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## **Human Potential of the Reluctant Social Transformations in Ukraine**

*Abstract*

*The paper addresses the problem of nature and specific features of the transformation processes in Ukraine and characterises the current state of human potential necessary for further transformation of the society. Natural, restored natural, voluntary and reluctant transformations are defined as the major types of social transformation. The author makes an assumption that due to the reluctant post-Soviet transformation certain successes achieved in Ukraine's economy (in the early 21st century) were temporary and, moreover, determined by political conjuncture, while economic failures were quite natural and repeatedly reproducible. It is shown that success in social transformation depends, first and foremost, on the human potential that allows for availability of social actors (representatives of elite and mass social groups) capable of articulating and practically realising necessary social changes; social resources that these actors shall possess; social institutions providing the system of rules in compliance with which the process of the society transformation acquires legitimacy. Depending on the factor which assumes primary importance, several specific approaches to understanding the major component of human potential can be outlined: elite, institutional and those based on the concept of social class or social resource. According to these approaches, the establishment of completely new social lifts, furtherance of the development of middle class as a social basis for efficient transformation and restoration of trust in the state, political institutions and business are the factors that determine the prospects for successful transformation of Ukrainian society.*

**Keywords:** *transformation of a society, human potential, institutionalisation, elites, middle class, social resources*

Today, returning to the problem of transformation of Ukrainian society expounded in my book *The Transforming Society* (1997) [Golovakha, 1997], I have to acknowledge that nothing has radically changed since that time. The society still remains the “post-Soviet” one in the sense that it keeps essential features of the social system which has seemingly been rejected vigorously. The main conclusion of the book was that the conservative strategy of the state and society’s development chosen by power elites, that were then at the helm led to reproduction of the obsolete social structures and institutions which condemned Ukraine to stagnation and “shock without therapy”. But was there an alternative to such strategy under conditions of a specific type of social transformation in the post-Soviet space and almost total absence of the human (including administrative) potential for efficient reformation of the society? Moreover, is there such an alternative now? To answer these questions now one should primarily consider, with allowance for the latest social changes, the character and specificity of the transformation processes in Ukraine and define the current state of human potential for further transformation of the society.

The paper is devoted to formulating the above problem.

The category of *transformation* is one of the most important among those reflecting various aspects of essential social changes in the present-day world. For instance, sociologists of the 19th century studied mainly the categories of evolution and progress, in the 20th century *revolutionary changes* and *social development* (later *modernisation* and *transit*) found themselves on the edge of the analysis. But in the recent years attention has been focused most often on transformation processes occurring in developing countries or in those which try to get rid of aftermath of the communist past. It is not surprising especially if one takes into account the fact that bloody revolutions, which resulted in the building of totalitarian states, and two world wars of the last century have undermined the faith of intellectual elite in progress as an inevitable consequence of the evolution of human civilisation. In this regard, classical theories of modernisation and transit, which outlined for all states without exception the way following which “the golden billion” had come to efficient democracy and mass prosperity, proved to be insufficiently convincing.

It was neo-modernisation theories of the recent decades where the so-called transformation discourse was formed to take the place of transitive Western-centric ideas of inevitable transition from retarded economies and traditional social relations to the modern ones. Within the above discourse deep economic changes and corresponding social transformations are considered necessary as to their essence, but extremely different as to their result, when boundless achievements of some countries adjoin failures and losses of other ones. Transformation is the process of essential, deep social changes.

In contrast to transit, transformation has no goal set beforehand; it is not the project of renovation in accordance with certain economic patterns like those suggested to developing countries by modernisation theorists. The transformation approach has assumed special importance for post-socialist states, since deep social changes started there instantaneously, without preliminary calculating possible losses, without possessing trained economic and political elite, without having any historical experience of overcoming the social legacy of communism.

Moreover, the transformation approach is of exceptional importance for the post-Soviet states which had practically no experience of democratic transit and legal business entrepreneurship, whose generations replaced one another living under lack of private ownership.

Transformation has no final goal if it is a result of natural evolution or unexpected reluctant changes. But it is quite another matter when the transformation process is caused by reformatory or revolutionary forces, which set in advance the direction of social changes and aims to be achieved. Actually, transit is only one of the transformation types having its own “destination”. Within the limits of transit one can distinguish a subtype called “modernisation” as bringing traditional societies up to date during the industrial (according to the terminology of the Center for Modernisation Research of the Chinese Academy of Sciences) epoch (“the first modernisation”), as well as transition to “the second modernisation” (which is popular in the epoch of globalisation and network societies). In general, one can define several main types of social transformation:

1. *Natural* (as a result of successive maturing of socio-economic conditions for transformation). The Western countries, where economic changes and democratic principles of the social life have been maturing for centuries, serve as an example of natural transformation, when the matter concerns modernisation as a variety of social transformation.
2. *Restored natural* (as a return to natural transformation after certain social upheavals connected with temporary deviations from the natural transformation as a consequence of establishing non-democratic political regimes, foreign pressure, etc.). Post-war Germany and post-socialist countries of Central and Eastern Europe may serve as an example of restored transformation.
3. *Voluntary* (as a project of deep social changes directed towards overcoming traditional principles of social life and imposing completely new socio-economic conditions of the society’s development). That was the way to “another modern” (by A. Giddens’ definition) that the former communist regimes have passed. However, the projects of voluntary modernisation implemented in the countries of Southeast Asia (Singapore, South Korea, Malaysia, etc.) proved to be more successful.
4. *Reluctant* (as a result of unexpected socio-political changes which lead to the necessity of instantaneous and spontaneous transformation of the principles of social life). Such transformation has occurred in the post-Soviet territory, where newly formed independent states (except the three Baltic States) were not ready for extensive economic and social transformations.

Each of the above-mentioned transformation types requires certain prerequisites of success. Any transformation may be considered successful only if we take into account certain criteria; first of all, macroeconomic indicators and living standards of the population. But the success of economic transformation, if it is not supported by certain extra-economic factors of social changes, remains temporary and does not result in the efficient economic system which can withstand the challenges of new time. That was the period of the improvement of eco-

economic indicators of Ukraine in the early 21<sup>st</sup> century. As a result of reluctant transformation, which had fallen to the lot of this country, that economic success was temporary and, moreover, determined by political conjuncture. That is why economic failures were quite natural and repeatedly reproducible.

In contrast to forced post-Soviet transformation, countries of the former “socialist camp” passed to new economic realities, having a residual experience of the interrupted modernisation, which was formed in the period between the two world wars. This experience was reinforced due to certain historical traditions of the development of all European countries since the Renaissance Epoch. This proved to be enough for these states to undergo transformation in the same direction as EU member countries. Though economic strategies were different, the overall outcome for post-socialist countries turned out to be positive [25 years of transition, 2014].

The paths followed by countries of Central and Eastern Europe were radically different. As it is demonstrated by numerous researches, neoliberal capitalism as one type of economic transformation was inherent in the Baltic nations. Characteristic features of neoliberal capitalism include very low growth rates of industrial production, low-level complex goods production, strict fiscal policy and low level of social security. The opposite way was chosen by Slovenia which had preferred another type of capitalism — the neo-corporative one, which was distinguished mainly by high level of social security, relatively high share of the complex export and avoiding radical market mechanisms for regulation of economic relations. The countries of the Visegrád Group (Poland, Hungary, Czech Republic and Slovakia) are somewhere between these extremes, orienting themselves to moderate neoliberal model in combination with the elements of social inclusion [Bohle, Greskovits, 2006].

When analysing the current state and prospects for transformation of Ukrainian society, Bohdan Hawrylyshyn made an apt comment upon the causes of misfortunes and possible factors of success: “Why are some countries successful, while others are not? This depends neither on natural resources nor on the geography of that country, nor on its population. This depends on how great is the human potential of one or another country. Thus, only people decide how will the economy work. The value system adopted by that state and power structure are important as well. A machine has a lot of mechanisms but harmony is needed so that they can work regularly. The same goes for the state” [Hawrylyshyn, 2014]. T.I. Zaslavskaya, a well-known Russian sociologist, also thought that human potential is one of the decisive factors for economic success of transforming societies [Zaslavskaya, 2005].

But human potential is a rather complex phenomenon which allows for availability of *social actors* (representatives of elite and mass social groups), capable of articulating and practically realising necessary social changes; *social resources* that these actors shall possess; *social institutions* providing the system of rules in compliance with which the process of a society’s transformation acquires legitimacy. Depending on the factor, several specific approaches to understanding the major component of human potential can be outlined.

**Elitist approach.** According to this approach success in transformation depends first of all on the availability of competent leaders, capable of initiating,

controlling and opportunely correcting economic processes. Such an approach has an old tradition following which the social order may be ensured by an enlightened ruler. Today's practice of the successful economic modernisation of the so-called "Asian Tigers", performed under command of authoritarian leaders, was based on the Confucian tradition which gives a sacral function to such an enlightened ruler. But beyond this culture authoritarian leaders achieve success rather in repressions against their opponents than in the sphere of economy. Although Samuel Huntington tried to substantiate the necessity of the stage of enlightened autocracy for all the countries transforming on the path to democracy and free economy, the experience of post-Soviet transformation only proves that authoritarian leaders demonstrate neither enlightenment nor even a hint of ensuring democracy and free market economy in the foreseeable future. A soft variant of the elitist approach is the accent on meritocracy with reference to the outstanding role in social transformation played by Václav Havel, Leszek Balcerowicz and other leaders of the post-socialist countries of Central and Eastern Europe. But, firstly, there were no such leaders in all post-Soviet countries; secondly, it is not characteristic of the post-Soviet space at all, due to specific social lifts hoisting to the top of social hierarchy the persons that are close to oligarchic business or are staunch supporters of paternalistic legacy left by Soviet economy. A unique example of Mikheil Saakashvili and his enlightened political environment, which had achieved a certain success in overcoming mass corruption and accomplishing liberal reforms, was not supported by the majority of voters in Georgia and remained an exotic case, which is not peculiar to post-Soviet countries.

**An approach that brings to the forefront the concept of social class** still feeds on the Marxist theory of social development. This approach has recently gained popularity among Ukrainian expert circles owing to the phenomenon of two Maidans. Representatives of small and medium-sized business, which revolted twice against the ruling oligarchy, are regarded as their motive forces. But even if the correctness of this conception is recognised, unfavourable results of the seemingly triumphal Orange Revolution and uncertain economic consequences of Euro-Maidan prove that only struggle of economic classes for power is insufficient for successful economic transformation. According to modern approaches to the social and class structure that ensures sustainable economic development, the prospects for Ukrainian society should be connected, first of all, with the strength of its middle class, which has not gained due importance in the society yet. As it was noted by Olena Simonchuk, a leading specialist in research of the dynamics of social and class structure of the Ukrainian society, "class distribution of the employed population of capitalist countries demonstrates a classical model of social structure of the 'middle-class societies' (by objective features and self-identification this class constitutes two thirds of employed respondents). However, Ukraine and other post-socialist countries are balancing on the edge — they are no longer the working-class societies ... at the same time, they have not yet reached the post-industrial standard of economically developed countries; in other words, middle-class representatives have not achieved leading positions in the society" [Simonchuk, 2011: p. 82]. But even provided that the middle class takes a proper place in Ukrainian society in the near future, its social resources will prove insufficient for further success in economic transformation.

Such state of affairs is determined by quality of social resources that should be involved in the transformation of post-Soviet societies.

**An approach that based on the concept of social-resources** has been nearly the most popular one in recent years. This approach is used when explaining peculiarities of social achievements or failures of the transformation processes. Here attention is focused mainly on the social capital as an integrative characteristic of social resources. Social capital is the category which was included to the major categories of sociology only several decades ago, owing to prominent sociologists Pierre Bourdieu, James Coleman and others. Further investigations have revealed that the level of interpersonal and institutional trust, as one of the most important components of social capital, also determines in many cases possibility of successful transformation of the society and its economic environment [Obshchestvo bez doveriia, 2014]. Social capital as a possibility of a person's inclusion into informal social networks, built on mutual trust, mutual support and generalised experience of interaction, can also play a negative role in the society, when such experience is accumulated within corrupt relations and social networks are built on the principles of nepotism, shadow and clientelistic relations.

Such "variety" of social capital widely prevails in post-Soviet societies nowadays and restrains economic transformations which are necessary but still far from modern realities. The latest sociological studies performed by a group of researchers at the Institute of Sociology of the National Academy of Sciences of Ukraine have also illustrated this fact [A Society without Trust, 2014]. But why the Ukrainian society does still (after more than twenty years of post-Soviet existence) suffer from lack of social resources, accumulating the experience of social distrust and corrupt relations at all levels of social hierarchy instead of social capital necessary to support economic reforms? Such a situation is caused by specific features of post-Soviet de-institutionalisation and formation of new social institutions.

**Institutional approach** came into use within the framework of neo-institutionalism. Later it was widely used in comparative sociological studies concentrated on institutional foundations of social changes and on the interrelationship between social institutions regulating various spheres of social activity [Inglehart, Welzel, 2011].

Two major components may be defined in each institutionally regulated sphere of social life: 1) the so-called institutional dominant which rests upon laws in force, decrees and organised control; 2) institutional periphery, which comprises legitimate institutional reserve (traditional or innovative). Institutional changes begin as a result of gradual or explosive de-legitimation of the institutional dominant in one or several spheres of social activity. The matter may concern the change of political system or economic structure, moral or religious principles, etc. caused by growing de-legitimation of ineffective laws and organisations controlling their execution, with allowance for further legalisation of institutional reserve. Thus, the initial phase of institutional changes (no matter how long it may continue) is determined by disturbance of the institutional balance and changes in the institutional dominant.

The Soviet Union, where abolition of censorship and further introduction of democratic elections resulted in destruction of fundamental institutions of a single-party system, centrally planned economy, communism as an ideology of the ruling party and, at last, led to the collapse of the state as such, is a striking example of radical institutional changes as a consequence of disturbed institutional balance and changed institutional dominants. De-legitimation of inefficient social institutions may occur in evolutionary manner (spontaneously or as a result of purposeful reformation). But the artificially supported legality of illegitimate social institutions leads, as a rule, to institutional outbursts. Influential social actors can temporarily compensate for the lost legitimacy of institutional formations by strengthening of organised control and repressions until the new social institutions are legalised as a result of revolutionary transformations.

The change of institutional dominant happens if institutions had a higher level of legitimacy in the institutional reserve – traditional or innovative. For example, the institution of theocracy gained legitimacy in Iran as a result of Islamic revolution (in 1979), while post-Soviet Baltic States have legalised liberal political and economic institutions. The sequence of institutional changes in the period of Ukraine's coming into being as an independent state (disturbance of institutional balance – change of institutional dominant – legalisation of institutional reserve) has determined in many aspects further contradictions and difficulties in the development of Ukrainian society. Formal legalisation of the institutions of democracy and market was not “underpinned” with their legitimation in common and elite consciousness. There was nothing innovative in the institutional reserve except for mass democratic enthusiasm and intentions of political activists to get rich or to benefit from accelerated vertical mobility under radical political and socio-economic transformations.

New institutions have not appeared out of nowhere, because shadow social institutions, though endowed with specific legitimacy, had been emerged in the Soviet epoch. Those institutions functioned and developed beyond the legal sphere, nevertheless they enjoyed mass support as compensatory regulators of “natural” human and business relations within artificial legal and ideological restrictions imposed by totalitarian system.

In that way (owing to legalisation) the institutions of private property and entrepreneurship could be formed rather quickly from the Soviet institutions of “cronyism” (total protectionism) and “shadow economy”. However, the legalisation of “shadow institutions” turned out to be patently insufficient to transform them into absolutely new efficient institutions which could meet newly declared goals of the state and society's development. Legalisation of “plundering of the state property” in a form of privatisation or “shadow economy” in a form of business is not sufficient to legitimate these institutions in the society. People agree to live in compliance with those norms and rules not as participants of the “shadow side of social life” but as law-abiding citizens of the democratic state. Illegitimacy of the new political and economic institutions manifested itself immediately after their legalisation in independent Ukraine. In their turn, institutions of Soviet society have lost their legality, but they managed to maintain their “traditional” legitimacy, i. e. people's consent to social rules based on the ideology of state pater-

nalism, benefits for common people and privileges for ruling elite ensured by state socialism, etc.

Are there any grounds to conclude that the example of post-Soviet institutionalisation was unique? European countries of the so-called “socialist camp” have also undergone similar social transformations. However, post-communist transformations of social institutions in these countries differ from the post-Soviet one. For instance, socialist Poland had new legal and legitimate institutions in the very beginning of transformations, such as market economy, “Solidarity” (a broad anti-bureaucratic social movement), and the Catholic Church. Moreover, the phenomenon of total corruption, which has reduced to zero the process of legitimation of new social institutions, appeared only in the post-Soviet space. The ingrained idea of mafia playing a major role in the development of new state was the reflection of this phenomenon in the collective consciousness of Ukraine.

After all, only in post-Soviet States (except for Baltic nations) all generations of citizens had almost no social experience of living under conditions of political democracy and market economy. That is why the preservation of social integration and stability in Poland, Hungary, Czech Republic and other countries of the “late communisation” has institutional principles different from those in Russia and Ukraine. These principles made it possible to perform the efficient short-term “shock therapy” in the above-mentioned countries, while the economy of post-Soviet states was quickly degrading. Nevertheless, political life in the post-Soviet space was characterised by intensive development of the restoration processes. Most citizens of Ukraine are still ambivalent in their attitudes towards institutional formations whose legality is supported neither by law nor by moral principles.

Social phenomenon of duality of the institutional system in a transitive society exists in all societies undergoing transition. But the degree of institutional ambivalence varies broadly. In some cases one can observe for a long time a clear picture of duality in the major spheres of social life (such a picture is typical of Ukraine throughout the period of its independence), in others cases both ambivalence is less expressed and period of coexistence of the old and new institutions is not so long (for example, post-war Germany and Italy, post-socialist states of Central and Eastern Europe). A peculiar way out of the institutional duality was found by Russia in the period of Boris Yeltsin’s reign; they had removed the reserve related to its imperial past and Eurasian ideology from the institutional periphery. Consolidation of the society and formation of a new social order in Russia is carried out following the principles of moderate autocracy, sacralisation of power and great-power ideology oriented to Eurasianism, along with suspiciousness and hostility towards the West as a potential threat to the renaissance of a great Russia. After Euro-Maidan, Ukraine tries to choose the opposite way out of the trap of institutional duality. Just this has mostly caused Russia’s aggressive reaction against Ukraine.

If Ukraine has prospects for successful transformation, they are first of all connected with overcoming the institutional duality on the path to reconstruction of fundamental principles of the European institutional system. The recent socio-political developments seemingly give grounds for such institutional changes, because an overwhelming majority of the population prefers the Euro-



pean vector of state development; besides, political forces and leaders who are oriented to accelerate European integration have come into power. But there remain considerable obstacles to overcome. These obstacles include not only pressure from outside but also the “internal” problems which must be solved in accordance with three previously mentioned aspects (related to elites, social classes and social resources) regarding development of the social potential in the society undergoing a reluctant transformation:

1. Establishment of completely new social lifts enabling the appointment of effective managers and new politicians to governmental positions in relevant offices.
2. Further development of middle class as a social basis for efficient transformation, which requires maximal simplification of regulative principles for small and medium-sized businesses.
3. Restoration of trust in the state, political institutions and business.

Specific ways and mechanisms of solving these problems should be the pre-eminent concern to the state, civil society and experts; among the latter, undoubtedly, one of the most important roles should be given to sociologists.

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