POLICY PAPER

The Search for Stability in Eastern Europe: Policy Options for Canada
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Executive Summary

In 2014, a war started in Ukraine that has led to a current death toll of approximately 8000 people. This war was the result of a climax of ongoing challenges in Eastern Europe in its transition from the post-Soviet era. While the region as a whole undertook divergent paths, with some states joining NATO and the EU, Ukraine has struggled for 25 years to find its bearing. Caught between its historical connections to both West and East, and a failure to solve the problem of an oligarchic based economy with a chronic national debt, Ukraine today is the focus of the search for stability in Eastern Europe.

Canada and its NATO Allies are fully engaged in assisting Ukraine with its challenges of reform. The Minsk 2 process, established in early 2015, has stabilized the fighting, but a diplomatic resolution remains elusive. Faced with the prospect of either further war, frozen conflict or diplomatic resolution, Canada’s new Liberal Government has the option to raise its diplomatic game and bring Canada’s experience of ethnic and regional diversity to the negotiating table. Such a contribution to stability would well serve Canada’s national interests.
INTRODUCTION

This paper is intended to provide the reader with an appreciation of the current issues, challenges, and trends within the area of Eastern Europe bounded by Estonia, Latvia, Lithuania, Russia and Ukraine, with the intent of proposing policy options for the new Liberal Government in Ottawa.

The geopolitical space around which this paper is focused has been aptly described by Timothy Snyder (2010) as the ‘bloodlands’ (p.1). Snyder highlights the particular level of horror that swept through this part of Europe in the middle of the twentieth century. Other than in the Balkans, this history of death and destruction has marked Eastern Europe politically in a manner distinct from the rest of Europe. Perhaps not surprisingly then, it is both the Balkan and eastern regions of Europe that have uniquely witnessed renewed warfare since the end of the Cold War in 1991.

Although brought under some control through the Minsk process in February of 2015, the war in Ukraine has claimed approximately 9000 lives since it started in 2014. Currently, active diplomatic and political steps are underway with the hope of bringing this conflict to a negotiated settlement. This paper assesses the conflict within the broader region as defined above and attempts to provide constructive policy options for Canada to assist in the stabilization of the region.

HISTORICAL LEGACY

The search for stability in Eastern Europe requires a historical retrospective to comprehend the cross current of interests that are currently in conflict within this region. The countries of the region are a reflection of their respective histories and these consequent frames of reference influence their respective political policies. This is particularly acute in the conflict within Ukraine and its relations with Russia.

In broad historical terms, the territory that is currently Ukraine was for much of its history the borderland caught between competing powers from the West, South and East. From the West, German and Swedish influence predominated in Latvia and Estonia from the times of the Northern Crusades in the 13th century until the respective reigns of Peter and Catherine the Great of Russia. At the same time, Lithuania managed to attain a large sphere of influence under the auspices of the Grand Duchy of Lithuania. This sphere extended into what is currently Belarus and western and southern Ukraine, including Kiev in the east and Odessa in the south. With the creation of the Polish-Lithuanian Commonwealth, these Ukrainian lands were transferred administratively to the Kingdom of Poland.

From the South, pressure and influence were exerted from the Tatars and Ottomans, whereas in the East the Mongol wave was eventually succeeded by the rise of Russia. The effect
of this cross current was that Ukraine and its people were divided into several political entities from the early Middle Ages until the end of World War One and the subsequent creation of the USSR. Of note, there was a brief period of sovereignty for Ukraine between 1918 and 1921, but this republic was soon incorporated into the newly formed USSR as the Ukrainian Soviet Socialist Republic. This overall historical experience played an important influence in the direction taken by independent Ukraine as of 1991 as well as in its current turmoil.

History has played an equally vital role for Estonia, Latvia, Lithuania and Russia. For Estonia and Latvia, their history was a series of overlords starting with the Danish during the Northern Crusades, followed by the German Livonian and Teutonic orders and then the Kingdom of Sweden. As a result of The Great Northern War (1700 to 1721), Sweden ceded control of Estonia and Latvia to Peter the Great of Russia. Further south, the Polish-Lithuanian Commonwealth eventually suffered the fate of three partitions and eventually ceased to be a state after the Third Partition in 1795. The Commonwealth was subdivided between Prussia, Austria and Russia. It was not until 1918 that the states of Poland and Lithuania re-emerged as sovereign entities.

As a result of the Partition of the Polish-Lithuanian Commonwealth, Lithuania and most of Ukraine that belonged to the Commonwealth, was ceded to Russia. The most western part of Ukraine, Galicia, centered on the city of Lviv, was renamed Lemberg and came under the rule of Austria, where it remained until 1918. The central point of this history is that by the end of the 18th century, Estonia, Latvia, Lithuania and Ukraine, minus Galicia was incorporated into Czarist Imperial Russia.

These nations were now part of Imperial Russia, and would remain so until 1918, following the Russian Revolution and the end of World War One. The end of Romanov rule in Russia and Hapsburg in Austria enabled the establishment of the states of Estonia and Latvia, and the re-establishment of the state of Lithuania. For Ukraine, it meant a brief but turbulent period of independent statehood that became caught up in the vortex of the Russian Civil War and the establishment of the USSR.

The interregnum of independence for the Baltic states lasted until 1940 when they too were incorporated into the USSR. Following the Third Reich occupation of the Baltic states, parts of Ukraine and Russia in World War Two, the USSR re-established control over these territories in 1944-5. Therefore, from 1945 to 1991 these nations shared the common experience as Soviet Socialist Republics of the Soviet Union during the Cold War. This seemingly common history is important to appreciate when analyzing the courses of action taken by these nations after the collapse of Soviet Union in 1991. It is these divergent paths that have manifested themselves in today's war in Ukraine and the consequent political, economic, and military tension that undermines stability in Eastern Europe.

Taking the fall of the Soviet Union in 1991 as the point of departure, Estonia, Latvia, Lithuania, Ukraine and Russia, now each an independent state perceived their respective courses
of action in accordance with their frames of historical and political reference. The Baltic states looked West, Ukraine looked West and East, and Russia looked retrospectively inward.

**POST-1991 – THE BALTIC STATES GO WEST**

Within each of the Baltic states, there was a critical mass of political opinion that sought to move tangibly towards western-style reforms in terms of political, economic and military systems. They set for themselves the goal of a full transition from the Soviet system to that of the West as embodied by EU and NATO. Each in their own way, prepared for transition, accepting the necessity of what became known as "shock therapy" in breaking way from the Soviet system they inherited.

Working with the EU and NATO, the Baltic states established and followed rigorous road maps towards reform with the goal of eventually integrating fully with both of these institutions. In following these paths and adhering to the tremendous challenge of reform, each state overcame the very painful social impact on large swaths of the population, particularly the pensioners and those on fixed incomes or government salaries.

In the defence sphere, NATO established the Partnership for Peace (PfP) as a form of association, enabling former members of the Warsaw Pact and Soviet Union to establish a Partnership or working relationship with the Alliance. Through the PfP process, the Baltic states built up new armed forces modeled on NATO standards. Canada played an active role in providing military assistance for reform under the auspices of DND's Military Training Assistance Programme (MTAP) (now Military Training Cooperation Programme (MTCP)) which included language, staff and peacekeeping/peace support training (PSO). One of these projects included the Lithuanian-Polish-Ukrainian Brigade, intended for peacekeeping/PSO missions, which officially opened its Lublin Headquarters in January 2016.

Canada was also very active in supporting governance and economic reforms in the Baltic states under the auspices of the Canadian International Development Agency (CIDA). These efforts, along with numerous like-minded countries in the EU, NATO and Switzerland achieved full success in the aim of the progressive integration of Estonia, Latvia and Lithuania into the EU and NATO.

**POST-1991 – UKRAINE BALANCES BETWEEN WEST AND EAST**

The situations in Ukraine and Russia were in marked contrast. Ukraine found itself lacking the political critical mass to move decisively towards the painful process of reform and integration with the West. As has been described above, the people of Ukraine had been historically divided between the West and East and had not exercised unified and independent
sovereignty since the Middle Ages. This all changed overnight in 1991 with the collapse of the Soviet Union and the establishment of the Republic of Ukraine.

Leonid Kuchma ruled Ukraine as President from 1994 to 2005 and in many ways represents the past and ongoing challenges of contemporary Ukraine. Kuchma today serves as the Ukrainian representative within the Minsk process tasked with brokering a political, diplomatic solution to the war in Ukraine. As President, Kuchma struggled with the bi-polar attractions of the West and East for Ukraine. He managed a careful balancing act whereby he made declarations of intent to seek association status with the EU and NATO, joining the PfP and mused of eventual membership in both. At the same time, he balanced this Western approach by keeping Ukraine's options open with Russia in the East. He brought Ukraine into the Russian backed Commonwealth of Independent States (CIS), a Eurasian grouping of select former republics of the Soviet Union intended by Russia as a counterweight to the EU. More to the point, Kuchma accepted to be the Chairman of the CIS.

In pursuing the policy of balance between West and East, Kuchma recognized Ukraine's historical complexity and believed that this avenue was necessary to maintain stability within Ukraine and with its neighbours. Unfortunately for Ukraine, the necessary process of reform was not as energetic as was required by its domestic economic situation. This legacy of lack of reform, or missed opportunities for reform, has dogged Ukraine to the present day.

The process of transformation within Ukraine followed a general malaise in which strong players, sometimes "bosses" in the previous Soviet system, and other young entrepreneurs managed to "buy up" Soviet state enterprises and thereby privatize these assets in the hands of what became known as oligarchs. The oligarchs, in turn, managed an economy that involved considerable corruption and economic inefficiency. It also led in part to a chronic case of Ukrainian government debt. This debt had a direct impact in the crisis of 2013, as to whether Ukraine should finally throw in its lot with the West or Russia, and the consequent war in 2014.

Throughout this period, Canada and like-minded Western countries sponsored very large programs and efforts aimed at assisting Ukrainian reforms. CIDA was and remains today engaged in the area of governance. DND's MTAP/MTCP made Ukraine one of its top priority recipient partner countries as of 1994. In each year until the very large assistance ramp up in 2014, Ukraine received the financial equivalent of $1 million per FY in training assistance aimed at the reform of its defence forces. The nature of the training effort over these some 20 years was similar to the efforts ongoing today by the contingent of deployed CAF troops in western Ukraine. This significant effort on the part of Canada and its Allies to assist Ukrainian reform met with limited success. By the time of the crisis of 2013, after two decades of independence and multiple sources of reform assistance and financial loans, Ukraine was not in a position to meet either EU or NATO standards for accession.

By 2013, Ukraine's fiscal situation had become dire. In late November of that year, Ukrainian President Yanukovych went to the EU Summit in Vilnius. Originally, plans were
made for Ukraine to sign an Association Agreement with the EU. However, due to the impending failure on the part of Ukraine to refinance its debt load, Russia had offered to underwrite Ukraine's debt on terms more favourable than offered by Western partners. At the Vilnius Summit Yanukovych made a last ditch plea for western financial aid to offset the Russian offer. The EU rejected the request and Yanukovych returned to Kiev without having signed the Association Agreement. This, in turn, led to the Maidan protests by Western leaning Ukrainians eager to move Ukraine closer to the EU and NATO.

The events of December 2013 and early 2014 led to an effective regime change in Ukraine. Yanukovych departed and Poroshenko took over as President, who aimed to shift Ukraine back towards the West. This had the consequence of a rebellion by Ukrainian rebels in the eastern oblasts of Donetsk and Luhansk and the Russian seizure of Crimea. Russian involvement in Ukrainian affairs now took a dramatic turn that would shake up not just Eastern Europe, but the West as a whole.

**POST-1991 – RUSSIA LOOKS RETROSPECTIVELY INWARD**

As of 1991, while the Baltic states were moving inexorably towards integration with the West and Ukraine was precariously balancing between West and East, Russia too was transforming and adjusting to its post-Soviet environment. The Russian Federation became the successor state to the USSR, which in turn had been the successor state to Imperial Russia. From the Russian frame of reference in 1991, they therefore saw the recession of what was once both Imperial Russia and the Soviet Union.

The initial period of post-Soviet transformation internally within Russia was marked by great turmoil and upheaval. The Yeltsin years ushered in a measure of democratic and economic reform but at the same time a period of great uncertainty for most Russians. Internationally, Russia appeared to some observers as weak, as they withdrew Russian forces from their former Soviet satellites. They negotiated face-saving arrangements, such as the 1997 NATO-Russian Founding Act which put limits on the permanent stationing of NATO troops in the former territories of the Warsaw Pact and Soviet Union. Nevertheless, there was a growing feeling among some Russians, and the military in particular, that they had lost the Cold War and were now in the shadow of the West and NATO as a consequence. Russia's economic troubles and lack of funding for the Armed Forces further strengthened this feeling of defeat.

The chaos of the Yeltsin years was gradually replaced by a more authoritarian order under the Putin regime. Similar to the situation in Ukraine, Russian evolved into an oligarchy based economic system. Russia, however, had the trump card of energy supplies which greatly empowered Putin to eventually boost Russia's GDP, build up financial reserves and to undertake a significant rebuilding of the armed forces.
The Putin years have witnessed a resurgence of Russian power. If one seeks a historical metaphor for the Russian Federation under Putin, one should look more towards that of Imperial Russia as opposed to the Soviet Union. Granted, Putin and his closest advisors hail from the KGB, but it was the KGB that first understood that the economic structure of the Soviet Union was in peril by the 1980s. The intellectual elite of the KGB comprehended the nature of capitalism and after the fall of the Soviet system, they set out to be more capitalist than the capitalists.  

In addition, Russia's historical memory plays an active part in how it approaches its international interests. When the borders of the Soviet Union receded in 1991 there remained ethnic Russian minorities outside of the newly established Russian Federation. This factor is also at play today in the conflict in Ukraine and has a potential effect in Estonia and Latvia, where there also remain significant ethnic Russian minorities. The Russians refer to this phenomenon in part, as "the near abroad".

The conflict in Ukraine for the Russians is very much about the "near abroad". With the regime change in Kiev in early 2014, Russia moved swiftly to advance its interests. The quick seizure of Crimea and its incorporation into the Russian Federation was motivated by a strong Russian perception that, due to both the weight of history and the will of ethnic Russians who are a majority within Crimea, it rightly belongs within the Russian Federation.

Russian support for the Ukrainian rebels in Luhansk and Donetsk is based on a perceived understanding that Russian interests are best served by a Ukraine that is not a member of the EU or NATO. This is due in part to their historical sphere of influence of Ukraine, the residual ethnic Russian minorities and concern over the impact of Ukrainian integration with the West on Russia's political and economic wellbeing.

THE SEARCH FOR STABILITY: WAR, FROZEN CONFLICT OR DIPLOMATIC RESOLUTION

At the time of writing the Minsk process is incomplete. The key outstanding issues are the requirement by the Ukrainian government to pass special legislation providing a measure of autonomy to the rebel regions and the restoration of Ukrainian sovereignty along the borders of these regions with Russia. Thus far, the Ukrainian parliament has not been able to muster sufficient votes to pass this legislation. The consequence being that the rebels, with Russian backing, remain in control of their respective border with Russia.

In February of this year, President Obama sent to Congress a budget request for an additional 3.4 billion in FY 17 to substantially enhance the European Reassurance Initiative (ERI). This package reinforces and demonstrates to both Allies and the Russians, the US commitment to

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1 This point was made to the author in 1991 in Vienna at the CSCE/OSCE conventional arms control negotiations by a KGB officer on the Soviet Delegation.
Article 5 of the NATO Treaty. Among the features of the ERI is the pre-positioning within Eastern Europe of one brigade's worth of equipment to support US exercise activity, increase US ground, air and naval presence in Europe through sustained rotation of forces and to build the capacity of Central and Eastern European Partners.

As expected, the Russians reacted negatively to this initiative with Prime Minister Medvedev stating at the Munich Security Conference in February that the situation between and East and West had deteriorated to the level of a "new Cold War". This was quickly countered by SACEUR in a press conference stating NATO was clearly not seeking a return to the Cold War. Later in the month, the NATO Secretary General reinforced SACEUR's statement, calling the newly assertive Russia a destabilizing factor in Europe. At the same time, he held out the prospect for diplomacy. While NATO reinforced Article 5 capabilities, it also intended to strive for a constructive dialogue with Russia. According to the Secretary General, “Dialogue should not be seen as a sign of weakness, but a sign of self-confidence”.

Intellectually there are three possible outcomes to this impasse: resolution by force of arms (war), frozen conflict or diplomatic resolution.

From the perspective of NATO, this conflict will be a key item on the agenda of the upcoming NATO Summit in Warsaw this July. The West has actively supported the Ukrainian government of Poroshenko in the conflict by providing military training assistance and non-lethal equipment, along with substantial economic aid and political support, including significant economic sanctions against Russia. As Ukraine is not, however, a member of the Alliance, NATO is not prepared to go to war with Russia over Ukraine.

Rather, the NATO Summit will focus on bolstering the Alliance's Article 5 commitment to defend its member states. The Baltic states and Poland are the most vulnerable to potential military pressure from Russia. To offset scenarios of limited military incursion by Russian forces in this region, the Summit will review the status of commitments made at the last Summit in Wales, specifically the upgraded presence of the Alliance in the Baltic states and Poland. The question that will require resolution is the degree to which this presence will be maintained through a pre-positioning of equipment and rotation of forces (particularly from the United States to act as a "tripwire"). The permanent stationing of NATO forces is impeded by the 1997 NATO-Russia Founding Act.

POLICY OPTIONS FOR CANADA

With a new Liberal government in Ottawa, Canada has an opportunity to enhance its important role in Eastern Europe beyond providing military assistance, governance advice, financial aid and economic sanctions on Russia. In accordance with Canadian national interests, Canada should become far more engaged than it has in seeking a diplomatic solution to the war in Ukraine.
Canada has a tradition in diplomacy, not to overplay the Pearsonian metaphor, of being able to constructively seek solutions to conflicts, while at the same time maintaining its defence and security commitments where they lie as a member of NATO. This Canadian diplomacy has been missing in the context of the war in Ukraine, where the policy has been to avoid engagement with Russia unless they returned Crimea to Ukraine and desisted from supporting the Ukrainian rebels.

Canada has considerable influence in Ukraine due to its longstanding support for Ukrainian independence and its reform process. It also hosts the largest Ukrainian diaspora which itself has an interest in Ukraine moving forward on conflict resolution and avoiding a frozen conflict, or even worse a full-scale war with Russia.

It must be admitted that the prospects for a diplomatic solution are not high. Continuing Ukrainian attempts at reforms are not going well as evidenced by the recent resignation of the Ukrainian Economy Minister Aivaras Abromavicius. On the other hand, sustaining a frozen conflict has negative financial and other consequences for both Ukraine and Russia. While a diplomatic solution may seem out of reach, the consequences of failure to achieve a constructive peace, demands an effort by all who are able to lend a hand.

Canada is therefore in a somewhat unique position to work toward a constructive diplomatic solution. As a confederation with experience in regional and linguistic tension, Canadian advice should be further brought to bear on the deliberations of the Ukrainian parliament seeking to find a way to resolve the issue of autonomy for the eastern oblasts. Without this resolution, the Minsk process is unlikely to move beyond the frozen conflict stage. It is in Canada’s political, economic and military interest to have peaceful order re-established in Eastern Europe.

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Andrew P. Rasiulis completed his undergraduate study in Political Science/History at the University of Toronto in 1978 and received his Master of Arts from the Norman Patterson School of International Affairs, Carleton University, in Strategic Studies in 1979. In 1979 Mr. Rasiulis was appointed a commissioned officer in the Canadian Forces Primary Reserve (Governor General’s Foot Guards).

He joined the Department of National Defence in 1979 as an analyst with the Directorate of Strategic Analysis, specializing in strategic politico-military issues pertaining to conventional forces. These issues included emerging concepts of conventional defence strategies for Western Europe, as well as the Canadian Government’s efforts in the area of conventional arms control. In 1987, Mr. Rasiulis was promoted to Section Head, within the Directorate of Nuclear and Arms Control Policy, responsible for conventional arms control policy. He was also the Department of National Defence representative on NATO’s High Level Task Force for conventional arms control from its inception in 1986 to 1989.

In June 1989 Mr. Rasiulis was posted as a Defence Advisor to the Canadian Delegation for Conventional Arms Control Talks in Vienna. Upon completion of his tour Mr. Rasiulis returned to National Defence Headquarters in April 1992 as Section Head responsible for policy on Central and Eastern Europe, including the Department's Military Training and Assistance Program (MTAP) with Central and Eastern Europe. In May 1996, Mr. Rasiulis was also assigned the responsibility of Programme Manager for the entire MTAP. He was subsequently designated as Director, Military Training Assistance Programme (and Eastern European Policy) in 1998.

Reflecting the growth of responsibility within the area of defence diplomacy, Mr. Rasiulis was re-designated Director Military Training and Cooperation in 2009. His responsibilities included the development of the policy for defence training cooperation with developing countries world wide, as well as overseeing its operational implementation.

Mr. Rasiulis’ MA thesis, On the Utility of War in the Nuclear Age, developed a theory on limited conventional war. It was subsequently published as a Wellesley Paper in 1981 by the Canadian Institute for International Affairs and the Canadian Institute for Strategic Studies. He has also published numerous articles on conventional strategy, arms control and international military training cooperation.

Mr Rasiulis is retired from the Public Service and is now a freelance consultant with Andrew Rasiulis Associates Inc.
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