on the reform process – donors' logic ran that Western experts could be involved in a far greater number of projects as advisers than they could otherwise do as participants. However, as noticed by Ervin Long, "these proposition are often more impressive in logic than demonstrable in fact. ...[S]pecific technical assistance projects or activities have been more effective, largely in the degree that our personnel have been deeply involved as participants in local decision-making and implementation processes."[39] From an ethical standpoint, the advisory-role strategy of Western donors with their secure shield of non-involvement, implied moral irresponsibility for the consequences of their advice.

Technical soundness is certainly vital to project design and implementation. However, the biggest problem with Western experts operating in the former socialist

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[37] Ibid.
[38] Gerald Helleiner, *Africa and the International Monetary Fund* (Washington, D.C.: International Monetary Fund, 1986).
[39] Ervin Long, 'Philosophical Differences in Approaching Agricultural Technical Assistance,' in Thomas Woods, Harry Potter, William Miller, Adrian Aveni, eds., *Institution Building: A Model for Applied Social Change* (Cambridge, Massachusetts: Shenkman Publishing Company, 1972), pp. 231-238 at 232.

countries was that these experts allowed technical considerations to dominate, to the exclusion of cultural and social factors, thus discouraging local support for their efforts. Similar to the developing countries' experience with technical assistance, negligence with respect to field research, and heavy reliance on insufficiently substantiated conceptions, characterized the work of Western experts, advisors, and consultants retained to operate in the former socialist world. Most notably, "the historical associations of aid with the Third World created numerous problems for aid projects in Eastern Europe. Western consultants often acknowledged the distinctiveness of Eastern Europe in theory. However, their experience with aid was primarily in the Third World, so in practice they tended to bring those (mis)conceptions, such as assumptions of socio-cultural backwardness, to eastern Europe."[40]

From the early 1990s, the former socialist countries witnessed the arrival of an army of highly paid technical experts who would come for short periods of time, stay in luxurious hotels, monopolize the time of local officials (too often asking the same questions their predecessors did) only to produce reports and provide advice unsuited to local conditions.[41] Poles have even forged a derisive term, the 'Marriott Brigade,' for the 'fly-in, fly-out' consultants who stayed at the five-star hotel in Warsaw and dispensed advice based on little, if any, local consultation.[42] Much of the government-

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[40] Gerald Creed and Janine Wedel, 'Second Thoughts From the Second World,' p. 256.
[41] Janine Wedel, 'US Assistance for Market Reforms: Foreign Aid Failures in Russia and the Former Soviet Block,' Policy Analysis No. 338 (22 March, 1999), pp. 1-20; James L. Silberman, Charles Weiss, Mark Dutz, 'Jump-Starting Ex-Communist Economies: A Leaf from the Marshall Plan,' *Foreign Affairs* 73:1 (1994), pp. 21-27.
[42] Janine Wedel, 'US Assistance for Market Reforms,' p. 2.

to-government programs swiftly boiled down to 'bureaucrat-to-bureaucrat' undertakings, stimulating the expansion of large bureaucracies both in the West and in the East. Many projects and programs were loaded with mandates for agencies to undertake the kinds of technical assistance efforts that have hardly been successful in the West. Helen Laughlin, a US Labor Department assistant, has observed that 'millions and millions of dollars are being spent on trainers who are not qualified to train. Ignoring its sorry record, the Labor Department [launched] 'train-the-trainers' programs in Poland and Hungary.'[43] Subsequently, these trainers moved further East to the post-Soviet states, especially Russia and Ukraine.

3.2. NEO-LIBERALISM AS A FOUNDATION OF THE 'MARSHALL PLAN' FOR POST-SOCIALIST TRANSITION

A major difference between the Marshall Plan of 1948 and its alleged replication in 1989 is that the creators of the original Marshall Plan, as mentioned earlier, were very sympathetic towards state intervention into the economy. In the spirit of early post-war multilateralism, captured by John Ruggie as an 'embedded liberal compromise,'[44] whereby all forms of state intervention in the economy were acceptable as long as they were compatible with the requirements of international economic stability, state economic centralism was built into the Marshall Plan. In stark contrast to it, the policies of Western donors in the former socialist world were deeply rooted in the neo-liberal model of economic development, known as 'the Washington Consensus.'

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[43] Melanie Tammen, 'Fostering Aid Addiction in Eastern Europe,' p. 5
[44] John Gerard Ruggie, 'International Regimes, Transactions and Change: Embedded Liberalism in the Post-War Economic Order,' *International Organization* 36:2 (1982), pp. 379-415.

This model reflected a strong belief in instant market liberalization, fiscal austerity, privatization, and deregulation; with many of these policies becoming ends in themselves rather than means to sustainable development.

On the whole, the neo-liberal reform package, which has been simplistically adopted by most post-socialist countries, focused primarily on the market dimension of transition.[45] Privatization, deregulation, and price and trade liberalization figured most prominently at the top of the reform agendas of both Western donors and national reformers. Specifically, privatization in all forms and shapes – large, small, re-privatization, the creation of new private enterprises - came to the fore. Economists, politicians, and academics rushed to explore the subject and produced voluminous collections of books, speeches, monographs, and conference papers on this phenomenon. In the West, 'instant experts' on the region and on the transition process sprang up.

As Bull and Ingham observed, "neo-liberal economists, perhaps most notably Sachs, were initially most confident in their advice as to how change should proceed."[46] Private ownership was thought to be a crucial element of the free market economy. A success of privatization reforms was believed to be decisive in determining the future of liberal capitalism and democracy in the former socialist

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[45] Brada, Schonfeld, and Slay argue that the programs promoted by International Financial Institutions in Eastern Europe were often divorced from the recipient countries' economic realities, exacted excessive socio-political costs, and ultimately turned out to be self-defeating. Josef Brada, Roland Schonfeld, and Ben Slay, 'The Role of International Financial Institutions in Central and Eastern Europe,' *Journal of Comparative Economics* 20 (1995), pp. 49-56.

[46] Martin Bull, Mike Ingham, 'Difficult Democracies: Central and Eastern Europe in Transition,' in Martin Bull, Mike Ingham, eds., *Reform of the Socialist System in Central and Eastern Europe* (London: Macmillan, 1998), pp. 1-15 at 2.

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countries. Civil society was generally overlooked in these 'capitalism-export schemes,' which offered 'quick-acting doses of support'[47] to a small circle of civic groups and activists, most of whom were known in the West prior to 1989. At the time, donors believed that limited support for NGOs – the foremost exemplars of civil society – was the best way to promote democracy. For example, until 2000 the TACIS program – the largest European Union (at the time, European Community) technical assistance program to the countries of the former Soviet Union launched in 1991 – has focused primarily on private sector development, nuclear safety, environment, public administration reform, agriculture and energy. In the period between 1991 and 1999, TACIS committed 4.2 billion Euro, of which the Democracy Program, classified in the by-sector allocations report as 'Others,' received only 240 million (see Table 2). The Program focused on the rebuilding of infrastructure necessary for public and democratic life and encouraged wide participation of NGOs. Despite the fact that it was formally open to smaller NGOs, the European Commission tended to fund primarily large-scale projects by West European NGOs with solid track records. As Thomas Carothers later noted, "Time seemed to be of the essence, and small amounts of support to the right groups promised to make a great difference."[48]

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[47] Thomas Carothers, 'Western Aid: From Teachers to Learners,' *Central Europe Review* 2:11 (20 March, 2000).
[48] Ibid.

Table 2. TACIS FUNDS ALLOCATED BY SECTOR 1991-1999 (MILLION EURO)

	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
Nuclear Safety and Environment	53,00	60,00	100,00	88,00	108,00	141,50	98,00	118,53	84,09	851,12
Restructuring state enterprises and private sector development	37,50	79,64	94,46	78,66	72,40	55,20	60,92	61,41	55,05	595,24
Public administration reform, social services and education	103,00	42,28	79,91	63,55	99,40	55,70	44,75	73,20	70,57	632,36
Agriculture and food	79,95	60,54	32,19	41,58	48,33	18,50	26,50	20,10	17,06	344,75
Energy	65,00	38,96	38,00	43,70	42,35	45,80	43,90	38,85	24,70	381,26
Transport	49,80	33,19	32,77	22,80	21,10	43,00	20,70	34,30	20,90	278,56
Telecommunications	0,00	6,76	6,65	4,10	7,90	6,40	7,30	0,00	15,00	54,11
Policy advice and SPPs	0,00	37,80	8,00	41,08	0,00	61,01	55,32	25,90	36,00	265,11
Others*	2,05	0,83	48,02	40,53	48,71	28,39	52,88	10,56	8,88	240,85
Donors Coordination**	0,00	34,88	20,98	24,69	40,00	43,00	37,00	81,62	56,00	338,17
Programme implementation support***	6,20	24,03	11,11	20,99	23,00	37,50	34,46	42,77	39,30	239,36
Total	396,60	418,91	472,09	469,68	511,19	536,00	481,73	507,34	427,55	4.220,69

* Includes the Democracy Programme and miscellaneous
** Includes International Science and Technology Centre, Partnership and Coordination Programme and the EBRD Bangkok Facility
*** Includes Coordinating Units. Multidisciplinary fund information and promotion and evaluation
Source: http://europa.eu.int/comm/external_relations/ceeca/tacis/figures.pdf (23 December, 2002)

For political and social reasons, neo-liberal measures were introduced across the post-socialist region with varying speed and degree of commitment by the respective governments and societies in general. Some post-socialist states, most notably Poland and Russia, adopted a shock-therapy strategy. Others were more cautious and gradual in their approach toward economic liberalization and continued subsidies and other supports, for fear of the social costs and political consequences that can accompany rapid economic reorientation. Theoretically, the introduction of the market economy could have spurred the development of civil society by creating

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institutions, financially independent from the state.[49] In practice, however, the

paradoxical transmogrifications across Eastern Europe were marked by the mutations

of former nomenklatura members into the heralds of market and democracy.[50]

'Privatization' most often involved embezzlement, nepotism, bribery, extortion, and

corrupt transfer of assets into the private hands of the former communist

apparatchiks.

In retrospect, there is clear evidence to demonstrate that no matter what pace

of marketization the countries subsequently adopted, they all experienced similar

problems: growing unemployment, inflation, fall of production, poverty increase, and

general economic decline.[51] The only difference was in degree, but not in the nature

of reform 'side effects.' For example, Bulgaria and Romania suffered serious

macroeconomic crises brought about by insufficient structural reform. In 2000, the

GDP of both countries stood at four-fifths of their 1990 levels. The Czech Republic

had a similar, although less severe experience, and did not return to its 1990 GDP

level by the year 2000. Ukraine's GDP fell dramatically in the 1990s, and the country

did not reverse this decline until the year 2000. Between 1990 and 1999, Russia's

GDP shrunk by 40 per cent. In 1998, one in five people in the former Soviet Union

lived on less than $2.15 a day, the standard poverty line. In 2000, even in the

wealthiest countries of Eastern Europe aspiring to membership in the EU per capita

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[49] Richard Rose, William Mishler, Christian Haerpfer, *Democracy and Its Alternatives: Understanding Post-Communist Societies* (Cambridge: Polity Press, 1998), p. 67.
[50] Vladimir Tismaneanu, *Fantasies of Salvation: Democracy, Nationalism, and Myth in Post-Communist Europe* (Princeton: Princeton University Press, 1998), p. 3.
[51] James Petras and Henry Veltmeyer, 'Age of Reverse Aid: Neo-liberalism as Catalyst of Regression,' *Development and Change* 33:2 (2002), pp. 281-293.

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incomes were still only 68 per cent of the EU average for Slovenia, 59 per cent for the Czech Republic, and 49 per cent for Hungary.[52]

Most importantly, marketization measures were often unsuccessful in producing functional institutional environments, viz., formal market institutions frequently failed to generate compliance with new rules of economic behaviour. Much stronger informal, noncompliant behavioural patterns, such as corruption, rent seeking, circumvention, and evasion, fuelled by such institutional attributes of states in transition as minimal or non-existent accountability of the state bureaucracy, and instigated by such societal attitudes toward formal political processes as allegiance to personal loyalties and low government legitimacy, remained a widespread modus operandi. Due to overall institutional weaknesses in the former socialist societies, surviving social and cultural legacies of the socialist/communist past, and the uncritical embrace of simplistic neo-liberal models, the transition to a free market economy was socially devastating for the majority of population.

In addition, rampant corruption and growing authoritarianism reinforced feelings of alienation from, and opposition to, the state, an entity generally associated with highly corrupt elites. According to the 1999 Transparency International Corruption Index (based on the perceptions of the degree of corruption as seen by senior executives at major companies, chartered accountancies, major commercial banks, law firms, risk consultants and the general public) out of 99 countries, Yugoslavia ranked 90th (together with Kenia and Paraguay), while Croatia, Moldova,

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[52] *Transition: The First Ten Years. Analysis and Lessons for Eastern Europe and Former Soviet Union* (The World Bank, Washington, D.C., 2002), pp. xiii-xv.

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Ukraine, Russia and Albania found themselves in a range between 70th and 85th (in the company of mostly Latin American countries). Lithuania, Slovakia, Belarus, Latvia, Bulgaria, Macedonia, Romania all ended up ranked in a range between 50th and 69th.[53] As Edgar Feige observed, the "historical laboratory of the transition economies has revealed that liberalization, stabilization, and privatization may be necessary but are by no means sufficient conditions for creating 'market economies'."[54] Even such a major donor as the World Bank was forced to acknowledge that for many countries in transition the decade of 1990s turned into a 'lost decade.'[55]

By the late 1990s, the relationship between state authorities and the broader society throughout much of the former socialist world closely resembled that, which existed during the socialist/communist era, when under state pressure many people looked for an authentic civil society in 'internal emigration.'[56] At the same time, the prevalent tendency toward non-transparent corrupt relationships between the two overlapping groups – economic and political elites – has become a formidable impediment to progressive economic and democratic development. Indeed, pervasive corruption undermined the foundations of democracy and good governance by

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[53]1999 Transparency International Corruption Perception Index, accessed at
    http://www.transparency.org/cpi/1999/cpi1999.html (14 November, 2003)
[54]Edgar Feige, 'Underground Activity and Institutional Change: Productive, Protective, and Predatory Behavior in Transition Economies,' in Joan Nelson, Charles Tilly, and Lee Walker, eds., *Transforming Post-Communist Political Economies* (Washington, D.C.: National Academy Press, 2001), pp. 21-34 at 22.
[55]Mapi Buitano, Ukraine Country Assistance Strategy FY 2001-2003 (accessed 10 November, 2003) http://wbln0018.worldbank.org/ECA/ECC11/UkraineCAS/AR/DocLib.nsf/(Table+Of+Contents+Web)/7 B24A55515799F1385256958008 15D04?OpenDocument
[56]Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society,' in Jeffrey Alexander, ed., *Real Civil Societies: Dilemmas of Institutionalization* (Newbury Park, Ca: SAGE, 1997), pp. 191-210 at 194.

subverting formal political processes. It generated considerable economic distortions and inefficiency, deterred investments, and reduced economic growth. For example, in early 1997 several US companies considered investing a total of $1 billion in Ukraine's economy. They did not go through with these investments, indicating that the business environment in Ukraine was too risky. *Motorola* also decided not to invest in the country after losing its bid to develop a mobile phone network to the Kyiv Star company, a Ukrainian firm with close ties to the government.[57]

However, it was not until endemic corruption severely affected many of the transitional societies that donors gradually realized the extent to which the introduction of free market and nominal democracy was insufficient and that the reform process required a strong civil society. Having failed to assist in building functional market institutions, donors found themselves faced with a new challenge of building the institutions of civil society. Interestingly, of the variety of visions of civil society, Western donors espoused specifically the neo-liberal idea of civil society[58] and chose to concentrate on one type of civil society organizations – NGOs. Major donors, including the WB, IMF, the UN, the USAID, the OECD, the EBRD, the Council of Europe, and the Soros Foundation, envisioned the development of civil society in the late 1990s as an integral part of a larger challenge of designing strategic

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[57] Louise Shelley, 'Organized Crime and Corruption Are Alive and Well in Ukraine,' *Transition Newsletter* (January-February 1999) http://www.worldbank.org/transitionnewsletter/janfeb99/pgs6-7.htm (accessed 15 November, 2003).
[58] Mary Kaldor notes that neo-liberals have popularized the term 'civil society' as what the West, particularly the US, already has. She describes their approach as 'laissez-faire politics' or 'a kind of market in politics.' Their vision of civil society privileges one type of civil society organizations – NGOs. According to Kaldor, the growing dominance of NGOs in the 1990s has even 'tempered the initial enthusiasm for the language of civil society' (p. 79). For more, see Mary Kaldor, *Global Civil Society: An Answer to War* (Cambridge: Polity Press, 2003).

anti-corruption responses. The USAID *Handbook on Fighting Corruption*, issued in February 1999 by the Center for Democracy and Governance, testified to a growing realization among donors that productive outcomes of new economic policies are shaped by the compliance of individuals and organizations with the new rules and constraints on economic activities, rather than by the creation of formal institutions.[59] The USAID strategy of sustained anti-corruption interventions placed strong emphasis on fostering anti-corruption NGOs, in particular developing their capacity to advocate transparency and integrity, and encouraging anti-corruption advocacy.

For instance, the USAID mission in Bulgaria funded a coalition of NGOs dedicated to fighting corruption; in Ukraine it sponsored the so-called local integrity workshops, providing training in investigative journalism and supporting advocacy for public hearings and freedom of information laws. In an attempt to eradicate the root causes of corruption, other donors adopted similar strategies. The Soros Foundation provided support to local NGOs with specialized capacity to monitor, analyze and publicize corruption in the former socialist countries. Created in 1998, the OECD Anti-Corruption Network for Transition Economies focused to a large extent on building government-civil society coalitions. In 1999, in order to improve the impact of World Bank-supported operations, the European and Central Asian (ECA) division of the Bank developed a regional mechanism for dialogue and collaboration between the NGOs and the Bank in the form of the NGO Assembly. In three years this assembly grew into one of the largest gatherings of NGOs in the

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[59] *A Handbook on Fighting Corruption*, PN-ACE-070 (Washington, D.C.: Center for Democracy and Governance, USAID, February 1999).

region, represented by a broad spectrum of local and international NGOs and attended by senior World Bank officials.

In addition, the NGO working group elected at the 2000 ECA NGO assembly in Vilnius holds regular meetings with ECA management to discuss regional issues of concern to the NGO community and the Bank, including good governance, anti-corruption and NGO capacity-building. In 2002, in order to carry out the increased level of engagement with civil society, the World Bank also induced a new structure – civil society engagement team, consisting of 120 specialists working across the institution. Additionally, social development/civil society specialists and NGO liaison officers were appointed in about 70 Resident Missions.

The greater need to reach out to civil society has been outlined in at least a dozen of the WB's operational policies or directives for staff, including *IDA Replenishment reports, 2000 World Development Report on Attacking Poverty, Comprehensive Development Framework, Poverty Reduction Strategy, Strategic Compact, Good Practice: Involving Non-Governmental Organizations in Bank-Supported Activities*. Greater appreciation for the role of civil society in development was reflected in the NGO involvement in Bank-funded projects, which rose from 21 per cent in 1990 to an estimated 72 per cent in fiscal year 2003.[60]

Thus, civil society has reappeared not only in philosophical discourse and in political and social science but also as a central element of Western aid policies, and

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[60] Civil Society, the World Bank, (accessed 15 November, 2003)
http://web.worldbank.org/WBSITE/EXTERNAL/TOPICS/CSO/0,,contentMDK:20093161~pagePK:2
20503~piPK:220476~theSitePK:228717,00.html

"something which [was] extremely difficult to be 'against'."[61] Fukuyama captured the general retreat from narrow strategies of marketization, writing the following: "Having abandoned the promise of social engineering, virtually all serious observers understand that liberal political and economic institutions depend on a healthy and dynamic civil society for their vitality."[62] As preoccupation with 'good governance' became widespread, civil society re-emerged as a new canon. It pinned new hopes on, and was deemed crucial to, making weak state institutions more responsive and accountable. In the times of transitional uncertainty and turmoil, often accompanied by political and economic 'shocks without therapies,' civil society was believed to possess an urgently needed shock-absorbing potential in order to maintain a fragile social stability.

CONCLUSION

Despite the Marshall Pan-centered rhetoric of Western donors, the analysis in this chapter reveals that in practice Western involvement in the process of post-socialist transition followed closely the pattern of Third World aid experience, rather than that of the post-WWII reconstruction strategy. Contrary to the disclaimers of Western donors, acknowledging the distinctiveness of former socialist countries, donor attitudes and actions in the 1990s strikingly resembled their attitudes and programs in the Third World. Socio-cultural heritage and human potential in the former Second

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[61] Evert Van Der Zweerde, "Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case', *Religion, State and Society* 27:1 (1999), pp. 23-45 at 24.

[62] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995), p. 4.

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World were largely ignored and devalued. Such an approach deeply offended most of the local populations and exacerbated frustration and resentment with aid. Furthermore, behind the veil of the Marshall Plan rhetoric of Western donors, the neo-liberal reform package adopted by most transitional countries centered disproportionately on the policies of instant marketization. Civil society development was initially deemed marginal to the future of liberal capitalism and democracy in the former socialist countries. Support for civil society was limited to a narrow circle of civic groups and activists.

Donors' vague understanding of the social reality in the East and their short-sighted vision was soon exposed. The uncritical embrace of neo-liberal prescriptions by former socialist countries became socially devastating to the citizenry and spurred rampant and widespread corruption. As prospects for successful market reforms grew vague and distant, donors realized that a viable civil society was needed for building functional political and economic institutions, and they were now forced to redirect their resources toward supporting civil society.

CHAPTER 4. CIVIL SOCIETY IN THE POST-SOCIALIST CONTEXT: LINKING THEORETICAL CONCEPT TO SOCIAL TRANSFORMATION

INTRODUCTION: CIVIL SOCIETY - A REDISCOVERED IDEAL

Great historical developments are always encased in their unique rhetoric, upholding the flow of political slogans, ideological clichés, and philosophical ideas. Until dramatic changes of the late 1980s and early 1990s in the socialist world, the idea of civil society generally had been forgotten under the pressure of other, more urgent concerns.[1] Despite its deep philosophical roots, civil society was long believed to have been missing a programmatic element. As a consequence, the notion of civil society only appeared randomly in the works of political philosophers and historians. Developments in Eastern Europe during the late 1980s and early 1990s (invigorated by the region's vibrant tradition of civil society and a strong popular yearning for its highly valued condition of freedom, pluralism, and participation) imbued this concept with a new sheen of 'living resonance' and 'evocativeness.'[2] Powerful transformations in the socialist world allowed the concept of civil society to re-enter political and academic debates.[3]

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[1] Mary Kaldor argues that the 1989 revolutions 'legitimated' the concept of civil society (p. 77). In the aftermath of these revolutions, the concept 'was taken up in widely different circles and circumstances' (p. 2). See Mary Kaldor, *Global Civil Society: An Answer to War* (Cambridge: Polity Press, 2003).

[2] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals* (London: Hamish Hamilton, 1994), p. 1.

[3] See, for example, Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*; Michael Schechter, ed., *The Revival of Civil Society: Global and Comparative Perspectives* (New York: St. Martin's Press, 1999); Michael Walzer, ed., *Toward A Global Civil Society* (Oxford: Berghahn Books, 1995); Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union* (Boulder: Westview Press, 1991); Fran Tonkiss, Andrew Passey, Natalie Fenton, Leslie Hems, eds., *Trust and Civil Society* (Houndmills, UK: Macmillan Press, 2000).

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It is not surprising that the concept of civil society provides a perspective from which critical analysis of transitional processes can, and should be, undertaken. The subject is of great importance in view of the rapidly growing awareness that a 'healthy' civil society is crucial for democratic stability as well as for effective economic institutions. Francis Fukuyama, for example, argues that collective values and cultural norms can be major determinants of economic success in different societies.[4] Robert Putnam, in studying civic traditions in Italy, concluded that levels of civic engagement might directly affect economic performance.[5] Most notably, stalled transition reforms throughout Eastern Europe and, to a greater extent, in the FSU raised questions about the direct correlation between the free market and economic efficiency. Fran Tonkiss suggests that in the absence of strong civil society, alternatives faced by transitional countries boil down to "a crude choice between unfettered markets and a reversion to communism, [because] deregulation and privatization [can] not in themselves insure economic efficiency, let alone political stability or social welfare."[6] As market-related issues began to be discussed more often in relation to, and in the context of, civil society, conceptualizing shifted from the philosophical and theoretical realms to a more prescriptive and policy-oriented domain.

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[4] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995).

[5] Robert Putnam, Robert Leonardi and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, (Princeton, NJ: Princeton University Press, 1993).

[6] Fran Tonkiss, 'Trust, Social Capital, and Economy,' in Fran Tonkiss et. al. *Trust and Civil Society*, (Houndmills, UK: Macmillan Press Ltd., 2000), p. 74.

The purpose of this chapter is twofold. First, to facilitate a deeper inquiry into the programmatic dimension of civil society (which organizes and advances many of the reform measures and current political processes in the former socialist societies), I suggest that we need to categorize a rapidly growing body of literature and distil the fundamental differences and similarities in the Western and Eastern European tradition of conceptualizing civil society. As Van Der Zweerde once observed, the "empirical reality, the academic concept, and the political slogan of civil society are all part of the same social reality."[7] To take his idea one step further, every society is a collective individual. As such, every society embraces the prevailing set of intersubjective beliefs, which produces a distinct understanding of civil society. Therefore, most effective and productive reform measures with regard to civil society should be designed on the basis of the theories and concepts that most adequately represent particular intersubjective understanding of civil society within individual societies.

Second, by critically investigating the mixed record of reform policies, I demonstrate that, despite the strong national(ist) and communitarian tradition in conceptualizing 'civil society' in Eastern Europe, which emphasizes communal solidarity and trust, many of the market-related and democratic transitional reforms were designed on the basis of a Western individualist conceptualization of civil society, traditionally privileged by neo-liberal orthodoxy. The adverse effect of such strong accentuation on individualism was erosion of the fragile sense of solidarity,

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[7] Evert Van Der Zweerde, "Civil Society' and 'Orthodox Christianity' in Russia: A Double Test-Case,' *Religion, State, and Society* 27:1 (1999), p. 34.

which local intellectuals and politicians attempted to revive in a national form. In this respect, transitional measures orchestrated from the outside by Western advisers and readily adopted by national reformers without careful consideration of the alternatives, represented a striking continuity with the Soviet totalitarian project, which aimed at atomization and fragmentation of national societies. Moreover, these reform measures failed to embrace some of the 'original' forms and expressions of civil society, such as the church and religion, rooted in pre-socialist traditions, which reappeared in the post-socialist reality.

4.1. EAST EUROPEAN TRADITION OF CIVIL SOCIETY: CONSTRUCTING AN ALTERNATIVE POLIS

For decades, civil society in Eastern Europe had lived with its back turned against the totalitarian state. Attempts by the state machinery to suppress civil society produced a double effect. On the one hand, most people passively retreated into 'internal emigration' and became 'civil society in conspiracy.'[8] On the other hand, those who desired to participate in political life without being associated with the communist regime could do so only outside official politics.[9]

Independent centers of power and movements of cultural dissent taking shape in the 1950s and 1960s, functioned in a highly restricted environment in which a single overarching ideological, political, and economic hierarchy possessed a

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[8] Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society' in Jeffrey Alexander, ed., *Real Civil Societies* (Newbury Park, Ca: SAGE Publications, 1998), pp. 191-210 at 193-4.
[9] Mary Kaldor, *Global Civil Society: An Answer to War*, pp. 50-77.

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monopoly on representation and tolerated no rivals. Movements of dissent underwent several successive 'freezes' and 'thaws,' with each turn retreating underground and subsequently returning as the pressures of the regime eased. Dissident groups were without any tangible capacity to become a real counterweight to the state's exclusive right to power and control within society, or to curb the state's 'self-aggrandizing appetite.'[10]

However, the mere existence of dissident groups had an immense symbolic value in itself. In the writings of many dissidents, civil society appeared as a 'non-political politics,'[11] 'parallel polis,'[12] 'alternative society', 'the power of the powerless,'[13] 'the strength of the weak.'[14] In contrast to the West, where civil society was taken for granted as a normal human and societal condition, the absence of such condition in Eastern Europe was "strongly felt and bitterly resented,"[15] due to the dissidents' recurrent reminder about this ideal in their works and activities. In Gellner's words, whereas in Eastern Europe civil society had been "conspicuous by its very absence,' the Atlantic community, endowed with civil society since 1945, 'has enjoyed it without giving it much or any thought. ...It is only the rediscovery of

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[10] Vladimir Tismaneanu, ed., *Political Culture and Civil Society In Russia and the New States Of Eurasia* (Armonk, New York: M.E. Sharpe, 1995), p. 4.

[11] György Konrád, *Antipolitics* (New York: Harcourt Brace Jovanovich, 1984); Vaclav Havel, 'Sila Bezsilnych' ('Power of the Powerless') in *Thriller i inne eseje* (Thriller and Other Essays) (Warsaw: Nowa, 1988), pp. 2-97; Vaclav Havel, *Living in Truth* (London: Faber and Faber, 1989).

[12] Vaclav Benda, et. al. 'Parallel Polis or an Independent Society in Central and Eastern Europe: An Inquiry,' *Social Research* 55:1-2 (1988), pp. 211-246.

[13] Adam Michnik, *Letters From Prison and Other Essays* (Berkely, CA: University of California Press, 1985).

[14] Bronislaw Geremek, 'Civil Society and the Present Age,' National Humanities Center (1992) http://www.nhc.rtp.nc.us:8080/publications/civilsoc/geremek.htm (accessed March 2004); Andrew Arato, 'Civil Society against the State: Poland 1980-81,' *Telos* 47 (1981), pp. 23-47 at 24. All quoted in Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society.'

[15] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, p. 1.

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this ideal in Eastern Europe in the course of the last two decades that has reminded the inhabitants of the liberal states on either shore of the northern Atlantic of just what it is that they possess and ought to hold dear."[16]

In spite of state efforts to suppress or crush dissent, continuing interest in the subject of civil society -- both intellectual and practical -- was spurred on by the obvious failure of reform-oriented communists to liberalize these systems from the top down (as in the Prague Spring). It was further fuelled by the 'conviction that these one-party systems could function only by thwarting this region's old tradition of civil society.'[17] No matter what characteristic notions the leaders of democratic opposition groups coined, they were united by the viewpoint of civil society as an alternative to the state and, in a more practical sense, by the commitment to preserve some limited amount of social independence and to give it an institutionalized expression. Therefore, the primary task for the new democracies created by East European dissidents after 1989 was to rebuild the associations (political parties and movements, unions, business associations, publishing houses, churches, etc.) and to revive identities (national, ethnic, religious, etc.) that had remained for so long in the shadow of the state, but traditionally had made their initial appearances in civil society.

4.2. SOCIOLOGICAL AND ECONOMIC THEORIES OF CIVIL SOCIETY

There is now a voluminous literature on civil society, reflecting a great deal of disagreement about the essence of the concept, but offering no consensus on a

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[16] Ibid., p. 13.
[17] John Keane, *Civil Society: Old Images, New Visions* (Stanford: Stanford University Press, 1998), p. 21.

rigorous definition. Different theoretical traditions have contributed to the proliferation of numerous and often conflicting visions of civil society. Mary Kaldor, for instance, distinguishes five different categories of the concept of civil society – *societas civilis*, bourgeois society, the activist, neoliberal, and postmodern versions.[18] The first two categories are historical, whereas the other versions are contemporary. Kaldor describes *societas civilis* as a rule of law and a political community. She distinguishes this type of civil society from non-civil society (i.e., the state of nature and absolutist empires), rather than from the state. Bourgeois society (Burgerliche Gesellschaft), in Kaldor's opinion, is closely linked to the rise of capitalism and embraces markets, social classes, civil law and welfare organizations. Kaldor's activist version of civil society refers to active citizens, capable of self-organization outside of formal politics and of exerting pressure on state decision-makers. Neoliberal version defines civil society in terms of associational life that both restrains state power and substitutes the state in performing some of the traditional state functions in the welfare sphere. This version associates civil society with 'an army of NGOs.' It was particularly popular with Western donors in the 1990s. Finally, civil society in its postmodern version, encompasses communitarian, especially, national and religious identities, groups, and movements.

Here, the rich and complex body of literature on conceptualizing civil society is divided into two broad categories. In its sociological meaning, civil society denotes a set of diverse voluntary associations and comes close to, and sometimes is

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[18] Mary Kaldor, *Global Civil Society*, pp. 7-12.

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synonymous with, community. The cluster of 'natural' informal groupings within the community prevents potential fragmentation and atomization of the larger society and may spontaneously or voluntarily institutionalize in formal associations. As an economic concept, civil society is closely linked to the market, individualism, and entrepreneurship, and therefore, denotes the realm of economic practices, attitudes, and relationships.

One of the most debatable issues, when considering civil society as a sociological concept, is its relationship to the state. Some liberal political theorists believe that civil society is located in a conceptual space distinct from that of the state, and can therefore stand on its own, without political support. According to this viewpoint, civil society as an embodiment of institutional and ideological pluralism counterbalances the state by restricting its authoritarian instincts and by imposing social accountability on the state. According to John Keane, civil society and the state are two institutionally distinct 'unworkable extremes,' where civil society is "an ideal-typical category that both describes and envisages a complex and dynamic ensemble of legally protected non-governmental institutions that tend to be non-violent, self-reflective, and permanently in tension with each other and with the state institutions that 'frame,' constrict and enable their activities."[19]

Zbigniew Rau's understanding echoes Keane's. Rau describes the state and civil society as distinct entities with firmly outlined boundaries. "Civil society,' he argues, 'is a historically evolved form of society that presupposes the existence of a

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[19] John Keane, *Civil Society: Old Images, New Visions*, pp. 9 and 6.

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space ...between those relationships which result from the family commitments and those which involve the individual's obligations toward the state. Civil society is therefore a space free from both family influence and state power."[20] Terry Nardin's study of the development of civil society in Eastern Europe also concludes that civil society is a separate, alternative sphere, existing in "the shadow of the communist state."[21] This liberal standpoint asserts that associations of civil society function independently from the organizational and financial control of the state. Thus, the state cannot "claim any right to regulate, direct, or impose its will on citizens, unless it violates the basic arrangement of the political order."[22]

Such accentuation of non-political aspects of civil society provoked two major criticisms. First, civil society's complete separateness from the state was criticized for providing inevitably negative notions of the state, and, at the same time, for excessively idealizing civil society.[23] In *Conditions of Liberty*, Gellner reveals the intellectual and political complacency of a liberal theory of civil society, which presupposes that existing civil societies are "havens of complexity and choice, that they are engines of righteousness, that they provide a natural habitat in which 'liberty' can and does flourish."[24] Similarly, Arato fears that interest in civil rights and free

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[20] Zbigniew Rau, ed., Introduction, *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, p. 4.

[21] Terry Nardin, '*Private and Public Roles in Civil Society*' in Michael Walzer, ed., *Toward A Global Civil Society*, p. 31

[22] Vladimir Tismaneanu, Michael Turner, 'Understanding Post-Sovietism: Between Residual Leninism and Uncertain Pluralism,' in Vladimir Tismaneanu, ed., *Political Culture and Civil Society in Russia and the New States of Eurasia*, pp. 3-24 at 4.

[23] Michel Foucault, *Politics, Philosophy, Culture: Interviews and Other Writings 1977-1984*, edited by M. Morris and P. Patton, (New York: Routledge, 1984); Ernest Gellner, *Conditions of Liberty*.

[24] John Keane, *Civil Society: Old Images, New Visions*, p. 79.

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associations can often disguise hidden motivations, such as the desire to seize state power.[25]

Second, followers of the Gramscian tradition believe that civil society and the state are only analytically and methodologically distinct elements in the social fabric, but they are closely interrelated, or even interdependent, in reality.[26] Indeed, Robert Cox argues that the viable relationship between state and civil society should be the one in which the state "rest[s] upon the support of an active, self-conscious and variegated civil society and.., in turn, sustain[s] and promote[s] the development of the constructive forces in that society."[27] In contrast, insufficiently developed civil society is unable to provide a firm basis for the state, which eventually leads to the collapse of state authority and opens a 'window of opportunity' for widespread corruption and organized crime. Michael Walzer shares Cox's view. For Waltzer, civil society incorporates all uncoerced associational forms and identities that we value outside of, prior to, or in the shadow of state and citizenship. No state can survive for long if it is wholly alienated from civil society. The state both "frames civil society and occupies space within it. It fixes the boundary conditions and the basic rule of all associational activity (including political activity)."[28]

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[25] Andrew Arato, 'Revolution, Civil Society, and Democracy,' in Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, p. 161.

[26] Kai Nielsen, 'Reconceptualizing Civil Society for Now: Some Somewhat Gramscian Turnings,' in Michael Walzer, ed. *Toward a Global Civil Society*.

[27] Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order,' *Review of International Studies* 25 (1999), pp. 3-28 at 7.

[28] Michael Walzer 'The Concept of Civil Society,' in Michael Walzer, ed., *Toward A Global Civil Society*, p. 23.

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Even in developed Western countries with a longstanding tradition of a strong civil society, the third sector acquires increasingly pronounced political contours, both as a provider of social services and as the target of governmental policies. Even though civic associations in the West flourish 'beyond' the state, the government shapes the institutional architecture of the public sphere through formal laws and political culture. As civic organizations increasingly become the objective of governmental policies, two processes – the 'politization' of civil society and 'pluralization'[29] of the state – simultaneously take place, linking the state and civil society even more closely.

These rather conflicting views of the boundaries between civil society and the state are attributable to the theoretical traditions derived from the classical heritage of Hegel, who viewed the state as a political framework for civil society and considered civil society to be subordinated to the state; and Locke, who regarded the government as only an instrument of civil society by which the rights of its members could be promoted.

The Soviet-type system clearly resembled 'the Hegelian constellation.'[30] Without formally destroying institutions of civil society, the socialist/communist state replaced the normative order of society with its own version of society. Indeed, all voluntary organization, be they sport clubs, youth associations, hunting and fishing clubs, or book societies, were forced to promote Marxism-Leninism among their

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[29] Andrew Passey and Fran Tonkiss, 'Trust, Voluntary Association and Civil Society,' in Fran Tonkiss, Andrew Passey, Natalie Fenton, Leslie Hems, eds., *Trust and Civil Society* (Houndmills, UK: Macmillan Press, 2000), pp. 31-51 at 49
[30] Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, p. 9.

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members and employees. This, according to Zbigniew Rau, resulted in the dissolution of civil society. "With the abolition of the voluntary institutions of civil society its characteristic features disappeared. Individual values represented by these institutions were eliminated from public life and were replaced by the values of the Party/state."[31] Thus, from the sociological perspective, the programmatic message of new democratic leadership called for overcoming a civic vacuum by thwarting "state monopoly and authoritarian control."[32]

Civil society as an economic concept is derived from the classical heritage of Adam Smith and Max Weber. In his *Inquiry into the Nature and Causes of the Wealth of Nations,* Smith developed contemporary principles of individualistic society, in which the enlightened selfishness of all citizens, guided by an 'invisible hand,' maximizes the welfare of society. In contrast, Weber's vision of modern society was pervaded by rationalism. According to Weber, the general rationalization of all kinds of economic activities was embodied in the rise of capitalism. What was important for the emergence of the 'spirit of capitalism' specifically in Western Europe was that rationality in economic life occurred in the midst of a much more inclusive rationalization of politics and culture as well as the forms, forces, and relations of production, creating an orderly and calculable environment. In other words, the economy was deeply embedded in social life. This perspective extols a longstanding tradition of individualism as one of the most appealing attributes of social life in the West. Civil society, from such a standpoint, rests on a particular concept of an

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[31] Ibid., p. 10.
[32] Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society,' p. 192.

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individual, driven by profit, rational calculations of individual interest, and entrepreneurial initiativeness.

4.3. EAST VERSUS WEST: DISTINCT VISIONS OF CIVIL SOCIETY

Clearly, it is difficult to find a common understanding of the meaning of civil society among experts of different theoretical and political commitments. Interestingly, both sociological and economic interpretations of civil society retain a focus on typically Western organizational forms and patterns of social behaviour. However, as Gellner reminds us, civil society is not "automatically identical with 'Atlantic society' or with modernity, or with any 'end of history,' because there is no pertinent reason why we should limit the idea of civil society to those empirical social formations, which have been qualified or qualify themselves as such in human history."[33] We need to recognize that there are historical variations of civil society pertinent to their respective time and location. At times, these variations may be obscure to Westerners, but this is not the reason to deny their existence.[34] Any privileging of established Western institutional forms and patters of social behaviour results in narrow prescriptionism. This prescriptionism explains a mixed record of transitional policies

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[33] Evert Van Der Zweerde, "Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case', *Religion, State and Society* 27:1 (1999), pp. 23-45 at 25.

[34] Robert Cox cautions that 'we must recognize that the European tradition of political thought will now be seen as that of a particular civilization coexisting with others. It can no longer make an uncontested claim to universality, even though the concepts evolved in western discourse have penetrated into all parts of the world through the era of Western dominance. Thus, Western terms may cover realities that are different. To Westerners these terms may obscure these differences by assimilating them to familiar Western meanings. This must be borne in mind when using a term like 'civil society.' We must be alert not only to the surface appearance but also to a non-Western meaning that may be deeply buried.' In Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order,' p. 5.

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that attempted to build open civil societies in the countries with a "strong national susceptibility."[35]

Traditionally, even in the absence of a monolithic 'Western' concept, the vision of civil society in the West has been, and still remains, considerably different from that in Eastern Europe. Conceptualizations of civil society in the West often find their primary points of departure at the individual, local, or regional levels without necessarily involving a *national* ingredient. For example, some Western intellectuals, most prominently Robert Putnam, believe that civil society can flourish at the local or regional level without implicating national sentiments at all. Putnam's celebrated study of Italian regions, *Making Democracy Work*, demonstrates that the tenacity of civil society and the levels of civic engagement in Italy are greater in Northern and Central regions than in the South; and are closely correlated with effectiveness of economic performance in the regions.[36] In other words, Western intellectuals often view the idea of national identity as a legitimate, but limited form of life.

This thesis, as Keane rightly observed, "contains a paradoxical corollary: national identity, an important support of civil society and other democratic institutions, is best preserved by restricting its scope in favour of *non-national* identities that reduce the probability of its transformation into anti-democratic nationalism."[37] Thus, Western notion of civil society rests on a particular concept of individualist -- a democratic citizen who, regardless of his/her national and cultural

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[35] Evert Van Der Zweerde, "Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case,' p. 25.
[36] Robert Putnam, Robert Leonardi and Raffaella Y. Nanetti, *Making Democracy Work: Civic Traditions in Modern Italy*, (Princeton, NJ: Princeton University Press, 1993).
[37] John Keane, *Civil Society: Old Images, New Visions*, pp. 101-2.

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heritage, believes in democratic liberties, institutions, and processes; who is willing to assert individual rights against the state; who views the state as constrained by legality; and whose civic engagement is mediated by trust. Most importantly, the 'natural' evolution of social order in the West ensured that openness, individualism, and mobility have deep cultural roots and traditions. Such evolution did not take place in the historical experience of most East European societies. As John Gray once noted, "the viable regimes which emerge in the wake of communist totalitarianism must have the character of civil societies, but need not (and often will not) resemble Western liberal democracies in other important respects."[38]

Indeed, a fairly common notion of civil society throughout Eastern Europe and the FSU is intimately connected with nationalism. During the long years of Soviet domination, national communities within the socialist bloc developed the capacity to challenge the legitimacy of the larger community "within which they were embedded – whether the particular form this took was societies poised against the party-state, Eastern European countries poised against the Soviet Union, or republics poised against the center. The collapse of socialism, the bloc, and the state, therefore, was not just a matter of regime- and state-rejection; it was also a matter of national liberation."[39] The end of socialism, therefore, symbolized a triple emancipation from state authoritarianism, central economic control, and Soviet supra-nationalism. Liberation from Soviet rule and the subsequent creation of a new social order became

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[38] John Gray 'Post-Totalitarianism, Civil Society, and the Limits of the Western Model,' in Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, pp. 145-160 at 145-6.
[39] Valerie Bunce, *Subversive Institutions: The Design and the Destruction of Socialism and the State* (Cambridge: Cambridge University Press, 1999), p. 132.

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essentially a *national* issue. Previously neglected and marginalized issues of national consolidation, integrity, traditions, culture, and interests have been reaffirmed in post-socialist politics.

The 'national renaissance' in Eastern Europe has often contained conflicting political traditions when human rights or other values of pluralist democracy have been 'overshadowed by antimodernist and traditionalist trends.'[40] Indeed, communist efforts to replace national identities with proletarian internationalism produced a post-communist political culture, remarkable for its powerful ethnic, religious, and political intolerance and animosity, entrenched paternalism, widespread corporatism and all-pervasive populism. Post-communist political culture reflects a strong sense that the nation is above all other forms of social organization. The demise of communism has deprived individuals of the sense of predictability and stability. Hence, powerful yearnings for group identity and community values, and the need for a sense of rootedness and belonging, were often built on exclusionary mythologies. Obsession with "homogeneity, unity, and purity"[41] was demonstrated most dramatically in the Balkans but was potentially present in every East European country.

The revolutions of 1989-91 occurred under the slogans of civil society and popular sovereignty. The idea of civil society "energized large human groups and

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[40] Mate Szabo, 'Politics of Democratization: Hungary,' in Hanspeter Neuhold, Peter Havlik, and Arnold Suppan, eds., *Political and Economic Transformation in East Central Europe* (Boulder: Westview Press, 1995), pp. 5-36 at 25.
[41] Vladimir Tismaneanu, *Fantasies of Salvation: Democracy, Nationalism, and Myth in Post-Communist Europe* (Princeton: Princeton University Press, 1998), p. 31.

allowed them to pass the system-imposed threshold of fear."[42] Yet, it needs to be borne in mind that the East European tradition of civil society is not coherent or homogenous. It has eclectically embraced memories of exclusiveness and tribalism, along with memories of tolerance and solidarity. The East European tradition reflects what Mary Kaldor calls the postmodern version of civil society – it is "an arena of pluralism and contestation, a source of incivility as well as civility."[43]

To save the liberal project, rediscover East European civic tradition, and create a sense of 'unity in diversity,' intellectuals and political leaders who were committed to a market-based economy and democracy, had to turn nationalism towards a constructive end. As a result, generally exclusive liberal-democratic and national(ist) values conflated within intellectual discourse into a single fusion, in which the national(ist) ingredient often dominated liberal democracy and free markets. In Ukraine, for example, where both the political and cultural community was to be reinvented, the idea of national integrity and independence often overshadowed the idea of democratic civil society. The issue of national consolidation was particularly acute because contrasting regional differences in historical traditions and cultural heritage produced support for conflicting political interests and orientations that threatened the viability of the weak Ukrainian state. Mykola Ryabchuk supports this position, arguing that "[s]ince nationalism is the driving force for rebuilding civil society in the non-Russian European Soviet

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[42] Ibid., p. 29.
[43] Mary Kaldor, *Global Civil Society: An Answer to War*, p. 9.

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republics, the fundamental precondition of the reemergence of this society is a high level of national consciousness."[44]

In fact, the first wave of civil society activation in Ukraine was inspired and instigated in the late 1980s and early 1990s by pro-independence opposition groups that formed a distinct bloc – *Narodna Rada* - in the parliament of Ukrainian Soviet Socialist Republic. The demands for national independence articulated by this bloc received a broad support of student organizations, ecological associations, and independent trade unions, thus providing evidence that civil society was perceived in terms of national, rather than individual, rights. Unfortunately, once independence was achieved, national reformers in Ukraine proved unable to make their interests instrumental in determining subsequent reforms. The irony of their situation was that when the advocates of Ukraine's independence penetrated into the non-transparent corridors of the political system, their ties with broader society were loosened. Subsequently, despite loud and numerous claims of more recent opposition activists to represent the interests of the entire society, the actions of opposition activists did not, until the recent Orange Revolution, enjoy such widespread support 'from below' (this issue is discussed in Chapter 6).

Thus, the crucially important status of the idea of civil society in the post-socialist context is determined by its combined appeal to, and endorsement of, both national(ist) and liberal-democratic values and principles. Civil society is perceived as a harbor for a nation – "a cultural, linguistic, or religious community rooted in

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[44] Mykola Ryabchuk, 'Civil Society and National Emancipation: The Ukrainian Case,' in Zbigniew Rau, ed., *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, p.103.

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sacred tradition."[45] Instead of two mutually opposed and hostile divisions of the nation and the state, this conceptualization of civil society allows for the reinvention of the viable integrity of the nation and the state.

It is tempting, but misleading, to counterpose civil society and nation in this context. A strong sense of nationhood and shared values are essential to the formation of civil society. Such values create a sphere of trust, tolerance, and solidarity among the members of a community. In their turn, solidarity, tolerance and trust are a precondition for cooperative behaviour and social engagement that cannot be secured either by legal formulas of citizenship or by officially promoted economic and associational pluralism. "National identity,' in the words of March and Olsen, '[is] fundamental to structuring rules of appropriate behaviour and institutions associated with those identities both infuse the state with shared meaning and expectations and provide political legitimacy that facilitates mobilization of resources from society."[46]

Civil society, therefore, is more than a narrow category confined to legal frameworks, entrepreneurial environment, and citizen participation in NGOs, charitable foundations, social movements, voluntary associations, and the like. Meaningful civil society requires a shared *culture* - a system of norms, values, implicit understandings, beliefs, and ingrained 'habits of the heart.' As Gellner observed, for the average person "the limits of his [her] culture are, if not quite the

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[45] Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society', p. 194.
[46] James March and Johan Olsen, 'The Institutional Dynamics of International Political Orders,' *International Organization* 52:4 (Autumn 1998), pp. 943-969 at 944.

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limits of the world, at any rate the limits of his [her] employability, social acceptability, dignity, effective participation and citizenship."[47]

Culture has three principal social corollaries: first, it defines the contours of ethnic/national identity; second, it makes possible the existence of countervailing and plural institutions of civil society; and third, it ensures the emergence of a 'modular' individual -- an individual capable of participating effectively in these institutions.[48] Conscious political action can shape identity, solidarity, and trust only indirectly through growing awareness and respect for a cultural context. Therefore, key to rebuilding civil society as a domain of cultural frames and codes is to construct civic nationalism, restore solidarity and tolerance among the fellow citizens, and recover trust in public institutions and roles.

4.4. CHURCH AS THE 'ORIGINAL' EXPRESSION OF CIVIL SOCIETY IN THE EAST

Such divergent reasoning in conceptualizing civil society in the West and in the East creates conflicting sets of references and suggests non-interchangeable models of social and political framework. However, donors' tendency to view civil society as Western liberal-individualist project and to privilege only one type of Western established associational forms – NGOs -- overshadowed some of the 'original' expressions of civil society in Eastern Europe, such as religion and the church.

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[47] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, p. 107.
[48] Ibid., pp. 99 and 127.

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At the very fundamental level, religion, with its cultural derivatives and symbolic forms, shapes people's perceptions of their society and contributes to the creation of a sense of solidarity by nurturing cultural values within family and community. A recently reinvented notion of 'civil religion' reveals inclusive and non-dogmatic sides of religion aimed at societal integration. In this sense, religion and civil society are not 'unworkable extremes.' Rather, as Van Der Zweerde observed:

> [C]ivil society does hold a place for religion and church, but not a specific one. Religion, as one of the forms through which human beings make sense of their existence and experience, belongs to the intellectual and spiritual sphere of worldview, conviction (personal or collective), or ideology. As such, religious convictions are among the sources of motivation of citizens, and in the contemporary world they are certainly among the more important sources of motivation of the free associational activity that constitutes civil society.[49]

Undeniably, many religiously-motivated citizens are highly dedicated and active members of civil society and contribute a great deal to its development. The churches themselves can be viewed as free associations, whose members build strong solidaristic communities on the basis of shared religious convictions. What is important, from the perspective of civil society, is that there should be no differentiation between or privileging of any of the sources of inner motivation to act like a 'good citizen,' be it a religious, non-religious, or anti-religious one. In the words of Van Der Zweerde, "a local branch of the Salvation Army is just as much

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[49] Evert Van Der Zweerde, "'Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case,' p. 26.

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part of civil society as …an association of collectors of World Football championship paraphernalia."[50]

There is growing evidence that religion, which is oftentimes inseparable from the sense of nationhood in Eastern Europe and the New Independent States (NIS), contributed to the democratization process in the past and continues to do so today in two important ways. First, religion has been a powerful 'symbolic resource' and a 'fund of collective memories,'[51] related to the idea of a nation. The church often sustained and preserved cultural communities, the very existence of which has been threatened by annihilating state-imposed communist ideologies. As one Polish author observed, the church "thought of itself, in keeping with the long tradition, as the depository of national values, the supreme public authority, the representative of a nation deprived of sovereign representation."[52] Second, prior to the Soviet collapse, religion served as an institutional space for developing civil society. This was most prominently expressed in Poland, where the Catholic Church challenged the legitimacy of socialist regime by serving as a venue for civic activity and providing an intellectual platform for solidifying oppositional thinking. As Bishop Dabrowski explained, the "Catholic Church and the nation in Poland have always been together.

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[50] Ibid.
[51] David Herbert, 'Christianity, Democratization and Secularization in Central and Eastern Europe,' *Religion, State and Society* 27:3-4 (1999), pp. 277-293 at 281.
[52] Aleksander Smolar, 'The Dissolution of Solidarity,' *Journal of Democracy* 5:1 (1994), pp. 70-84 at 79.

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Whenever there have been conflicts between the ruling government and Polish society, the Church has always stood up to protect society."[53]

In the late 1980s and early 1990s, religion and the church were often associated with the rebirth of nations in Eastern Europe. In addition, growing insecurity and the loss of traditional orientations that accompanied dramatic transformations in East European countries after the Soviet collapse turned a considerable part of the population toward the church. The public place and role of religion dramatically expanded as old restrictions on religious practices were abandoned and people searched for new spiritual foundations. In the early and mid-1990s, Poland's Catholic Church claimed the spiritual loyalty of 95.6 per cent of citizens; Romania's Orthodox Church embraced 87 per cent of citizens; Hungary's census put Catholics at 66 per cent and Lutherans/Calvinists at 22 per cent; in Slovakia and Slovenia Christianity became a mass phenomenon with roughly 70 per cent of population being regarded by the church as Catholics; 80 per cent of Bulgarian parents declared their acceptance of religious education at schools. The dynamic of religious practices can be illustrated in as well Ukraine, where in the ten years between 1988 and 1998 the number of religious communities increased threefold from 6,179 to 19,780. Even though the late 1990s witnessed an average 15

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[53] Peter Raina, *Rozmowy z Wladzami PRL: Arcybiskup Dabrowski*, Tom Drugi 1982-1989 [Talks with the Government of the People's Republic of Poland: Archbishop Dabrowski. Vol. 2, 1982-1989] (1995), p. 468.

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per cent decline in religious practices, no other form of free associational activity could compete with the church.[54]

It is no surprise, then, that a discussion about civil society in Eastern Europe and the NIS is inevitably framed by the considerations of national idea and religion. In fact, Van Der Zweerde describes the emergence of a 'democratic Orthodox intelligentsia' in Russia, a group actively engaged in the variety of civic activities, including the debates on the national idea based on Orthodox tradition and principles. This group's position echoes the views of intellectuals across Eastern Europe, who criticize the new liberal order and Western ideals for their coldness and lack of spiritual values. However, in the distinct East European and, particularly, Russian setting, this does not necessarily imply the failure of civil society: "To the extent to which these discussions practice recognition of freedom of conscience and of opinion, and to the extent to which they take place within a sphere of associational activity, protected by law but initiated 'from below', they are part of civil society."[55] This is not to deny the importance of Western notions of civil society rooted in the liberal tradition, but rather to demonstrate that the concept requires adaptation in relation to the former socialist context.

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[54] Data collected by the author from different sources
[55] Evert Van Der Zweerde, "Civil Society' and 'Orthodox Christianity' in Russia: a Double Test-Case,' p. 40.

4.5. NEO-LIBERAL NEGLECT FOR INDIGENOUS FORMS OF CIVIL SOCIETY IN THE POST-SOCIALIST SETTING

Unfortunately, understanding the ways in which religion can be integrated into the notion of civil society largely escaped donor sensitivity. Amidst hasty efforts to democratize the former socialist world, Western donors overlooked the necessity to redefine the Western neo-liberal idea of civil society. Instead, economically-centered individualism, with its emphasis on rationalism, utility maximization, and neo-liberal policies, became the central pillar of donor support for post-socialist transition.

Western donors paid little or no attention to the fact that even in the open, individualistic, mobile Western societies, neo-liberalism was blamed widely for eroding the foundations of social cohesion and undermining the solidaristic sense of community by pushing market principles to an extreme. Their conventional wisdom portrayed individualism as a source of pride. It often went unnoticed that Western heritage, in fact, was permeated by the duality of individualistic tradition and strong communitarian tendencies. In the United States, for example, where individualism is most pronounced in the popular culture, "supposedly individualistic Americans have also been, historically, hyperactive joiners," which, according to Fukuyama, was reflected in the rapid rise of giant corporations and the proliferation of durable voluntary associations in American society.[56] Therefore, it is not a one-sided, accentuated individualism, but the combination of both individualism and

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[56] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity* (New York: The Free Press, 1995), p. 272.

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communitarianism that is critical for the successful economic reforms and strong civil society.

In fact, a perfectly individualistic society would likely resemble a Hobbesian state of totally atomized individuals, whose relations are determined solely by self-interest. A classic, anti-individualism argument was articulated by Alexis de Tocqueville in his *Democracy in America*. He considered individualism as a moderate form of egoism, which in the long run "attacks and destroys all others and is at length absorbed in downright selfishness,"[57] and is, therefore, potentially destructive of public life. Moreover, Tocqueville considered religion a political institution, which contributes to the maintenance of democracy in America. In his own words, in the United States 'religion exercises but little influence upon the laws and upon the details of public opinion, but it directs the manners of the community, and by regulating domestic life it regulates the State. ...Religion in America takes no direct part in the government of society, but it must nevertheless be regarded as the foremost of the political institutions of that country; for if it does not impart a taste for freedom, it facilitates the use of free institutions.'[58]

More recently, Joshua Mitchell has reminded us that Tocqueville's insights are peculiarly applicable to the present moment. Tocqueville, according to Mitchell, was prescient in emphasizing that only the mediating institutions of religion, family,

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[57] Alexis de Tocqueville, *Democracy in America* (New York: Vintage Books, 1945), p.104.
[58] Alexis de Tocqueville, *Democracy in America, 1835/1840; selections from Vol. I, Ch. 17, "Principal Causes Which Tend to Maintain the Democratic Republic in the United States"* available at http://etext.lib.virginia.edu/etcbin/toccer-new2?id=TocDem1.sgm&images=images/modeng&data=/texts/english/modeng/parsed&tag=public&part=105&division=div2 (accessed June 2005).

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and civil society can combat the pathologies to which American democracy is prone.[59] Along the same lines, Furedi argued that the fusion of individualism with the market eventually produced a phenomenon of individuation – individual alienation that undermined the relations of trust in society.[60] Along this line, Fenton observed that as a consequence of extreme marketization, "political support was mobilized by recourse to such popular themes as crime, family breakdown and social disintegration, allowing nostalgia for community and social cohesion to fill the void."[61] Western donors overlooked this significant detail.

Indeed, in order to fit into a distinct post-socialist setting, Western neo-liberal notion of civil society required a re-definition that would place a great deal of emphasis on the nation and on the indigenous forms of civil society in the East. Unfortunately, amidst the rush to democratize the former socialist world and produce 'instant' civil societies, Western donors had no time for the maturation of a new vision of civil society in the post-socialist world. Although in the mid-1990s, donors' perceptions about the significance of civil society for transitional reforms changed, their understanding of its essence remained unaltered. Western experts captured the 'true' meaning of civil society by a mere binary opposition between pluralism and central control. Consequently, donors applied a hugely simplified and mechanistic strategy of developing civil society.

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[59]Joshua Mitchell, *The Fragility of Freedom: Tocqueville on Religion, Democracy, and the American Future*, (Chicago: University of Chicago Press, 1995).

[60] Frank Furedi, *Culture of Fear: Risk-Taking and the Morality of Low Expectation* (London: Cassell, 1997).

[61] Natalie Fenton, 'Critical Perspectives on Trust and Civil Society', in Fran Tonkiss, Andrew Passey, Natalie Fenton, Leslie Hems, eds., *Trust and Civil Society* (Houndmills, UK: Macmillan Press, 2000), pp. 151-173 at 160.

Civil society in post-socialist societies was associated primarily with NGOs. The goal in Poland, for example, was to increase the number of NGOs from 3,000 in 1988 – far above any other East European country – to 20,000 by 1992.[62] *Nations in Transit*, a comprehensive comparative study focusing on 27 former socialist states, published annually by *Freedom House*, rates the comparative level of civil society development through a weighted measure based on the NGOs growth rate, their financial sustainability and organizational capacity, as well as the friendliness of legal and political environment.[63] Based on similar criteria, the USAID's Bureau for Europe and Eurasia developed a seven-point measure, with 7 indicating a poor level of development and 1 pointing to very developed NGOs. In 2002, the NGO sector in the former Soviet states, with the exception of the Baltic countries, was at the relatively low stage of maturation and sophistication; Bulgaria, Croatia, Romania, Macedonia, Serbia, Albania, Bosnia, Montenegro, and Kosovo fell into the middle category; while the Czech Republic, Hungary, Poland, Slovakia and the Baltic states stood out as the most advanced. (Table 3)

Many of the civil society organizations (CSOs) that traditionally constituted the engine of civil society in the East, such as religious, nationa(list) and community groups, as well as trade unions, were ignored. Instead 'professionalized' NGOs with Western-style methods of operation attracted donor funds. These organizations were

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[62] Steven Sampson, 'The Social Life of Projects: Importing Civil Society to Albania' in Chris Hann and Elizabeth Dunn, eds., *Civil Society: Challenging Western Models* (London, NY: Routledge, 1996), pp. 121-142 at 128.

[63] Adrian Karatnycky, Alexander Motyl, Charles Graybow, eds., *Nations in Transit 1998: Civil Society, Democracy and Markets in East Central Europe and the Newly Independent States* (Freedom House, 1998), available at http://www.freedomhouse.org/nit98/ (accessed June 2004).

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Table 3. USAID's 2002 NGO Sustainability Index for Central and Eastern Europe and Eurasia

Country	Legal Envir.	Org. Capacity	Fin. Viability	Advocacy	Service Provision	Infrastructure	Public Image	Overall Score
Czech Republic	3.0	2.9	2.0	1.8	2.2	3.0	2.3	2.5
Estonia	2.0	2.2	2.6	2.1	2.5	1.9	2.0	2.2
Hungary	1.4	2.7	3.0	3.5	2.3	2.5	3.0	2.6
Latvia	2.8	3.0	3.5	2.0	2.5	3.0	3.0	2.8
Lithuania	1.6	2.9	2.9	1.8	3.8	2.3	3.8	2.7
Poland	2.1	2.2	2.8	2.2	2.1	1.9	2.3	2.2
Slovakia	2.6	1.7	3.0	1.6	2.2	1.7	1.8	2.1
Regional Average	*2.2*	*2.5*	*2.8*	*2.1*	*2.5*	*2.3*	*2.6*	*2.4*
Albania	3.6	4.5	4.8	3.9	3.9	4.6	4.6	4.3
Bosnia	3.5	3.9	5.5	3.9	4.5	4.5	3.8	4.2
Bulgaria	2.0	4.5	3.8	2.5	2.8	2.5	3.5	3.1
Croatia	2.8	4.0	5.1	3.0	3.7	3.9	3.5	3.7
Kosovo	3.3	4.2	6.0	4.1	5.0	3.7	3.9	4.3
Macedonia	3.0	4.0	4.6	3.6	4.8	3.7	4.0	4.0
Montenegro	3.7	4.8	5.5	4.7	4.2	4.6	4.8	4.6
Romania	3.0	4.0	4.5	4.0	3.1	3.6	3.8	3.7
Serbia	4.5	3.9	5.5	3.3	4.2	3.4	4.0	4.1
Regional Average	*3.3*	*4.2*	*5.0*	*3.7*	*4.0*	*3.8*	*4.0*	*4.0*
Armenia	3.8	3.9	5.6	4.2	4.0	4.2	4.0	4.2
Azerbaijan	5.0	5.0	6.0	5.0	5.0	4.6	5.5	5.2
Belarus	6.5	4.7	5.7	5.4	4.9	4.5	5.2	5.3
Georgia	3.9	4.0	4.9	4.3	4.2	4.0	4.4	4.2
Kazakhstan	4.2	4.0	4.8	4.0	4.0	3.9	3.9	4.1
Kyrgyz Republic	3.7	4.3	5.0	3.3	3.9	3.7	4.1	4.0
Moldova	3.3	4.5	5.2	4.2	4.4	3.8	4.2	4.2
Russia	4.0	3.9	4.4	4.2	3.7	3.2	4.4	4.0
Tajikistan	4.6	4.5	5.5	4.5	4.5	4.1	4.5	4.6
Turkmenistan	6.5	5.3	5.3	6.1	5.0	5.2	6.0	5.6
Ukraine	4.5	3.5	5.0	3.5	3.0	3.5	5.0	4.0
Uzbekistan	4.3	4.5	5.5	4.9	4.4	4.7	4.4	4.7
Regional Average	*4.5*	*4.3*	*5.2*	*4.5*	*4.3*	*4.1*	*4.6*	*4.5*

Source: USAID' Bureau for Europe and Eurasia, NGO Sustainability Index, 2002, http://www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2002/score_sheet.pdf

involved in public policy issues, including anti-corruption, human rights, environment, etc., thus providing an excellent justification for donor expenditures.

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Most NGOs were staffed by young technocratic, action-minded people, familiar with the jargon and trendy buzzwords, and skilled in writing grant proposals and reports. Therefore, "both for reasons of purpose and convenience the focus was on non-governmental organizations."[64]

Vague cross-cultural perspectives, or at times, the complete lack thereof, in designing Western strategies to promote democracy and NGOs/civil society in the former socialist countries, threatened a number of serious pitfalls on the project implementation phase. First of all, Western experts believed that they were the only ones equipped with the knowledge and experience of civil society. Despite some verbal disclaimers, donor behaviour indicated firm confidence in the applicability of the NGO-centered model of civil society in the entirely distinct cultural context, without considering the need to revise this model in accordance with indigenous needs and capabilities. Conventional wisdom of technical assistance personnel, from mission directors to technicians and contractors, was that civil society simply did not exist in the former socialist world prior to 1989. The USAID 1999 report on the lessons learned in the process of strengthening NGOs in the region stated that "civil society' was 'a Western concept with little direct meaning in post-communist

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[64] Carnegie Endowment for International Peace, Summary of a panel on Civil Society during the joint conference organized by the Carnegie Endowment for International Peace and the Institute for European, Russian and Eurasian Studies at the Elliott School of International Affairs of the George Washington University, 8 April, 2003; accessed at http://www.ceip.org/files/events/2003-04-07-overview-summary.asp (15 November, 2003).

cultures."[65] Consequently, Western aid providers rushed to post-socialist countries "infused with the idea that they were going to teach."[66]

Second, in post-socialist countries, Western donors focused primarily on producing short-term organizational outputs and on transferring technologies. They were not explicitly concerned with developing indigenous capabilities, fostering new norms and behavioural patterns, or attaining local support for new normative relationships. On the contrary, donors' activities were often driven by their own priorities, programmatic agendas, and conceptions of the role the NGO sector should play. Furthermore, donors brought into the recipient countries complex and cumbersome administrative structures that were highly bureaucratic and inappropriate.[67] Western grant-making practices gave donors disproportionate leverage in determining the internal priorities of local NGOs and in imposing Western understandings of public policy mechanisms. As a result, donors tended to shape the structure and activities of the NGO sector throughout the entire former socialist region. Certainly, such behaviour on the part of the donors dispelled the practical interest in the cooperation with donors among potential local partners, especially local officials. Local officials often viewed the development of NGOs as a goal in itself, rather than as a venue for addressing particular problem areas (such as the improvement of local government service delivery capacity).

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[65] *Lessons in Implementation: The NGO Story. Building Civil Society in Central and Eastern Europe and the New Independent States*, USAID, Bureau For Eastern Europe and Eurasia, Office of Democracy and Governance (October 1999), p. 4.

[66] Thomas Carothers, 'Western Aid: From Teachers to Learners', *Central Europe Review* 2:11 (20 March, 2000) http://www.ce-review.org/00/11/carothers11.html (accessed 20 January, 2003).

[67] *Lessons in Implementation: The NGO Story. Building Civil Society in Central and Eastern Europe*, p. 12.

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By the late 1990s, Western donors had firmly linked NGOs and civil society in their minds. Thomas Carothers, Senior Associate and Director of the Democracy and Rule of Law project at the Carnegie Endowment for International Peace, observed that in pursuit of a strategy for empowering NGOs as principal agents of democracy in post-socialist countries, aid providers "have gone from favouring NGOs as recipients of aid to equating NGOs with civil society itself and assuming that the growth curve of NGO proliferation is a good measure of civil society development."[68] In donor understanding, civil society was generally represented by a set of diverse non-governmental institutions that were strong enough to counterbalance the state and to prevent it from dominating over the society.[69]

To put it simply, donors understood civil society in quantitive terms – viz. more NGOs meant a more developed civil society. A major consequence of this quantitative approach to civil society during the first ten years of transition was the so-called 'NGO boom.' In Czech Republic, the number of registered NGOs exploded from 2,000 in 1988[70] to 44,000 in the year 2000[71]; in Hungary their number skyrocketed from 700 in 1989[72] to 55,774 in 1997[73]. The number of non-governmental organizations registered in Ukraine increased dramatically from 200 in

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[68] Thomas Carothers, 'Western Aid: From Teachers to Learners.'
[69] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, p. 5.
[70] http://www.freedomhouse.org/nit98/czech.html (accessed April 27, 2005).
[71] www.usaid.gov/locations/europe_eurasia/dem_gov/ngoindex/2000/czech.pdf (accessed April 27, 2005).
[72] Erik Johnson, '*Economic Reform Today, Ideas into Action: Think Tanks and Democracy*', www.cipe.org/publications/fs/ert/e21/ceeE21.htm (accessed April 27, 2005).
[73] http://www.freedomhouse.org/nit98/hungary.html (accessed April 27, 2005).

the early 1990s to 25,000 - 28,000 toward the end of the decade.[74] (Figure 3) In the

year 2000, some 450,000 - 581,595 civic groups were registered in Russia,[75] while in

1989 their number of less than 100.[76]

Figure 3. THE GROWTH OF NGOs IN UKRAINE 1996/99
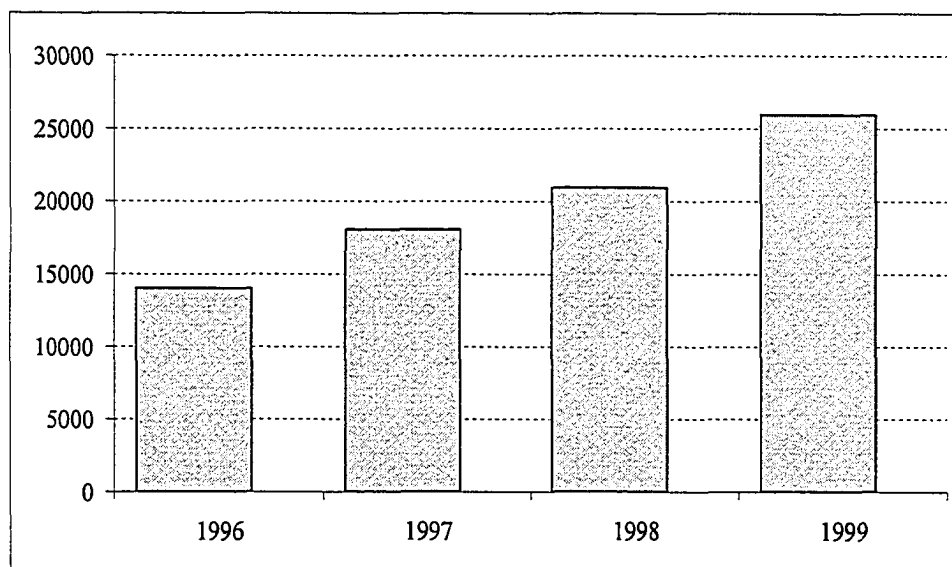
Source: Vira   Nanivska,   Rozvytok   Nederzhavnyh   Organizacij   v   Ukraini,   2001
http://www.icps.kiev.ua/doc/ngo_development_ukr.pdf

By the late 1990s, there was a serious reason why donors felt compelled to

increase their support for NGOs. At that time, donors found that recipient

governments were exceedingly corrupt and incapable of effectively using Western

funds. More importantly, the growing corruption put the future of democracy at risk.

In these circumstances, donors believed that by mobilizing civil society (that is, by

[74] Taras Kuzio, 'Ukraine Debates the Role of Civil Society,' RFE/RL Newsline (15 February, 2002)
http://www.rferl.org/newsline/2002/02/5_NOT/not-150202.asp
[75] Sarah L. Henderson, *Building Democracy in Contemporary Russia: Western Support for Grassroots Organizations* (Ithaca, NY and London: Cornell University Press, 2003), p. 6; Aleksandr Suvorov, The Practice of Aid, http://www.internews.ru/ngo/charity/5.00/7.html (accessed 27 April, 2005).
[76] Civil Society Academy, Report, http://www.academy-go.ru/Site/SocBarom/Analitica/doklad42/42doc.shtml#Fact (accessed April 27, 2005).

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increasing the number of NGOs) they could solidify the long-term prospects for well-functioning, representative democracy. NGOs were meant to enhance political contestability, foster citizen participation, anti-corruption initiatives, public policy dialogue, respect for human rights, and good governance. In addition, the rejuvenation of civil society through the proliferation of NGOs was to pressure new political leaders to pursue policy innovation and improved economic performance in countries with non-competitive political systems.[77] However, the exponential increase in the number of NGOs in post-socialist countries did not necessarily reflect a greater responsiveness of voluntary associations to pressing social and political issues. Amid the drive to create more NGOs, donors often disregarded the extent to which NGOs, like 'civil society,' represent ideal *models* of how things should work.[78]

As mentioned earlier, donors tended to consider their own involvement in former socialist countries as restorative, transitional, and therefore, short term. While donors grappled with management problems, coordination issues, unclear roles and cumbersome decision-making structures, their short-term perspectives and lack of comprehensive strategies with regard to the grassroots made much of the funding for NGOs ineffective.[79] Moreover, as Mendelson and Glenn observed, USAID and American partner-NGOs working in the post-socialist countries "tended to

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[77] *Transition: The First Ten Years. Analysis and Lessons for Eastern Europe and Former Soviet Union*, (Washington, D.C.: The World Bank, 2002).

[78] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998*, p. 108.

[79] Alexander Cooley argues that democratization in the former Soviet states has in many cases been hindered by foreign aid, which helped preserve and strengthened many of the patronage networks and informal institutions of the old Soviet state. See Alexander Cooley, 'International Aid to the Former Soviet States: Agent of Change or Guardian of the Status Quo?', Problems of Post-Communism 47:4 (2000), pp. 34-44.

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overestimate the role that democracy assistance played in fostering positive change and thus helped create expectations that contrasted negatively with what was actually happening in the recipient countries."[80] A significant portion of donor funds resulted in short-term, single-stage, disaggregated, sectoral development interventions that run in parallel with, or directly contradicted, recipient government strategies.

More importantly, donors often overlooked severe limitations in the credibility, legitimacy, and capacity of local NGOs to promote democracy and foster civic engagement.[81] Even though some NGOs in post-socialist countries proved to be efficient and accountable in their utilization of development funds, serious deficiencies marked the activities of others. To begin with, there has been a high turn over of single-issue organizations, created specifically to be eligible for grants or to obtain certain tax advantages. Many local NGOs are not necessarily more responsive or competent than government bureaucrats. By opening the grant application procedures to some degree of competition, donors intended to tap indigenous creative energies, innovation, and entrepreneurship on the side of local NGOs. Donors believed that competition would result in more qualitative proposals and, by extension, in better project results that would benefit the overall reform process in transitional countries. Therefore, rigorous grant application, fund management and monitoring procedures were considered as proxy measures of professionalism and a

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[80] Sarah E. Mendelson and John K. Glenn, *The Power and Limits of NGOs: A Critical Look at Building Democracy in Eastern Europe and Eurasia* (New York: Columbia University Press, 2002), p. 4.
[81] See, for example, Kimberly Stanton, 'Promoting Civil Society: Reflections on Concepts and Practice,' in Michael Schechter, ed., *The Revival of Civil Society: Global and Comparative Perspectives* (New York: Macmillan Press, 1999), pp. 243-251.

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managerial litmus test. Yet, these original donor expectations materialized in the former socialist societies in an unanticipated way, which could be described in terms of Roe's theory of 'artificial negativity'.

Roe's theory is based on the idea that technocratic bureaucracies normally engender counter-bureaucracies, which initially posit themselves as opposition but gradually support existing bureaucracies, ultimately contributing to increased bureaucratic involution.[82] In a similar vein, the growing ambition of numerous NGOs to adopt an entrepreneurial logic transformed them from initial 'rebels' with a genuine commitment to the democratic reform process into self-interested, opportunistic free-riders and regular middlemen, who simply helped their governments distribute official assistance. In many instances, NGOs discredited themselves, because their own initiatives were dictated, guided, and penetrated by market, patronage, and personal connections. "Pragmatic bargaining and pushing and shoving of done deals [turned into] the orders of the day"[83] among NGOs, resulting in the strong accentuation of the new-old hierarchies, networks, and privileges. Janine Wedel notes that civil society in much of the post-socialist world resembles a complex amalgam frequently characterized by considerable political fragmentation.[84]

Additionally, the troubling tendencies within the NGO sector in the East were 'Western funds addiction,' inability to obtain local financing, and failure to build an

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[82] Emery Roe 'Critical Theory, Sustainable Development and Populism,' *Telos* 103:1 (1995), pp. 149-62.
[83] Jeffrey Alexander, *Real Civil Societies*, unpublished manuscript (1990); cited in Jeffrey Alexander, 'Civil Society I, II, III: Constructing an Empirical Concept from Normative Controversies and Historical Transformations' in Jeffrey Alexander, ed., *Real Civil Societies: Dilemmas of Institutionalization* (London, SAGE Publications, 1998), pp. 1-19 at 2.
[84] Janine Wedel, *Collision and Collusion*, p. 108.

authentic constituent base of local support. In the late 1990s, as the voluntary sector expanded significantly and numerous donor agencies began to gradually fold their support for NGOs, the issue of sustainability became urgent. For many NGOs in Eastern Europe and the FSU, Western aid agencies remain the main source of funding. A study documenting the efforts of the USAID and its American NGO partners to strengthen sustainability of NGOs in the former socialist countries between 1990 and 1999 demonstrates that the local NGO sector has not yet developed a viable financial base.[85]

To rectify the situation and move NGOs in the East toward sound financial footing, donors introduced a host of instruments and techniques. Revenue raising in the form of service fees and membership dues, creation of 'social enterprises' (spin-off businesses to support NGOs) and of intermediary support organizations were meant to help increase NGOs financial sustainability. However, to begin with, the concept of sustainability can mean anything from the viability of the entire NGO industry and overall societal capacity to support not-for-profits, to the survivability of individual organizations. Widespread within the donor community is the notion of sustainability that coincides with "financial independence of a single organization and usually means a diversified funding base so that the loss of one or a few donors is not terminal."[86] This narrow perspective stresses fund-raising, revenue diversification, and search for funding partners. For example, the USAID's primary focus in Bulgaria

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[85] *Lessons in Implementation: The NGO Story. Building Civil Society in Central and Eastern Europe*, USAID Bureau for Europe and Eurasia, Office of Democracy and Governance, PN-ACA-941 (October, 1999).
[86]Ibid., p. 27.

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was on the creation of intermediary support organizations; in Poland, Macedonia, and Ukraine there was a strong tendency to emphasize NGO partnerships with local businesses and local governments. More specifically, Counterpart International Inc. introduced Corporate Challenge Grants in Ukraine to encourage NGO links with business through dollar-for-dollar matching donations from businesses to NGOs.

Overall, this approach is consistent with donor programmatic objective of expanding the NGO sector and disregards the fact that the fundamental viability of the voluntary sector is rooted in its fluid capacity to advance solutions to emerging social problems. This means that generic/sectoral viability is more important than concentrating on individual organizations, many of which can emerge and disappear in the process of sectoral development. In other words, the organizations with clear mission, values, and more qualitative and timely service delivery to meet the needs of their constituents would outplay NGOs with weaker expertise and effectiveness. Such competition within the NGO sector will inevitably lead to the disappearance of some NGOs, but it will strengthen the viability of the sector as a whole.

Unfortunately, such a sectoral perspective on sustainability produces dilemmas for donors who are implementing NGO-support programs and projects. First, it requires that donors adopt a more sensitive approach and that they differentiate between different sectors, because without any tangible product that can generate revenue, human rights organizations would have lesser chances of finding alternative sources of support than those NGOs that are delivering health care services or working in education. The latter can contract services to local/national governments. Second, there is a deep pessimism among NGO leaders, often shared by

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donors on a personal level, as to their prospects for diversifying the support base under dismal economic conditions in many of the former socialist countries.[87] Finally, NGO dependency on donor generosity subjects their activities to direct foreign control and raises questions about the extent to which local NGOs actually represent their constituents or express the needs of their communities. The USAID report highlights this problem:

> The public sometimes suspects NGOs of responding to foreign interests and making self-serving efforts to obtain special dispensations and preferential tax treatment. The new states have no laws imposing standards of transparency. Ambiguous legal definitions and the absence of a clear set of categories that distinguish public service, nonprofit organizations from commercial entities can add to the confusion and create lucrative opportunities for unscrupulous groups.[88]

For instance, the International Foundation for Election Systems (IFES) poll provides striking evidence that in Ukraine "no one goes to NGOs for help in resolving their problems, ... [because Ukrainians] have not seen any positive results emanating from NGOs activity over the past few years."[89]

To deal with this problem, donor-funded NGO-support programs increasingly shifted their focus from the broad support for the NGO sector to the more nuanced support for specific issues and social problems. In view of the NGOs mixed record to date, growing negativism surrounding their activities, and modest success in increasing citizen participation, donors either substituted (or complemented in their rhetoric) the term 'NGOs' with an umbrella concept of 'civil society organizations'

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[87] Ibi., p. 28.
[88] Ibid., p. 12.
[89] Thomas Carson, *Attitudes Toward Change, the Current Situation, and Civic Action in Ukraine* (Washington, D.C.: International Foundation for Election Systems, 2001), p. 39; available at www.ifes.org/searchable/ifes_site/ PDF/reg_activities/Final_aug8.pdf

(CSOs). For example, the 2000/01 World Bank Progress Report on the collaboration with civil society states that the Bank's dialogue and collaboration with NGOs and CSOs 'has moved from negligible to substantial,'[90] thus differentiating between the two, but only on paper. The Bank's 2000 publication 'Working Together: The World Bank's Partnership with Civil Society' explains that 'civil society' is understood broadly, that is beyond development and advocacy NGOs to include trade unions, religious organizations, civil associations and other groups.[91]

In practice, however, most donor agencies and institutions, including the World Bank, do not distinguish explicitly between NGOs and CSOs in their programming, and a large portion of Western assistance is still directed to the NGOs. For example, the 2000 Annual Report on the US Government Assistance to and Cooperative Activities with the New Independent Sates of the Former Soviet Union, prepared by the Office of the Coordinator of US Assistance to the NIS, clearly states: "Assistance to NGOs continued to be a major component of the US Government's democracy programs in the NIS, particularly small grants and targeted training to promote stronger NGO management, networking and effectiveness."[92] Currently, 38 per cent of US official development assistance is channelled directly to NGOs, rather

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[90] World Bank-Civil Society Collaboration – Progress Report for Fiscal Years 2000 and 2001 (Washington, D.C.: The World Bank, 2001), p. 2.
[91] Working Together: The World Bank's Partnership with Civil Society (Washington, D.C.: The World Bank, 2000), p. 3.
[92] The 2000 Annual Report on the US Government Assistance to and Cooperative Activities with the New Independent Sates of the Former Soviet Union, Office of the Coordinator of US Assistance to the NIS (January 2001), p. 3.

than to governments or other CSOs.[93] Along the same lines, the OECD 2002 policy brief on its cooperation and dialogue with CSOs puts primary emphasis on NGOs.[94]

Under pressure to demonstrate the visible impact of their funding, donors are still strongly inclined to collaborate with large, well-established, high profile NGOs. Donors are unwilling to fund the activities of smaller community groups, whose track record and scale of activities are less impressive, in spite of these groups' more genuine involvement with community issues. In addition, different donors tend to support the same NGOs, because receiving funds from one donor, especially an influential one, attaches a certain image to an organization. Inevitably, donors are biased toward grassroots organizations that are already well-funded and that are "skillful and sophisticated at courting the Western donor community while not responding well to their local constituents' needs."[95]

Although donor involvement in transition reforms was initially supported by popular opinion in the East, failure to produce substantive consensus over the conceptualizing of civil society directly affected Western donor practices in promoting democracy and strengthening civil society in Eastern Europe and the NIS. Over time, the uneven success of donor efforts raised serious concerns about the effectiveness of donor involvement. Neo-liberal reforms and mechanistic strategy of strengthening civil society through the proliferation of NGOs had an unfortunate

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[93] *Foreign Aid In the National Interest*, remarks by Andrew Natsios, administrator of USAID, the Council on Foreign Relations (4 February, 2003). The full transcript can be found at www.cfr.org/publication.php?id=5531

[94] *Civil Society and the OECD*, Policy Brief (November 2002), p. 1.

[95] *Lessons in Implementation: The NGO Story. Building Civil Society in Central and Eastern Europe*, USAID Bureau for Europe and Eurasia, Office of Democracy and Governance, p. 12.

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consequence of eroding fragile solidarity and national identity (that were beginning to gain strength after surviving destructive pressures of Soviet totalitarianism) among the citizens in post-socialist societies.

For decades, the communist machine had worked to fragment national communities and replace 'from above' national identities with international proletarianism. Preoccupied with replicating the Western institutional framework, neo-liberals paid little or no attention to the fact that the Soviet system attempted to produce an atomized, individualized society. "Far from creating a new social man, one freed from the egotistic greed, commodity fetishism and competitiveness, which had been the Marxist hope, the [communist] system created isolated, amoral, cynical individualists-without-opportunity, skilled at double-talk and trimming within the system, but incapable of effective enterprise."[96] Although socialism/communism was practiced across Eastern Europe and the former Soviet Union with varying degrees of orthodoxy and the 'success' of the totalitarian project varied from one society to another, an ironic consequence of the socialist/communist policies to eradicate human selfishness was almost complete annihilation of public spirit and the growth of individual egoism.[97] The irony of donor attempts to assist in building a new society by design 'from outside' was that, in the eyes of the local populations, donors' policy measures represented a striking continuity with the Soviet totalitarian project, reinforcing feelings of atomization, alienation, and frustration with Western assistance.

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[96] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, p. 5.
[97] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, p. 55.

CONCLUSION

Building civil society is a task that does not lend itself to 'quick fix' solutions. As such, the task of strengthening civil society in post-socialist countries turned into a far more daunting endeavour than was initially envisioned by the donors. A disproportionate emphasis on spending money, and the demand for visible and demonstrable products in the short-run, produced simplistic strategies of developing civil society through the quantitive expansion of NGOs. In particular, insufficient attention to the cultural context within recipient societies translated into numerous implementation dilemmas. Inevitably, at the root of many, if not most, inefficiencies at the project implementation level were overstretched lines of communication as well as ignorance of idiosyncratic cultural factors and disregard for the region's long-standing tradition of civil society.

Civil society is more than a narrow category confined to legal frameworks, entrepreneurial environment, and the proliferation of NGOs. Meaningful civil society requires a shared culture that creates a sphere of trust, tolerance, and solidarity among the members of a community. Amidst the efforts to democratize the former socialist societies, Western donors had no time to account for the indigenous forms of civil society in the region. They adopted a very mechanistic strategy, whereby civil society was understood in quantitive terms - more NGOs meant a more developed civil society. Despite some verbal disclaimers, their behaviour indicated firm confidence in the applicability of Western models to the entirely distinct cultural context.

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A proper understanding of what is needed to build viable civil societies in the East must separate these societies from implicit identification with Western pluralist society. The notion of civil society in most post-socialist countries does not fit into conventional Western definitions, which privilege established associational forms. Focusing solely on replicating the Western institutional frameworks, donors failed to determine the interactive practices built on tolerance and trust, which are necessary to make these institutions work. Donors built the new hardware of democracy, but they failed to notice that the software at hand was ill-suited to make these new institutions work.

Although Westerners came to the East to remake the post-socialist world in the image of their own societies, donors' subsequent fieldwork was marked by significant deviations, and distortions, from their blueprints. They were to learn that "[h]uman society does not... lend itself to the simple application of blueprints worked out in advance by pure thought. That is utopianism. There are constraints inherent in the very nature of the social order, and these constraints must be respected."[98] Ukraine's experience with donor programs and projects in support of civil society provides a vivid illustration of unintended consequences of donor practices in support of civil society.

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[98] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, p. 34.

CHAPTER 5. LIMITATIONS OF WESTERN ASSISTANCE IN DEVELOPING CIVIL SOCIETY IN UKRAINE

INTRODUCTION: UKRAINE'S TRANSITIONAL RECORD

Ukraine's progress on the path of transition reforms is not unambiguous. Until recently, Ukraine was generally considered a classic example of a transitional under-achiever. The country never fully enjoyed the fruits of transition reforms and grappled with many of the legacies of the vanished Soviet socialist regime. In particular, the burden of energy-intensive and defence-oriented industrial infrastructure, inherited from the Soviet Union, the deep-rooted culture of paternalism and patronage, the state 'capture' by vested interests, [1] hyperinflation, widespread corruption and rent-seeking, excessive taxation, suffocating regulatory controls, and expanding black market were obstructive to the establishment of sound free market policies and institutions. Following its independence, Ukraine has experienced nine years of severe economic decline. The real GDP and industrial output declined dramatically, unemployment and inflation skyrocketed (see Table 4), external debt mounted to US$4.5 billion in 2000,[2] social hardship and poverty increased.[3]

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[1] Joel Hellman, Geraint Jones, and Daniel Kaufman, 'Seize the State, Seize the Day: State Capture, Corruption and Influence in Transition,' Policy Research Working Paper 2444 (Washington, D.C.: World Bank, 2000).

[2] *Lessons from the Ukrainian Transition: Reform Driving Forces in a Captured State*, Center for Social and Economic Research, http://www.gdnet.org/pdf/global_research_projects/understanding_reform/country_studies/proposals/Ukr aine_proposal.pdf (accessed 1 May, 2005).

[3] According to Derzhkomstat, total population declined from 52 mln in 1991 to 48.4 mln in 2003. Between 1989 and 1997, average life expectancy went down from 66 and 75 years for males and females to 62 and 73 years, respectively.

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Table 4. Statistics of Ukraine's Economy, 1991-2001

	Real GDP, %	Industrial Output, 1990=100	Registered Unemployed, thous. people	Personal Income	Inflation, Consumer Price Index
1991	-8.7	87.9	7.0	-	-
1992	-9.9	73.0	70.5	-	23
1993	-14.2	57.5	83.9	-	1114
1994	-22.9	39.2	82.2	-14.0	11037
1995	-12.2	32.8	126.9	1.8	52620
1996	-10.0	28.1	351.1	-17.1	94837
1997	-3.0	27.5	637.1	6.3	109903
1998	-1.9	26.6	1003.2	-1.6	121528
1999	-0.2	26.3	1174.5	-8	149095
2000	5.9	28.5	1155.2	-	191144
2001	9.1		1008.1	9.9	214003

Source: Institute for Economic Research and Policy Consulting,
http://www.ier.kiev.ua/English/data/data_eng.cgi and Ukrainian Embassy to the USA,
http://ukremb.com/business/keyindicat2000.html (accessed 1 May, 2005)

The Ukrainian economy did not demonstrate signs of recovery until the year
2000. Studies point to a number of external and domestic factors that have
contributed to the recent economic growth in Ukraine. For instance, Anders Aslund,
Director of the Russian and Eurasian program at the Carnegie Endowment for
International Peace and former economic advisor to the government of Ukraine,
argues that economic policies of the government of Prime Minister Yushchenko in
2000 reversed stagflation in Ukrainian economy. In particular, he emphasizes
improvements in government administration, enforcement of payment discipline
(especially, the curtailing of barter and non-payment), and a crackdown on corrupt
practices in the energy sector.[4] Other experts, namely Julian Berengaut, Erik De
Vrijer, Katrien Elborgh-Woytek, Mark Lewis, and Bogdan Lissovolik believe that

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[4] Anders Aslund, 'Why Has Ukraine Returned to Economic Growth?,' Institute for Economic Research
and Policy Consulting, Working Paper no.15 (2002).

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external factors (currency depreciation, lower wage costs in the context of macroeconomic stabilization, and excess economic capacity) are behind the recent economic growth.[5]

Ukraine's record of democratic progress is also a mixed one. A widely accepted system of annual ratings of political contestability and civil liberties, developed by *Freedom House,* persistently places Ukraine in the category of countries that lag behind in key areas of democratic development (electoral process, civil society, independent media, governance, corruption, and constitutional, legislative and judicial framework.[6] (Figure 4) In 2000, Ukraine experienced a major setback in the development of political rights and civil liberties, when credible evidence appeared to implicate president Kuchma in the murder of an independent journalist, Georgiy Gongadze. This case, also known as Gongadzegate, sparked mass public demonstrations and calls for the president's dismissal. Overall, Ukraine's reform progress to date provides an interesting case for investigating the effectiveness of donor involvement in the complex processes of institutional change. The case of Ukraine clearly illuminates the general patterns of aid delivery and effectiveness in the post-socialist region.

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[5] Julian Berengaut, Erik De Vrijer, Katrien Elborgh-Woytek, Mark Lewis, and Bogdan Lissovolik (2002), 'An Interim Assessment of Ukrainian Output Developments, 2000-01,' International Monetary Fund (2002) http://www.imf.org/external/pubs/cat/longres.cfm?sk=15828.0 (accessed 2 May, 2005)
[6] See *Freedom House Country Ratings,* http://www.freedomhouse.org/ratings/index.htm (accessed 12 April, 2004)

Figure 4. CLASSIFYING POLITICAL SYSTEMS IN TRANSITION ECONOMIES, 1990-99
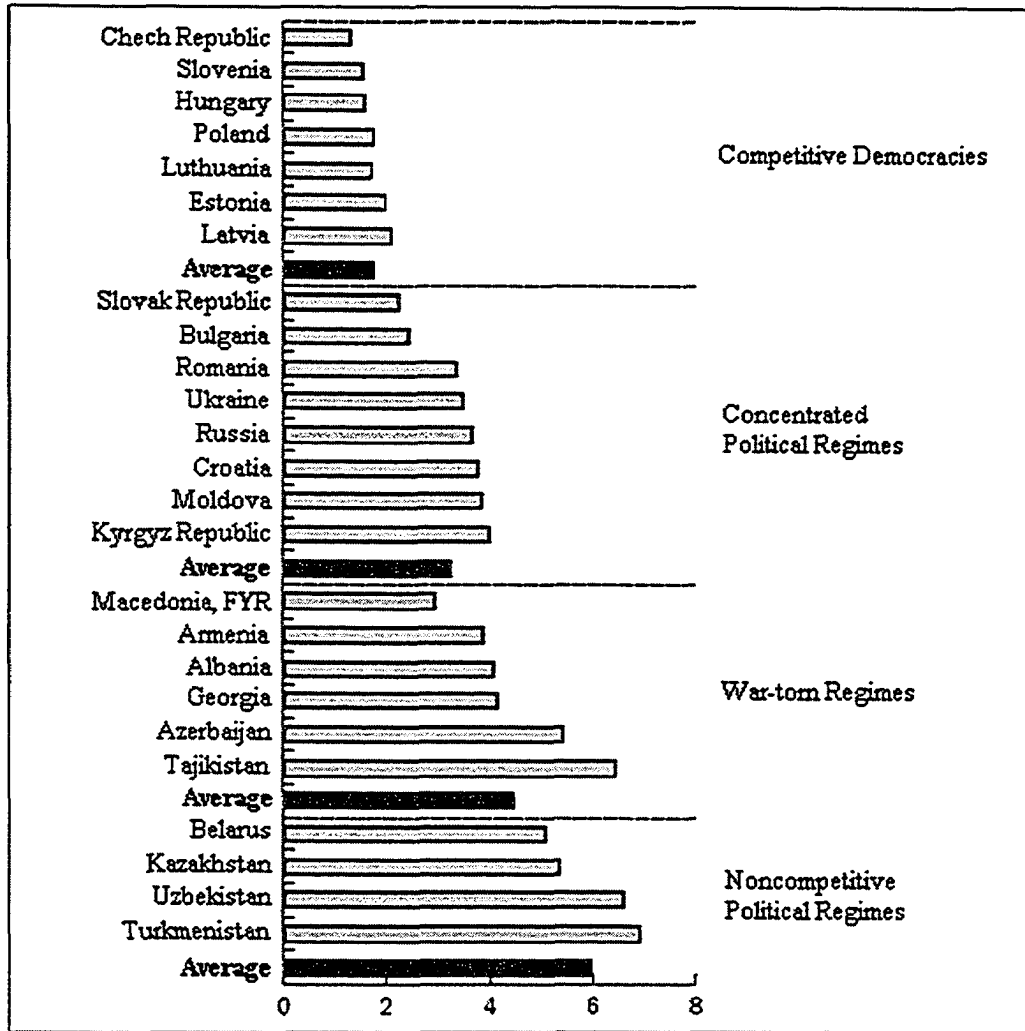
This chapter raises two important considerations with respect to Western donor policies and practices in Ukraine since 1991. The first consideration refers to the nature, volume, and dynamics of donor support for transitional reforms in Ukraine. It contends that Western donor involvement in Ukraine largely mirrored the general pattern of assistance delivery to the other former socialist countries. Due to the limited availability of empirical data, I review the strategic documents of major

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donors in this first part of the chapter to demonstrate the main focus of donor activities in the 1990s. My examination confirms that at the early stage of transition, donors focused disproportionately on neo-liberal economic policies. In time, however, as the negative consequences of neo-liberal reforms became apparent, donors gradually realized the significance of civil society for the success of transitional reforms. Thus, Western donors reallocated a significant portion of resources from funding market institutions to funding NGOs. The second consideration relates to the quality and practical consequences of donor support for NGOs in Ukraine. It is argued that Western assistance practices with regard to civil society have helped to shape a democratic façade for the oligarchic regime in Ukraine, and have contributed to the emergence of new types of grant-oriented civic activists and non-governmental organizations, known as *grantoids* (grant-eaters). Ukraine's experience with Western aid vividly demonstrates that Western donor ignorance of, and insensitivity toward, local traditions of civil society made much of the Western assistance ineffective.

5.1. THE NATURE, VOLUMES, AND DYNAMICS OF DONOR SUPPORT FOR TRANSITION REFORMS IN UKRAINE

In the early to mid-1990s, major multilateral and bilateral donors began to provide development assistance to Ukraine. For instance, the regional missions of the USAID, the World Bank, and the UNDP set up their offices in Ukraine's capital, Kyiv in 1992. In the period between 1992 and 2003, the US – the largest bilateral donor – delivered assistance of more than US$ 3 billion to the country. A cornerstone

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of this assistance has been *The Freedom for Russia and Emerging Eurasian Democracies and Open Markets* (Freedom) *Support Act* (FSA).[7] During the same period, combined IBRD/IDA lending commitments to Ukraine amounted to US$3.223 million, of which actual disbursements comprised of US$2.494 million.[8] Canada in 1991 launched country-to-country assistance to Ukraine. Today, the CIDA-funded projects portfolio in Ukraine consists of 35 projects in 10 sectors and totals CAD$280 million (CAD$196 million in the form of technical cooperation, CAD$14 million in humanitarian assistance, and CAD$70 million in commercial credits).[9] Over the last ten years, EU assistance to Ukraine through Technical Aid to the Commonwealth of Independent States (TACIS) program, micro-financial assistance, and humanitarian relief amounted to 1.072 billion Euros.

In line with the general pattern of aid delivery throughout the former socialist world discussed in the previous chapters, major donor assistance to Ukraine in the 1990s was directed mainly at helping the authorities of the country define and implement structural reforms. Support for civil society constituted only an insignificant part of donor activities that were directed primarily at promoting economic restructuring, private sector development, micro-finance, better environment, more effective local government, rule of law, and improved health services. More specifically, the World Bank Group placed central focus on price

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[7] US Department of State, Bureau of European and Eurasian Affairs (January 2003) http://www.state.gov/r/pa/ei/bgn/3211.htm
[8] *Ukraine Country Brief 2002*, The World Bank Group, http://Inweb18.worldbank.org/eca/eca.nsf/Countries/Ukraine/CB8CAD99A8C3E84C85256C240055C34A?OpenDocument
[9] Canadian International Development Agency, http://www.acdi-cida.gc.ca/CIDAWEB/webcountry.nsf/VLUDocEn/Ukraine-Projects

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liberalization, trade reform, privatization, fiscal and energy sector reforms. The USAID espoused a similar thrust on macroeconomic stabilization, the basic precepts of commercial law, and on dismantling state economic control through privatization. In the early days of transition, the principal objective of Canada's technical cooperation program with Ukraine was to demonstrate a strong support for the newly initiated reforms of the macroeconomic environment and "to create opportunities for Canadian firms interested in investing or otherwise doing business with Ukraine."[10] The EU/EC's leading technical assistance program in Ukraine – TACIS – targeted the same key areas. Business, trade, and investment promotion, economic restructuring, and private sector development, including human resources development, enterprise restructuring, small and medium enterprise development, finance, agriculture and energy, were outlined as, and still remain, the key priorities in the EU program of economic reforms for Ukraine.[11]

In practical terms, the programs of multiple donors in support of Ukraine's transition reforms materialized in the form of countless relatively short-term interventions into a wide variety of sectors. More importantly, most donor initiatives were supply-, rather than demand-driven,[12] and significantly underestimated the amount of time and aid that was required for Ukraine to make a successful transition to the free market system and democratic governance. Generally, donor strategies relied on the overly optimistic assumptions. The *1999 World Bank Country*

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[10] *A Path to Reform: Ukraine Programming Framework 2002-2006,* CIDA (November 2001), p. 28.
[11] *The EU Country Strategy Paper 2002-2006, National Indicative Programme 2002-2003, Ukraine,* (27 December 2001), p. 11.
[12] *A Path to Reform,* CIDA, p. 28.

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Assistance Review of the *1996 Country Assistance Strategy* (CAS) stated that overall progress in both reforms and IBRD projects was limited, due to overestimating government's implementation capacity, pervasive corruption, and the normative vacuum that arose in the absence of old rules and in the failure to enforce new ones.

The *1997 Annual Report* on the World Bank's portfolio and management performance demonstrated that amidst limited reform initiatives and severe social and economic decline, 54.5 per cent of the Bank's projects in Ukraine were assessed as problematic, and 72.3 per cent as projects at risk.[13] The USAID acknowledged the lack of progress in working with Ukraine's central government on economic policy reforms, and inability to reverse the protracted economic stagnation.[14] In a similar vein, CIDA recognized that it "may have missed some opportunities to advance the reform process more quickly than has been the case."[15] The West European donors have also admitted the lack of progress in Ukraine. Since 1991, the EC/EU has allocated more than 1 billion Euros in the form of national action programs, multi-country initiatives, and miscellaneous support activities. However, Ukraine's program evaluation, recently completed by the TACIS-Ukraine monitoring team, has

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[13] *Selected Indicators of Bank Portfolio Performance and Management*, CAS Annex B2, http://wbln0018.worldbank.org/ECA/ECC11/UkraineCAS/AR/DocLib.nsf/451b3d61a35ce753852566 12006a9be3/434536bda61ab34d852569590081d0f9/$FILE/Ukraine%20CAS%20-%20Annex%20B2.pdf

[14] *USAID/Ukraine Country Strategic Plan for FY 2003-2007*, USAID Regional Mission for Ukraine, Belarus and Moldova, (September 2002), p. 4.

[15] *A Path to Reform: Ukraine Programming Framework 2002-2006*, CIDA (November 2001), p. 29.

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demonstrated that numerous projects "had not resulted in a real improvement in Ukrainian economic policies."[16]

Amidst deteriorating living conditions and growing frustration among Ukrainians with the market economy and democracy, the World Bank's CAS for the period 2001-2003 recognized that the 1996 Strategy "did not materialize as expected"[17] and attributed poor economic and social outcomes of the 'lost' 1990s decade in part to the limited voice of civil society in Ukraine. At the same time, amidst unexpected difficulties that marred activities of the IBRD in Ukraine, Bank's early initiatives geared toward growth and empowerment of the NGOs/civil society, though limited, proved encouraging. In 2001, the Bank engaged in the relatively new civil society agenda by setting up the objectives of improved service delivery and increased accountability of public officials through involvement of local communities and Civil Society Organizations (CSOs) in WB's projects. The Bank's officials also decided to help CSOs overcome legislative and regulatory obstacles that impair the growth of civil society.[18] An analogous tendency was observed in the activities of the USAID mission in Ukraine. Its 1999-2002 strategy proposed to move

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[16] *The EU Country Strategy Paper 2002-2006, National Indicative Programme 2002-2003, Ukraine*, (27 December, 2001), p. 11.

[17] Mapi Buitano, *Ukraine Country Assistance Strategy FY 2001-2003* (accessed 10 November, 2003) http://wbln0018.worldbank.org/ECA/ECC11/UkraineCAS/AR/DocLib.nsf/(Table+Of+Contents+Web) /7B24A55515799F138525695800815D04?OpenDocument

[18] *Memorandum of the President of the International Bank for Reconstruction and Development and of the International Finance Corporation to the Executive Directors on a Country Assistance Strategy for Ukraine for 2004-07*, Report No. 26448-UA, (29 September, 2003) http://lnweb18.worldbank.org/ECA/ukrainecas.nsf/bef4f7b517099c0a85256bfb006e03e0/4f5b1fd8607 42855c2256dc9001dd804/$FILE/UA%20CAS%20%20Eng.pdf

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in the direction, putting greater emphasis on programs at the local level "as a means of improving people's lives and building demand for reform from the bottom up."[19]

In practical terms, the new objective of activating civil society translated into increased support for NGOs in Ukraine. Within the framework of the *New Independent States* (NIS) *Training Grants Program* (2000), the US Department of State allocated US$500,000 to US NGOs to train their Ukrainian partners in the issues such as women's leadership, environmental law, and distance learning. In the same year, USAID expanded its support for the four-year project that was designed to support Ukrainian NGOs and implemented by the *Counterpart Alliance for Partnership* (CAP). To date, the CAP has awarded over US$ 2.8 million to 189 grantees. Also, US$320,000 in small grants was provided to Ukrainian NGOs within the framework of the cooperative *US-EU Transatlantic Initiative in Support of NGO Development in Ukraine*. In addition, the US Embassy's Democracy Commission contributed US$200,000 in further support.[20]

Similarly, the World Bank 2001-2003 Country Assistance Strategy (CAS) placed the development of NGOs/civil society capacity in Ukraine among its top priorities. Civil society was deemed important for increasing government accountability and strengthening institutions that could foster sustainable development. IBRD loans of up to US$456 million and the International Finance Corporation (IFC) technical assistance were directed at helping NGOs/civil society

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[19] *USAID/Ukraine Country Strategic Plan for FY 2003-2007*, USAID Regional Mission for Ukraine, Belarus and Moldova (September 2002), p. 5.
[20] *The 2000 Annual Report on the US Government Assistance to and Cooperative Activities with the New Independent Sates of the Former Soviet Union*, Office of the Coordinator of US Assistance to the NIS (January 2001), p. 112.

"increase its voice for better government and social services provision, or provide tangible benefits in globally sensitive areas."[21] The World Bank's benchmarks for developing civil society included public consultations on major government initiatives, open budget hearings in local municipalities/communities, and an improved legal regulations pertaining to NGOs. (Figure 4) In 2000, the NGO contact group was established to help guide the World Bank civil society agenda.

The 2001-2003 CAS was also designed to maximize synergies with other major donors – USAID, TACIS, UNDP, DFID, and CIDA. Thus, it was not until the beginning of a new millennium that the World Bank and other Western donors developed a more participatory style of work, engaging NGOs/civil society in a dialogue over Ukraine's transition reforms agenda. The recently endorsed CAS 2004-2007 emphasized the necessity of further strengthening measures that would facilitate NGOs/civil society growth. This echoes one of the strategic objectives of the *USAID/Ukraine Country Strategic Plan for FY 2003-2007* as well as the CIDA's *Programming Framework for 2002-2006*, both of which emphasize mainstreaming grassroots participation and the strengthening of NGOs/civil society.

To achieve these new goals, donors found it necessary to capitalize on the domino effect of large demonstration projects.[22] One of the most pronounced 'showcases' in Ukraine is the joint World Bank and CIDA project called *People's Voice Program – Better Governance Through Citizen Participation* (PVP). Initiated in

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[21] Mapi Buitano, *Ukraine Country Assistance Strategy FY 2001-2003*, (accessed 10 November, 2003) http://wbln0018.worldbank.org/ECA/ECC11/UkraineCAS/AR/DocLib.nsf/(Table+Of+Contents+Web) /7B24A55515799F138525695800815D04?OpenDocument

[22] *Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova*, USAID Regional Mission for Ukraine, Belarus and Moldova (26 July, 2001)

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March 1999 as a pilot project in four Ukrainian cities, the PVP evolved from an early

anti-corruption program into a project focused on promoting citizen engagement in

the construction of effective, responsive, and open governance.

Table 5. IBRD CAS FOR UKRAINE, 2001-2003, Annex B9

Ukraine: Country Assistance Strategy Framework					
Goals	Government Strategy	Bank Group Activities		Partners	Bank Group Performance Benchmark
		Lending	AAA: ESW/TA		
A. Building Demand for Better Institutions					
1. Civil Society Build up the civil society's capacity to voice its concerns and become an important partner in the country's life.	• The Government Program places regular consultations with the civil society among top priorities • The Government intends to provide regular information about its policies as well as communicate the results of its activities to the public.		• People's Voice Program (FY01-03) • Civil Society Building Activities (FY01-03) • Survey on the impact of Bank assistance (FY01-03) • Gender Dimension of Transition (FY01)	All major donors – USAID, TACIS, UNDP, DFID and CIDA – have been active in supporting local initiatives and strengthening citizen groups. This assistance is likely to expand.	• Public consultation on major government initiatives (as required by new legislation on normative acts) • Open budget bearing hearings conducted in a large number of municipalities/ communities • Improved legal basis for NGOs

Source: IBRD CAS for Ukraine, 2001-2003, Annex B9

In time, project was expanded to include three additional activities -- education

reform, communal housing, and gender audits. The project is implemented by one of

the biggest Kyiv-based grant-oriented NGOs that is skilful in donor rhetoric and

techniques – *the International Center for Policy Studies*. The project relies on typical

citizen engagement mechanisms, such as conferences and training seminars, public

hearings, media campaigns, study tours abroad, and surveys. All progress reports in

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the period between 2001 and 2003 are unanimous (and for the most part verbatim) in that these techniques have helped empower citizens and induced government transparency and accountability.[23]

However, it is doubtful as to whether the highly anticipated spill-over effect has been achieved. CIDA's programming framework for Ukraine (2002-2006) pointed out that accountability within the public service remains largely informal and undefined; that governmental bureaucracy is unreceptive to public feedback; and that legal, financial and political environments are not conducive to the advancement of NGOs capacity and effectiveness. Even though legislation related to the status and functioning of NGOs was passed, it is marked by considerable lacunae and inconsistencies. As a result, many not-for-profit organizations have difficulties raising funds without being subject to high levels of taxation. By extension, only a few NGOs in Ukraine are fully functioning, despite the fact that tens of thousands of them are registered.[24] Based on a comparison of national and regional databases on CSOs, the CIVICUS project on the health of civil society in Ukraine established that out of 25,490 registered associations and charities and 8,000 arts and music groups,[25] only 8,500 associations and charities and 500 groups actually function.[26]

On the donors' part, one of the biggest failures is that there has been insufficient attention paid to the NGOs' professional standards of good governance,

[23] www.worldbank.org/wbi/B-SPAN/sub_peoples_voice.htm; www.poverty.worldbank.org/library/region/6/178/
[24] A Path to Reform: Ukraine Programming Framework 2002-2006, CIDA (November 2001), p. 9.
[25] The latter are not registered by the Ministry of Justice as NGOs, but are associated with the Ministry of Culture and can be considered CSOs.
[26] Deepening the Roots of Civil Society in Ukraine, CIVICUS Index on Civil Society Occasional Paper Series, 1:10 (August 2001), p. 5.

ethics, and transparency, as well as to attracting local resources, both human and financial.[27] Fierce competition for limited financial resources from foreign donors resulted in relationships among Ukrainian NGOs being tense, with complete lack of information sharing and collaboration. Such behaviours undermine the capacity of the indigenous NGOs' sectoral infrastructure. Prevailing perceptions among Ukrainians demonstrate that, despite increased numbers of NGOs, Ukrainian citizens do not feel empowered to fully participate in country's development. At the same time, lack of provisions for tax deductions explains the low levels of business donations in support of local NGOs.

5.2. OLIGARCHIZATION OF UKRAINE

The assessment of NGO activities has cemented the view that civil society in Ukraine is weak, passive, atomized, paternalistic, fragmented, demobilized, and even uncivil.[28] From the early days of independence, Ukraine adopted a formal democratic system of government. However, until the recent Orange revolution, a general belief was that Ukrainian independence did not produce a democratic citizen, i.e., a citizen "who believes in individual liberty and who is politically tolerant, who holds a certain amount of distrust of political authority but at the same time is trustful of fellow citizens, who is obedient but nonetheless willing to assert rights against the state, who views the state as constrained by legality, and who supports basic democratic

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[27] *Assessment of Non-governmental and Civil Society Organizations in Ukraine and Moldova*, USAID Regional Mission, for Ukraine, Belarus and Moldova, Task Order No. 803 (26 July, 2001).
[28] In my observation this view prevails among donors, NGOs, and citizenry.

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institutions and processes."[29] In 2003, the majority of Ukrainians demonstrated a lack

of confidence in government institutions and officials; and displayed a far greater

amount of trust in the military (56 per cent) than in the President (22 per cent) (Figure

5). Despite the great degree of importance attached to rights, Ukrainians generally

asserted the primacy of order (52 per cent in 2003, 46 per cent in 2002) over rights

(25 per cent in 2003, 26 per cent in 2002),[30] and demonstrated low levels of

confidence in the judicial system and the rule of law (Figure 6).

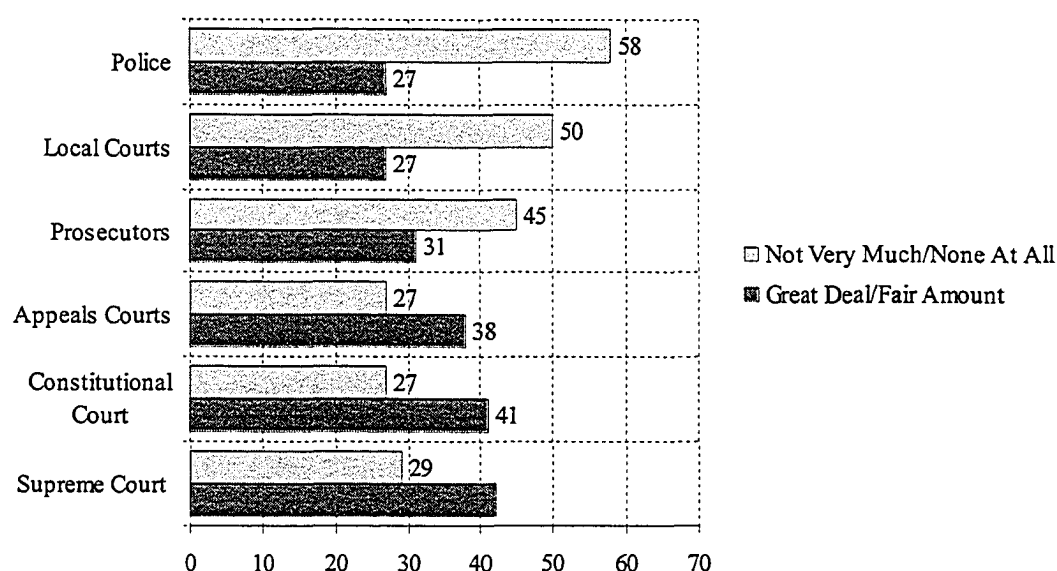Figure 5. PUBLIC OPINION IN UKRAINE 2003: CONFIDENCE IN OFFICIALS AND
INSTITUTIONS
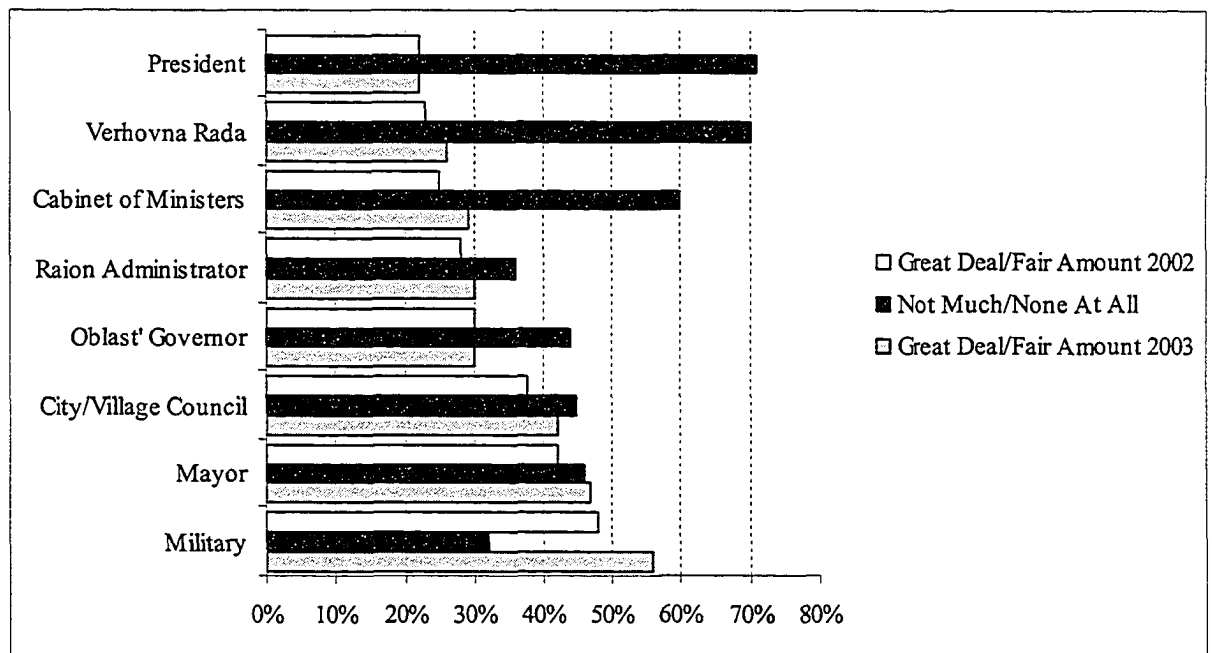
Source: Findings of a National Survey, IFES in collaboration with Intelektual'na Perspektyva.

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[29] James Gibson, 'The Resilience of Mass Support for Democratic Institutions and Processes in Nascent Russian and Ukrainian Democracies' in Vladimir Tismaneanu, ed., *Political Culture and Civil Society in Russia and the New States of Eurasia* (Armonk, NY: M.E. Sharpe, 1995), pp. 53-111 at 55-56.

[30] Public Opinion in Ukraine 2003, Findings of a National Survey, IFES in collaboration with Intelektual'na Perspektyva (Washington, D.C.: International Foundation for Election Systems, 2003) www.ifes.org/searchable/ifes_site/reg_activities/ukraine-reg-act.htm

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For instance, in the 2002 national survey, the majority of respondents felt that

the decision-making process in the courts was strongly influenced by outside

interests: local courts (73 per cent), Supreme Court (56 per cent), Constitutional Court

(52 per cent).[31] Of the judicial institutions, the police and local courts enjoyed the

lowest degree of public confidence, and these were the two institutions that

respondents were most likely to interact with on a day-to-day basis.

Figure 6. CONFIDENCE IN JUDICIAL INSTITUTIONS, IN %

Source: *Public Opinion in Ukraine 2003*, Findings of a National Survey, IFES in collaboration with
Intelektual'na Perspektyva.

In addition, the problem of official corruption further reinforced general

public dissatisfaction with, and distrust of, governmental and judicial institutions

(Figure 7). The average percentage of respondents who believed that corrupt actions

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[31] Rakesh Sharma, *Attitudes and Expectations: Public Opinion Survey in Ukraine 2002* (Washington,
D.C.: International Foundation for Election Systems, 2002), p. 20 available at
www.ifes.org/searchable/ifes_site/reg_activities/ukraine-reg-act.htm

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by officials (including bribes, money for permits and for voting, use of public funds

and benefits from privatization) happened always or sometimes, reached 83 per cent.

The view that corruption was unlikely to be countered in Ukraine was widespread

among Ukrainians, according to this public opinion poll.[32]

Figure 7. FREQUENCY AND SERIOUSNESS OF CORRUPTION, TREND

Legend:
■ Very/Somewhat Serious
□ Very/Somewhat Frequent
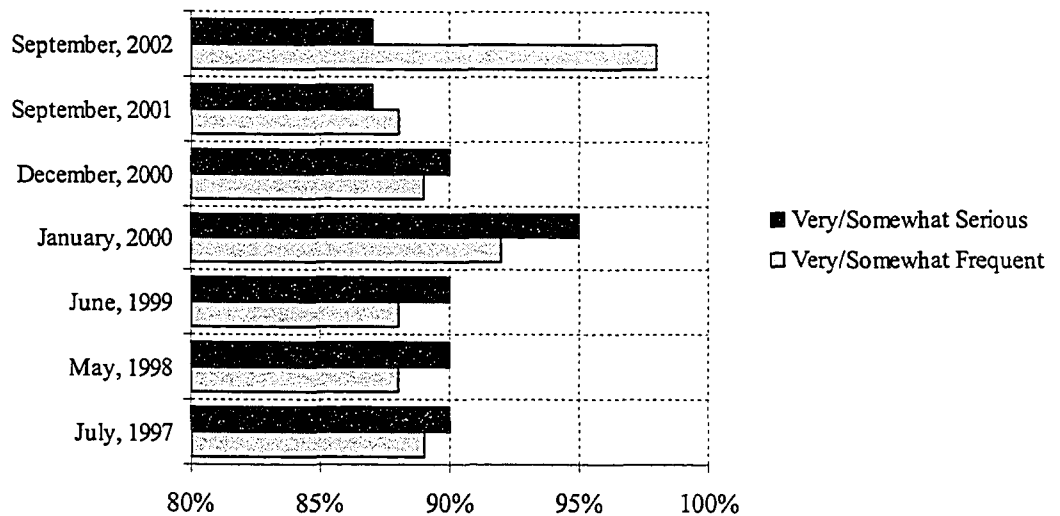
Q. In your opinion, how widespread is the problem of official corruption? And how serious is the problem of official corruption?
Source: Rakesh Sharma, *Attitudes an Expectations: Public Opinion Survey in Ukraine 2002* (International Foundation for Election Systems, Washington D.C., 2002) p. 13.

Instead of counterbalancing the state, Ukrainian society seemed to have

retreated to protect itself from the state. In this respect, the situation in independent

Ukraine strikingly resembled the situation under Soviet rule -- people adopted a

strategy of complete alienation from the state and found refuge in what they

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[32] Rakesh Sharma, *Attitudes and Expectations: Public Opinion Survey in Ukraine 2002*, (International Foundation for Election Systems, Washington D.C., 2002), p. 13 available at www.ifes.org/searchable/ifes_site/reg_activities/ukraine-reg-act.htm

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considered as an 'internal emigration' – retreating into a closed circle of family, friends, church, criminal groups, etc. The prospects for a viable civil society faded as civic movements weakened and civic activity diminished to participation in highly manipulated elections. A protracted economic crisis and growing social insecurity produced civic apathy (or even civic lethargy) and references to democratic ideals were more likely to invoke scepticism and irritation, rather than a positive reaction.[33] (Figure 8)

Figure 8. THE NOTION 'DEMOCRACY BUILDING'...
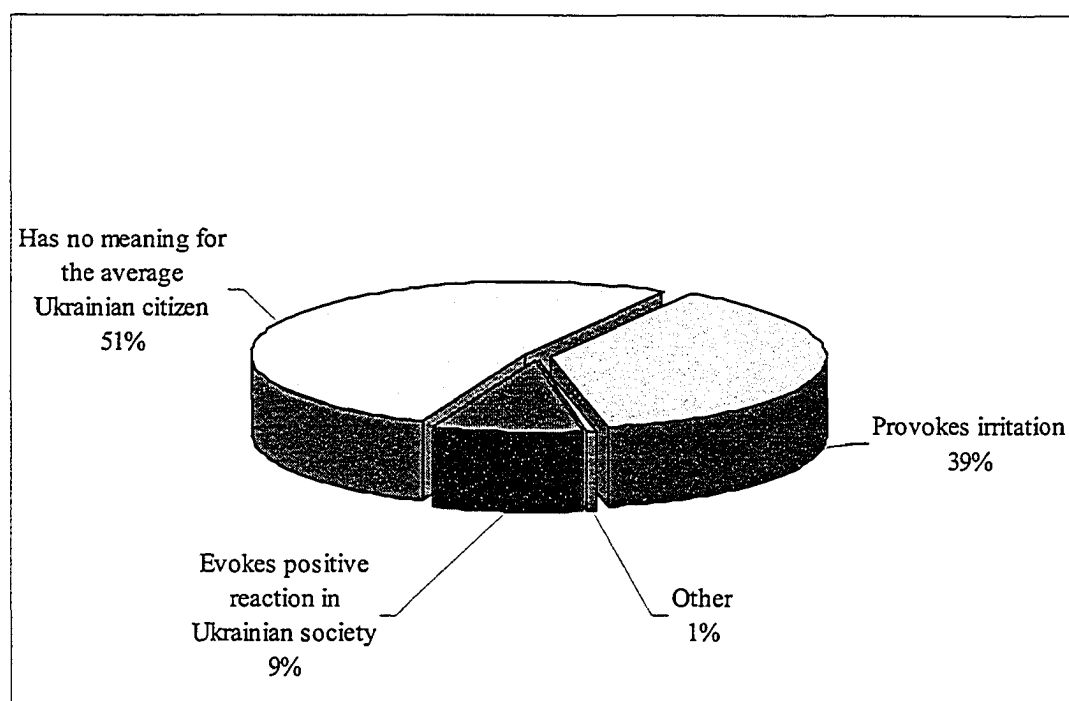
Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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[33] Tetyana Sylina, 'Yak Zazymuty za Fasad Demokratii?' (How to look behind the façade of democracy?), available at http://www.zn.kiev.ua/nn/show/380/33784 (accessed February 2002)

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Further fusion of political and economic elites and transfer of the shadow economy rules in politics turned the latter into a profitable business for a narrow circle of individuals, and secured conditions for the persistence and flourishing of an oligarchy.

For over a decade (1992-2004), the oligarchic regime in Ukraine has been marked by a paradoxical coexistence of formal democratic institutions and their non-democratic performance. Such a regime accommodated, even advocated and patronized, civil society. Oligarchs allowed civic institutions to function, but only so long as these institutions did not challenge oligarchic authority. In line with this strategy, presidential decree No. 245 of 11 April, 2001 created a special commission, placing the development of civil society under the tight control of ruling elites. A year later, on 7 October, 2002, the commission received the additional task of facilitating democratization processes in Ukraine. The chair of the commission, Volodymyr Malynkovych, summarized the commission activities and his vision for the future in an interview to the media portal 'Context':

> Our immediate goal is to start doing something. We need to convince society that we do not engage in futile talks about democratization, but that we genuinely wish to promote radical political changes. I cannot say at the moment how the structures of civil society will be created, for they cannot be built from above. Neither can I say what will turn out in the end, but we are going to do something.[34]

Clearly, Malynkovych's interview revealed only a vague understanding of the notion of civil society and no vision of its development. As a result, the commission's

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[34] Malynkovych Volodymyr, Interview to internet agency 'Context', available at http://www.context-ua.com/print/interview/8556.html (accessed February 17, 2003)

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objectives in practical terms boiled down to the need to do *'something,'* providing an excellent opportunity for the oligarchs, like Oleksandr Volkov and Viktor Pinchuk, to step in and shape Ukraine's civil society in accordance with their own vision and needs. Indeed, following the establishment of the commission, Viktor Medvedchuk, one of the most influential oligarchs and a leader of the Social-Democratic Party of Ukraine (United), disclosed his plans for it. In his opinion, the commission was to become a mediator between the ruling elites and civic organizations. The latter, he argued, urgently needed political support, since these organizations did not represent the interests of individual citizens and therefore could not rely upon broader societal support. In his own words, NGOs "found themselves in the role of an advanced force team, which has taken over the enemy's object and is waiting for a back-up which is not to come."[35] In this situation the oligarchs arrived as 'noble saviours' of Ukraine's weak civic institutions to steer and patronize their activities. Simultaneously, they created an additional sphere of influence outside of politics and the economy, consisting of political parties, NGOs, mass media, charitable foundations, think-tanks, etc. In 2003-2004, these powerful ruling elites tightened their 'supervision' over the development of civil society and began to organize regional 'civic forums' in support of constitutional reform, which would potentially preserve the oligarchic regime. To this end, they closely collaborated with a number of NGOs under their control,

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[35] Viktor Medvedchuk, Pro Perspektyvy Rozvytku Gromadianskoho Suspilstva v Ukraini (On the Prospects of Civil Society Development in Ukraine), http://www.zn.kiev.ua/nn/show/379/33708/ February 2-8, 2002 (accessed 17 February, 2003)

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including *the Bar Association, the Union of Industrialists and Entrepreneurs,* and others.

What proved to be a major obstacle in the oligarchs' way, were donor-funded NGOs that possessed some degree of financial autonomy. In late 2003, ruling authorities in Ukraine, supported by the Communist Party, launched a powerful campaign to discredit donor-financed NGOs. They alleged that these NGOs posed a major threat to Ukraine's national security. Petro Symonenko, Ukraine's Communist Party leader, delivered a sharp speech in Verkhovna Rada (Ukraine's parliament) condemning foreign interference in Ukraine's domestic affairs and expressing his concern about the risk of replicating Yugoslav or Georgian scenario of democratization (which he considered a US-led removal of legitimate authorities), as well as his anxiety over independent "sociological centers that impose their opinion."[36] Upon Symonenko's recommendation, an *ad hoc* parliamentary committee was set up with a mandate to investigate activities of NGOs funded by foreign donors. The committee inquired into the facts of foreign funding of election campaigns in Ukraine through NGOs.[37] The timing of this campaign against donor-funded NGOs strikingly coincided with the run-up for the presidential elections, which in the past were consensually characterized by independent observers as unfair and manipulated, including massive falsifications and voters intimidation. Thus, the 2004 campaign to bring the 'third sector' into disrepute appeared to follow closely the

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[36] Anatoliy Hrytsenko, 'Authorities Attack Grant-Eaters', *Zerkalo Nedeli on the Web*, No. 48 (473) 13-19 December, 2003) www.mirros-weekly.com
[37] Ibid.

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Machiavellian maxim of means justifying ends, in an undertaking that the ruling group had no chance of winning honestly.

As mentioned above, the official justification for putting NGOs under the tight scrutiny of those in power was rooted in the idea that donor-financed NGOs presented a potential threat to Ukraine's national interests. Ironically, in the first fourteen years of Ukraine's independence and of the 'multi-vectoral' foreign policy, the country's national interests had never been explicitly defined. The law 'On the National Security of Ukraine,' passed in 2003, outlined the 'priorities concerning the national interests,' but it has never stipulated what those interests are. Therefore, there was no threat to the national interests, against which NGOs activities could be assessed. Furthermore, if it is Western influence penetration in Ukraine (through grants and other forms of foreign assistance) of which ruling elites and Communists were fearful, then the committee should have extended its investigative powers to governmental agencies and structures.

It is an indisputable fact that state institutions in Ukraine, including the Cabinet of Ministers, the Presidential Administration, the National Security and Defence Council, and Verkhovna Rada, have been, and remain, the recipients of the lion's share of donor funds, including grants. In the last decade, Ukraine's public institutions received over US$4 billion in financial assistance from the West. In contrast, one of the largest civil society donors, the International Renaissance Foundation (IRF), which represents the Soros Foundation in Ukraine, disbursed a

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meagre US$5-6 million annually that were later distributed among 500-600 NGOs.[38]

Aside from the fact that monitoring procedures over NGO activities and spending were considerably more extensive, foreign financial assistance received by governmental institutions was more often than not channelled into areas that seemed to have a direct relationship to national security. They included army reform, nuclear weapons dismantling, control of arms sales, secret service, upgrading the equipment of border and custom services, computerizing banking, tax and budget systems, etc. Clearly, NGO activities, such as organizing conferences and training seminars, or conducting sociological surveys at donor expense could not have posed any threat to national security.
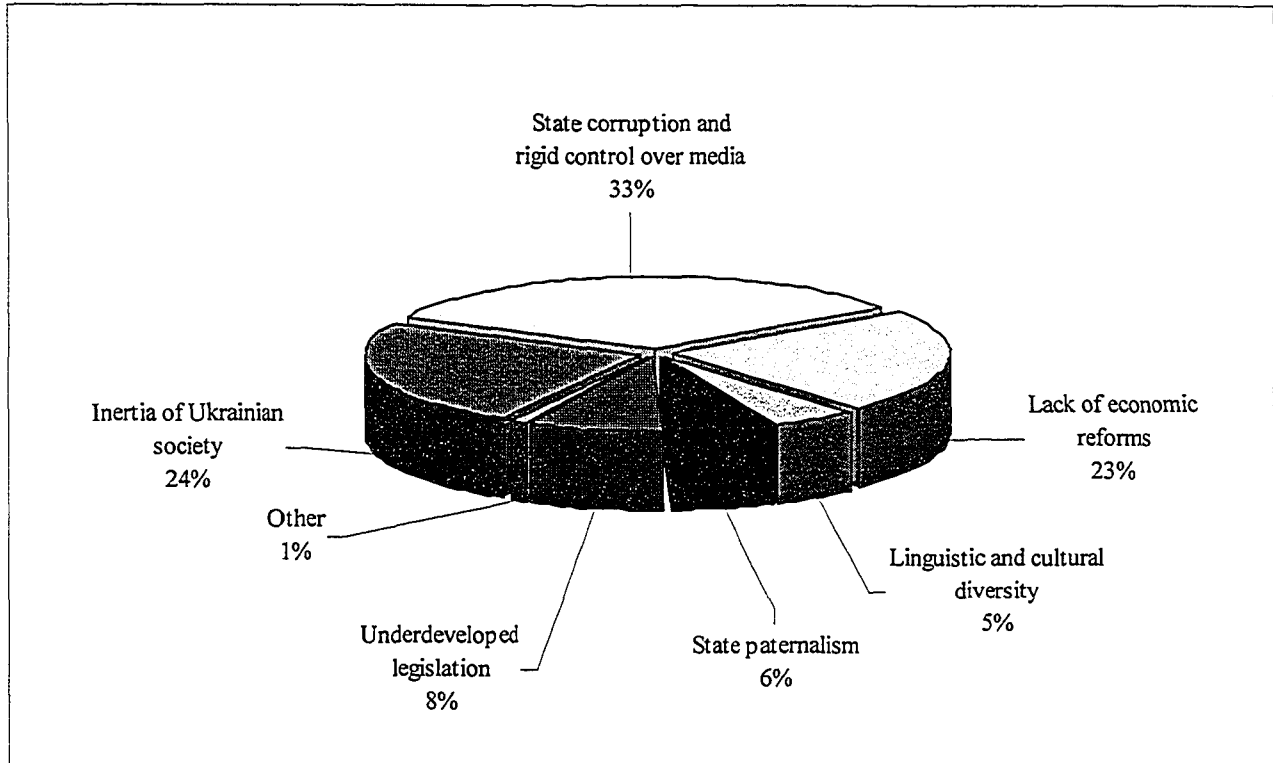
In many respects, the 2004 pre-election anti-NGO campaign signified that the oligarchs had placed political, economic, and social developments in Ukraine under their control, turning Ukrainian statehood into a grand business project in which their absolute power enabled them to define the rules of the game for the participants in social processes.[39] (Figure 9) In return, civil society, often without realizing it, reinforced oligarchic rule by recognizing and following the norms and frameworks of civic action that were determined by the oligarchs in the first place. Thus, the oligarchy in Ukraine reflected an (im)balance between nominally existent NGOs, on the one hand, and powerful non-transparent insider groups, on the other.

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[38] Ibid.

[39] Yaryna Borenko, 'Hromadianske suspilstvo i politychna vlada oligarhii' (Civil Society and Oligarchic Political Power) available at http://www.ji.lviv.ua/n21texts/borenko.htm (accessed April 2003)

Figure 9. FACTORS DETERMINING THE STATE OF DEMOCRACY AND CIVIL SOCIETY
IN UKRAINE

State corruption and
rigid control over media
33%

Inertia of Ukrainian
society
24%

Other
1%

Underdeveloped
legislation
8%

State paternalism
6%

Linguistic and cultural
diversity
5%

Lack of economic
reforms
23%

Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye
Trava   kriz   Asfalt,'   Foundation   'Europe   XXI'   (September   2002   –   June   2003)
www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

Borenko believes that the 1999 Presidential elections and the 2000 referendum
completed the process of the 'oligarchization' of Ukraine.[40] In her opinion, the
country turned into a stable non-democracy, where political decision-makers
represented the interests and values of oligarchic lobbies in the absence of broader
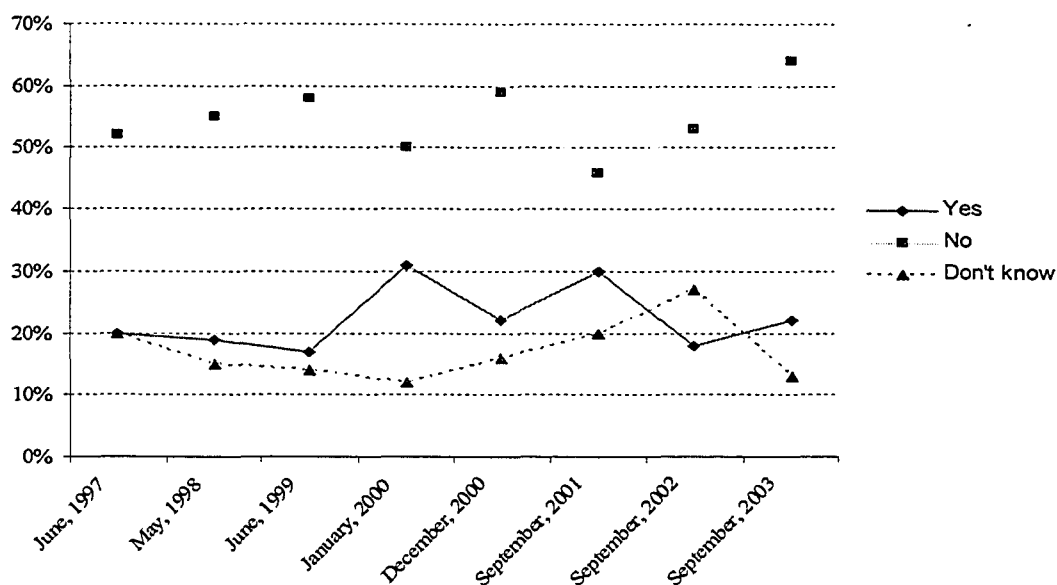social support.

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[40] Ibid.

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Public opinion surveys also reflected a general consensus among Ukrainians on the non-democratic nature of their state (Figure 10). At the same time, the mushrooming of NGOs, often inspired by the oligarchs, created a democratic façade for their absolute power.

Figure 10. **Is Ukraine a Democracy?, Trend**

5.3. Doing 'Business' on Civil Society in Ukraine

One can distinguish two broad categories of civic organizations in Ukraine. The first category comprises mostly of community-based groups, charitable foundations, trade unions, and religious groups, whose activities are driven by genuine social concerns; the second category is represented by the NGOs, whose members pursue solely

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personal interests or successfully combine both personal agendas and social goals.[41]

Despite their identical legal status, the organizations belonging to these categories

differ significantly in their motivations, constituency, objectives, transparency,

coefficient of efficiency (or palpable positive effect on some segment of society) and,

often, funding sources.

Table 6. AREAS OF NGOs ACTIVITIES IN UKRAINE

Q. What issues are NGOs working on in Ukraine? (Open Ended)

	9/02 (148)	9/03 (242)
Care for war veterans	6%	8%
Work on Chernobyl matter	3%	--
Providing social assistance	20%	36%
Protection of rights (civil, consumer)	1%	13%
Conservancy, ecology	11%	8%
Help for women	3%	--
Philanthropy, charity	2%	3%
Help for schools	3%	--
Work with youth	6%	5%
Protection of cultural monuments	--	1%
Spiritual renascence of nation	--	5%
Improvement of people's well-being	--	5%
Propagation of religious wealth	--	9%
Don't work on any problems	--	6%
Others	--	11%
Don't know	51%	23%

Source: Rakesh Sharma and Nathan van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, (International Foundation for Election Systems, February 2004), http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January, 2005)

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[41]Denis Zharkikh, Deputy Chief Editor of 'Nasha Gazeta,' commented that Ukrainian NGOs 'do not pursue social goals. Their goals can be political, economic, but not social,' Media Reform Center (25 October, 2003) http://www.mediareform.com.ua/article.php?articleID=8 (accessed 27 November, 2003).

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The first category consists primarily of issue-oriented community groups and includes such diverse voluntary associations as veterans' unions (i.e. groups benefiting veterans of the Afghan war), welfare groups, groups working for the victims of Chernobyl disaster, disabled people or pensioners, women's organizations, youth clubs, etc. (Table 6)

With little resources and nearly non-existent state funding, these groups are unable to advance significant social demands and, consequently, limit their activities narrowly to their members. In a society where social problems are acute, these groups' goals and motivations are directed at improving social services and increasing social security for their constituents. As such, their activities reflect genuine concern for their members. More often than not, these community groups assist their members in attaining special status, for example, of 'Chernobyl victim,' or 'former political prisoner,' or 'parent of a disabled child,' which entitle them to such benefits as free public transport, the opportunity to use recreational facilities, tax advantages, rental benefits, or modest subsidies from the state. It is no surprise then that these organizations enjoy the highest degree of confidence and trust among Ukrainians – between 40 per cent and 50 per cent.[42]

The second-category of civic organizations stands in dramatic contrast to these small, issue-oriented community groups. The activities of these NGOs are guided, to a great extent, by politics and the market. Mostly, they balance out and compromise the interests of the groups and individuals, who offer funding for NGO

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[42] Rakesh Sharma and Nathan van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, (International Foundation for Election Systems, February 2004), p. 37

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services, with their own stated goals.[43] Their primary funding sources are business and/or foreign donors. A large gap exists between the agendas and activities of politics-, market-, and grant-oriented NGOs, on the one hand, and the rest of society, on the other, which is recognized by most NGO leaders themselves (Figure 11).

Some Ukrainian businesses, controlled by, or directly belonging to, oligarchs generously provide money for philanthropic, voluntary, and private initiatives, since these initiatives can serve as channels for manipulative financial operations. A recent study of NGOs in Ukraine indicates that only 37 per cent of 'non-profits' publish their annual reports, and even fewer (25 per cent) undergo auditing.[44] At times, however, NGOs may be used by businesses to achieve some concrete goals. Illustrative in this context is an explosive proliferation of short-lived NGOs created at the beginning of every election campaign in Ukraine. These NGOs receive unrecorded flows of cash to involve popular artists, actors, and athletes in the campaign, organize concerts and meetings, or simply arrange free beer for students to join all sorts of activities in support of their candidates. For the members of such NGOs, political and personal agendas are closely interwoven. Their candidate's victory opens up new career opportunities and promises good money for these NGO members.

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[43] Anatoli Gritsenko, 'Interview with Anatoli Gritsenko', Glavred (17 December, 2003) http://www.glavred.info/?art=9513664 (accessed 17 July, 2004). Also in Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003* (International Foundation for Election Systems), p. A4-25: Some respondents think NGOs express the interests of political forces because the majority of them are affiliated with such forces: *'It is just a subsidiary of some larger force or party ... if organization is large and powerful,then, it is likely to be subsidiary of somebody'*
[44] Dynamics of NGOs in Ukraine 2002-2003: Overview, Creative Center Counterpart (2004) http://www.ccc.kiev.ua/Infou/Pubu.html?q=0 (accessed 17 July, 2004).

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There is also a large number of policy-oriented NGOs, whose financial sustainability is secured by Western agencies, firms, and individuals. According to the Ukrainian Center for Economic and Political Studies, 60 per cent of funding for think tanks in Ukraine comes from Western donors, including the International Renaissance Foundation (IRF), Freedom House, the Poland-America-Ukraine Cooperation Initiative, USAID, and the World Bank.[45]

Figure 11. THE RELATIONSHIP BETWEEN NGOS AND THE REST OF SOCIETY
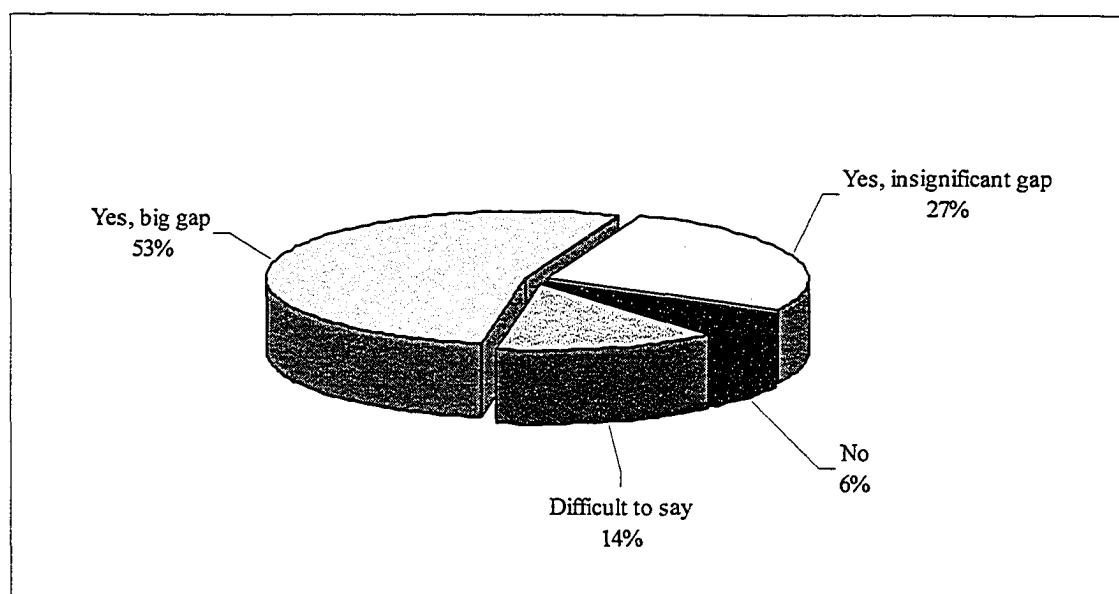
Q. Is there a gap between non-governmental organizations and the rest of society?
Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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[45] Razumkov cited in Viktor Muratov, 'Dayesh Samoupravlenie: No bez samoupravstva' [Self-government without Arbitrariness]', *Kievskie Vedomosti* (12 December, 2003) http://www.kv.com.ua/index.php?rub=8&number_old=308 (accessed 24 March, 2004)

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Some of these donor-funded NGOs are driven by genuine social concerns; others pursue solely personal interests; still others successfully combine both. Most problematic for the purposes of this analysis is the absence of any objective criteria for determining their motivation. The majority of these NGOs traditionally concentrate in the national capital and big cities, where donors looking for partners can easily find them. Quite a few of these NGOs made themselves irreplaceable partners to Westerners by providing the 'necessary corrective input' and by exploiting "the current fads for civil society, NGOs, human rights and environmental improvement, in order to enjoy the good jobs, free trips, free equipment, or other privileges..."[46]

This is not to say that all Western-funded NGOs in Ukraine pursue exclusively private interests. There has been, and continues to be, a great deal of genuine involvement of the donor-financed third sector in public policy and social affairs. Yet, it is not uncommon that social service-oriented NGOs are created only to raise funds from Western donors. The activities of such NGOs revolve solely around the search for new grants. As one participant of the regional workshop mentioned: "Today NGOs are formed in Ukraine either for seeking grants from donor organizations or to redistribute budget funds: local governments prefer to establish their 'own' NGOs in the relevant regions."[47] They are known as 'shadow' or

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[46] Steven Sampson, 'The Social Life of Projects: Importing Civil Society to Albania' in Chris Hann and Elizabeth Dunn, eds., *Civil Society: Challenging Western Models* (London: Routledge, 1996), pp. 126, 128

[47] *'Deepening the Roots of Civil Society in Ukraine*,' CIVICUS Index on Civil Society Occasional Paper Series, vol. 1, issue 10 (August 2001), p. 14 www.civicus.org/new/media/Ukrainian.pdf (accessed 12 January, 2005)

'phantom' NGOs, or as they are derisively called in Ukraine – *grantoids* (literally meaning grant-eaters).

Grantoids are closed insider groups that operate in a Byzantine environment in which social relations and privileges are determined primarily through personal connections and networking. It is an environment in which control games, favouritism, bureaucratic, and power manipulations have deeply penetrated the fabric of social life. By their very nature, grantoids are skilful at defying identification. Oleksandr Tertychny, a reporter of the popular Ukrainian weekly *Zerkalo Nedeli*, believes that 95 per cent of all NGOs in Ukraine are grantoids "with meagre or negative coefficient of efficiency."[48] Whether deliberately or not, Western donors became involved in grantoid games with the emergence of civil society and the NGO support 'industry.' Grantoids are the first organizations in Ukraine to have accumulated material and human resources. They have monopolized broad expertise in areas ranging from privatization and banking to democracy and human rights, from environment and agriculture to women's and youth issues. Grantoids have learned how to manipulate the discursive forms of transition language, often articulating Western terms with "only the vaguest notions of their meanings and of the legal-regulatory regimes from which they sprang."[49] Grantoids have been quick to realize that having a properly defined 'target group,' correctly formulated 'mission statement,' or producing a timely reference to 'transparency,' 'institutional capacity,'

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[48] Oleksandr Tertychny, 'Comment in the Discussion 'Is cooperation between Ukrainian NGO'sand media effective?,' Media Reform Center (25 October, 2003) www.mediareform.com.ua/article.php?articleID=8 (accessed 24 March, 2004).
[49] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989–1998* (London: Macmillan, 1998), p. 109.

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or 'sustainability' problems can result in obtaining grants. However, they rarely implement their declared missions, goals, and plans.[50] For example, the study on the dynamics of NGOs in Ukraine in 2002-2003 conducted by the *Creative Center Counterpart* reveals that the majority of 630 NGOs that participated in the 2003 survey have a declared mission statement (89 per cent) and a formulated strategic plan (68 per cent). Yet, only 14 per cent of these NGOs actually implement their strategic plans.[51]

Grantoids jealously guard their partnerships and friendly relations with Western donors from potential local competitors. They conduct little outreach and work mostly new contacts that may secure future grants. They have learned to be careful about their 'corrective inputs.' Realizing that donors involved in financing initiatives related to the development and strengthening of civil society oftentimes have only a vague idea of social realities in Ukraine (Figure 12), grant-oriented civic activists nevertheless ensure that their feedback remains firmly within the limits of what the grant-giving agencies are willing to hear. Grantoids are exactly the organizations and individuals that have realized that transition is also "a business, and along with the waste, inefficiency and mystification there is a good deal of sheer profit."[52] They have been well positioned to take advantage of this situation, and they have not hesitated in doing so.

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[50] Mykola Riabchuk, 'Interview,' *Vysokyi Zamok*, (11 October, 2003) www.wz.lviv.ua/print.php?atid=2402 (accessed 15 December, 2003).
[51] *Dynamics of NGOs in Ukraine 2002–2003: Overview*, Creative Center Counterpart http://www.ccc.kiev.ua/Infou/Pubu.html?q=0 (accessed 17 July, 2004).
[52] Steven Sampson, 'The Social Life of Projects: Importing Civil Society to Albania,' p. 128.

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Financial manipulation in the form of *otkat* (kickback) has become a standard practice among most grantoids. The scheme is simple. For instance, a grantoid orders services (e.g., publishing of a booklet) from a 'friend,' officially pays the full sum for these services, and receives formal confirmation of all the transactions. The 'friend' expresses his/her gratitude for the contract by channelling, this time unofficially, 10 per cent of this sum or more in cash back to the grantoid. Information about the *otkat* is known to the insiders only and cannot be confirmed by any documentation, but it is accurate and factual.[53]

Figure 12. DONOR UNDERSTANDING OF THE STATE OF CIVIL SOCIETY IN UKRAINE

Not adequately enough 55%

Inadequately 15%

Adequately enough 26%

Difficult to say 4%
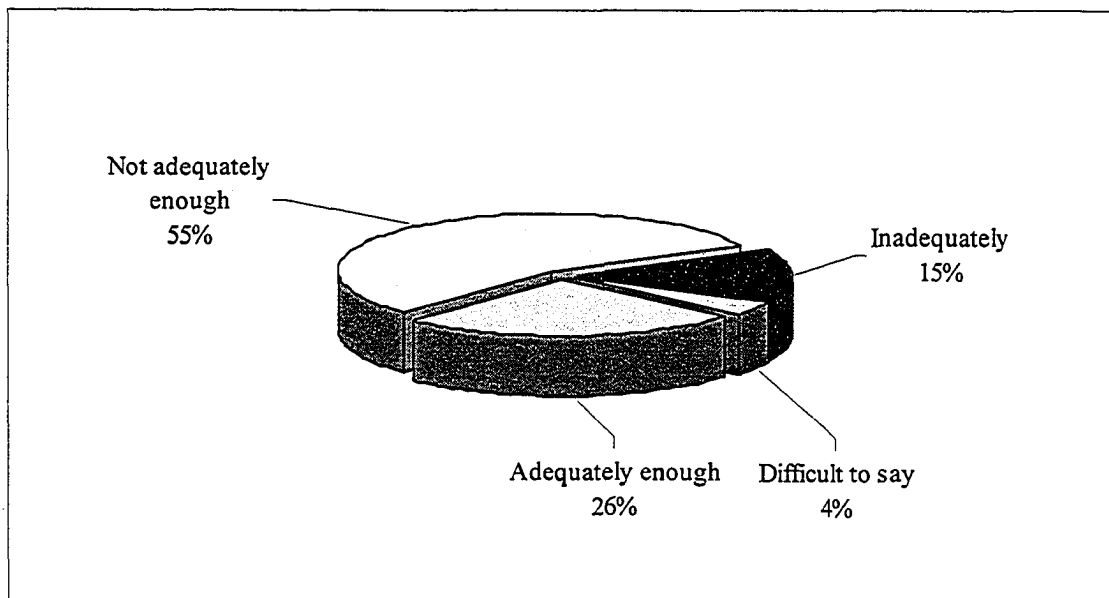
Q. How adequately do Western donors providing support to Ukrainian NGOs understand the state of civil society in Ukraine?

Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

[53] Alex Uhmanovski, 'Grants: Myths and Reality,' USAID-sponsored conference Ethics for Civil Society Organizations in Ukraine, Kyiv (29–30 September, 2003) available at http://ucan-isc.org.ua/ukr/what_we_do/conferences/workshops/lyapina/materials_e/uhmanovski/ (accessed 24 March, 2004).

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It would be naive to believe that grantoids are interested in the reform progress. Skachko believes that "the worse the situation in a country, the better for grant-givers and receivers."[54] Indeed, in countries where reform measures have been quickly and successfully undertaken, the grant-making 'business' has been short-lived. Grantoids, however, are not content with the lack of reforms altogether. Grantoid benefits derive from aid that is intended to facilitate the reform process, but not from the actual reform progress. As Joel Hellman once observed, partial reforms "generate rent-seeking opportunities and produce winners in the short run."[55] In addition, according to Hellman, benefits from partial reforms are highly concentrated and can only be eliminated through the gradual reform progress. Therefore, a state of semi-reformed uncertainty, or what Oleh Havrylyshyn has called the 'frozen transition,'[56] suits grantoids best, since it justifies their need for continuing financial support, without requiring them to make the best of Western assistance. Grantoid logic, which circulates as an insiders' jargon, is very simple: "If they, i.e. the West, want to spend assistance money, we can help them' and 'they pretend to help us, we pretend we're being helped."[57] This logic requires that the grantoids' reputation as 'irreplaceable' local partners should remain unshakeable in the eyes of donors, and

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[54] Interview with Volodymyr Skachko, Chief Editor of *Kievskiy Telegraf*, who coined the term 'grantoid,', Glavred (27 October, 2003) www.glavred.info/ukr/index.php?art=90717466 (accessed 24 March, 2004).

[55] Joel Hellman, 'Winners Take All: The Politics of Partial Reform in Postcommunist Transitions,' *World Politics* 50:2 (1998), pp. 203-234 at 218-9.

[56] Oleh Havrylyshyn, 'The Political Economy of Delayed Reform in Ukraine,' in Sharon Wolchik and Volodymyr Zviglyanich, eds., *Ukraine: The Search for a National Identity* (Lanham: Rowman and Littlefield Publishers, 2000), pp. 49-68.

[57] Personal observation, fieldwork in the winters of 2000 and 2001.

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teaches that the most significant aspect of this 'business' is that the project reports should be written in a timely manner, illuminating the piecemeal progress in project implementation and convincingly making the case for further funding. Considering the proliferation of grantoids, it is no surprise that NGOs in Ukraine suffer from a poor public image, low levels of participation, and support.[58]

CONCLUSION

Western assistance for transition reforms in Ukraine followed closely the general pattern of aid delivery throughout the former socialist world. Not only was aid donor-driven, it was also initially directed to market reforms. Support for civil society constituted only a small part of donor activities. The unfortunate consequence of the rapid economic liberalization and the neglect of civil society was the pervasive oligarchization of Ukraine.

By the late 1990s, amidst deteriorating living conditions, skyrocketing corruption, and growing frustration with the market and democracy in Ukrainian society, donors admitted that their expectations had been overly optimistic. Faced with the challenge of fighting ubiquitous corruption, donors reallocated a significant portion of their funds toward mainstreaming grassroots participation and strengthening NGOs. These organizations were meant to solidify the long-term prospects for well-functioning, representative democracy by fostering citizen

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[58] Minutes of In-Country CAS discussions, Civil Society, Meeting with Ukraine NGO Contact Group, (9 June, 2000), The World Bank Group
http://wbln0018.worldbank.org/ECA/ECC11/UkraineCAS/AR/DocLib.nsf/(By+Theme+Web)/14F7F0
3DAE8F4A258525690A007CDA44?OpenDocument

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participation, anti-corruption initiatives, public policy dialogue, respect for human rights, and good governance. However, perceptive observers of transitional developments in Ukraine noted that donor assistance to NGOs often produced unintended consequences by contributing to the emergence of grantoids and by creating a democratic façade behind which the oligarchic regime in this country could hide. Instead of encouraging public spiritedness, trust, solidarity and participation, many NGOs in Ukraine mutated into regular middlemen procuring funds from Western donors and oligarchs in order to pursue their own narrow self-interests.

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CHAPTER 6. NGOs, NATIONHOOD AND CIVIL SOCIETY IN UKRAINE

INTRODUCTION: THE IMPORTANCE OF TRADITION

Reform measures orchestrated from outside by Western advisors, and readily adopted by national reformers, overlooked some of the 'original' forms and expressions of civil society in Ukraine. In the late 1990s, having acknowledged the importance of civil society, donors nevertheless neglected the traditionally intimate relationship between the idea of nationhood and the idea of civil society in Ukraine. As a result of this neglect, donors' support for NGOs did not necessarily translate into support for civil society.

Over the last decade, the number of NGOs in Ukraine grew exponentially. Yet, in spite of their increased number, NGOs in Ukraine suffer from a poor public image, low levels of participation, support, and awareness of NGO activities. In this chapter, I examine a number of national surveys that highlight the attitudes of both NGO leaders and average Ukrainians toward civil society, and specifically toward NGOs. I demonstrate that the generally negative public attitudes towards NGOs are rooted in widespread belief that these organizations chiefly pursue selfish interests and material benefits. Western commentary conventionally considered such negativism toward NGOs as a definitive sign of the fragmented, demobilized civil society and focused on the inability of Ukrainian citizenry to create mass popular

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counterbalance to the oligarchs on a national scale.[1] Against the background of such opinions, the outburst of massive, peaceful civic protest during what became known as the Orange Revolution came as a surprise to most observers and required serious reconsideration of the established views on civil society in Ukraine. In the second part of this chapter, I draw on the discursive dimension of the Orange Revolution to indicate the strength of the national(ist) tradition of civil society in Ukraine. Analysis here proves that even though Western donors did not succeed in building the neo-liberal version of civil society in Ukraine, a home-grown civil society rooted in communitarian national(ist) tradition recently emerged in this country and demonstrated its potency during the Orange Revolution of 2004.

6.1. PERCEPTIONS OF CIVIL SOCIETY AND NGOs IN UKRAINE

As mentioned in the Introduction, civil society may acquire different institutional expressions (social movements, civic networks, religious organizations, national(ist) groups, NGOs, charitable foundations, political parties, trade unions, etc.). The term 'NGO' is used in the West as a cumulative concept for all types of voluntary, non-profit, value-driven, and generally professional organizations. However, in Ukrainian context, it is useful to distinguish NGOs from those civil society organizations that existed before the Soviet collapse – trade unions, religious organizations, charitable foundations, children and youth associations. To begin with, NGOs are a relatively

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[1]Taras Kuzio, 'National Identity and Civil Society in Ukraine: Explaining the Yuschenko Phenomenon,' RFE/RL Newsline, http://www.ukrweekly.com/Archive/2002/090207.shtml (accessed November, 2004)

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recent phenomenon in Ukraine. They are a new type of CSOs that emerged in the post-Soviet times, whereas trade unions, charitable foundations, religious groups, and children and youth associations existed in Ukraine prior to 1991. Their activities were closely monitored and controlled by the Soviet state. What is important, however, is that, in contrast to the concept of an NGO, the idea of a trade union, charitable foundation, or student organization was not a new one to Ukrainians in the 1990s. Second, NGOs are distinct from trade unions, charitable foundations, religious groups, and children and youth associations in legal terms, since NGO activities are regulated by a separate law.[2] Finally, even donors recently began to distinguish between NGOs and other types of voluntary associations. For instance, in the spring of 2005 the Renaissance Foundation announced a tender competition on the protection of professional right, explicitly indicating that 'NGOs and trade unions' are eligible to apply.[3]

National surveys between 1994 and 2000 demonstrate that over 80 per cent of Ukrainians have never participated in any NGO activity.[4] When asked about membership in civic institutions,[5] Ukrainians reacted in the following manner: 71 per cent of the respondents did not belong to any CSO, 16 per cent reported membership

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[2] The Law of Ukraine on Trade Unions, Their Rights and Guarantees of Activities N 1045-XIV (26 October, 1999), The Law of Ukraine on the Freedom of Confession and Religious Organizations N 987-XII (23 April, 1991), The Law of Ukraine on Charitable Activities and Organizations N 531/97-BP (16 September, 1997), The Law of Ukraine on Youth and Children's Organization N 281-XIV (1 December, 1998), The Law of Ukraine on Citizens' Groups N 2460-XII (16 June, 1992).
[3] http://www.intellect.org.ua/index.php?lang=u&material_id=53022&theme_id=7245 (accessed 4 May, 2005)
[4] Democratic Initiatives Foundation/Institute of Sociology of National Academy of Sciences/SOCIS, *Annual Sociological Polls, 1994-2000.* (Kyiv: DIF, 2000).
[5] 2003 national survey conducted by the International Foundation for Election Systems; 1200 respondents http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January, 2005)

in trade unions, 3 per cent were members of religious groups and 2 per cent of political parties. Only one person (or 0.1 per cent of the respondents) claimed to be an NGO member (Figure 13).

Figure 13. MEMBERSHIP IN CIVIC ORGANIZATIONS, 2003

None of these
70%

No answer
8%

Other
1%

Trade Unions
16%

Political Parties
2%

NGOs
0,1%

Artists / Scientists
union
0,1%

Local self-
government
institution
0,1%

Religious groups
3%
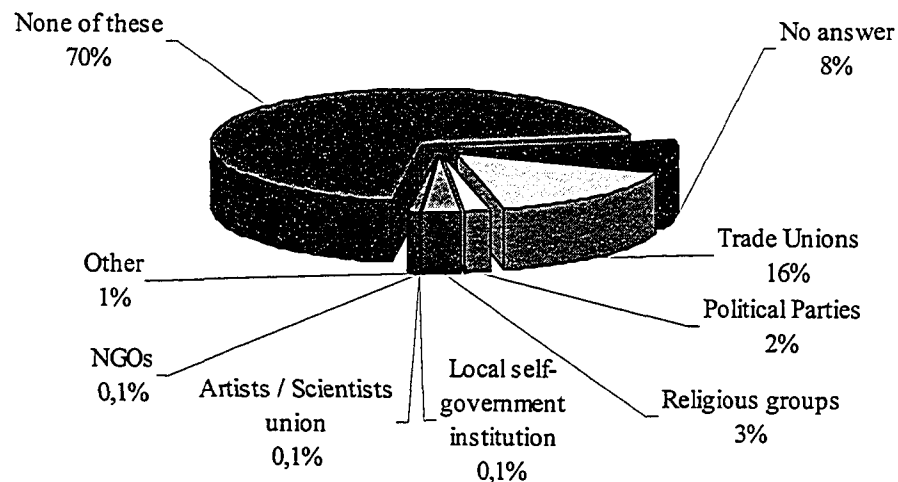
Q. Can you tell me whether you are a member of any of the different types of civic organizations listed on this card?

Source: Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, prepared for the International Foundation for Election Systems, February 2004, http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January, 2005)

This result is confirmed by the findings of another survey, which rated trade unions (16 per cent), political parties (14 per cent), and children and youth (student) organizations (13 per cent) as having a great deal of significance in the lives of Ukrainian citizens.[6] Support for trade unions has also been confirmed by the recent report of the Ministry of Justice of Ukraine. As of January 2005, the Ministry

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[6] Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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registered 106 national trade unions.[7] Meanwhile, membership in NGOs steadily declined through the 1990s, as demonstrated in the national surveys: from 30 per cent in 1991 to 13 per cent in 1996[8] on to 7.8 per cent in 1999[9].

NGO leaders in Ukraine are unanimous that information among citizenry about the activities of different types of civil society organizations is insufficient. In 2003, when asked whether Ukrainian citizens are adequately informed about the activities of NGOs and other CSOs, all NGO leaders who participated in the survey answered 'no' (100 per cent). Among the reasons of insufficient information about NGO activities, they listed NGO inertia (25 per cent), government non-transparency (24 per cent), insufficient financial capacity of NGOs (19 per cent), and inadequate mass media coverage (17 per cent). At the same time, limited information about NGO activities that reaches the general public is believed to derive from government transparency (1 per cent), NGO activities (1 per cent), and adequate media coverage (13 per cent).[10] It is interesting that the second highest number of respondents (24 per cent) pointed to the government non-transparency as a reason of insufficient information about NGO activities. Such answer coming from NGO leaders may be surprising at first glance. However, one needs to bear in mind the paternalistic nature

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[7] Last Year The Number of National Trade Unions and Political Parties in Ukraine Increased, Press Service of the Ministry of Justice of Ukraine Прес-служба Міністерства юстиції України (11 January, 2005); http://www.civicua.org/news/view.html?q=95182 (retrieved 12 January 2005)

[8] Democratic Initiatives Foundation/Institute of Sociology of National Academy of Sciences/Socis. *Annual Sociological Polls, 1994-2000* (Kiev: DIF, 2000)

[9] Covering People's Associations and Charities, corporate philanthropy by mass-media. Survey of Innovation and Development Center (Kiev: IDC, 1999)

[10] Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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of Ukrainian society in which government patronizes CSOs and establishes special commissions to supervise the development of civil society, as described in Chapter 5. Paternalistic attitudes penetrated Ukrainian society so deeply that even many of the NGO leaders hold the state/government responsible for developing civil society and for spreading the information about NGO activities. In this context, pointing to government non-transparency as a source of insufficient information about NGOs reflects one of the most durable legacies of the vanished Soviet regime that persists in the perceptions of post-Soviet citizens – acceptance of paternalism as a norm.

Insufficient information about NGO activities explains a lack of understanding of the very idea of an NGO among Ukrainians. A survey, conducted by the International Foundation for Election Systems (IFES), revealed that in 2003 despite the rising awareness of NGO activities in Ukraine, the percentage of respondents unfamiliar with the concept of an NGO (24 per cent) outweighed the percentage of Ukrainians, who knew about NGOs that were active in their country (20 per cent). (Table 7)

Table 7. AWARENESS ABOUT NGO ACTIVITIES

Q. Do you know of any Non-Governmental Organizations (NGOs) that are active in Ukraine?		
	9/02 (1200)	9/03 (1200)
Yes	12%	20%
No	55%	45%
Don't know what NGO is	22%	24%
Don't know	11%	10%
Total	100%	99%

Source: Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, prepared for the International Foundation for Election Systems, February 2004, http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January 2005)

Furthermore, in 2003 only half the respondents among those familiar with the concept of an NGO (49 per cent out of 76 per cent) felt these organizations were essential/necessary, compared to 23 per cent who believed the NGOs were not very/not at all necessary and 28 per cent of those who had no opinion on the subject (Table 8).

Table 8. THE NEED FOR NGOS

Q. How necessary are the NGOs?	6/99 (1200)	1-2/00 (1200)	11-12/00 (1500)	9/01 (1500)	9/02 (933)	9/03 (908)
Essential	12%	8%	13%	19%	14%	14%
Necessary	--	--	--	--	--	35%
Very necessary	11%	13%	22%	43%	30%	--
Not very necessary	39%	26%	34%	18%	17%	18%
Not at all necessary	11%	16%	9%	4%	6%	5%
Depends	3%	9%	--	--	--	--
Don't know	21%	26%	22%	16%	32%	28%
No answer	2%	2%	1%	--	--	--
Total	99%✓	100%	101%✓	100%	99%	100%

Source: Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, prepared for the International Foundation for Election Systems, February 2004, http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January 2005)

A survey of NGO leaders also confirms that the overall 'public demand' for the development of civil society, and specifically for NGOs, is 'below medium' (Figure 14). 97 per cent of the respondents attributed low 'public demand' for the development of civil society and NGOs to the following reasons:

- insufficient information about NGOs
- widespread disbelief in the possibilities of exerting influence over state institutions through NGOs

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- NGOs inability to counterbalance the state due to an underdeveloped legislation
- a large turn-over of short-lived NGOs
- underdeveloped political culture and residual Soviet legacies
- passiveness of both NGOs and citizens
- lack of positive examples of NGO activity[11]

Figure 14. **PUBLIC DEMAND FOR CIVIL SOCIETY and NGOs**

Difficult to say 3%

Non-existent 0%

High 11%

Above medium 3%

Low 23%

Below medium 60%
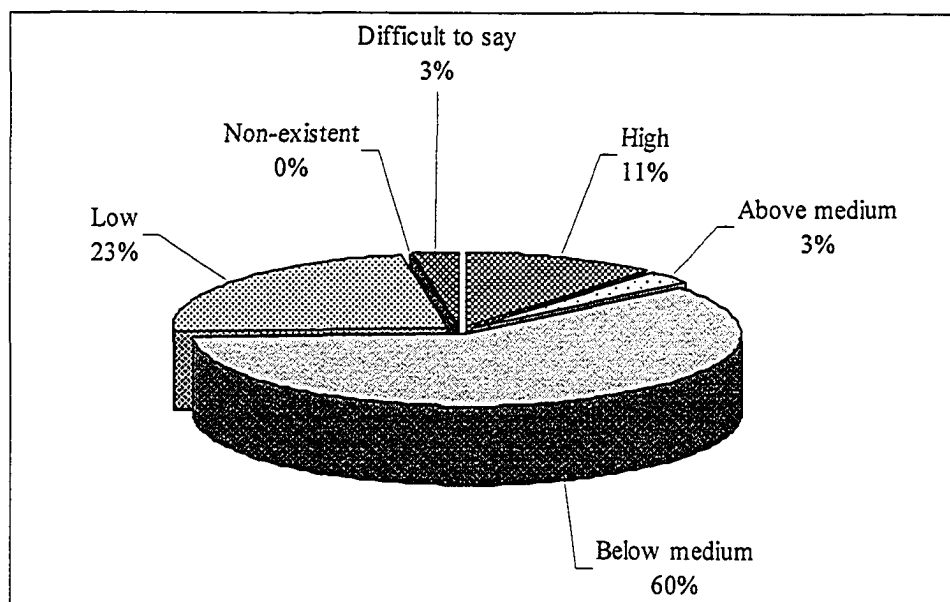
Q: How would you assess 'public demand' for the development of civil society and NGOs?
Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

Not only is 'public demand' for NGOs rather low, but those Ukrainians, who are aware of NGO activities, do not demonstrate a great deal of confidence in these organizations. In 2003, out of 76 per cent of the respondents who knew what an NGO was, only 38 per cent expressed a great deal or fair amount of confidence in NGOs.

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[11] Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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The majority of respondents expressed low confidence in NGOs (Table 8), which

some commentators interpreted as civic apathy and distrust in NGOs.[12]

Table 9. CONFIDENCE IN CIVIC ORGANIZATIONS/NGOS

Q. How much confidence do you have in Civic Organizations/NGOs?

	9/02 (933)	9/03 (784)
A great deal	3%	7%
Fair amount	24%	31%
Not very much	14%	16%
None at all	6%	10%
Don't know	53%	37%
Total	100%	101%

Source: Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, prepared for the International Foundation for Election Systems, February 2004, http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January 2005)

Other studies confirm the IFES findings. For example, the CIVICUS Index on

Civil Society – an innovative and participatory assessment project on the health of

civil society in Ukraine – produced strikingly similar results (Figure 15). Employing

the civil society 'Diamond tool'[13] as its main methodological instrument, the project

assessed four dimensions of civil society: structure, space, values, and impact.

Extensive analysis of 58 indicators generated a 'medium health' diagnosis for the

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[12]Tetyana Sylina, Yak Zazyrnuty Za Fasad Demokratii? (How to look behind the façade of democracy?), http://www.zn.kiev.ua/nn/show/380/33784 (accessed February, 2004); CIVICUS Index on Civil Society in Ukraine highlighted 'the dominance of [civic] apathy and public distrust of any organized activity. See, *Deepening the Roots of Civil Society in Ukraine*. CIVICUS Index on Civil Society Occasional Paper Series, vol. 1, issue 10, (August 2001), p. 11; www.civicus.org/new/media/Ukrainian.pdf (retrieved 12 January, 2005)

[13] This methodological approach was designed by Helmut Anheier, London School of Economics.

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state of civil society in Ukraine.[14] The most developed component of Ukraine's civil society, by the 'Diamond tool,' is its value dimension, which includes such indicators as tolerance, respect for human rights, gender equity, sustainable development, public accountability, transparency, and cultural diversity. Interestingly, despite a relatively high degree of democratic values, the most surprising discovery of the project was that Ukrainians generally do not consider NGOs as the bearers of these values.[15]

Figure 15. CIVIL SOCIETY 'DIAMOND' IN UKRAINE
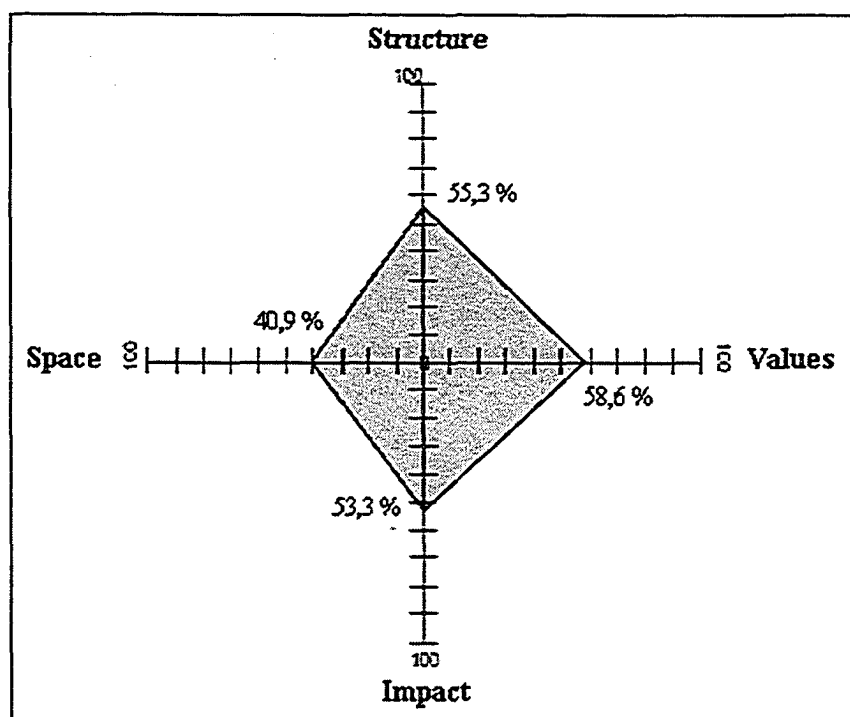
Source: *Deepening the Roots of Civil Society in Ukraine.* CIVICUS Index on Civil Society Occasional Paper Series, vol. 1, issue 10 (August 2001) www.civicus.org/new/media/Ukrainian.pdf

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[14] *Deepening the Roots of Civil Society in Ukraine.* CIVICUS Index on Civil Society Occasional Paper Series, vol. 1, issue 10, (August 2001), p. 3; www.civicus.org/new/media/Ukrainian.pdf (retrieved 12 January, 2005)

[15] *Deepening the Roots of Civil Society in Ukraine.* CIVICUS Index on Civil Society Occasional Paper Series, vol. 1, issue 10 (August 2001), p. 4; www.civicus.org/new/media/Ukrainian.pdf (retrieved 12 January, 2005)

Not only do Ukrainians feel that NGOs do little to promote democratic values (as the recent on-line survey confirms) they also rarely identify the notion of civil society with NGOs. Rather, civil society, for the majority of Ukrainians, is a complex, multi-layered system/mechanism that regulates interactions between individuals and the state (Figure 16). This indicates that Ukrainians are not aware of the fact that NGOs are in fact part of civil society.

Figure 16. THE MEANING OF CIVIL SOCIETY

Q. In your opinion, civil society means:
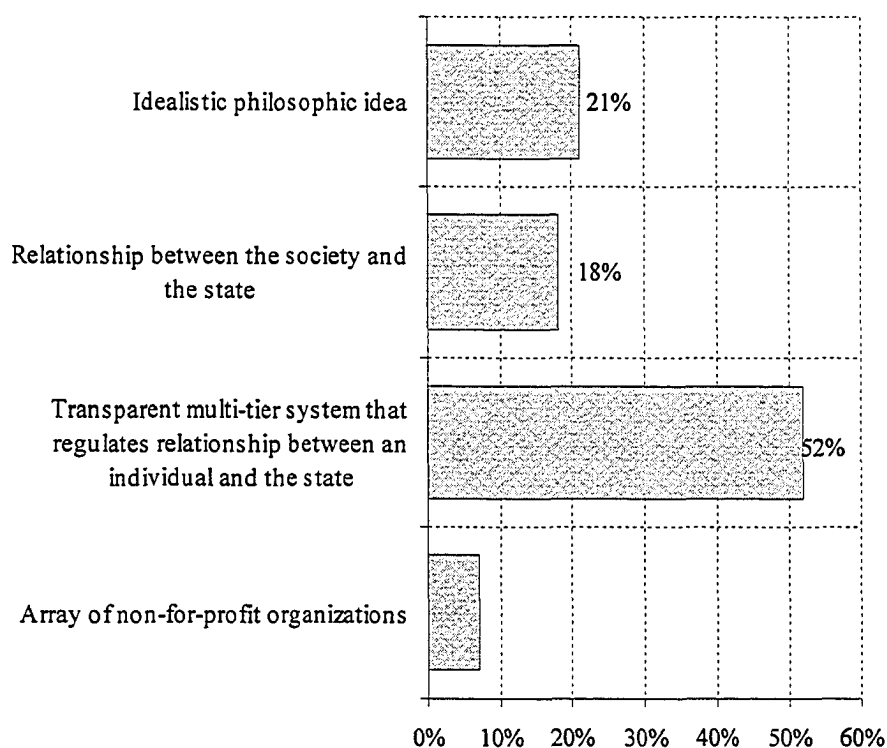
Results - 76 posts
Source: Portal 'Gromadskyi Prostir' (Civic Space) http://www.civicua.org/poll/results.html?q=2756 (retrieved 3 January, 2005)

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The results of the research on the image of Ukraine's civil society among NGO leaders, conducted by the foundation 'Europe XXI', support this conclusion. When asked about their understanding of the notion of civil society, 57 per cent of the respondents defined civil society as 'public influence on the state decision-making' and 23 per cent as 'control over the government/state authorities,' whereas only 4 per cent identified civil society with various types of civic institutions/NGOs (Figure 17). Additional definitions placed emphasis on moral values, civic culture, and respect for human rights.

Figure 17. UNDERSTANDING THE NOTION OF CIVIL SOCIETY
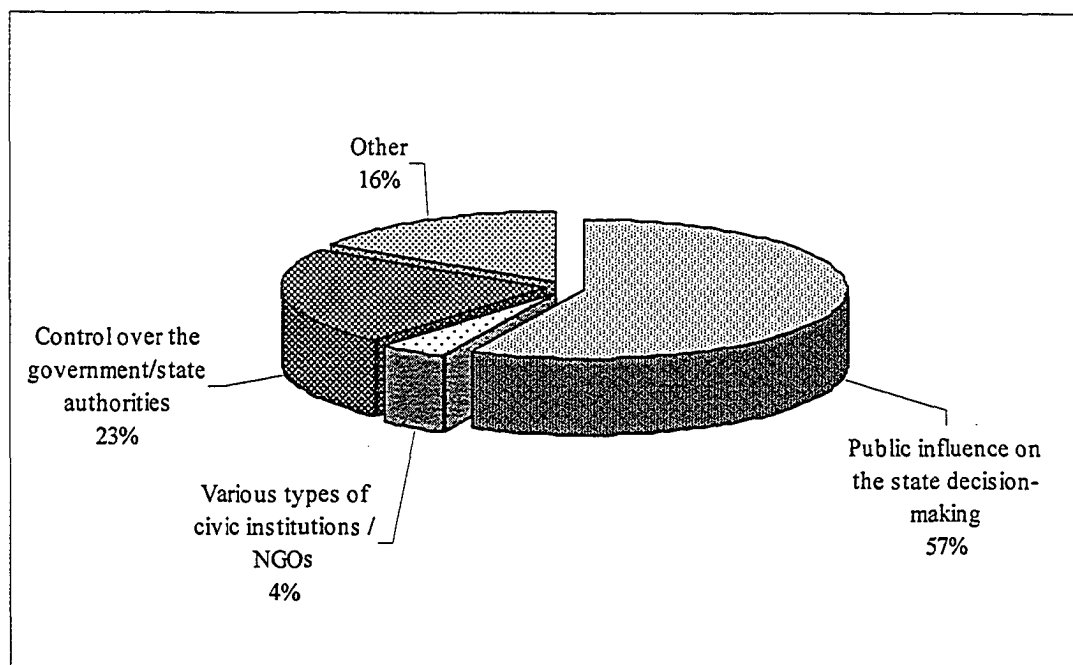
Q. How do you understand the notion of civil society?

Source: Inna Pidluska, Galyna Usatenko, 'Znovu pro Gramadianske Suspilstvo? Abo Yak Prorostaye Trava kriz Asfalt,' Foundation 'Europe XXI' (September 2002 – June 2003) www.europexxi.kiev.ua/ukrainian/book/006/001.html (accessed January 2004)

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Negative attitudes towards NGOs and generally reluctant public attitudes to volunteering within them are rooted in widespread beliefs that these organizations chiefly pursue selfish interests and material benefits; that they are closed groups with very little contact with the citizens, low financial transparency, inadequate reporting to the public, and that they have questionable ethical principles.[16] The CIVICUS report reached the same conclusion that the level of public support for NGOs could be qualified as 'neutral.' This report highlighted the following reasons for the lack of support for civic organizations among Ukrainians:

- the low trust of citizens in NGOs

- poor public image of NGOs

- low level of public spiritedness

- low professionalism of NGOs in public relations issues

- poor cooperation between NGOs and the public

- non-transparency of NGOs.[17]

The findings above vividly demonstrate that civic organizations, especially NGOs, have not yet become the engine and the genuine institutional expression of

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[16] Some of the responses included: '*To my mind, the majority of these organization do nothing. They are created with the only purpose to get money through different projects, just for themselves' (gr. 8) 'There are 2 500 public organizations in Kharkiv oblast. 50-60 conduct real work. The rest are the "grant eaters" - just earn grants' (gr.8) 'Activity of these organizations is not widely covered, we are not aware about their tasks' (gr.7) 'I have been the volunteer in children public organizations. We worked, cared about children, conducted trainings, taught them to use computers. At some point I found information in which our salary was indicated. Though we received nothing, somebody took this money' (gr.8) 'NGOs are very often used for money laundering' (gr. 4)* See Rakesh Sharma and Nathan Van Dusen, '*Attitudes and Expectations: Public Opinion in Ukraine 2003 International Foundation for Election Systems,*' A4-24.

[17] *Deepening the Roots of Civil Society in Ukraine*, pp. 13-14.

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civil society in Ukraine. Their role in propelling democratization processes in this country is marginal at best. In spite of exponential increase of NGOs in Ukraine between 1991 and 2005, in the perceptions of average Ukrainians many of these organizations remain empty shells that failed to function effectively and to represent broader society. From a certain angle, one can speak of the bifurcation of Ukrainian society, when citizens do not associate civil society with its institutional forms, particularly NGOs. Thus, citizenry and NGOs act in parallel realms, independently of each other. In the 1990s, as the state reverted to authoritarianism preserving a democratic façade only to tighten its control over society and economy, civic activity was reduced to formal participation in highly manipulated elections. Under such circumstances, Ukrainian society was not seen by Western observers and donors as carrying any 'emancipatory potential'[18] to challenge and eventually transform the existing social order. On the contrary, weak bonds between the people and NGOs were conventionally considered by donors and academics alike as a definitive sign of a fragmented, demobilized civil society, on the one hand, and the consolidation of the particular configuration of a strong, coercive state and a passive civil society, on the other. Against the backdrop of such opinions, the outburst of a massive, peaceful civic protest in November-December 2004 during what became known as the Orange Revolution came as a surprise to most observers. The Orange Revolution instigated serious reconsideration of the established view on civil society in Ukraine.

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[18] Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order,' *Review of International Studies* 25 (1999), pp. 3-28 at 4.

6.2. THE ORANGE REVOLUTION: CIVIL SOCIETY IN THE MAKING

In the fall of 2004, Ukraine witnessed a harshly-contested election campaign, in which the incumbent president Leonid Kuchma and his chosen successor Prime Minister Viktor Yanukovych deployed all available resources, including pressure on the national media, intimidation, and allegedly assassination attempts, to win the race for presidency. Despite systematic abuse of administrative resources by Yanukovych, the opposition candidate, Viktor Yushchenko, received a small lead of 0.5 per cent in the first round of October 2004 presidential balloting. Yet, in the second round, in spite of numerous reports of serious irregularities and fraud, the Central Electoral Commission (CEC) declared Yanukovych the winner, giving him 49.46 per cent of the votes and Yushchenko 46.61 per cent. In an effort to win the vote in the second round, Kuchma's government allegedly added more than 1 million extra votes to Yanukovych's tally.[19] Yushchenko's supporters refused to accept Yanukovych as the new president and within hours after the fraudulent results were announced many of them gathered in Kyiv to protest peacefully against the CEC decision. In the days that followed, literally millions of people wearing orange (symbolic of the colour of the opposition) came from all over Ukraine to join in the protest, despite freezing cold weather.

For over a month afterwards, the eyes of the world were focused on this peaceful Orange Revolution unfolding in Ukraine. Millions of Ukrainians

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[19] Nadia Diuk and Michael McFaul, 'Reporters paved way for a freer Ukraine: Democratic Drama Unfolds Today with Range of Heroes,' *San Jose Mercury News* (26 December, 2004) in the UKL325 (Huge Leads for Yushchenko in 3 Exit Polls)

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demonstrated an extraordinary degree of mass mobilization, genuine civic solidarity, and tolerance during the Orange Revolution, when student groups (Pora, Studentska Khvylia, Chysta Ukraina, Molod – Nadiya Ukrainy) were joined in the action of civic resistance by local governments, trade unions (Ukrainian Union of Producers and Entrepreneurs, Ukraine's Employers Federation, Ukrainian Congress of Trade Unions, and other), and the churches. 'The wall fell down once again,' said Mikhail Gorbachev about their action.[20] In the first days of the Orange Revolution, Tetyana Korobova, known for her bitter diatribes, published an article in *Obozrevatel*, opening it with the following words: "Good Day, My People! No, this is not right... Happy Birthday, My Dearest People! No, this can't be right either... Congratulations on your Awakening, Your Majesty the Ukrainian People!"[21]

Since the mid-1990s, most Ukrainians became disillusioned and frustrated with the reform process and felt alienated from the state. In spite of decreasing popular support, the political structure of the state managed to survive in suspension, without being rooted in and upheld by broader society. Excessive state coercion, growing authoritarianism, and ever widening gap between the state and society were the signs of increasing state weakness, but highly manipulated elections provided a means for the state to sustain itself. Unlike previous elections, however, the 2004 presidential elections unleashed enormous emancipatory energies within Ukrainian society. Regular citizens challenged actively the prevailing *status quo* and

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[20] Stena Upala Vtoroy Raz (The wall fell down once again) *Nezavisimaya Gazeta* Независимая газета, (25 November, 2004) http://www.korrespondent.net/main/107678/

[21] Tatiana Korobova, 'S Probuzhdeniem Tebia, vashe Velichestvo Narod!,' *Obozrevatel* (2 December, 2004) http://www.danilov.lg.ua/cgi-bin/bespredel/viewevent.cgi?event=200412020921

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demonstrated their determination to strive for an alternative social order entailing more participatory and democratic forms of political practice. To an extent, the growing abuse of power by the administrative, executive, coercive state apparatus and its separateness from society can be credited with triggering this transformative process, viz. the Orange Revolution. As Roman Kulchynsky pointed out in the article he wrote for the Ukrainian business weekly *Kontrakty,* in the previous elections, "only opposition parties protested against falsifications, while regular citizens watched their efforts from the side. Today, elections became a personal business. A modern European nation, capable of defending its interests is born in front of our eyes. Perhaps, part of the credit should go to the ruling authorities – endless flow of cynicism and lies from the TV channels tired everybody, and even the most indifferent of us feel as they are now part of a nation."[22] Indeed, the massive action of civic resistance signified more than the mobilization of civic spiritedness, it also showed how intimately the idea of nationhood is interlinked with the idea of civil society in Ukraine.

Indeed, the rhetoric of the Orange Revolution was that of the birth, rebirth, resurrection, or awakening of the nation. Commenting on the recent developments, the newly elected president Viktor Yushchenko emphasized that "a nation was born

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[22] Roman Kulchynsky 'Nich v yaku Narodylas Natsiya' (The Night when Nation was Born) Ukrainian Business Weekly 'Kontrakty' no. 45 (8 November, 2004) http://www.kontrakty.com.ua/show/ukr/rubrik_main/45200418.html

in Ukraine,' which made him a 'proud citizen.'"[23] On another occasion, he noted that a "new modern European nation has risen in Ukraine. People of different nationalities and religions, Ukrainian- and Russian-speaking, rich and poor, united by the desire to defend their choice succeeded in winning their freedom."[24] This nation-centered rhetoric has been readily picked up and spread by both domestic[25] and Western media. In November 2004, the *Wall Street Journal* published an article by Ivan Vasyniuk (the member of Ukrainian parliament and of the party bloc 'Our Ukraine') that later reappeared in the e-newspaper *Korrespondent*. In his article, Vasyniuk expressed a firm belief that Ukrainians were faced with an historic opportunity to build a nation. "I believe we have no right,' he wrote, 'to waste this historic opportunity to become a nation, whose citizens trust the state, believe in democratic values and enjoy the right of the freedom of expression."[26]

The significance of the Orange Revolution has been widely recognized by competing political forces in Ukraine. While the 'Orange' opposition saw in this momentum an historic opportunity to consolidate the Ukrainian nation, their opponents made an attempt to use it to divide the nation. On 28 November, 2004 over 3,000 delegates from Donetsk, Dnipropetrovsk, Zhytomyr, Zaporizhzhia, Zakarpattia, Kirovohrad, Luhansk, Mykolaiv, Odesa, Poltava, Sumy, Kharkiv, Kherson, Cherkasy, Chernihiv regions, the Autonomous republic of Crimea and the city of Sevastopol

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[23] I'm proud that a nation was born in Ukraine – Viktor Yushchenko, (9 December, 2004) http://www.yuschenko.com.ua/ukr/present/News/1828/

[24] Ilona Bogush, Interview with Viktor Yushchenko, *Golos Ukrainy* (21 December, 2004) http://www.yuschenko.com.ua/ukr/present/Mass_media/1905/

[25] Vasyl Skurativsky, Narodylas chy Vidrodylas Natsiya?' Krymska Svitlytsia no. 6 (4 February, 2005)http://svitlytsia.crimea.ua/index.php?section=article&artID=2876

[26] Voskhod Ukrainskoy Natsii, *Korrespondent* (also in The Wall Street Journal) (26November, 2004)

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discussed a plan to create a South-Eastern autonomous region, thus threatening to secede if Yushchenko were declared president. Separatist movement in the eastern and southern regions of Ukraine opened a heated debate on the potential split between Ukraine's more Russian-oriented east and the more Western-oriented west. Presidential electoral rivalry was portrayed simplistically as another illustration of the ethnic, linguistic, and regional divisions in Ukraine. Exit polls and election results by *oblast* seemed to confirm the idea of a split. For example, after analyzing second and third round election results by *oblast*, Dominique Arel concluded that "Ukraine is more geographically polarized than it was on November 21. The critical breakthrough that many expected in Kharkiv, the *oblast* 'barometer' of December 26, did not happen. The orange message is not spreading to the east."[27]

However, any perceptive observer could have noticed at the time the inadequacy of presenting Ukrainian reality in black and white colours. In fact, pre-election opinion polls showed, for instance, that 20 per cent of Ukrainian Russians supported 'nationalist' Yushchenko, while 30 per cent of ethnic Ukrainians supported 'pro-Russian' Yanukovych.[28] These opinion polls suggest that there are fault lines in Ukrainian society other than ethnicity or language. For instance, pensioners (people above 60) were the only age group that overwhelmingly supported Yanukovych. In terms of education, the only group where Yanukovych took the lead over

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[27] Dominique Arel, UKL327 (Yushchenko Wins by 8 Per cent)
[28] Mykola Riabchuk, 'The Ukrainian Fault-Line: Citizens versus Subjects,' *Berliner Zeitung* (3 December, 2004) in UKL297 (Ukraine's European Rebirth)

Yushchenko were people with primary or incomplete secondary education.[29] Clearly, as any other country, Ukraine features geographically-dependent voting patterns, rather than 'rigid determinism.'[30] Despite the conflicting nature of these voting patterns, the very fact that people in the eastern regions did not support separatist initiatives by politicians, proved the victory of those political forces that attempted to consolidate the nation in Ukraine. In early December 2004, Volodymyr Nahirny, political analyst and chief editor of the analytical quarterly *Ukrainian Monitor*, wrote that the Ukrainian 'political nation' awakened and demonstrated its potency in both western and eastern parts of the country.[31] This nation, according to Nahirny, proved that it strives for civic freedoms, rule of law and a gradual move toward a European future, rather than to Soviet-style authoritarian rule. In the words of another political analyst, Myroslav Levytsky, regardless of "whether we are in Donetsk, Lviv, Sumy, Rivne or Kyiv, we are a great nation."[32]

Ukrainian socio-linguists have noticed the intensification of linguistic processes and their increasingly political and *nation*-centered popular discourse. They believe that the Orange Revolution is a major spiritual break in the lives of Ukrainians, and something that is reflected in the day-to-day language. The political vocabulary, including 'civic resistance,' 'corruption,' 'criminal background,' 'equal opportunities for presidential candidates,' 'vote count,' 'regime, and especially the

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[29] Ibid.
[30] Ibid.
[31] Volodymyr Nahirny, 'Khvyli I Pina Pomaranchevoi Revolutsii,' (The waves and foam of the Orange Revolution), *Ukrainian Monitor*, http://foreignpolicy.org.ua/ua/topic/index.shtml?id=3933
[32] Myroslav Levytsky, 'Svobodu Ne Zdolaty' (Freedom Cannot be Defeated) http://free.ngo.pl/nslowo/puls_ukrajiny/swobodu_ne_zdolaty.htm

term 'nation,' actively entered popular discourse during the Orange Revolution. Lesya Stavytska, the socio-linguist from the Institute of Ukrainian Language at the National Academy of Science, noticed, for example, that the term 'people'(*narod*) denoting a group that can be easily manipulated, has been devalued in Ukrainian society and is used only by conservative politicians. The term 'people' has been replaced by a far more active term 'nation,' which until recently has not been much in use. In her opinion, frequent use of the term 'nation' is a sign of a growing national spirit. Furthermore, the lexicon of the revolution, in her opinion, revives 'Ukrainian-ness' in people. It is grounded in the distinctiveness of many Ukrainian words, which became popular slogans during the revolution, from their Russian equivalents, i.e. *han'ba* (shame), *het'* (away), *tak* (yes), *pomaranchevy* (orange), *brutal'nist'* (brutality), *podolaty* (to defeat).[33]

One must take at least a cursory look at Ukraine's past to understand the significance of the nation-centered discourse during the Orange Revolution to the political development of this country. In comparative terms, the formation of the modern Ukrainian nation in the 19th and 20th centuries was slower and more complex than the formation of other nations in East-Central Europe.[34] In part, the slow nature of Ukrainian nation creation process is attributed to the fact that most Ukrainians lived in 'unjust states' (the Russian Empire and the Soviet Union), which pursued

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[33] Alla Kotliar, 'Ping-Pong in Ukrainian Way: Interview with socio-linguist Lesya Stavytska' http://www.zn.kiev.ua/nn/show/525/48600/

[34] Paul Magocsi writes that in the 19th century Ukrainian national revival process began rather late and failed in fulfilling its ultimate goal of political independence. Paul Magocsi, 'The Ukrainian National Revival: A New Analytical Framework,' *Canadian Review of Studies in Nationalism* 14:1-2 (1989), pp. 45-62.

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assimilationist policies that blocked national development.[35] Many nationalism scholars, including Ernest Gellner, Benedict Anderson, Eric Hobsbawm, Roger Brubaker, to name just a few, pointed out that nations are by no means "enduring components of social structure,"[36] nations are imagined, created, built, and constructed. The construction of modern nations generally proceeded through 'us vs. them' dichotomy, which allowed for the group of people sharing a common language, history, religion, and culture to develop a national identity in contrast (and often in opposition) to other nations. 'Them' always played an important role in the formation of any national identity. In Ukrainian case, in view of the long history of Russian domination over Ukrainian population, Ukrainians define themselves as a distinct nation by stressing the ways in which they are different from Russians.

Oles Doniy from the Center for the Study of Political Values noticed this nation-centered 'us vs. them' dynamics of the revolution, stressing that "modernity has provided testimony that the differences between us [Ukrainians and Russians] exist not only in everyday life, but also at the level of signs and symbols, i.e. in mentality."[37] Doniy is convinced that the distinctiveness of Ukrainian mentality was reflected in the peaceful character of the Orange Revolution. He notes that since 1990, the central symbolic feature of any revolutionary change in Ukraine has been the 'tent.' Back in 1990, before Ukraine became an independent state, the so-called 'student revolution on granite' featured a student hunger strike in the tents set up in

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[35] Mark Baker, 'Beyond the National: Peasants, Power, and Revolution in Ukraine,' *Journal of Ukrainian Studies* 24:1 (1999), pp. 39-67.

[36] Andrzej Walicki, 'Ernest Gellner and the 'Constructivist' Theory of Nation,' *Harvard Ukrainian Studies* 22 (1998), pp. 611-617 at 611.

[37] Oles Doniy, 'Yikhnim Tankom na Nash Namet,' Ukrainsa Pravda (4 December, 2004)

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Kyiv. The 'student revolution on granite' became the first victory of the democratic forces in the struggle for Ukraine's independence. In 2000, tents once again became the symbol of the massive action 'Ukraine without Kuchma.' In late 2004, the Orange Revolution featured 'the tent village' on Maydan. A tent is a symbol of non-violence, tolerance, moderation, and even theatricality. Indeed, burlesque theatrical moments, including orange symbols, concerts, and songs, were as crucial for the victory of the Orange Revolution as the role of the opposition media and politicians. Orange ribbons – originally the sign of passive resistance – played a unifying role within society, making people realize 'Razom nas bahato, nas ne podolaty' (together we are numerous, no one can defeat us – the line from a popular revolutionary song). In contrast, the central feature of the revolutionary changes in Russia during the 1991 coup and the 1993 constitutional crisis was a 'tank' – a symbol of aggression and power. In Doniy's words, "the aesthetics of Russian revolution is the aesthetics of the tank."[38] Radical changes in Russia follow the blitzkrieg strategy. Paradoxically, Doniy declared, "our tent turned out stronger than their tank,"[39] emphasizing the 'us (Ukrainians) vs. them (Russians)' dichotomy and the distinctiveness of Ukrainian national identity.

Traditionally, civil society in the East European, and specifically Ukrainian, context is a cultural/symbolical space. It is "a society defined by cultural ties, a

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[38] Ibid.
[39] Ibid.

culture-society or *Bildungsgesellschaft.*"[40] In contrast to Western counties, where civil society emerged first in the political (de Tocqueville'ian version) and/or economic (*Burgerliche Gesellschaft*) realms, civil society in Eastern Europe was born in the sphere of culture. Under the conditions of economic backwardness, feudalism, and absolutism, culture 'ran ahead' of the economy and politics and provided a foundation on which civil societies and nations developed in Eastern Europe, and more specifically in Ukraine.[41] Even a cursory look at the discursive dimension of the Orange Revolution reveals the interconnectedness of the ideas of nationhood and civil society. The idea of 'nation' provides a venue for the self-assertion and self-expression of Ukraine's civil society. It has a powerful grasp on Ukrainian society and plays a dominant role within its ideational/cultural dimension. In the perceptions of average citizens, the concept of a nation embodies a shared inter-subjective understanding about the nature of society and about the appropriate role of the government. The idea of 'nation' is the foundation of the prevalent political and social discourse. As such, it provides a common language for dialogue and debate within society and frames the terms in which policy initiatives with regard to civil society are described and judged in this specific ideational space.

What is particularly important about the recent Orange Revolution in Ukraine is that it has presented civil society and nation as complementary. Recent

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[40] Roman Szporluk, 'In Search of the Drama of History: Or, National Roads to Modernity,' *East European Politics and Societies* 4:1 (1990), pp. 134-150 at 140.

[41] Ibid.

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proliferation of 'new' ethnic nationalist and fundamentalist movements[42] in the Balkans, Middle East, Asia, and even Western Europe (i.e., growing anti-immigrant movements) cemented a stereotype that democratic and nationalist values are mutually exclusive. These movements were portrayed as chauvinistic, backward-looking, and violent. They tended 'to represent themselves as a reaction against modernity...[and] could be viewed as ways of mobilizing *against* democracy and openness.'[43] The Orange Revolution in Ukraine disproved the stereotype that nationalism is inherently anti-democratic and demonstrated the possibility of a viable integrity of civil society and a nation.

CONCLUSION

The unwillingness or inability of donors to see the possibility of multiple expressions of civil society in the wake of the transition in Ukraine led to a one-sided privileging of typically Western associational forms -- NGOs. Eventually, this approach resulted in the failure of donors to grasp the essence of civil society in Ukraine. Despite the proliferation of NGOs, Ukrainians did not demonstrate awareness of or support for them. In fact, recent surveys indicate that 24 per cent of Ukrainians are still unfamiliar with the concept of an NGO.[44] Based on these findings, civil society in Ukraine was conventionally described as demobilized, fragmented, and passive. In

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[42] Mary Kaldor, *Global Civil Society: An Answer to War*, pp.97-101.
[43] Ibid., p. 99.
[44] Source: Rakesh Sharma and Nathan Van Dusen, *Attitudes and Expectations: Public Opinion in Ukraine 2003*, prepared for the International Foundation for Election Systems, February 2004, http://www.ifes.org/research_comm/surveys/Ukraine_Survey_2003_English.pdf (retrieved 12 January, 2005)

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striking contrast, the outburst of civic activity during the Orange Revolution demonstrated the vigorous 'emancipatory' power of civil society in Ukraine. Furthermore, an examination of the discourse of the Orange Revolution indicates that the idea of 'nation' in Ukraine is closely interlinked with the idea of civil society. The idea of a 'nation' sets the rhythm of social and political life in contemporary Ukrainian society. As in other former socialist countries, the peculiar conjuncture of history and politics in Ukraine dictates that a strong and vibrant civil society is inconceivable without a robust and consolidated nation. In this unique setting, imposing foreign institutional forms is hardly effective. If there is one lesson to be learned by donors in Ukraine, it is that their cultural illiteracy left them blind to the fact that any "fixed definition of the content of the concept 'civil society' would just freeze a particular moment in history... Rather than look for clearer definitions, we should try to understand the historical variations that have altered the meanings of the concept in the ongoing dialectic of concept and reality."[45]

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[45] Robert Cox, 'Civil Society at the Turn of the Millennium: Prospects for an Alternative World Order,' *Review of International Studies* 25 (1999), pp. 3-28 at 5.

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CHAPTER 7. DEVELOPMENT AS MULTIPLICITY OF CULTURALLY-UNIQUE EXPERIENCES

INTRODUCTION: PROBLEMATIZING CULTURE IN INTERNATIONAL DEVELOPMENT AID

The experience of post-socialist countries with Western assistance policies and practices is not unique. For decades, development thinking has been narrowly circumscribed by the logic of social engineering. This kept the theory and practice of development assistance within the narrow confines of what has become known as the politics and economics of development – rooted in the political motives and economic effectiveness of foreign assistance. Hattori's recent analysis of three International Relations theories in the context of foreign aid conceptualization – political realism, liberal internationalism, and world system theory – vividly demonstrates that all of these theories "assume that foreign aid consists of material goods or services that are owned or controlled by donors"[1] and, therefore, all three theories overlook symbolic content of foreign aid. What is more, within present discourse, one cannot help but detect a radicalization of development, that is, a general willingness to approve of a higher "level of intrusion and degree of social engineering hitherto frowned upon by the international community."[2]

The domination of a social engineering approach is perfectly congruous with the larger teleological view of history based on the assumption of an inevitable

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[1] Tomohisa Hattori, 'Reconceptualizing Foreign Aid,' *Review of International Political Economy* 8:4 (2001), pp. 633-663 at 635.

[2] Mark Duffield, 'Social Reconstruction and the Radicalization of Development: Aid as a Relation of Global Liberal Governance,' *Development and Change* 33:5 (2002), pp. 1049-1071 at 1050.

progress along a single path of social development. One of the most prominent expressions of this view is modernization theory, elaborated in the 1950s and 1960s. Built on the idea that "there was one principal motor propelling societies up this ladder of [western-style] development – the economy,"[3] modernization theory determined much of development policy over the last half-a-century. It posited a universal model of development, which denies the capacity of people in developing countries "to model their own behavior and reproduce forms of discourse that contribute to the social and cultural domination effected through forms of representation."[4]

Yet, as Stuart Hall noted, "though economic organization is a massive, shaping historical force, the economy alone cannot function outside of specific social, political, and cultural conditions, let alone produce sustainable development."[5] In this context, the unfortunate consequences of the application of social engineering in the Third World (including the escalating rates of poverty, illiteracy, and hunger, as well as the recent merger of security and development concerns) warrant a deeper exploration of the cultural dimension of social change and development aid. In this chapter, I investigate the limitations of social engineering and present an alternative explanation of social change through the ideational prism. I maintain that it is possible theoretically to reconcile social engineering and interpretive traditions within a single 'strategic social constructivist' approach. I acknowledge a number of

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[3] Stuart Hall, Introduction in Stuart Hall, David Held, Don Hubert, and Kenneth Thompson, eds., *Modernity: An Introduction to Modern Societies* (Cambridge: Blackwell, 1996), pp. 3-18 at 11.

[4] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World.* (Princeton: Princeton University Press, 1995), p. 95.

[5] Stuart Hall, Introduction, p. 11.

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practical challenges to implementing the proposed approach, but I also argue that consideration of cultural variables is absolutely necessary for more effective foreign aid practices, as demonstrated by psycho-social interventions to rehabilitate children affected by war.[6] In conclusion I propose a number of practical recommendations for designing culturally sensitive projects.

7.1. LIMITATIONS OF SOCIAL ENGINEERING

The subject of the (in)effectiveness of Western assistance has stirred much controversy and debate. As noted in Chapter 2, development aid to the Third World has been usually justified on the grounds that the absence of capital is major impediments to economic growth. Thus, development projects in Third World countries have intended to create opportunities for poor people and to improve their living standards through the transfer of technology and finance. In a similar vein, the problems of over-population were expected to be solved through the introduction of contraceptive facilities; unemployment was expected to diminish with the creation of new jobs or new opportunities to produce more crops. In the words of Glynn Cochrane, people "with no money [were] presumed to want jobs, those with large

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[6] Andy Dawes, Ed Cairns, 'The Machel Study: Dilemmas of Cultural Sensitivity and Universal Rights of Children,' *Peace and Conflict: Journal of Peace Psychology* 4:4 (1998), pp. 335-348; Machel Graca, 'Impact of Armed Conflict on Children,' Report of Expert to the UN Secretary-General submitted to the UN General Assembly, A/51/306, (1996), p. 41.

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families [were] thought to desire contraception, ambitious parents [were] assumed to want education for their children, and so on."[7]

In short, traditional solutions to underdevelopment were seen to be about the transfer of wealth and knowledge from developed to developing countries.[8] Yet, as Peter Bauer observed, "Lack of money is not the cause of poverty, it is poverty," and to have money is the "result of economic achievement, not its precondition."[9] The rarely articulated assumption behind these projects and programs was that it is possible to predict the trajectory of social change and exert influence in such a way as to produce a desired result. However, after a half-century of development assistance, poverty and chronic underdevelopment remain as great challenges to international community as they were a few decades before. Some aid advocates from the modernizationist camp even began to speak of human constraints on development, allegedly 'inappropriate' values, beliefs, ideas, patterns of behaviour, and social institutions. Others, having little knowledge of social arrangements within recipient societies, simply assumed that they were dealing with institutional lacunae, i.e. the absence of institutions suitable for economic and social development. Their position reflected a firm belief in quick 'technical' fixes and unawareness that "from many

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[7] Glynn Cochrane, *The Cultural Appraisal of Development Projects*. (New York: Praeger, 1979), p. 10.

[8] Doug Bandow and Ian Vasquez, eds., *Perpetuating Poverty: The World Bank, the IMF, and the Developing World*. (Washington DC: CATO Institute, 1994), Introduction, pp. 1-12; Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World* (Princeton, New Jersey: Princeton University Press, 1995), pp. 39-40.

[9] Peter Bauer, 'Creating the Third World: Foreign Aid and Its Offspring,' *Journal of Economic Growth*. 2:4 (1988).

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Third World spaces, even the most reasonable among the West's social and cultural practices might look quite peculiar, even strange."[10]

Concerns about the incompatible nature of the relationship between donor aid techniques and recipient socio-cultural landscapes were expressed by solitary critical voices in the late 1960s. At that time, the development assistance community was growing increasingly uneasy about the fact that foreign aid was failing to achieve the development objectives set by donors.[11] These critics argued that insufficient knowledge and understanding of the recipient cultural context and social landscape were most likely responsible for that result. They emphasized that it was not the acknowledgement of the need for a certain project that was of greatest importance, but rather that the projects should be designed in such a way that local people would participate in them and take advantage of what was offered. This required that traditionally neglected cultural variations be assessed and incorporated into aid projects' design in a systematic way.

Despite the fact that local models of economic and social development do exist and shape social reality within recipient societies in specific ways, cultural insensitivity on the part of donors has been, and remains, one of the most prominent and consistent features of the design of assistance projects and programs. The record of such insensitivity is extensive, so a few examples here will suffice as a way of illustrating the point. The Wainoni land development project on the island of San

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[10] Arturo Escobar, *Encountering Development*, p. 12.
[11] See, for example, Glynn Cochrane, *The Cultural Appraisal of Development Projects;* Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies.* (Chicago and London: The University of Chicago Press, 2002).

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Cristobal in the South Pacific could not reach its goals for several years.[12] The idea behind the project was to give landless peasants 20 acres of land and provide them with coconut seedlings to increase their cash income. However, traditionally, peasants had an ancestral shrine in the middle of their lands and they practiced shifting cultivation in a circle around the shrine. The failure of the project stemmed from the fact that the local people did not grasp the new conception of squared-off boundaries. This practice of defining plots by their centre rather than by imaginary boxlike lines on the property has also been noted in Africa and South America.

The failure of many infrastructure development and nutrition projects in the developing world demonstrate how outsiders' ignorance of social arrangements discourages local participation. For example, many housing projects in India failed because insufficient attention was paid to local living arrangements. Oftentimes, these projects resulted in kitchens being placed in a separate building outdoors. They were disastrous, because it is against tradition in that country for cooking facilities to be located in a building separate from the living quarters. In another case, the managers of a road maintenance project in Afghanistan encountered a similar problem of non-participation. Afghani society traditionally consists of numerous highly independent ethnic groups and members of each group are used to staying in their local communities. Maintenance crews came from across the country. For many of them it meant considerable time away from home. The problem was alleviated when road crews were made responsible for road maintenance within their own ethnic area. In

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[12] Glynn Cochrane, *The Cultural Appraisal of Development Projects*, p. 13.

the same vein, nutrition projects in South America failed on many occasions because project designers did not differentiate between 'cold' and 'hot' foods that should be eaten either in the evening or in the morning. Many local people were convinced that vitamins similar negative potency as drugs, so it was difficult to persuade pregnant women to take vitamin supplements.[13]

What these examples illustrate is that often outside aid strategies tend to rely too heavily on technical details and macroeconomic data, treating cultural factors as extrinsic to the project design and implementation. They also highlight the most significant feature of the majority of donor projects and programs – i.e. their commitment to the social engineering approach and the belief that, with the right manual, social change in the desired direction can be achieved anywhere. The evidence above is sufficient and indicates that remedying foreign aid practices requires more than technical improvements. Such remedies require serious reconsideration of the very philosophical foundations on which assistance projects and programs have been based over the last few decades. Indeed, there is now a growing recognition that a social engineering approach to aid leads to uniformity, rigidity, standardization, dogmatism, and by extension, to ineffectiveness in the donor approach.

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[13] Ibid., p. 13-14.

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7.2. EXPLAINING SOCIAL CHANGE THROUGH THE IDEATIONAL PRISM

Today, theorists and practitioners are engaged in an important debate on the future of development aid and social change. In academic realms, the once dominant although teleologically-biased idea of development is losing its privileged paradigmatic status. The model of universal development along a single path is no longer accepted as given. Rather, it stands "like a ruin in the intellectual landscape,"[14] challenged by alternative visions of anti-development, post-development, underdevelopment, (mal)development, alternative development, and reflexive development. Critics of the traditional view of development point out that the logic of universal development is contradictory – "both constructive and destructive; its victims are as numerous as its beneficiaries."[15] The theoretical disruption, provoked by the critical voices of dissent, has not yet caused a serious revision of assistance policies and practices. Some even believe that the 'standstill' reigns in aid circles.[16]

The acceptance of a reflexive/interpretive understanding of social reality, institutions and change makes it possible to move out of the 'standstill' and shift away from the determinism of the earlier prescriptive and predominantly economistic universal conception of social change and development assistance. As Escobar notes, the "economy is not only, or even principally, a material entity. It is above all a cultural production, a way of producing human subjects and social orders of a certain

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[14] Wolfgang Sachs, ed., *The Development Dictionary: A Guide to Knowledge as Power* (London, Zed Books, 1992), p. 1.

[15] Stuart Hall, Introduction, p. 17.

[16] Claude Auroi, 'The State of the Art in Development Studies and Paradigmatic Prospects' in Mihály Simai, ed., *The Evolving New Environment for the Development Process* (New York: United Nations University Press, 1995), pp. 120-141 at 120.

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kind."[17] Re-conceptualizing foreign aid as an ideational process allows for the reconciliation of tensions and for the erasing of some of the mutual indeterminacies of competing philosophical perspectives on social change – viz., historicism and social engineering. A theoretical strategic social constructivist approach bridges the gap between those two approaches.

My idea is simple, yet profound in its implications. I depart from the position that cognitive and behavioural frameworks are not fixed. Such frameworks are contingent and fluid. The shifts in the inter-subjectivity – in the ideas, values, norms and beliefs shared by the members of the society -- are the key vehicles for social transformation. There may be multiple mechanisms for producing changes in the inter-subjective understandings within a recipient society – gradual spread, coercive imposition, persuasion, dialectical clash between competing norms, or deliberate, incremental introduction of new norms. What is significant, however, is that only those normative frameworks that reflect social actors' values, practices and beliefs are likely to become robust (i.e., embedded).[18] Therefore, development assistance providers can play the role of figurative norm entrepreneurs,[19] introducing new ideas into the recipient's social environment incrementally and in such a way that these ideas are understandable to the local population and supported by them.

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[17] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World*, p. 59.

[18] Andrew Cortell and James W. Davies, 'When Norms Clash: International Norms, Domestic Practices, and Japan's Internalisation of the GATT/WTO' *Review of International Studies* 31 (2005), pp. 3–25.

[19] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change', *International Organization* 52:4 (1998) pp. 887–917.

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Attention to already existing cultural frameworks on the recipient's side, both individual and collective, is crucial, because external norms "must always work their influence through the filter of domestic structures and domestic norms, which can produce important variations in compliance [with] and interpretations of these norms,"[20] as we have seen in the case of 'grantoid NGOs' in Ukraine. In other words, donors have to acknowledge that aid policies and specific assistance programs are implemented within the context of the prevailing set of collective and individual beliefs about the role of the state, the nature of society, and the character of the economy, ethics and morality, means and ends. Oftentimes, these collective and individual beliefs are shaped by past myths and traditions and by more immediate policy experiences. They regularize behaviour, constitute social and political discourses within the recipient society and "provide a language in which policy can be described within the [socio]-political arena and the terms in which policies are judged there."[21]

As Eberhard Reusse writes, it "pays to acquire an understanding of local culture... because, for development efforts to be successful, they must be situated in the cultural context."[22] From this perspective, development no longer implies "modernity-generating processes of modernization that operate by substituting the modern for the traditional but ...a hybrid modernity characterized by continuous

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[20] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change,' p. 893.

[21] Peter Hall, 'Conclusion: The Politics of Keynesian Ideas', in Peter Hall, ed., *The Political Power of Economic Ideas: Keynesianism Across Nations* (Princeton, NJ: Princeton University Press, 1989), p. 383.

[22] Eberhard Reusse, *The Ills of Aid: An Analysis of Third World Development Policies*, p. 15.

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attempts at renovation, by a multiplicity of groups taking charge of the multi-temporal heterogeneity peculiar to each sector and country."[23] In other words, traditional local cultures will no longer be suppressed or eliminated by development processes but, rather, developed through their encounter with Western-type modernity, which in itself will be considered as a culturally and historically specific process.

This approach offers a way of shaping an indigenous long-term foreign assistance facility that can provide solutions to the problems relevant to each specific social context. It advances a model for change in the cultural structure and social institutions – i.e., guided change that reflects "deliberate efforts to induce innovations."[24] The strategic social constructivist approach to institution-building focuses on guided social change, which takes seriously existing ideational and political frameworks, i.e., it deals with strategic social construction, whereby aid providers introduce normative and behavioural innovations to the social environment. This approach is *strategic* by its nature, because it provides a vision of how to adapt practically the means (both financial resources and expertise) at donors' disposal for the attainment of the developmental objectives. This approach is also *social constructivist* because first, it emphasizes that social reality, and more specifically, social institutions, are created and/or modified through human activity; and second,

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[23] Arturo Escobar, *Encountering Development*, p. 218.
[24] Milton Esman, 'Some Issues in Institution Building Theory,' in Thomas Woods, Harry Potter, William Miller, Adrian Aveni, eds., *Institution Building: A Model for Applied Social Change*. (Cambridge: Shenkman Publishing Company, 1972), pp. 65-66.

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this approach attaches a special importance to culture in understanding social processes and in constructing new social order.

It is important to recognize that the recipient environment is not a passive vacuum ready to absorb all innovations. On the contrary, this environment is capable of autonomous response, either in the form of acceptance or rejection. Therefore, the relationship between new and existing cognitive and behavioural frames greatly influences the shape of the emerging norms and behavioural patterns, as well as the likelihood of their internalization. The robustness of new cognitive frames and behavioural patterns depends on their consistency with dominant ideational frameworks and on the mediation of their meaning through language. Ideas "that are inconsistent with prevailing social beliefs and values are unlikely to enjoy high levels of domestic salience because their prescriptions do not accord with national understandings regarding appropriate behaviour."[25] In fact, the transplantation of ideas and norms that do not resonate with adequate meaning or enjoy only limited support on the recipient side tends not to be successful. Such ideas and norms are either rejected by the recipient society, or they mutate into unrecognizable forms. Therefore, the goal of donors involved in strategic institution building is to achieve institutionalization (also known in other contexts as structuration, routinization, or internalization) – a stage where new frames not only resonate with broader public

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[25] Andrew Cortell and James W. Davies, 'When Norms Clash: International Norms, Domestic Practices, and Japan's Internalisation of the GATT/WTO' *Review of International Studies* 31 (2005), pp. 3–25 at 6.

understandings, but also acquire meaningfulness, value commitments, and a 'taken-for-granted' quality.

Although the constructivist literature acknowledges the transformative nature of ideational structures, a comprehensive explanation of the ways in which domestic ideational frameworks can be transformed or even displaced by external ones is yet to be fully developed. Martha Finnemore and Kathryn Sikkink elaborated a three-stage 'Life Cycle' model of norm emergence, cascade (or spread), and internalization. Ideational shifts at each stage "do not appear out of thin air;" they suggest that these shifts are "actively built by agents having strong notions about appropriate or desirable behaviour in their community."[26] Recognizing the likelihood that in the early stage of the life cycle new norms can be highly contested within the recipient society, Finnemore and Sikkink emphasize the critical role of norm entrepreneurs, who construct new a cognitive frames "by using language that names, interprets, and dramatizes them [norms]."[27]

7.3. CHALLENGES TO IMPLEMENTING THE STRATEGIC SOCIAL CONSTRUCTIVIST APPROACH

Adopting the strategic social constructivist approach to institution-building means that, practically, before specific aid projects and programs are determined, the cultural dimension of the social environment and the magnitude of the required social change

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[26] Martha Finnemore and Kathryn Sikkink, 'International Norm Dynamics and Political Change', *International Organization*, p. 896.
[27] Ibid., 897.

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should be diligently assessed, along with any macroeconomic analysis. A systematic *modus operandi* of cultural factors will require that special national registers of cultural resources and needs (with attention paid to regional variations) should be undertaken. Ideational factors, including norms, values, beliefs, and accounts for action should be considered as important resources for, rather than obstacles to, cultural change. These national registers containing information on cultural factors should serve as the equivalents of socio-economic databanks, identifying various groups on the basis of their belief and value systems, wealth forms, nature and dynamics of social organization. Since cultural innovation affects the local forms of social organization, donor projects and programs should create maximum opportunities to employ traditional organizational arrangements. Such registers will, therefore, influence decisions about project type, location, duration, and size.[28]

Of course, information on cultural variables is not readily available, or if available, cannot be easily classified and standardized. Donors should recognize that the design phase of projects targeted at achieving some kind of social change is inseparable from its implementation phase. As a matter of fact, "implementation begins during the design stage, because the "design may intrude upon implementation and implementation must constantly be considered."[29] In their programming, donors should draw a clear line between the projects primarily aimed at achieving social change and those projects whose implementation is primarily technical. Donors must account for the fact that the nature of implementation and the range of possible

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[28] Glynn Cochrane, *The Cultural Appraisal of Development Projects*, pp. 20-21, 28.
[29] Ibid., p. 85.

difficulties in these two categories of projects are quite distinct. Problems in projects in which social change elements are subsidiary are technical and therefore predictable. They may involve the delayed arrival of commodities, bad weather, labor disputes, etc. Problems with development projects where social change is a primary goal involve the fact that recipients sometimes refuse to use the opportunities created for them during the course of the project. To avoid such problems, donors ought to recognize the significance of social change during both design and implementation phases.[30]

To date, many donor procedures have been plagued by numerous restrictions that limit the flexibility of aid programs and make it extremely difficult to coordinate with other donors. A group of scholars from the Brookings Institute noted that USAID funds are "hostage to over 250 policy directives − implicitly binding recommendations that, among other things, often direct AID activities to favoured universities."[31] Their observation about burdensome and rigid limitations on USAID initiatives equally applies to other donors' procedures. Therefore, the first and foremost objective of incorporating cultural variables into development strategies is to remove uniformity, standardization, and dogmatism in donor approaches. The design of culturally sensitive projects will require longer preparation time, greater flexibility, and by extension, longer-term donor involvement.

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[30] Ibid., p. 85.
[31] Lael Brainard, Carol Graham, Nigel Purvis, Steven Radelet, Gayle Smith, *The Other War: Global Poverty and the Millennium Challenge Account* (Washington, D.C.: Brookings Institution Press, 2003), p. 23.

The strategic social constructivist approach to development aid is unlikely to become immediately popular with donor governments and agencies, which often find themselves under pressure to demonstrate quick technical solutions. Incorporating cultural factors into the design of aid projects can be thought of as unnecessarily delaying and complicating donor activities in the field. A culturally sensitive approaches require that donor rigidity in project identification and design should be abandoned. This rigidity became an integral part of a larger top-down donor-driven approach that gives the recipients little voice in determining how assistance priorities are identified and how Western money is spent. To date, major multilateral and bilateral donors have followed the planning model, which gave them disproportionate powers in constructing the problems in the ways they could treat them. Arturo Escobar referred to the process of bringing the developing world into the politics of expert knowledge as 'professionalization.' He believes that the professionalization of development has "made it possible to remove all problems from the political and cultural realms and to recast them in terms of the apparently more neutral realm of science."[32] Being in the position of pioneering the discourse of aid and development, development professionals strengthened their reputation, bureaucratic leverage, fund- and policy-directing powers. At the same time, the planning model they created allowed donors to avoid responsibility for the plan's implementation and final results.

The strategic social constructivist approach to development requires that the responsibility patterns should be reversed. Responsibility for the planning phase of

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[32] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World*, p. 45.

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the project cycle should be localized and recipients should be given a stronger voice in designing assistance projects and programs. At the same time, project implementation could be a shared responsibility. In this way, local participation and institution building capacities could be strengthened at each stage of the project cycle, from setting the goals to monitoring implementation.

A culturally-sensitive approach to aid also requires that donors should abandon the tendency of equating gross aid transfers with effective aid. Effective aid actually achieves its intended objectives, i.e. positively affects economic growth and reaches the target groups. The literature on the relationship between aid transfers and macroeconomic growth is hardly unanimous or conclusive -- not only is the nature of such relationship highly contentious issue, but also the existence of such a correlation is often questioned. The chorus of opinions on the subject is not surprising for a number of reasons: aid is traditionally driven by political and strategic motivations; factors other than aid affect macroeconomic growth; the empirical data that could throw light on the relationship between aid and growth are often weak or missing. Recent studies have reached the consensus that the good policies on the side of the recipients and the quality of donor bureaucracy and aid policies, including donor restrictions, reporting requirements, coordination with other donor institutions, often determine the positive aid and growth correlation.[33] Since the net productive aid "is normally a small fraction of the 'gross aid transfer,'"[34] a clear distinction should be drawn between productive, unproductive, and counterproductive effects of aid. The

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[33] Lael Brainard et. al. *The Other War: Global Poverty and the Millennium Challenge Account*, pp. 30-1.
[34] Eberhard Reusse, *The Ills of Aid*, p. 20.

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success of development aid should not be measured only by the volume of financial transfers and other macroeconomic indicators, but also "in terms of social change, seeking to know what people have done with opportunities created as a consequence of project construction."[35]

Another donor practice of questionable effectiveness is the emphasis placed on the contagion effects of the 'show-off' projects and the exaggeration of the impact of such projects. In many cases donors assume that a domino, cascade, or spillover effect can be achieved and a large number of recipients can reach the level of participation, productivity, or activism of the outstanding model participants. For example, projects to grow bananas in Fiji and coffee in Kenya were designed with this logic. Donors believed that other farmers would consider the experience of successful individual entrepreneurs worthy of emulation. Donors overlooked the fact that a high level of economic performance was achieved at the expense of certain social relations. Many of the successful farmers no longer shared their profits with poor relatives, and while changes in behavioural patterns may have contributed to higher levels of productivity, in the eyes of local people, this new pattern of social performance was deviant rather than a practice worthy of emulation.[36] Practical experience with projects such as these teaches that while accumulation of resources is important, if these new practices of resource accumulation run contrary to conventional patterns of social behaviour the impact of such projects is likely to be negative within recipient society. In other words, ignoring cultural variables of

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[35] Glynn Cochrane, *The Cultural Appraisal of Development Projects*, p. 87.
[36] Ibid., p. 16.

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significant weight may often preclude 'show-off' projects from achieving their intended contagion effects, or minimize them.

Finally, a culturally-sensitive approach requires on the donor side that the practices of sending development professionals, also known as technical experts, i.e., donor-country-based staff, for short supervision missions, should be recognized as generally an ineffective aid technique. Despite their genuine commitment to help the recipient countries and in spite of their very specialized knowledge, these development professionals rarely see social change in the recipient societies "as a process rooted in the interpretation of each society's history and cultural tradition – as a number of intellectual in various parts of the Third World had attempted to do in 1920s and 1930s (Gandhi being the best known of them)."[37] Lauchlin Currie, a former Harvard economist and official in the Roosevelt administration, best described donors' zealous attitude toward solving 'practically insoluble problems' mixed with profound ignorance of local socio-economic realities. During the testimonial dinner party in Bogota in 1979, he said the following:

> I don't know where in my conservative Canadian background I acquired a reformer's zeal, but I must admit that I had it. I just happen to be one of those tiresome people who can't encounter a problem without wanting to do something about it. So you can imagine how Colombia affected me. Such a marvelous number of practically insoluble problems! Truly an economic missionary's paradise. I had no idea before I came what the problems were but that did not dull for a moment my enthusiasm nor shake my conviction that if only the [World] Bank and the country would listen to me I could come up with the solution of sorts to most. I had my baptism of fire in the Great Depression. I had played some role in working out the economic recovery

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[37] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World*, p. 52.

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program in the New Deal for the worst depression the United States had ever experienced. (Quoted in Meier 1984, 130)[38]

Their enthusiasm notwithstanding, technical experts only succeeded in reproducing themselves and establishing an ever-expanding development business for development professionals, leading to what Ernest Feder has called 'perverse development.'[39]

Despite all these obstacles, the integration of cultural varieties into development aid projects and programs is necessary. Culturally-sensitive approaches are already observed (and have proven successful) in the provision of humanitarian aid, especially in psychosocial interventions to rehabilitate children affected by war.[40] These interventions demonstrate that knowledge of recipients' value and belief systems are a crucial precondition for satisfactory health projects. For years, such interventions have been grounded in Western ideologies of childhood and in professional discourses of the modern Western child.[41] Yet, these imported mental health practices emphasizing individual emotional distress had little or no practical meaning in the healing process of children's war traumas. In fact, trauma programmes often disrupt the cultural fabric of developing communities. The seminal 1996 Graça Machel report on the impact of armed conflict on children emphasized that

> the ways in which people express, embody and give meaning to their distress are largely dependent on social, cultural, political and economic contexts. ...In some eastern spiritual traditions, for example, the body and mind are

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[38] Ibid., p. 55.

[39] Ernest Feder, *Perverse Development* (Quezon City: Foundation for Nationalist Studies, 1983).

[40] Carol Thompson, 'Beyond Civil Society: Child Soldiers as Citizens in Mozambique,' *Review of African Political Economy* 26:80 (1999), pp. 191-206.

[41] Andy Dawes, Ed Cairns, 'The Machel Study: Dilemmas of Cultural Sensitivity and Universal Rights of Children,' *Peace and Conflict: Journal of Peace Psychology* 4:4 (1998), pp. 335-348.

perceived to be the continuum of the natural world. Indeed, in many ethno-medical systems, the body and the mind are always dependent on the actions of others, including spirits and ancestors. In Angola, for example, and in many areas of Africa, the main sources of trauma are considered to be spiritual. If a child's mother dies in armed conflict and the child flees without having conducted the proper burial ritual, the child will live with the strong fear that the mother's spirit will cause harm.[42]

Within these cultural frameworks, Western psychotherapeutic approaches were ill-suited to resolve children's distress and rehabilitation. Indeed, the practice of creating provisional centres staffed with medical personnel for traumatized children proved largely unsuccessful in Mozambique, Rwanda, Angola, Sierra Leone and elsewhere, until these Western techniques were employed alongside indigenous practices valued in local communities, including purification rituals of cleansing and reintegrating returning children, exorcism of harmful spirits, reconnection with ancestral spirits, and the like. Children emerging from purification were eventually able to recount their horrendous war experiences. Western psychoanalysts consider such recounting as the break point in the healing process. In contrast, many of the children affected by war who were treated by Western psychoanalysts were never able to recount their stories.[43]

These rehabilitation projects demonstrate conclusively that in certain cultural contexts recourse to modern Western health practices, no matter how logical, is largely ineffective, if project designers and professional medical personnel are unaware of the recipients' traditional intersubjective belief system. In fact, recipients

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[42] Graça Machel, 'Impact of Armed Conflict on Children,' Report of Expert to the UN Secretary-General submitted to the UN General Assembly, A/51/306 (1996), p. 41.
[43] Carol Thompson, 'Beyond Civil Society: Child Soldiers as Citizens in Mozambique,' *Review of African Political Economy* 26:80 (1999), pp. 191-206.

only accept Western medical practices if they are employed alongside traditional practices, or if they are imbued with traditional concepts. As Glynn Cochrane notes:

> If disease is attributed to intrusion of an evil spirit in the body of the patient, the indicated solution is extraction of the offending spirit. If illness is thought to result from soul loss, manifestly the problem is one of restoring the wandering soul. In neither case is recourse to modern health measures a logical move. An awareness of the reasons behind such rejection of health services assists the professional personnel materially in taking advantage of opportunities to change and in substituting the concepts and practices of modern medicine for those of the traditional culture. It is generally easier to gain acceptance for modern practices, such as the use of injections, than it is to instill understanding of the concepts behind them.[44]

7.4. PRACTICAL RECOMMENDATIONS FOR DESIGNING CULTURALLY SENSITIVE PROJECTS

Experience with trauma projects proves that a culturally-sensitive approach to foreign aid is possible. It is also more effective in most cases than traditional technical assistance practices. This demonstrates that sustainable change in both individual and collective subjectivity can be achieved through the joint efforts of donors and recipients. Such joint activity means taking seriously the notion that all cultural practices and social institutions are discursively developed and, therefore, language can serve as a causal mechanism leading to new practices of thinking and acting, thus producing major socio-political changes within recipient societies. As John Searle recently noted, discourse/language is partly constitutive of social institutions, because the latter contain some symbolic elements – "words, symbols, or other conventional devices that mean something or express something beyond themselves, in a way that

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[44] Glynn Cochrane, *The Cultural Appraisal of Development Projects*, p. 31.

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is publicly understandable."[45] Therefore, the key to creating new and viable social institutions is in the creation of inter-subjective meaning and acceptance through culturally-meaningful discourse.

Aid is therefore more than a technical activity of transferring material resources and constructing physical infrastructure. Technical soundness to the exclusion of cultural factors, no matter how vital to project implementation, leads to project failures and lost opportunities. Imported practices and institutions, more often than not, make no sense unless adjusted to the deep cultural structure within the recipient society.

Therefore, the first and foremost criterion for designing and implementing culturally-sensitive projects should be to ensure ideational compatibility, i.e. assurance that the concepts and ideas behind the projects are harmonious with the recipient socio-cultural landscape. Ideational compatibility will provide adequate communication channels between donors and recipients. A common language will facilitate dialogue and debate between the two sides, which is a crucial precondition for the partnership-like relationship between donor and recipient. In contrast, if a certain degree of congruity between donor and recipient ideational frameworks is not embodied in project design, conflicting ideas, values, beliefs, and practices will result in a good deal of aid resources being wasted in the future. Moreover, culturally incongruous aid practices will necessarily contribute to the erosion of recipient enthusiasm and support for assistance efforts. Ideational compatibility also implies

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[45] John Searle, *The Construction of Social Reality* (New York: The Free Press, 1995), p. 61.

that the terminology/language of the project should be understandable to the recipients. Rather than introducing new concepts extracted from a discourse within modern Western societies, project designers should look for local concepts that could best convey the meaning of their Western equivalents. Ideational compatibility will be strongly reinforced if donors maximize the involvement of indigenous social practices and local institutional forms in the implementation of assistance projects.

To ensure ideational compatibility, donors will need to assume a greater degree of flexibility during both project design and implementation phases. Therefore, the second criterion should be flexibility – readiness to embrace and facilitate adaptation and encourage innovation at any stage of the project. To date, project implementation has been rigidly straight-jacketed by detailed plans and timelines, elaborated in advance by project designers. While concrete objectives, specific actions, and benchmarks to measure the project's success are all important, successful project proposals should also envision enough room for cultural adaptation at the later stages of project implementation, if such adaptation is deemed important for achieving optimal project results. The trajectory of social change is very difficult to predict at the project design stage. Recipient responsiveness to innovations, the patterns of benefit distribution (i.e. observing the winners and losers during the project cycle), and project spread effects should serve as crucial signalling points for the need to adapt project goals to the recipient reality.

And last, but not least, ideational compatibility and flexibility through cultural adaptation are hardly realistic under the present approach followed by most donors. Incrementalism should, therefore, become the third criterion for project design and

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implementation. Most projects generally last from three to five years and repeatedly fail when funds are withdrawn before participants internalize new ideas and practices. Donors need to acknowledge that social change does not happen overnight and adopt less a sanguine timetable for projects whose primary objective is to achieve social change. If deliberate innovations are to be accepted and integrated into the social fabric of the recipient society, then they need to be introduced carefully, step-by-step. The introduction of radical changes is more likely to be rejected by recipients. Such rapid and all-encompassing changes can completely erode the local support base for innovations at an early stage of the project cycle. Even worse, they may potentially radicalize a developing society, leading to fragmentation, polarization, and even violence.

Projects that are designed and implemented using the above criteria are more likely to be sensitive to the social heterogeneity of modernity, i.e. modernity based on the coexistence of different cultures. Paraphrasing Arturo Escobar, neither "on the way to the lamentable eradication of all traditions nor triumphantly marching toward progress and modernity, [recipient societies will be] seen as characterized by complex processes of hybridization encompassing manifold and multiple modernities and traditions."[46] This hybridization, reflected in the global socio-cultural palette, already determines the modern specificity of developing countries and countries in transition, and only waits to be recognized by donors. Recipient countries do not travel down the single highway toward boring uniformity, but pave their unique paths toward their

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[46] Arturo Escobar, *Encountering Development: The Making and Unmaking of the Third World*, p. 218.

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unique destinations. Fortunately, we are not marching toward the end of history –
ahead is a multiplicity of culturally unique social experiences and exciting
opportunities to study them.

CONCLUSION

The theoretical explorations presented in this chapter should be sufficient to induce
the scholarly and donor communities to reconsider current foreign aid practices. The
empirical evidence discussed demonstrates an urgent need to move away from the
determinism of the prescriptive foreign assistance practices and to pay closer
attention to cultural variables in producing the intended social change. We have to
acknowledge that aid is more than a technical activity of transferring material
resources and constructing physical infrastructure. Technical soundness is important,
but without consideration of cultural factors, technical soundness leads ultimately to
project failures and lost opportunities. Imported practices and institutions, more often
than not, make no sense unless adjusted to the deep cultural structure within a
recipient's society. A strategic social constructivist approach to the theory and
practice of development assistance should build on the strengths of previous
development aid practices. Although it has an explicit social engineering bias, the
strategic social constructivist approach proposed here straddles the fence between
historicism and social engineering. It is concerned not simply with changing the
formal organizational structure of society, but also with purposeful and guided
innovations that have the capacity to become self-sustainable in a recipient's society.

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In practical terms, design and implementation of culturally-sensitive foreign aid programs will require the investment of more time and the removal of uniformity, standardization, and dogmatism on the donor's side. A strategic social constructivist approach to development aid may not be immediately popular with donor governments. Despite that, the integration of cultural variables into development aid projects and programs is inevitable, as demonstrated by some humanitarian practices. In particular, recent psycho-social interventions to rehabilitate children affected by war demonstrate that knowledge of the recipient value and belief systems is a crucial precondition for successful project implementation. Therefore, to improve the efficiency of aid practices donors have to ensure the ideational compatibility of their projects and programs with the recipient's socio-cultural setting. To do so, they have to respect the value and validity of the recipient's culture.

CONCLUSIONS

DEVELOPMENT BEGINS AND ENDS AT HOME

In his speech before the Bretton Woods Committee on 15 October, 1993, Czech Prime Minister Vaclav Klaus said the following:

> After three years of a relatively successful fundamental systemic transformation of the Czech economy and society, my experience tells me that the role of external factors in this process is relatively small and that reform begins and ends at home. Transforming a post-communist country into a functioning market economy and into a free society requires, first, a clear vision of the goal the reformers follow, second, a clear and pragmatic strategy on how to achieve it and, third, the ability of politicians to mobilize sufficient political support for the implementation of the transformation program. These domestic preconditions are crucial for the success of the changes and cannot be supplemented by any form of foreign aid or assistance.[1]

Retrospective revisiting of the mixed foreign aid record in the former socialist world, particularly Ukraine, lends credence to his words. The decade of the 1990s began under the triumphant hymns of Western victory over the collapsed socialist/communist bloc. Soviet breakdown seemed to confirm the superiority of Western social and economic order. In the absence of any tangible alternatives, a teleological view of history prevailed rendering capitalism and democracy the single possible destination on the path of socio-economic development. However, this moment of glory did not last long. By the mid-1990s, the bubble of euphoria burst and Western triumphalism over a defeated socialism significantly abated leaving in its place unfulfilled expectations, disillusionment, and criticism.

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[1] Vaclav Klaus, 'Foreign Aid for a Postcommunist Country – Experience and Prospects,' Speech for the Bretton Woods Committee, Washington, D.C., (15 October, 1993) http://www.czech.cz/washington/press/k93-bret.htm (accessed 5 March, 2005).

LESSONS FROM POST-SOCIALIST TRANSITION

This dissertation set out to answer the question of what went wrong in the process of aiding former socialist countries in their transition to liberal market economy and democracy and to suggest the way(s) in which foreign assistance practices can be remedied. While shedding light on the specific practices and policies of Western donors in the former socialist countries, the analysis advanced a broader conceptual framework for improving the effectiveness of foreign assistance in transitional countries and elsewhere in the developing world. In this sense, it is more than a critical revisiting of Western assistance efforts in the former socialist world.

The main thrust of the study was to understand the nature of and mechanisms behind social change. Therefore, while retaining its focus on the countries in transition, specifically Ukraine, this study raised some fundamental issues about the nature of social development and advanced an understanding of the positive role foreign aid can potentially play in inducing desired change without devaluing, dissolving, or displacing the significance and great diversity of indigenous forms of development. Using an interpretive approach to re-conceptualize critically aid as an ideational process and practice, this analysis produced a number of findings, which should improve our understanding of the ways in which foreign assistance is practiced. But first, some of the arguments and insights explored in the preceding chapters are reviewed here.

The introductory chapter sketched out a preliminary conceptual and methodological framework for understanding and explaining the intersubjective

dimension of institution building in the former socialist world. Departing from the premise that foreign aid is solely about transfering material resources, it was argued that such aid also involves the import of ideas, concepts, images, representations, and interpretive schemata. The chapter recommended engaging critically the discursive dimension of Western assistance and embracing systematically recipient inter-subjectivity in the analysis of transitional processes. The refined conceptual framework provided the ground for questioning the dominant way of looking at the creation of democratic institutions, particularly the institutions of civil society, prevalent among transitologists and development scholars. The chapter also advanced the hypothesis that the problems of 'technical assistance' stemmed primarily from the incompatibility of specific aid techniques with local social and cultural frameworks. Such 'technical' approach to development suffered from the lack of both *meaning* and *relevance* of assistance efforts to the recipient population.

Chapter 1 provided a theoretical underpinning for the conceptual model elaborated in the Introduction. Tracing the origins of interpretive approaches in the sociological works of Durkheim, Weber, and Giddens, this conceptual chapter examined ways in which enriched knowledge of inter-subjectivity could contribute to a deeper understanding of social reality, change, and development aid. More specifically, the theoretical premises contained in this chapter should shed light on the major challenges for scholars dealing with ideational phenomena today, i.e. the need to reconcile ideational concerns with rationalist explanations, to explain the relationship between ideational properties at the individual and collective levels, and in order to unearth the nature of social change. The chapter also reviewed the most

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important features of the two contending approaches to social development – historicism and social engineering.

An appreciation for the variety of distinct social settings with their unique local values, clusters of institutional forms, visions of development, ways of self-assertion and self-expression has recently increased. Unfortunately, critical attitudes are more prevalent in the academic, than the policy-making, realms. Donors are still very much inclined to assume the universal nature of their aid strategies. Much of donor confidence is rooted in the allegedly ideal and successful foreign aid program – the Marshall Plan – and the belief in the possibility of replicating it in different social settings. Chapter 2 of this study thus demonstrates that most aid policies to developing and transitional countries alike were framed in Marshall Plan rhetoric. Interestingly, the actual achievements of the original Marshall Plan were hardly ever questioned. The analysis in this chapter revealed that the Marshall Plan produced dubious effects on the recipient economies. Furthermore, aid to transitional and developing societies bore very little resemblance to the post-war reconstruction of Western Europe. Not only were Western assistance policies in the former socialist region of a highly discriminative nature, they were also driven by political and strategic considerations. More importantly, the nature of the reform process, the global political setting, and the composition of aid in the 1990s were completely distinct from those in post-WWII Western Europe.

Chapter 3 provided extensive evidence that Western assistance efforts in the former socialist world have been strikingly similar to the aid practices in developing countries. Notably, the models of Western assistance to the former socialist and

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developing countries paid little or no attention to the recipient socio-cultural environment. Donor rigidity in the identification, design and implementation of aid projects and programs, donors' short-term involvement, commitment to technical solutions, lack of coordination among numerous aid agencies, and employment of an army of experts resulted in much donor funding being wasted and in growing disillusionment with Western assistance among the recipients. As well, neo-liberal economic policies stood in stark contrast to the state economic centralism of the original Marshall Plan. Donors' vague understanding of the social reality in the East and their short-sighted strategies of immediate neo-liberal marketization produced social devastation and contributed to skyrocketing corruption in the former socialist societies. Eventually donors were forced to realize the importance of civil society in the reform process and to shift some of their resources to supporting civil society.

To facilitate a deeper understanding of the dialectical interplay between the theoretical and programmatic dimensions of civil society, Chapter 4 surveyed the twists and turns in the recently growing body of literature on civil society. This chapter highlighted key differences and similarities in the Western and Eastern European traditions of conceptualizing the subject matter. The analysis presented demonstrated that despite a strong national(ist) and communitarian tradition in the conceptualization of civil society in Eastern Europe, which emphasized communal solidarity and trust, many of the market-related and democratic transitional reforms were designed on the basis of Western individualist conceptualization of civil society, privileged by neo-liberal orthodoxy. As a result, Western efforts to strengthen civil society in the East were largely ineffective. Donors neglected the recipient cultural

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frameworks, particularly a different traditions of civil society. Consequently, donors ended up imposing typically Western institutional forms, i.e. NGOs -- believing that support for NGOs equaled support for civil society. In doing so, donors failed to embrace some of the 'original' forms and expressions of civil society, such as the church/religion and nation, in post-socialist countries. Focusing on replicating a Western institutional framework, donors failed to conceive that interactive practices built on tolerance and trust were crucial to make these institutions work. This chapter thus advanced the suggestion that an understanding of the ways in which viable civil societies could be built in the East should be one that separated them from implicit identification with Western plural society, because the notion of civil society in most post-socialist countries does not fit into conventional Western definitions.

The discussion in Chapter 5 focused specifically on Ukraine's experience with aid, raising a number of important concerns with respect to Western donor policies and practices there since 1991. Upon examining the nature, volume, and dynamics of donor involvement, this chapter contended that the pattern of Western assistance in Ukraine largely mirrored the general shift in assistance delivery to other former socialist countries. Donors initially placed a disproportionate emphasis on neo-liberal reform measures and then gradually reallocated resources from funding market institutions to funding NGOs. The Ukraine case vividly demonstrates that donor ignorance of, and insensitivity to, local traditions of civil society made much of Western assistance ineffective. Rather than being the engine of civil society, many local NGOs turned into primitive consumers of donor funds – grant-eaters (grantoids). Not only did Western assistance practices with regard to civil society

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contribute to the emergence and proliferation of grant-eaters, they also helped shape a democratic façade for the oligarchic regime in Ukraine.

Chapter 6 examined the attitudes of Ukrainian citizenry towards NGOs. The evidence presented revealed that NGOs in Ukraine suffer from a poor public image and low levels of public support. Despite their rapid proliferation, citizen membership in NGOs steadily declined throughout the 1990s. Recent national surveys also showed unfamiliarity with NGO activities and a lack of understanding of the very concept of an NGO among Ukrainians. Negative attitudes toward NGOs and weak links between civic organizations and the rest of society were typically believed to be signs of a fragmented, demobilized, and passive civil society. However, this chapter argued that despite general public negativism toward civic organizations, Ukraine's civil society proved vibrant and capable of counterbalancing the state. Citizens demonstrated an extraordinary degree of mass mobilization, genuine civic solidarity and tolerance during the recent Orange Revolution. The determination of Ukrainians to strive for an alternative social order, entailing more participatory and democratic forms of political practice, signified more than the mobilization of civic spiritedness. The Orange Revolution proved that the idea of nationhood is intimately interlinked with the idea of civil society in Ukraine.

Chapter 7 posited and elaborated on the conceptual model first presented in the introduction. It focused on the limitations of those current foreign aid practices that are rooted in the framework of social engineering, and advanced an alternative understanding and explanation of social change through an ideational prism. If academic and donor communities are committed to improving the effectiveness of

foreign aid practices, then it is imperative to embrace a reflexive orientation. An interpretive understanding of social reality makes it possible to shift away from the determinism of the earlier prescriptive and predominantly economistic universal conception of social change and development assistance.

The possibility of a theoretical reconciliation between social engineering and interpretive tradition within a single strategic social constructivist approach to social change and development aid was proposed. Development assistance providers can play the role of figurative norm entrepreneurs, incrementally introducing new ideas into the recipient social environment and in so doing these ideas would be understandable to, and supported by, the local population. This chapter also offered some criteria for designing and implementing culturally-sensitive foreign aid programs.

The chapter outlined a theoretical proposition that reconciles tensions and erases some of the mutual indeterminacies between competing philosophical perspectives on social change – historicism and social engineering. The challenge now is to elaborate the details of designing aid projects and programs based on a strategic social constructivist approach and to demonstrate its efficacy in the field. This will require applying the concept to empirical cases.

The most important lesson to be learned from donor involvement in post-socialist transitions is that aid in its ideational dimension has been too 'foreign.' No policy recommendation can produce a desirable outcome unless it is rooted in local realities and resonates in the recipient setting with an adequate understanding of the ideas behind the policy. Indeed, a major problem with Western aid in the 1990s was

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donor belief that social change could come from a centrally-planned transfer and implementation of models. In the 1990s donors demonstrated unshakable confidence in this simple formula of universal development along a single path. They believed in the possibility of achieving economic growth through the application of a standard set of policies. They seemed unaware that economic growth alone does not produce sustainable development, because an economy cannot function outside of specific social and cultural conditions. The economy is always embedded in the dynamic social and cultural setting and depends on local initiative, stability, and state ability to supply a sound legal and economic framework.[2]

As Michael Edwards once observed, it is not "a particular model of economy and society that produces good results, but people's capacity to develop their own models by blending outside ideas and opportunities with local realities."[3] In other words, it is polity rather than policy that determines the ultimate success or failure of development strategies. Whatever the mixture of the virtues and flaws of the Marshall Plan, the post-war economic recovery was induced by an appreciation for Europe's unique situation. Unfortunately, this has been missing in the assistance programs for post-socialist transition. Re-conceptualizing donor assistance as ideational in nature allows us to move away from the determinism of the earlier prescriptive and economistic concept of aid and to produce sustainable change in transitional and developing societies.

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[2] Michael Edwards, *Future Positive: International Co-operation in the 21st Century* (London: Earthscan Publications, 1999), p. 59.
[3] Ibid., pp. 67-8.

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