

SOCIAL CAPITAL DEVELOPMENT IN MULTIETHNIC CRIMEA: GLOBAL, REGIONAL AND LOCAL CONSTRAINTS AND OPPORTUNITIES

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Abstract

This article analyses social capital in Ukraine, using the Autonomous Republic of Crimea (ARC) as a case study. To understand how a multiethnic society like Crimea can build and strengthen social capital in the face of economic and political challenges, we focus on the relationship between global, regional and local politics; the subsequent impact on people's work and private lives; and the actions which can be undertaken by nongovernmental organizations (NGOs), international organizations and the state in order to avoid the detrimental trends the region is currently experiencing. Regarding social capital, Ukraine provides an enigmatic example as the country has myriad civil society actors who should, theoretically, constitute the cornerstone of social capital formation and interethnic cooperation. Our findings suggest, however, that there is still a long way to go before trust and shared values become a basis for political and economic growth in Ukraine. An integral element for improving public trust in Ukraine, specifically in Crimea, can be found by examining the impact of global and regional processes on interethnic cooperation within local groups, their specific initiatives and the ways in which they have developed mechanisms for avoiding unresolved conflict.

Keywords: *Ukraine, social capital, civil society, Crimea, multiethnic societies*

Introduction

This article focuses on social capital formation in Ukraine with special attention given to the Autonomous Republic of Crimea (ARC). We seek to understand how a multiethnic society like Crimea can build and strengthen social capital in the face of extraordinary economic and political challenges. We focus on the relationship between global, regional and local level politics, its impact on people's work and private lives, and actions which can be undertaken by nongovernmental organizations (NGOs), international organizations and the state in order to avoid the detrimental trends the region is now experiencing.

In examining social capital in Ukraine we are confronted by a puzzle. Despite a plethora of diverse civil society actors, which usually forms the cornerstone of social capital formation and interethnic cooperation, our research results suggest that there is still a long way to go before

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trust and shared values become a foundation for political and economic growth in Ukraine. An integral element in improving public trust in Ukraine, and specifically in Crimea, can be found by closely examining the impact of global processes on interethnic cooperation within local groups, their specific initiatives and the ways in which they have developed mechanisms for avoiding unresolved conflict.

Globalization is a double-edged sword. It has, on the one hand, created opportunities for transnational and local civil society networks to begin to lay the foundation for interethnic cooperation throughout the country. On the other hand, it has strengthened the position of specific minority groups who see the erosion of the state's political and economic influence, and independence, as an opportunity for consolidating their own claims to autonomy and power. Thus, there are concomitant and equally powerful tendencies towards regionalism and localism. If globalization can be considered a process of economic, political and technical integration, then regionalism and localism play on specific spiritual, cultural and nation-building strategies that can strengthen ethnic group identities.¹

To be sure, there need not be a clash between the two, as they work at different levels and indeed they can be reinforcing.² When they conflict it is because under globalization there is an erosion of the state as the primary and sole agent involved in managing the economy, and a commensurate increase in the liberal ideas of human rights and human security. Like neo-liberal international economic influences, international legal norms also contribute to the erosion of the state.³ For example, human rights and minority rights groups recognize that the internationalization of their demands can both simultaneously encourage internal mobilization and weaken the saliency and effectiveness of the state by creating international forums for sub-state grievances. This legitimization process is supported by the existence of supranational organizations and international institutions which provide a forum and focal point for sub-national claims through normative, legal and political processes. Specifically, international organizations indirectly promote sub-state mobilization by providing human rights recognition and support which can in turn help to legitimize self-determination claims of minority ethnic groups.

For our purposes, an overarching and key aspect of this process is the rapid expanse of non-governmental civil society activities – political and economic – in the traditional affairs of the Ukrainian state. Through the rise in interest in the discourse of human rights and human security, civil society has taken root within Ukrainian politics and is coordinated by the emergence of transnational linkages among various groups including trade unions, human rights advocates, environmentalists, women's groups and religious organizations, many of whom mobilize around the deleterious effects associated with rapid market-oriented reforms.

¹ Marina Ricciardelli, Sabine Urban and Kostas Nanopoulos, eds., *Globalization and Multicultural Societies: Some Views from Europe* (Notre Dame: University of Notre Dame Press, 2003); and G.W. Kolodko, ed. *Globalization and Social Stress* (New York: Nova Science Publishers, 2005).

² Vladimir Korobov, "Models of Global Culture," in *Globalization and Identity: Cultural Diversity, Religion, and Citizenship*, ed. Majid Tehranian and B. Jeannie Lum (New Brunswick, N.J.: Transaction Publishers, 2006), 45-54.

³ Lasha Tchantouridze, ed. *Globalism and Regionalism: the Evolving International System* (Winnipeg: Centre for Defence and Security Studies, University of Manitoba, 2002).

In the first part of the article we briefly examine theories of social capital formation. In the second part of the article we identify impediments to social capital formation in the context of Crimea's unique and contentious historical development. In the third part of the article we assess the relationship between local and regional political and economic dynamics in Crimea in an effort to understand how regional forces have and can contribute to social capital formation through legal instruments. This section also examines how international actors have worked to assist multiethnic Crimea to generate effective governance through projects based on interethnic dialog. In the fourth section we assess current efforts to decentralize political structures through financial reform and local level economic development. The fifth and final section concludes with some observations about the future social capital in Crimea.

Social Capital Formation: Theoretical Foundations

The rationale for a de-centered approach focusing on non-state, community level actors arises from the possibility that political problems may be more easily addressed outside the state-level government sector when trust in state institutions is weak or in decline.⁴ Investments in improving the capabilities of local-level actors in this regard have the potential to accrue benefits not only to the group in question but to society at large. Theories of social capital argue that such investments have the potential to generate positive norms of political and economic change when a government is incapable of or unwilling to transform the political and economic landscape.

Positive transformations can occur through the development of norms of reciprocity such as bargaining and compromise as well as tolerance for pluralism that occur at the local level and spillover to political interactions at the national and sub-national level. There is, in short, a possibility that civil society can mobilize crucial support for problem solving and trust and thereby become entrenched in more formal political institutions and mechanisms.

The theoretical basis underpinning these assumptions is varied and large, but a number of key contributions can be highlighted. Robert Putnam writing at the end of the 20th century, assessed solidarity and trust problems in terms of social capital development.⁵ He argued that the decline of group solidarity could be strengthened through communication and enhanced information technologies. Related to this point, Coleman argued that it is vital to treat local level actors as discrete and independent decision makers guided by their own interests.⁶ These local actors can be treated as both individuals and collectivities. Communication among collectivities helps create social capital and by virtue of this they are likely to benefit to a greater degree, in social capital investment than are individual actors. Putnam's concept of social capital has three components: moral obligations and norms, social values (especially trust) and social networks

⁴ By "de-centered" we mean non-state centric, with a focus on the individual and sub-state groups such as NGOs.

⁵ Robert D. Putnam, *Bowling Alone: The Collapse and Revival of American Community* (New York: Simon and Schuster, 2000); and Robert D. Putnam, *Making Democracy Work. Civic Tradition in Modern Italy* (Princeton, NJ: Princeton University Press, 1993).

⁶ James S. Coleman, "Social Capital in the Creation of Human Capital," *American Journal of Sociology Supplement* 94, (1988): 95-120; and James S. Coleman, "Social Capital in the Creation of Human Capital," in *Social Capital: A Multifaceted Perspective*, eds. Partha Dasgupta and Ismael Serageldin (Washington, D.C.: World Bank, 2000), 12-39.

(especially voluntary associations). Putnam's central thesis is that if a region has a well-functioning economic system and a high level of political integration, these are the result of its successful accumulation of social capital.

Accordingly, the overall objective consists in the maximization of benefits for groups and the formation of sequenced strategies to achieve specific goals. Since actors directly engage in decision-making regarding the allocation of their resources they have an interest in increasing their share of control of how these resources are distributed across a broader audience. In essence, social capital is the volume of resources accessible to specific actors, their social communication and the trust that arises from these interactions. More formally, social capital is defined by specific functions in which basic principles of economy and resource allocation are imbedded within overlapping but distinct social structures.⁷

Under the right conditions and like other types of capital, social capital can be very productive. The important conditions for positive collective action arise from acts of mutual aid and mutual benefit. When a group looks to other institutions or actors, that group, in return, accepts some obligations, favorable to the other participating party. This form of “social contract” creates a kind of “fund of obligations” to which “actor-creditors” can seek assistance in times of need. The actor-creditor relationship works to build trust and proceeds from the expenses and benefits which both sides accrue over the long run. Social capital is defined here as a “social network”. This network is the basis for several processes, including the development of trust among peoples from different communities, lasting functional relationships and the potential for mutual economic and political development.

More detailed perspectives on social capital in emerging democracies have picked up on the themes of employment opportunities, education and communications respectively. For example, Badescu and Uslaner argue that social capital generation is a process by which “surplus value” is generated through investment in social relations.⁸ Lin reviews numerous studies showing that network diversity leads to a more prestigious job, partly because those with diverse networks get job-search help from contacts with higher prestige.⁹

Similarly, education is a series of social settings in which people meet and impart a valued social status and provide access to other forms of high status, like better jobs. As such, Bekkers, Volker, van der Gaag and Flap find that those with higher incomes have higher social capital.¹⁰ Furthermore, the rise of modern communication systems has provided another form of inequality

⁷ Francis Fukuyama, “Social Capital and Civil Society” (paper prepared for the *IMF Conference on Second Generation Reforms* Washington, D.C., November 8/9, 1999),

<http://www.imf.org/external/pubs/ft/seminar/1999/reforms/fukuyama.htm#III> (accessed November 11, 2009).

⁸ Gabriel Badescu and Eric M. Uslaner, *Social Capital and the Transition to Democracy* (New York: Routledge, 2003).

⁹ Unequal access to social capital begins at birth with important ascribed statuses. One of the most important is family background. Social capital is greater for those with parents in higher stratification positions, such as fathers with higher socioeconomic status and fathers with higher education or income (see details in Badescu & Uslaner 2003). Social capital gains are also shaped by other ascribed social locations, notably gender and race or ethnicity. Women often have less social capital than men, especially in contexts with stronger gender-stratification systems.

¹⁰ R. Bekkers et al., “Social networks of participants in voluntary associations,” in *Social Capital: an International Research Program*, eds. Nan Lin and Bonnie Erickson (New York: Oxford University Press, 2008).

that shapes social capital. For example, social capital is greater for those more active in internet communities in Japan, and for more active users of news articles, telephones and the internet.¹¹ Cote and Erickson find that the best predictor for the development of social capital is the size of the social networks rather than the diversity of the networks.¹² In essence, social capital is not a network concept per se but is related to civil engagement, social participation, trust and communication.

In brief, the overall objective of building social capital consists in the maximization of benefits for groups and the formation of sequenced strategies by these groups to achieve specific collective goals. Since individual actors directly engage in decision-making regarding the allocation of resources they have an interest in increasing their share of control of how these resources are distributed across a broader audience. Education, communication and capabilities all influence the growth and success of social capital networks. Specificity and reciprocity are also heavily influenced by the scope and breadth of relations between actors.

Trust, Social Capital and the Ethnic Dimension

In a multiethnic society with access to modern communication systems, education and a varied media such as Ukraine, civil society networks could be, in theory, the basis for several functional processes including the development of trust among different ethnic groups, forging economic relations between peoples from different communities, and in the long run sustained functional relationships with the potential for mutual economic and political development.

Indeed, measured in terms of raw numbers one might be led to believe that social capital is in abundance in Crimea. After all, NGOs and political parties are believed to be highly active in all aspects of civic engagement in Ukraine. For example, there are over three thousand active NGOs in Crimea alone and over eleven thousand party offices located there. In Ukraine overall, since 2001, political parties increased their number by one thousand per cent and civic organizations by one hundred and sixty per cent.¹³ The biggest change has come through political party growth which relates to the fact that political parties must, by law, now have representation in all regions of Ukraine. A second factor is that political issues are arguably now more important in the eyes of most Ukrainians in comparison to social or economic issues.

However, as Putnam and others note, quality and not quantity is a good indicator of effectiveness and in this regard the evidence is less positive. In reality, despite increasing recognition from the international community, and despite the huge growth in NGOs and political party representation

¹¹ Kakuko Miyata, Ikeda Ken and Tetsuro Kobayashi, "The Internet, Social Capital, Civic Engagement, and Gender in Japan," in *Social Capital: An International Research Program*, eds. Nan Lin and Bonnie Erickson (New York: Oxford University Press, 2008).

¹² Rochelle Côté and Bonnie Erickson, "Untangling the Roots of Tolerance: How Forms of Social Capital Shape Attitudes Toward Ethnic Minorities and Immigrants," *American Behavioral Scientist*, 52 (August 2009): 1664-1689.

¹³ In 2001 83 per cent of the total of NGOs and parties in Ukraine consisted of public organizations. Political parties comprised 17 per cent. In 2008, however, public organizations comprised 30 per cent of the total and political parties 70 per cent. See Statistical Committee of Ukraine, <http://www.ukrstat.gov.ua/> (accessed November 11, 2009).

across the country, the perceived legitimacy of formal Ukrainian political institutions is extremely low and is declining. For example, a recent Pew Center poll showed that most people believed they were better off under communist rule than they are now. And to reinforce the point, a 2008 survey asked “Can we trust people in general?” According to that survey, 67 per cent of Ukrainians believe that trust is “not necessary” for Ukrainian politics.¹⁴ As another indicator of social cohesion, the survey results showed that most citizens do not even consider themselves close to their neighbors within their own country but they do feel closeness to people in neighboring states. In Western Ukraine, people feel closer to Hungary and Poland, but not neighboring regions within Ukraine. The same tendency exists in the East, where people feel closer to Russia and Belarus. In short, despite the presumed linkages between an active civil society and social capital development it would appear that Ukrainians do not trust each other all that much and have little faith in the current political system.¹⁵

The absence of high quality civic engagement can be partially traced to historical factors in Ukraine and Crimea specifically. Crimea in particular is host to a number of distinct groups including Crimean Tatars, ethnic Russians, Ukrainian as well as a number of smaller groups who are not particularly well integrated even at the local level.¹⁶ Crimean peninsula with a territory of 26,100 km² is home to 1.9 million Ukrainian citizens, of which 63 per cent are ethnic Russians, 25 per cent Ukrainians and 12 per cent Crimean Tatars, with the rest being Armenians, Bulgarians, Germans, Greeks, Karaites, Krymchaks and other ethnic minorities.¹⁷

The ARC (hereinafter used interchangeably with “Autonomous Republic of Crimea”) also has a Constitution recognizing three official languages. The primary language is Russian, but Ukrainian and Tatar languages are also heard among the people.¹⁸ For the purposes of this study, Crimean Tatar experience is particularly significant. In 1944, hundreds of thousands of Crimean people were deported following a decision by Stalin, based on their assumed collaboration with the German Wehrmacht. In fact, the deported population from Crimea totalled 225,009 peoples, of which 183,155 were Crimean Tatars, 12,422 Bulgarians, 15,040 Greeks, 9,621 Armenians, 1,119 Germans and 3,652 foreigners (Otto Pohl). This total was later revised upward to 228,392, with the addition of several thousand additional non-Tatar exiles. The Soviet Union’s People’s Commissariat for Internal Affairs (NKVD) exiled 151,604 of the Tatars to Uzbekistan and 31,551 to areas within Russia. The Soviet authorities dispersed the Bulgarians, Greeks, Armenians and Germans across Russia and to Kazakhstan. In essence, the NKVD completely cleansed Crimean peninsula of its non-Slavic population.¹⁹

¹⁴ Pew Research Center, “End of Communism Cheered but Now with More Reservations,” *Pew Global Attitudes Project*, <http://pewglobal.org/2009/11/02/end-of-communism-cheered-but-now-with-more-reservations/> (accessed December 12, 2009).

¹⁵ P. Shangina, Социальный капитал: нет доверия между людьми, нет социального капитала [Social capital: if there is no trust between people, there is no social capital], http://www.razumkov.org.ua/ukr/article.php?news_id=594 (accessed December 12, 2009).

¹⁶ Соціологічне опитування по Криму, Центр Разумкова [Social Survey in Crimea, *Razumkova Centre*], <http://www.uceps.org/ukr/socpolls.php> (accessed on November 11, 2009).

¹⁷ Statistical Committee of Ukraine, <http://www.ukrstat.gov.ua/> (accessed November 11, 2009).

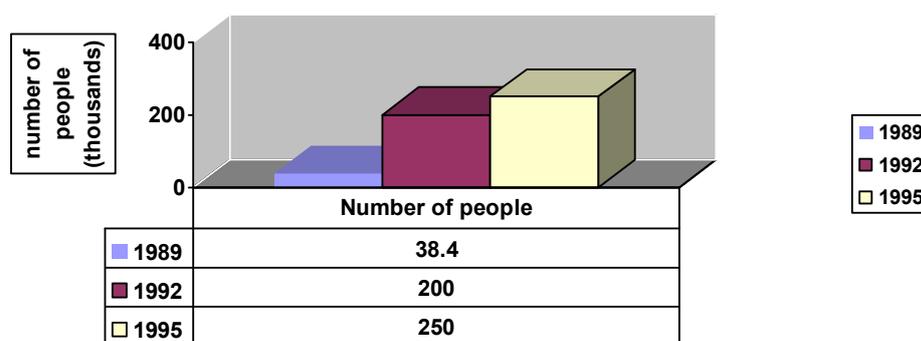
¹⁸ Unrepresented Nations and Peoples Organization, <http://www.unpo.org/> (accessed on November 11, 2009).

¹⁹ Otto Pohl, “The Stalinist Penal System: A Statistical History of Soviet Repression and Terror, 1930-1953,” <http://www.euronet.nl/users/sota/krimtatar.html> (accessed November 11, 2009).

Those non-Tatars who survived the cleansing lived in exile until 1956, when they were allowed to leave their place of deportation. However, Crimean Tatars as a people were not allowed to return to their homeland and were forced to live and settle anywhere but Crimea. In 1967, the Parliament of the Soviet Union officially recognized the injustice of the deportation of Crimean Tatars ordered by Stalin, but still prevented Crimean Tatars from returning to their homeland.

Thirty-three years passed until the declaration of the Supreme Soviet of November 14, 1989 (*Recognition as Illegal and Criminal, the Forced Deportation and Repressive Measures Against Displaced Peoples and Provisions for Their Rights*), restored the rights of all deported peoples. This declaration initiated the return of Crimean Tatars to their homeland. Since then, there has been an influx of more than 260,000 deportees, among whom about 250,000 are Crimean Tatars.²⁰ In addition, 12,000 representatives of other nationalities²¹ have also arrived and settled in Crimea. The number of returnees among Crimean Tatar population in Crimea by years is shown in Figure 1 below.²²

Figure 1: Returnees among Crimean Tatar population in Crimea



To a large extent, the return of the Tatars was swift, substantial and spontaneous. In 1991 an unprepared government of the newly independent Ukraine lacked the capacity to deal with the issue. Deportees who were to be given reparations and reimbursement of damages, due to economic privation had difficulties obtaining both housing and jobs. High inflation reduced their savings and the income which families received on the sale of their previous residences. To complicate the matter, Crimea's production decreased rapidly, and the tourism industry, which underpinned Crimean economy, declined when the borders between the former republics of the Soviet Union were established and ethnic conflicts transformed into open warfare in the

²⁰ *Recommendations of Participants of the Parliamentary Hearings on the Legislative Regulation and Implementation of State Policy for the Provision of Rights of the Formerly Deported Crimean Tatar People and National Minorities Who Voluntarily Return to Ukraine*, Crimean Tatar Information and Documentation Center Bulletin, No. 3, 2000, p. 28.

²¹ "Crimean Studies," Crimean Tatar Information and Documentation Center Bulletin, No. 3, 2000, p. 3.

²² Centre for East European Foreign Policy Studies, *The Humanitarian Dimension of Russian Foreign policy Toward, Georgia, Moldova, Ukraine and The Baltic States*, http://www.spa.ukma.kiev.ua/pdfs/Research_2009_new.pdf (accessed April 1, 2010).

Caucasus. Difficulties in obtaining Ukrainian citizenship²³ endangered the political and economic rights of the Tatars in particular (e.g. the right to land, to vote and to participate in privatization). While other diasporas in Crimea (e.g. Armenian, Bulgarian, Greeks and Germans) relied heavily on the support and assistance from their homelands, Crimean Tatars as the indigenous peoples of Crimea, could only expect support from each other or seek assistance from the international community. As a result, the massive return of the deported people weighed heavily on an economically weak Crimea which was unprepared to handle such a substantial and hurried migratory incursion.²⁴ Moreover, negative stereotypes and prejudices concerning Crimean Tatars, artificially nurtured during Soviet times over several generations, returned with a vengeance.

Crimea's future looked bleak. On the one hand, Khrushchev's decision in 1954 to transfer Crimea from the Russian Federation to Ukraine showed serious effects only after the break up of the Soviet Union, when Crimea with its Russian-dominated population found itself in the newly independent Ukraine. Many Crimeans considered themselves ethnic Russians not Ukrainian and still do to this day. As a result, Crimea tried to preserve as much autonomy as possible from Ukraine. By the same token, Crimea's ethnic Russian majority was growing increasingly apprehensive about the erosion of their own status as result of not only their inclusion in Ukraine but because of the influx of Tatars.

For its part, the Ukrainian government was also burdened. The central government in Kiev had entered into negotiations with Uzbekistan (where the majority of the deported Tatars came from) to develop a simplified procedure for the denunciation of Uzbek citizenship and to reduce the burden of fees and custom taxes at the border. They received little financial support from Russia for doing so. Throughout the 1990s, the Ukrainian government appealed to other CIS states who were supposed to share the burden of repatriation and the settlement of returnees but chose not to.

The most problematic issue remained the unemployment rate among Crimean Tatars. In 2001 it was 49.6 per cent which was three times higher than the average for all of the Autonomous Republic of Crimea.²⁵ While the management of ethnic and other tensions in Crimea has, on the whole, been without major violence recent incidences and trends give cause for concern. These include violent clashes between 1,000 persons near a local market in Bakhchisaray in August 2006; a tripling in land-squatting incidents over the last several years (from 19 to 53 sites); confrontations with religious overtones in Feodosia and Alushta; and increasing numbers of people who, according to public opinion polls, feel that interethnic relations are worsening (64

²³ The issue of obtaining citizenship has largely been resolved due to the efforts of Ukrainian government, international organizations like the IOM and UNHCR, and the agreements signed with the Uzbek government, in the country whence most Crimean Tatar migrants returned.

²⁴ Crimea is one of the regions in Ukraine with the highest levels of poverty. See "Ukraine Poverty Assessment," World Bank, December 2005: 10. According to national and World Bank statistics, some 22 per cent of the population of the Black Sea region (which includes Crimea) in 2003 was living below the poverty line, compared with 19 per cent for Ukraine as a whole.

²⁵ "Ukraine Poverty Assessment," World Bank, December 2005: 10.

per cent today compared with 21 per cent in 2002). These changes underscore the depth of social cleavages and perceived unresolved injustices in Crimea.²⁶

The disillusionment among Crimean Tatars in a process of reconciliation and political growth began with Yushchenko's ill-fated Orange revolution and increased under the subsequent governments of Tymoshenko and Yanukovich. Despite the existence of nominal power-sharing arrangements in the ARC, there is now among moderate Crimean Tatars an uneasiness with the escalating influence of more radical groups of different backgrounds²⁷ who proclaim that political dialogue has failed and alternative strategies including threats to use force are needed. Currently the most significant threats to stability in Crimea are continued, non-transparent land allocation practices, restrictions on minority language rights, and unequal socio-economic development including health and environmental issues. Many of these problems are linked to perceptions of ethnic identities, perceived inequality among groups and a lack of progress on issues of historical injustices. In sum, there is little reason to believe social capital formation, trust and consolidation have taken root in Crimea. We have shown why this might be the case and have provided empirical evidence in support of it. Let us now turn to the question of how regional and global forces might contribute to an increase in social capital and cohesion in Crimea.

Regional Forces and International Dynamics

How might regional forces contribute to social capital formation in Crimea? To answer this question, we specifically draw on key structural features including the European legal system and its impact on Ukrainian notions of self-government, international actors' support for social capital formation in Crimea and financial reforms to decentralize the political structure; Each is considered in turn.

In May, 1997, the Ukrainian Parliament voted in a series of laws on local self-government including its own interpretation of local self-government and that of the European Charter. These laws have their support in Article 7 of the Constitution of Ukraine, which legalizes local self-government, by suggesting that this is the natural law for local communities seeking self-government. Nevertheless, there is still a problem with making self-government at the local level work specifically in a multiethnic environment like Crimea. As Ukrainian social scientist Anna Shvachka has argued there is a discrepancy between Ukraine's interpretation of local self-government and that of the European Charter with the first having a strong Soviet influence, such as guaranteed support from the state and the European charter stressing far more support for disadvantaged groups.²⁸ The preamble of the European Charter of Local Self-Government, Strasbourg (European Charter of Local Self-Government) states, *inter alia*:

²⁶ Authors' notes taken from interviews with Tatar and UNDP representatives (October & December 2007).

²⁷ These include pro-Russian paramilitary Cossack and fundamentalist Islamic organizations such as Hizbu Tahir and Wahhabis.

²⁸ A. Shvachka, "Европейские стандарты правового регулирования института местного самоуправления в Украине" // Сельские метаморфозы: Сб. статей / [European standards for the legal regulation of the Ukrainian Institute for Local Self-government in *Rural Metamorphosis*], ed. A. Kasyanov (Krasnodar: Dedkov, 2008): 172-77.

[T]he local authorities are one of the main foundations of any democratic regime [...] the right of citizens to participate in the conduct of public affairs is one of the democratic principles that are shared by all member States of the Council of Europe (Preamble).

Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management. The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided (Art. 6).

The protection of financially weaker local authorities calls for the institution of financial equalization procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility (Art. 9).²⁹

In essence, then, there is a fundamental difference between how the Ukrainian government perceives local self-government and how it is understood from outside the country. This becomes clearer in the light of unresolved tensions over land allocation.³⁰ For example, on December 13, 2006, the Ukrainian Parliament amended the criminal code to prohibit the unauthorized occupation of land, making land-squatting punishable by up to six years imprisonment. As noted, land-squatting had become been a key tool used by Crimean Tatars to draw attention to their situation. In anticipation of this criminalization, Crimean Tatars intensified their land seizures, which now involve over 15,000 persons (up from 8,000 in April 2006).

According to pronouncements by some Tatar groups, attempts to enforce the ban on land-squatting will be opposed by “any available means”, including active resistance, demonstrations and demands to legalize the ownership of houses that have already been constructed on these lands. Crimean Tatar leaders have also threatened to escalate their demands to cover the restitution of all property owned prior to their deportation, rather than simply the right to return to areas where they used to live.³¹ Their form of leadership is the Mejlis, an unofficial representative structure of Crimean Tatars elected by the Kurultay, the Assembly of Crimean Tatars. Thus far, the Mejlis has limited its demands to “social justice” – understood as equal opportunities for the deported people – rather than full property restitution as would be consistent with a European Charter interpretation. However, given the absence of a fully functioning land

²⁹ European Charter of Local Self-Government, Strasbourg, 1985,

<http://conventions.coe.int/Treaty/EN/Treaties/Html/122.htm> (accessed November 11, 2009).

³⁰ For a better understanding of the current land issues in Crimea, it must be pointed out that the Ukrainian Land Code (2001) recognizes the term “administrative land allocation” as a constitutional principle. According to this principle, all citizens of Ukraine are entitled to receive land plots from the state free of charge. The Land Code establishes the amount of land each citizen is entitled to receive from the state. The responsibility for issuing allocation decisions for these plots lies with the local self-governing bodies.

³¹ Report of Mustafa Dzemilev, Mejlis Chairman, at the 5th session of the IVth Kurultay, December 22, 2006.

registration system,³² it is difficult to ascertain the actual number of Crimean Tatars that do not have access to land.

The Tatars have seized upon the idea of self-government consistent with ideas embodied in the European Charter. In fact their notion of self-government has gone further. For centuries, Crimean Tatar maintained a traditional system of self-government called the Kurultay (the National Assembly of Crimean Tatar people) which since the repatriation started in the early 1990s, has convened three times. The Kurultay elects the Mejlis as the executive body of the Kurultay. Since 1991 when the Mejlis was founded and national sovereignty declared, its leader has been the well-known Soviet dissident Mustafa Djemilev. Under his guidance, Crimean Tatar population has been continually growing (3.7 children per family, compared with 1.9 in a Slavic family) and the economic and demographic situation in Crimea is unquestionably changing as a result.

Beyond specific legal measures recognizing self-government, it is important to consider other rights-based processes that one might consider to be significant. When the *Verkhovna Rada* (Ukrainian Parliament) amended the law on Ukrainian Citizenship to simplify the process of obtaining Ukrainian citizenship for formerly deported individuals, several draft laws were submitted for the consideration of parliament. Among them was *The Law on the Status of Crimean Tatar Peoples* and *The Law on Rehabilitation and Provision of Rights of National Minorities Who Were Discriminated Against and Deported from the Territory of Ukraine*. Several institutions with the mandate to assist integration and settlement were formed, including: the *Verkhovna Rada* Committee on Human Rights of Minorities and Interethnic Relation; the Council of Representatives of Crimean Tatar People with the President of Ukraine; the Commission on the Affairs of Individuals Deported on the Grounds of Their Nationality; the Cabinet of Ministers of Ukraine; the State Committee for Nationalities and Migration; the Division for the Issues of Citizenship and Minorities with the Office of the President of Ukraine; and the State Committee for Nationalities and Deported Peoples within the Autonomous Republic of Crimea.³³

To some degree each of these organizations or state bodies has a nominal role in advancing a legal structure for local self-government in Crimea. However, according to our analysis, there is limited room for consequential policy deliberations beyond the creation of legal frameworks. The absence of a coherent policy process can be attributed to several factors.

³² Only 260,000 of the estimated 800,000 land owners in Crimea have registered titles (Authors' notes, October & December 2007).

³³ This list of other institutions involved in addressing returnee integration is far from complete. Others include: the *Verkhovna Rada* (Ukrainian Parliament) and its Commissions and Committees; the Ministries of Justice, Education, Health, Foreign Affairs, Culture and of Labor and Social Policy; the Supreme Council of the Autonomous Republic of Crimea; and the Council of Ministers of the Autonomous Republic of Crimea Respective Ministries. Currently, local governments act under a significant legislative deficit, budgetary constraints and control of centrally appointed governors, with no clear-cut division of competencies between state administrations and elected municipal councils and mayors (Report of the Standing Committee of the Council of Europe's Congress of Local and Regional Authorities of March 8, 2001) and, therefore, are not capable of exercising any significant impact.

First, very few regular polls gauging public opinion are carried out systematically and comprehensively. The policy debate regarding local self-government therefore lacks a practical foundation and has little basis in facts. Indeed the process is extremely partisan. Various interest groups, such as the community of Crimean Tatars and Russians advance their own “facts”, but there is no systematic region wide data collection organized in a reliable archive that would allow the monitoring of any trends that might suggest increasing social cohesion across the various communities.. More worrisome is the behaviour of elected officials who appear to have no interest in policy analysis and process. Serving “the public good” by making choices that transcend parochial and ethnic self-interest is largely a foreign concept.

Second, there appears to be minimal room for meaningful policy dialog and for assisting the government in developing an adequate policy response based on an ongoing monitoring of social, political and economic conditions in Crimea. The absence of a common policy for addressing the complex situation in Crimea, is a good indication that these critical development challenges are not being effectively addressed by existing institutions.

Third, there is little capacity for cooperation on key issues between the ARC and the Mejlis. The Mejlis in particular has significant constituency issues. For example, while the Mejlis has thus far been able to accommodate both radical and moderate factions, recent developments point to growing popular support for more radical alternatives. For example, only about one third of Crimean Tatars followed the Mejlis’s voting recommendations during the recent elections in Ukraine.³⁴

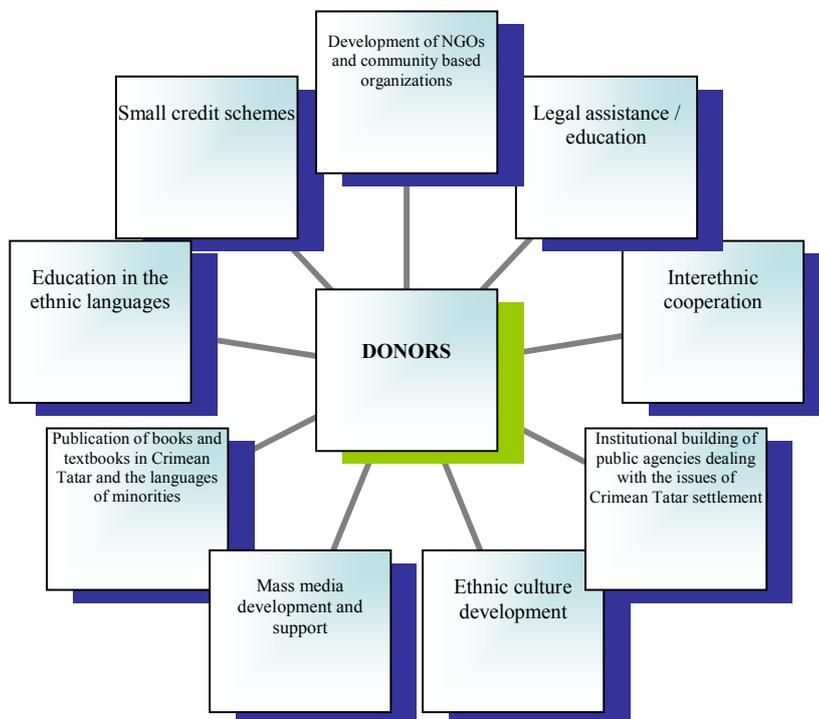
Turning now to our second element we note that the as a result of the intensifying interethnic situation, Crimea is of specific interest for several key organizations, including: Crimea Integration and Development Program of the UNDP; The High Commissioner on National Minorities of the OSCE, the Turkish International Cooperation Agency, the Eurasia Foundation (USAID), and the Open Society Institute (The Renaissance Foundation).³⁵ The relationship, roles and activities of these international donors in Crimea are portrayed in Figure 2 below.³⁶

³⁴ Since it is not a political party, the Mejlis usually aligns itself with one of the political parties during electoral campaigns and recommends that Crimean Tatars vote accordingly (Authors’ notes, October & December 2007).

³⁵ Other donors include the Dutch, Canadian and other embassies in Ukraine; IREX ProMedia; Counterpart; the Charles Mott Foundation; the Association of Universities and Colleges of Canada; the Institute for Democracy in Eastern Europe; the Foundation for Interethnic Relations; the King Baudouin Foundation; and the World Bank.

³⁶ See the UNDP’s site (<http://www.undp.org.ua/en/list-of-major-source-of-funding?window=1>) for a list of all sources of funding as of March 1, 2010.

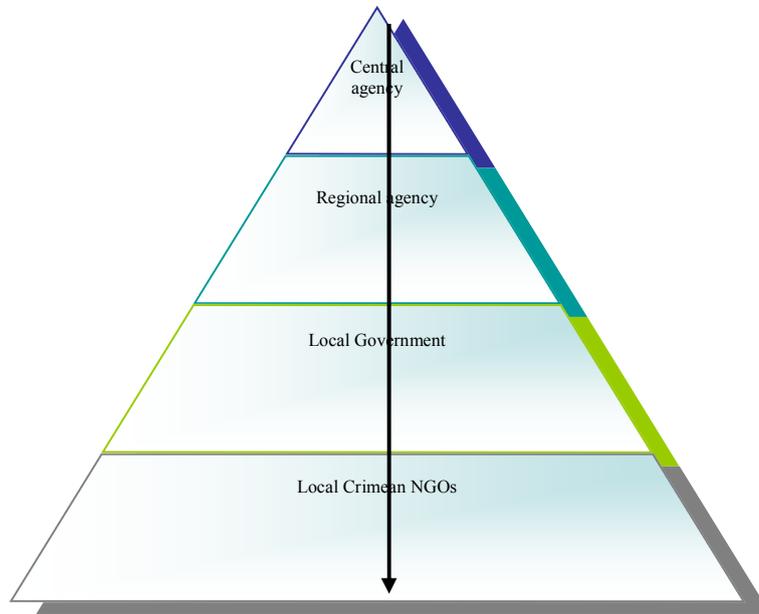
Figure 2: Project Funding from Donors in Crimea



Equally important players include Crimea’s smaller NGOs who are obligatory actors and parties to all activities funded by the donor community. As a result, multiple actors have the opportunity to interact both vertically and horizontally in the ARC. In the case of Crimea specifically, these interactions are mainly based on vertical linkages. The reasons for the lack of horizontal integration are self-evident and mostly related to the “pillarized” ethnically divided society that is Crimea (see Figure 3).³⁷

³⁷ Authors’ conceptualization of the pyramidal structure of NGO activity. By “pillarized” we mean informal, vertical and ethnic structures with partially but not fully integrated economies and political orders. See Donald Horowitz, *Ethnic Groups in Conflict* (Berkeley: University of California Press 1985), for details and examples.

Figure 3: The Pyramidal Structure of Civil Society Activity in Crimea



Though some international programmes such as the UNDP’s Program for the Integration of the Formerly Deported Crimean Tatar People and Armenians, Bulgarians, Greeks and Germans into Ukrainian Society have established direct links with local NGOs and promote horizontal cooperation, most donors do not encourage this kind of “cross-ethnic” dialog. The implication is that horizontal linkages need to be more firmly supported by the donor community. One major exception is the UNDP’s Human Security Council operating under the aforementioned CIDP. The Council was previously formalized as an Advisory Body under the First Deputy Prime Minister of the Autonomous Republic of Crimea. Recently, the Council was placed under the Speaker of the Parliament giving it greater influence. The CIDP’s closest partnerships have been with the Mejlis and NGO research communities raising questions about its impartiality but even these partnerships are wavering. Indeed the authors had first hand experience where dialog between Tatar and non- Tatar representatives on the Council could only be facilitated through a third party intermediary. This shift is reflective of the evolving power structures in the Republic but more importantly is a reflection of the hardening of the attitudes among ethnic community leaders. The CIDP’s Human Security Council has yet to find the right relationship for itself within Crimea’s institutions.

In sum, despite anticipation that Ukraine might move in the direction of a more “European” approach to local self-government judging from the legal structures that it has put in place since independence, there is little reason to believe these structures are having a direct influence on reducing tensions in Crimea or are generating social capital for that matter. Further what appears to be happening is in the absence of leadership from above, local actors and international organizations are taking a greater role in supporting dialog and development with a specific

focus on the Tatars. The experience of Crimean Tatars is highlighted as a case in which they have developed their own quasi independent political and economic machinery and have been encouraged to do so by international actors in the hope that it might lead to sustained interethnic dialogue.

Financial Reform and Decentralization

Turning now to our third and final element, we note that given Crimea's political inertia and the fact that international actors are for the most part secondary players in Ukraine, the core problem of developing effective local self-government may well be addressed through a systematic, goal oriented strategic plan for reforming financial governance. Indeed, the system of financing local governments in many unitary European countries is a crucial stabilizing factor that is vital in providing an efficient collaboration between the state and the private sector in relation to the provision of public services to citizens. To be sure, Ukraine's concomitant lack of transparency in the budget process and a low level of citizen participation in the electoral process are contributing factors that will need to be concomitantly addressed. Yet there are reasons to be optimistic. For example, increases in the volumes of financing for local budgets in 2004, compared to previous periods, were positive signs that the share of local budget revenues in the GDP were increasing. In 2004, positive changes in the structure of local budgets revenues occurred as a result of capital investment, a growth in the share of local taxes and fees, and growth in revenues from land use taxes.³⁸

Such diversification in Ukraine is different from that of Great Britain, Italy, Spain, Denmark, Portugal and France, all of which have levels of revenue above 40 per cent. In Finland and Sweden it amounts to about 20 per cent of the total volume of revenues. Thus, sub-regions in some EU countries such as Great Britain, Italy and Portugal have a high dependence on revenues from central government budgets and a high level of centralization in public finance. The systems of financing local self-government within these countries are centralized, while in Sweden, Finland, Denmark and France, where revenues to the budgets of local governments exceed 50 per cent, systems of financing local self-government can be regarded as decentralized. The highest level of financial dependency in transfers from the budgets of the central government is in Albania (96 per cent of the total volume of revenues in the budgets of local governments). By contrast, Lithuania, Romania, Slovakia and Slovenia can be classified as more financially autonomous countries (where the figure is about 20 per cent).

For comparison it is useful to consider the dynamics of transfer share to local government's budget revenues in unitary post-socialist European countries. From 1988 to 2001 there was a marked decrease in the dependence on transfers in Romania, Slovenia, Hungary, Bulgaria and an increase of transfer shares in Estonia, Czech Republic and Ukraine. Taking into account the European integration ambitions of Ukraine, a more thorough study of the positive experiences of European countries is needed, especially concerning the implementation of principles of the European Charter of Local Self-government. Until the recession in 2008–9 many east European

³⁸ Vitalina Zaychykova and Ivan Khomra, "Comparative Analysis of Local Self-Government Finance in Ukraine and European Countries," UN Report, <http://unpan1.un.org/intradoc/groups/public/documents/nispacee/unpan022185.pdf> (accessed November 11, 2009).

countries were showing success in addressing problems in raising the efficiency of local self-governments. Their strategy has been as follows. First, the basic sources of revenues in the budgets of different levels of local self-government are clearly defined.³⁹ Second, revenues from local self-government budgets are clearly dissociated from state budget revenues. Third, and related to the second point, there is the introduction of models of financial equalization and clear budgetary procedures and political mechanisms established by the state-center and strictly adhered to by municipalities and state governments. Fourth, after the introduction of national measures to strengthen the revenue base of local self-government budgets, autonomous mechanisms to mobilize additional sources of revenues in local budgets are widely deployed. Fifth, and finally, greater attention is given by finance officers to more effectively use internal reserves through rigorous and coherent policy planning procedures.

As a result, a system of financing local government has been implemented successfully by several former eastern bloc countries, with due credit being given to the social significance and the nature of public sector of local economies. The key feature of these systems is a decision-making process covering the key functions and authorities between central and local self-government, and these systems are built around a clearly defined system of public services.

Today, in a time of transformation and radical change, traditional governance often faces crises.⁴⁰ Community foundations to promote local development, credit unions to facilitate entrepreneurship and businesses are thought to be the answers to the insufficient funding of municipal programmes by a weak central government. In so doing, public works for community development will reduce unemployment and a mixed-property approach (with community members as shareholders) with local management of the sewage and water supply system could speed up an improvement in living standards.⁴¹

For a multiethnic Crimean, however, such lofty goals are difficult to achieve. Some solutions may come through community governance. Indeed the premise of this article is that as Putnam argues, “communities are part of good governance because they address certain problems that cannot be handled either by individuals acting alone or by markets and governments.”⁴² Thus the way forward, according to Putnam, is grounded in social capital (skills, aspirations, beliefs, ability to associate, network and interact for the benefit of the community), in which community governance can be understood as an accumulations of skills and collective action for problem solving. Community governance is ultimately based on sharing information, equipment and skills with the members of the community, as well as individual motivation and peer monitoring.

In theory, community governance based on regular and frequent interactions allows for adjustments and “soft” mechanisms of coordination pertaining to a “new paradigm” of regional

³⁹ Zaychykova & Khomra, “Comparative Analysis of Local Self-Government”.

⁴⁰ James N. Rosenau, *Along the Domestic-Foreign Frontier: Exploring Governance in a Turbulent World* (Cambridge: Cambridge University Press, 1997).

⁴¹ Olena Kulenkova, “Governance in the Multiethnic Community of the Autonomous Republic of Crimea,” www.nispa.sk/news/kulenkova.rtf (accessed November 11, 2009).

⁴² Putnam, *Bowling Alone*, quoted in S. Bowles and H. Gintis, “Social Capital and Community Governance,” *Economic Journal/Social Capital*, July 28, 2000, 4.

development programmes. The key instruments for community governance and new regional development paradigms include:

- decentralization and devolution;
- strong local governments;
- new patterns of management and organizational behaviour;
- empowered local NGOs and community base organizations;
- growth of interest and advocacy groups;
- co-operative financial services (e.g. community credit unions, community foundations);
- co-operative ventures and mixed property enterprises (community utility company); and
- programmes supporting entrepreneurship and small-business development.⁴³

Is there a potential for community governance in a multiethnic Crimean? The answer is mixed. Based on the statistics we have analysed, we can say for all populations of Crimea, the main problems are truly economic, including low salaries and pensions (66.8 per cent) combined with high prices for main products (65.4 per cent).⁴⁴ But it is not just economic problems that are shared across Crimean population; there is also evidence that trust and solidarity – key requirements for community governance – are in short supply in Crimea. To be sure, some of the Tatar returnees live in newly raised compact settlements (partly as a means to preserve, or restore, language, culture and traditional modes of living; partly because only the undeveloped land plots were available for settlement, partly due to land-squatting). But many others live in towns and cities side by side with a local and largely ethnically diverse population. A friendly environment in the latter communities could be favorable for the mobilization of mutually beneficial activities. Thus, there is an opportunity as well as the need to transfer community space from the rural to urban areas. Community level dialogue would have to aim at addressing complex problems that are not being adequately addressed by existing institutions and this is where the international community could come into play.

Conclusion

We began this article by arguing that an increase in social capital could arise from a de-centered approach focusing on non-state actors, specifically communities. Global and regional forces have served a mixed role both pulling the region (and country) apart but also attempting to keep it together. We surmised that political problems may be more easily addressed outside the government sector when trust in government institutions is in decline and that regional decentralization may help in this regard. We evaluated the efforts to decentralize government and create legal structures under the assumption that these efforts should lend themselves to

⁴³ Kulenkova, “Governance in the Multiethnic Community”.

⁴⁴ P. Shangina, Социальный капитал: нет доверия между людьми, нет социального капитала [Social capital: if there is no trust between people, there is no social capital], http://www.razumkov.org.ua/ukr/article.php?news_id=594 (accessed December 12, 2009).

increased social capital formation in Crimea. Our analysis does not support that claim however that trust building, an important prerequisite to social capital formation and local self-government in a multiethnic environment, has taken place in Crimea despite the efforts of international actors to help in this process. The theory that investment in improving the capabilities of local-level actors can accrue benefits not only to the group in question but to society at large is a sound one. In practice the situation in Crimea does not yet lend itself to such a conclusion. To some extent, international efforts such as the UNDP's CIDP initiative have helped generate positive norms of social change among the elites but these have not necessarily trickled down to the individual.

Positive social changes are likely to occur only after a long time, perhaps only after a generation of returnees is replaced by a younger generation born in Crimea. The government will need to show greater interest in serving the public good and will need to adopt sound public decentralized administration models base on core needs such as analysis and policy processes and funding mechanism that engage civil society and the private sector. In the mean time, the government could do more to support a positive transformation by showing support for, and tolerance of, pluralism and by making meaningful local level investments that can mobilize crucial support for problem solving and trust among individuals and civil society. Perhaps over time that local level trust will be entrenched in more formal political institutions and mechanisms that will in turn strengthen Crimea's and Ukraine's overall political and economic development.