FOREIGN AID FOR POST-EUPHORIC EASTERN EUROPE: THE PROBLEM OF MODELS

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 The east-west divide formerly based on 'cold war' has now been replaced by the west's concerted effort to 'modernise' the east and to 'integrate' the former communist states into European economic, political and security frameworks.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

Steven Sampson[1]

A great undertaking of converting former socialist countries to liberal democracies and open markets turned into *zastoi* -- questioning the imperatives that attribute universal importance to a particular way of life. For more than a decade, enormous resources and energies were spent on trying to replicate Western-type ideals in the East. The magnitude of the changes away from central control engendered an avalanche of counter visions, slogans, and metaphorical clichés that contrasted with those of the socialist past. Market economy, civil society, democratic pluralism, good governance, rule of law, and citizen participation became the new 'shining emblems' that symbolized the discourse of transition.

It went largely unnoticed that these ideals, although loaded with political appeal, were not necessarily endowed with the intersubjective *meaning* that would have much in common with popular social yearnings in the East. Oftentimes, they resonated in the post-socialist world without adequate, or any, understanding as to their essential meaning. When picked up by the recipients, these ideals acquired new overtones and were used for purposes not envisioned by Westerners. Once this development grew intensely in scale

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

and vigor, it became evident that the West and the East were still speaking quite different languages.

This paper raises three considerations with respect to the attempts by Western governments and donor institutions to foster democracy and to produce 'instant' civil society in the post-socialist world. First, is the divergent intellectual/academic discussion, in both the East and West, about the meaning of civil society. I argue that the lack of substantive consensus on this issue directly affected donors' practices to promote democracy and strengthen civil society in Eastern Europe. And even though Western efforts were initially in line with popular opinion in the East, over time, uneven success of these efforts raised questions about their effectiveness. A second consideration refers to donors' inconsistent support for civil society (however defined), which exposed 'aid' as a clear political tool. A third consideration is a corollary of the first two and revolves around the issue of how Western policies and assistance practices with regard to civil society have shaped a democratic façade for the oligarchic regime of one of the post-Soviet states – Ukraine, and have contributed to the emergence of new types of grant-oriented civic activists and NGOs, known as *grantoids*. It is argued that different points of departure in conceptualizing civil society in the East and in the West create an opposing set of references and numerous practical problems.

Western-type civil society has been the product of a relatively lengthy and unique evolution in the West. When applied in societies with distinct cultural, socio-economic and political characteristics, it has proven dramatically inadequate. It is suggested here that a more effective assistance strategy facilitating democracy and civil society in Eastern Europe should recognize inherent limitations of transferring models that are

detached from institutional and cultural structure in those societies, which Western donor groups and agencies intend to remake. The most important lesson is that civil society cannot be developed from outside. Rather, it can be nurtured and induced by foreign assistance policies, but only if the latter are rooted in the totality of cultural life and historical experience shared by members of the target society.

1. CIVIL SOCIETY – A REDISCOVERED IDEAL

Numerous observers have noted that the notion of civil society reentered political and academic discourses and debates during the course of the civilian struggle against Soviet socialist regimes in Eastern Europe. Despite its deep philosophical roots, this idea was believed to have been missing a programmatic element – and as a consequence, it has been generally forgotten under the pressure of other concerns, and only randomly emerged in the works of political philosophers and historians. It was those developments in Eastern Europe in the late 1980s and throughout the 90s, invigorated by the region's vibrant tradition of civil society and a strong popular yearning for its highly valued condition of freedom, pluralism, and participation that endowed this concept with a new shine of 'living resonance' and 'evocativeness.'[2]

Ernest Gellner noted that, while in Eastern Europe, civil society was conspicuous by its very absence, Atlantic community, endowed with civil society since 1945, 'has enjoyed it without giving it much or any thought. …It is only the rediscovery of this ideal in Eastern Europe in the course of the last two decades that has reminded the inhabitants of the liberal states on either shore of the northern Atlantic of just what it is that they

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

possess and ought to hold dear.'[3]   Aware of the valuable possession they suddenly rediscovered, Westerners defined civil society in abstract terms, implicitly vindicating its general nature and, therefore, validity for the entire humanity.

There is now a voluminous collection of works on civil society, reflecting much disagreement about what this concept includes, and hardly ever offering a rigorous definition. However, most Western and East European interpretations overlap in that a viable civil society is represented not simply by a network of organizational forms, but also by a certain type of interaction built on trust and tolerance. Therefore, civil society requires a shared culture – a system of norms, values, implicit understandings, believes, and ingrained 'habits of the heart'.

Traditionally, a fairly common notion of civil society throughout Eastern Europe and former Soviet Union is intimately connected with nationalism. During the long years of Soviet domination, national communities within socialist bloc developed 'the desire and the capacity to challenge the legitimacy of the larger ideological and spatial community within which they were embedded – whether the particular form this took was societies poised against the party-state, Eastern European countries poised against the Soviet Union, or republics poised against the center. The collapse of socialism, the bloc, and the state, therefore, was not just a matter of regime- and state-rejection; it was also a matter of national liberation.'[4] The end of socialism, therefore, symbolized a triple emancipation from state authoritarianism, central economic control, and Soviet supra-nationalism. As a result, generally exclusive liberal-democratic and national(ist)

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[3] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 13.

[4] Valerie Bunce, Subversive Institutions: The Design and the Destruction of Socialism and the State, Cambridge University Press, UK, 1999, p. 132.

discourses conflated into a complex single fusion, where civil societal, liberal economic, and national(ist) components combined together.

In Ukraine, for example, where both political and cultural communities had to be reinvented, the idea of national integrity and independence often dominated over the idea of democratic civil society. The issue of national consolidation was particularly acute, since contrasting regional differences in historical traditions and cultural heritage produced support for conflicting political interests and orientations that threatened the viability of the weak Ukrainian state. Mykola Ryabchuk clearly supports this position, arguing that '[s]ince nationalism is the driving force for rebuilding civil society in the non-Russian European Soviet republics, the fundamental precondition of the reemergence of this society is a high level of national consciousness.'[5]

The crucially important status of the idea of civil society in the post-socialist context is determined by its combined appeal to and endorsement of both national(ist) and liberal-democratic values and principles. Civil society is perceived as a harbor for a nation – 'a cultural, linguistic, or religious community rooted in sacred tradition.'[6] Instead of two mutually opposed and hostile nation and state, this conceptualization of civil society allows for the reinvention of a viable integrity of nation and state. On the other hand, a strong sense of nationhood and shared values is believed to be essential to the formation of civil society. They create a sphere of trust, tolerance and solidarity among the members of community, which is a precondition for cooperative behavior and social engagement, and which cannot be secured either by legal formulas of citizenship,

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[5] Mykola Ryabchuk, "Civil Society and National Emancipation: The Ukrainian Case" in *The Reemergence of Civil Society in Eastern Europe and the Soviet Union,* Zbigniew Rau, ed., Boulder: Westview Press, 1991, p.103.

[6] Piotr Sztompka, 'Mistrusting Civility: Predicament of a Post-Communist Society', in *Real Civil Societies: Dilemmas of Institutionalization,* Jeffrey C. Alexander, ed.. London: SAGE Publications, 1998, pp. 191-210 at 194.

or by officially promoted economic and associational pluralism. 'National identity,' in the words of March and Olsen, '[is] fundamental to structuring rules of appropriate behavior and institutions associated with those identities both infuse the state with shared meaning and expectations and provide political legitimacy that facilitates mobilization of resources from society.'[7]

Civil society, therefore, can be viewed as more than a narrow category confined to legal frameworks, entrepreneurial environment, and citizen participation in NGOs, charitable foundations, social movements, voluntary associations and the like. Meaningful civil society requires a shared culture. As Gellner observed, for the average person:

> the limits of his [her] culture are, if not quite the limits of the world, at any rate the limits of his employability, social acceptability, dignity, effective participation and citizenship. They define the limits of the use of his conceptual intuitions, access to the rules of the game, and to the intelligibility of the social world; beyond these limits he becomes gaffe-prone, inept, subject to derision and contempt, and seriously handicapped in any endeavor. Hence …the existence of a secure preferably extensive political unit identified with that culture and committed to its protection and enforcement is his most pressing and powerful political concern.[8]

Culture, therefore, has three principal social corollaries: it ensures the emergence of a 'modular' individual, i.e. an individual 'capable of combining into effective associations and institutions, *without* these being total, many-stranded, underwritten by ritual..;' 'it

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[7] James March and Johan Olsen, 'The Institutional Dynamics of International Political Orders,' *International Organization* 52,4, Autumn 1998, pp. 943-969 at 944.

[8] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 107.

makes *possible* Civil Society, the existence of countervailing and plural political associations and economic institutions, which at the same time are not stifling; and it also makes *mandatory* the strength of ethnic [national] identity, arising from the fact that man is no longer tied to a specific social niche, but is instead deeply linked to a culturally defined pool.'[9] Therefore, a key to rebuilding civil society as a domain of cultural frames and codes, is the revival of national identities; the restoration of solidarity and tolerance among the fellow citizens; and the recovery of trust in public institutions and roles. Conscious political action can shape identity, solidarity and trust only indirectly – they must be 'nourished through an increased awareness and respect for culture.'[10]

By contrast, even in the absence of a monolithic "Western" concept, the vision of civil society in the West has been, and still remains, considerably different from that in Eastern Europe. The conceptual point of departure for the West is an individual human being, rather than a nation. The idea of national identity is considered a 'legitimate, but limited form of life. This thesis,' as rightly observed by Keane, 'contains a paradoxical corollary: national identity, an important support of civil society and other democratic institutions, is best preserved by restricting its scope in favor of *non-national* identities that reduce the probability of its transformation into anti-democratic nationalism.'[11] Civil society rests on a particular concept of an initiative individual, a democratic citizen, who, regardless of his/her national and cultural heritage believes in democratic liberties, institutions and processes, who is willing to assert rights against the state constrained by legality, and whose civic engagement is mediated by trust.

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[9] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 99 and 127.

[10] Francis Fukuyama, *Trust: The Social Virtues and the Creation of Prosperity*, New York, The Free Press, 1995, p. 5

[11] John Keane, *Civil Society: Old Images, New Visions*, Stanford University Press, 1998, pp. 101-2.

Such divergent reasoning in conceptualizing civil society in the West and in the East creates a conflicting set of references and suggests non-interchangeable models of social and political framework. Most importantly, '[the] process by which an open, mobile, growth-oriented, modular social order emerged from the feudal or baroque-absolutist, status-oriented, anti-productive system [in the West]…meant that when a new order came, it had deep roots and traditions.'[12] This condition has been missing from the historical experience of most East European societies. Therefore, as John Gray once noted 'the viable regimes which emerge in the wake of communist totalitarianism must have the character of civil societies, but need not (and often will not) resemble Western liberal democracies in other important respects.'[13] Indeed, Western notions of civil society in order to fit into a distinct post-socialist setting required a redefinition of its essence.

Unfortunately, amidst the rush to democratize the former socialist world, Westerners overlooked this significant detail. They captured the 'true' meaning of civil society by a mere binary opposition between pluralism and central control. Civil society was understood as a 'set of diverse non-governmental institutions which is strong enough to counterbalance the state and, while not preventing the state from fulfilling its role of keeper of the peace and arbitrator between major interests, can nevertheless prevent it from dominating and atomizing the rest of the society.'[14] When picked up by the donors and incorporated into their strategies of transforming post-socialism this approach to civil society threatened two serious pitfalls. On the practical level, Western experts gave the

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[12] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 148.

[13] John Gray 'Post-Totalitarianism, Civil Society, and the Limits of the Western Model", pp. 145-160 in *The Reemergence of Civil Society in Eastern Europe and the Soviet Union*, Zbigniew Rau, ed., Westview Press, 1991, pp. 145-6.

[14] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 5

impression that they were the only ones equipped with the knowledge and experience of civil society. The conventional wisdom among these 'experts' was that civil society simply did not exist in Eastern Europe prior to 1989. A USAID report on the lessons learned in the process of strengthening civil society in the post-socialist world, for example, stated that civil society is 'a Western concept with little direct meaning in post-communist cultures.'[15] Consequently, as Thomas Carothers observed, western aid providers rushed to the post-socialist countries 'infused with the idea that they were going to teach.'[16] Certainly, such behavior on the part of these donors reinforced the reserve of local populations and dispelled the practical interest among potential local partners, especially among local officials.

More often than not, Western advisors would come for a short period of time, stay in luxurious hotels, monopolize the time of local officials too often asking questions their predecessors did, only to produce reports and provide advice unsuited for local conditions.[17] Poles have even forged a derisive term, 'the "Marriott Brigade," for the "fly-in, fly-out" consultants who stayed at the five-star hotel in Warsaw and dispensed advice based on little, if any, local consultation.'[18] Over time Polish authorities requested more capital support and less technical assistance, whereas the Czech government went even further, having decided to utilize 'a minimum of foreign aid and refrained from establishing relations with the World Bank' on the grounds that 'reform should begin and

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

[16] Thomas Carothers, 'Western Aid: From Teachers to Learners', *Central Europe Review*, vol. 2, no. 11 (20 March 2000) accessed at http://www.ce-review.org/00/11/carothers11.html on 20 January 2003.

[17] Janine Wedel, "US Assistance for Market Reforms: Foreign Aid Failures in Russia and the Former Soviet Block," Policy Analysis no. 338, March 22, 1999, pp. 1-20; James L. Silberman, Charles Weiss, Mark Dutz, "Jump-Starting Ex-Communist Economies: A Leaf from the Marshall Plan," *Foreign Affairs*, vol. 73:1, 1994, pp. 21-27.

[18] Ibid. 255.

end at home'.[19] This position proved right, when by mid-1990s the bubble of euphoria burst and disillusionment, frustration, and resentment with Western assistance grew among aid recipients.

Western aid politics in the post-socialist world became entrapped in the discourse of blame. The recipients blamed donors for the gulf between actual aid and the Marshall Plan rhetoric of aid. The donors accused the recipients for the misuse of assistance money and the paucity of reform efforts. Poland was among the first recipients to become disillusioned with foreign aid, despite favorable Western disposition and serious commitments to assist in the process of Polish transition. In 1992, Poland's President Lech Walesa voiced growing resentment with Western foreign aid at the European Parliamentary Forum in Strasbourg charging that the West was making "good business on the Polish revolution": "The West,' he said, 'was supposed to help us in arranging the economy on new principles, but in fact it largely confined its efforts to draining our domestic markets."[20]

From an ethical standpoint, the advisory-role strategy of Western donors with its secure shield of non-involvement, implied moral irresponsibility for the consequences of their advice. 'Advice is cheap! But not to the one who acts upon it, if it is wrong. …The *system*, the *doctrine*, should work at maximizing, not minimizing, the responsibleness of the technical assistance process. …This is not an issue of morality or personal responsibility, but of policy, of approach, of design, of technical assistance.'[21]

[19] Janine R. Wedel, "Aid and Reform in the Former Second World," 147.

[20] reported by Blaine Harden, 'Poles Sour on Capitalism,' *Washington Post*, February 5, 1992, p. A1 in Janine Wedel, "Reaching Through the Opened Door," pp. 27-42.

[21] Ervin Long, 'Philosophical Differences in Approaching Agricultural Technical Assistance,' pp. 231-238 at 233 in *Institution Building: A Model for Applied Social Change,* Woods Thomas, Harry Potter, William Miller, Adrian Aveni, eds., Cambridge, Massachusetts: Shenkman Publishing Company, 1972.

The central problem appears in the incompatibility between the ideal, abstract model, extracted from Western experience but not necessarily withstanding verification across Western societies, and the "imperfect" post-socialist reality. The hidden danger of this approach is that no matter what progress is made in developing civil societies in Eastern Europe, those societies can never stand up to the ideal and will always remain 'deficient,' simply because their assessment is made against 'the blueprint', rather than from within the framework of historical and existing conditions.

A proper understanding of what is needed to build a real civil society in Eastern Europe must separate it from implicit identification with Western-type plural society, precisely because most East European societies lack well-entrenched independent institutions to counterbalance the state. Although Westerners came to Eastern Europe to remake post-socialist world after the image of their own societies, their subsequent fieldwork was marked by significant deviations and distortions from the blueprints they were equipped with. They were to learn that 'Human society does not… lend itself to the simple application of blueprints worked out in advance by pure thought. That is utopianism. There are constraints inherent in the very nature of the social order, and these constraints must be respected.'[22]

2. THE GREAT DEFORMATION: MARKET UTOPIANISM, AID, AND NEO-LIBERAL NEGLECT FOR CIVIL SOCIETY

Following the Third world, post-socialist countries have become an experimental ground for developmental assistance. For donors, the failure to build communism in the

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[22] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 34.

East provided an opportunity not only to go globally, but also to improve their image and credibility by demonstrating that they have learned the lessons from the Third world. On the side of the recipients, arrival of Western aid to post-socialist world was highly applauded and desired. In the perceptions of East Europeans aid was colored with a hint of magic and mystic as it symbolized, and was believed to catalyze the re-unification with Europe and the West in a broad sense.

Two major models of western assistance to Eastern Europe were elaborated at the time. The Bush administration and much of Congress called for a Marshall Plan-like assistance strategy for Eastern Europe with massive financial investments.[23] However, they could find little agreement on who would 'foot the bill'[24] due to the tight federal budget. Others advocated a so-called Third-World model based on limited bilateral, multilateral and/or non-governmental aid often tied to specific objectives or projects. A serious defect of both models was that they paid little or no attention to broader socio-cultural environment in post-communist countries.[25] Most notably, 'the historical associations of aid with the Third World created numerous problems for aid projects in eastern Europe. Western consultants often acknowledged the distinctiveness of eastern Europe in theory. However, their experience with aid was primarily in the Third World, so in practice they tended to bring those (mis)conceptions, such as assumptions of socio-cultural backwardness, to eastern Europe. This was the ultimate insult to people who

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[23] Melanie S. Tammen, "Fostering Aid Addiction in Eastern Europe," in *Perpetuating Poverty: The World Bank, the IMF, and the Developing World*, Doug Bandov and Ian Vasquez, eds. 101-23. See also John Tures, "Development Theories in the East European Context: The Impact of New Dependency Theory and Neoclassical Economics," *East European Quarterly*, 32:3 (Fall 1998); Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America.* Cambridge University Press, 1991.

[24] Gerald W. Creed, Janine R. Wedel, "Second Thoughts From the Second World: Interpreting Aid in Post-Communist Eastern Europe," 253.

[25] See, for example, Jiri S. Melich, "The Relationship between the Political and the Economic in the Transformations in Eastern Europe: Continuity and Discontinuity and the Problem of Models," *East European Quarterly* 34:2, 113-157.

were proud of historical and cultural ties to the West.'[26] The volume and quality of local knowledge, often equal to and at times surpassing Western standards, but largely devaluated and ignored by donors, provides partial explanation to the frustration and resentment among Eastern Europeans with western programs and attitudes. Critical analysis of donor-recipient aid relations in Eastern Europe leads to a conclusion that just 'as there was little interest in a 'third way' within eastern Europe after 1989, there was no alternative aid model envisioned by the West, and while the First-World paragon was held up as the ideal for the region, Third-World models were actually implemented.'[27] This is not to say that the West forcefully imposed the liberal model. Eastern Europeans welcomed the ideas of liberal democracy, civil society and market economy, but only a small percentage of them had a concrete knowledge of what these in reality were. Soon they were to discover that aid is unequal, and more often than not fails to come in sufficient amounts. 'Western enthusiasm for assistance …appeared to disappear along with the communist system itself, and this exposed the political self-interest of Western governments.'[28] Behind the noble and altruistic façade of assistance policies, political and commercial interests of aid providers were soon to be revealed, raising questions about Western intent. Moreover, concerted efforts to remake post-socialist world after the Western image appeared to be highly discriminative across the region, exacerbating disappointment among the "outcasts" even further.

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[26] Gerald W. Creed, Janine R. Wedel, "Second Thoughts From the Second World," 256.

[27] Gerald W. Creed, Janine R. Wedel, "Second Thoughts From the Second World," 253. Similar conclusions also in Jiri S. Melich, "The Relationship between the Political and the Economic in the Transformations in Eastern Europe: Continuity and Discontinuity and the Problem of Models," *East European Quarterly* 34:2, 313-157.

[28] Jerald Creed, Janine Wedel, "Second Thoughts from the Second World: Interpreting Aid in Post-Communist Eastern Europe", *Human Organization*, vol. 56, no. 3, 1997 pp. 253-264 at 255.

On the whole, the neo-liberal reform package, which has been simplistically adopted by most post-communist countries, focused primarily on the market dimension of transition. Privatization, macroeconomic stabilization, infrastructure development, price and trade liberalization figured most prominently on top of the reform agendas of both Western donors and national reformers. In particular, privatization in all forms and shapes – large, small, re-privatization, the creation of new private enterprises - came to the fore. Economists, politicians, and academics rushed to explore the subject, producing a voluminous collection of books, speeches, monographs, and conference papers. 'In the West, instant experts on the region and 'transition' sprang up. Western historians and political scientists found themselves less needed; financiers, bankers, and accountants were in demand.'[29] Bull and Ingham observed that '…it was neo-liberal economists, perhaps most notably Sachs, who were initially most confident in their advice as to how change should proceed…'[30] Private ownership was thought to be a crucial element of market economy. A successful solution of privatization dilemma was believed to be of paramount importance to the future of liberal capitalism and democracy in post-socialist countries. Development of civil society was generally overlooked in the capitalism-export schemes, which offered only some 'quick-acting doses of support'[31] to a small circle of civic groups and activists, most of whom were known in the West prior to 1989. At the time donors believed that limited support for NGOs – the foremost exemplars of civil society – was the best way to promote democracy. 'Time seemed to be of the

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[29] Janine Wedel, *Collision and Collusion: The Strange Case of Western Aid to Eastern Europe 1989-1998*, London: Macmillan Press Ltd., 1998, p. 4.

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

[31] Thomas Carothers, "Western Aid: From Teachers to Learners," *Central Europe Review*, vol. 2, n. 11, 20 March 2000.

essence, and small amounts of support to the right groups promised to make a great difference.'[32]

For political and social reasons neo-liberal policies were introduced across the region with varying speed and degree of commitment on behalf of the governments and societies in general. While some post-socialist states, most notably Poland, adopted shock-therapy strategy, others were more cautious and gradualist in their approach toward economic liberalization and continued with policies of subsidizing and other supports for the fear of social costs and political consequences of the rapid economic reorientation. 'In theory, the introduction of the market economy could strengthen civil society by creating institutions with financial independence from the state. In practice, privatization has sometimes involved the corrupt transfer of assets into private hands, including those of the old *nomenklatura*.'[33] In retrospect, clear evidence demonstrates that no matter what pace of marketization the countries subsequently adopted, they all experienced similar problems of growing unemployment, inflation, fall of production, and general economic decline. The only difference was in degree, but not in the nature of reforms' "side effects". Due to the overall institutional weakness in East European societies, to the surviving social and cultural legacies of the communist past and to the uncritical embrace of these simplistically perceived models, transition to market economy not only turned socially devastating to the majority of population, but rampant corruption and growing authoritarianism reinforced feelings of alienation from and opposition to the state, generally associated with highly corrupted elites. As a result, contemporary

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[32] Thomas Carothers, "Western Aid: From Teachers to Learners," *Central Europe Review*, vol. 2, n. 11, 20 March 2000.

[33] Richard Rose, William Mishler, Christian Haerpfer, *Democracy and Its Alternatives: Understanding Post-Communist Societies*, Cambridge: Polity Press, 1998, p. 67.

relationships between the state and civil society in Eastern Europe bear a close resemblance to those, which existed during the communist era, when under the state pressure many people looked for an authentic civil society in 'internal emigration.'[34] At the same time, '[t]he prevalent tendency toward the non-transparent corrupt relationship between the two overlapping groups – economic and political elites – has become the major obstacle to progressive economic and democratic development.'[35] However, it was not until these consequences of economic reforms hit many of the transitional societies, when donors gradually realized that the introduction of market and nominal democracy was not sufficient and that reform process required also a strong civil society. As preoccupation with 'good governance' became widespread, civil society reemerged as a new canon. It was pinned new hopes on and deemed crucial for making weak state institutions more responsive and accountable. In the times of transitional uncertainty and turmoil, often accompanied by political and economic shocks without therapies, civil society was believed to possess an urgently needed shock-absorbing potential in order to keep fragile social stability.

In an attempt to produce 'instant' civil society donors had no time for the maturation of a new vision of how it should look like in the post-socialist world. While donors' perceptions about the significance of civil society for transitional reforms changed, their understanding of its essence remained unaltered. Consequently, they applied hugely simplified and mechanistic strategy of developing civil society. The latter was understood in quantitive terms: more NGOs meant a more developed civil society.

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[34] Piotr Sztompka, "Mistrusting Civility: Predicament of a Post-Communist Society," pp. 191-210 at 194 in *Real Civil Societies: Dilemmas of Institutionalization,* Jeffrey C. Alexander, ed., SAGE Publications.

[35] Jiri S. Melich, "The Relationship between the Political and the Economic in the Transformations in Eastern Europe: Continuity and Discontinuity and the Problem of Models," *East European Quarterly,* vol. 24(2), pp. 113-157 at 141.

The goal in Poland, for example, was to increase the number of NGOs from 3,000 in 1988 – far above any other East European country – to 20,000 by 1992.'[36] As aid providers have sought to empower NGOs as the principal agents of democracy, they 'have gone from favoring NGOs as recipients of aid to equating NGOs with civil society itself and assuming that the growth curve of NGO proliferation is a good measure of civil society development.'[37] As NGOs came to the fore in mid-1990s, the region has witnessed a significant investment of donors' resources in and explosive proliferation of NGOs. By 2000 the number of civic organizations and charitable foundations in Ukraine has grown to 28,000.[38] They were meant to solidify the long-term prospects for well-functioning, representative democracy by fostering citizen participation, anti-corruption initiativeness, public policy dialogue, respect for human rights, and good governance. Yet, despite the increased number of civic organizations, Ukrainians do not demonstrate strong support for NGOs and only few are the members. According to 2000 Survey of the International Foundation for Election Systems (IFES), 12 per cent of respondents claimed tat they belonged to trade unions, while no other group had more than 1 per cent. [Figure 1]

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

[37] Thomas Carothers, "Western Aid: From Teachers to Learners," *Central Europe Review*, vol. 2, n. 11, 20 March 2000.

[38] Taras Kuzio, 'Ukraine Debates the Role of Civil Society,' RFE/RL Newsline, 15 February, 2002 avaiabla at http://www.rferl.org/newsline/2002/02/5_NOT/not-150202.asp

Figure 1. Religious and NGO Membership Trend Analysis (1996-2000)
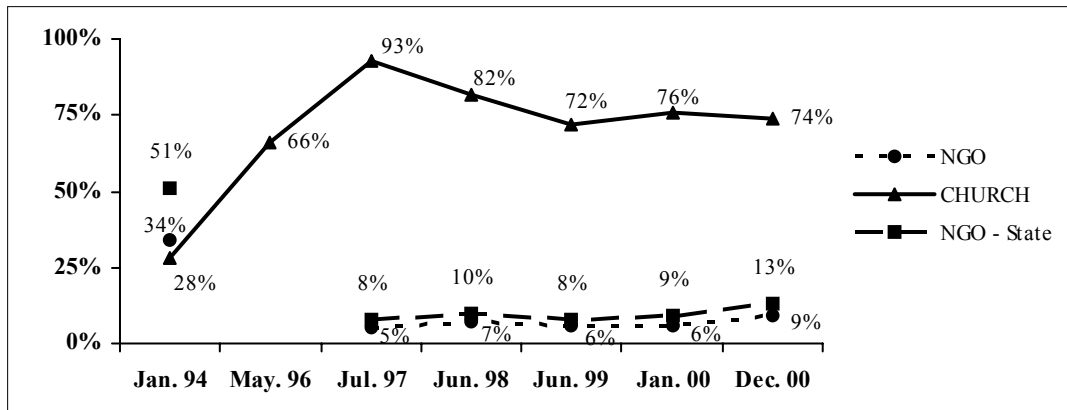
Question: "Please look again at the list of organizations. Which, if any, do you belong to?"

Source: Thomas Carson, Attitudes Toward Change, the Current Situation, and Civic Action in Ukraine, prepared for International Foundation for Election Systems, November 2000.

Amid the drive to create NGOs, donors 'often lost sight of the extent to which NGOs, like "civil society," represent *models*, that is ideal representations of how things ought to work.'[39] They have overlooked severe limitations in the credibility, legitimacy and capacity of non-governmental organizations to promote democracy and build civil society.

For numerous NGOs in Eastern Europe the major source of funding still remains Western. Such dependency on donors' generosity subjects their activities to direct foreign control and raises questions about the extent, to which they represent their constituents and express the needs of their local communities. In fact, IFES poll provides striking evidence, that in Ukraine 'no one goes to NGOs for help in resolving their problems,.. [because Ukrainians] have not seen any positive results emanating from NGOs activity

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

over the past few years.'[40] Some political leaders in Ukraine did not miss the opportunity to reinforce popular negativism toward NGOs and to politicize the issue. Viktor Medvedchuk, the leader of Social-Democratic Party of Ukraine-United and one of the most powerful oligarchs, has recently complained about unrivalled American influence over Ukraine's civil society.[41]

On the other hand, NGOs discredited themselves in many instances through their own practices of 'building community capacity' and 'promoting social ideals' that were throughout dictated, guided and penetrated by market, patronage, and personal connections. 'Pragmatic bargaining and pushing and shoving of done deals [turned into] the orders of the day'[42] among NGOs, resulting in strong accentuation of new-old hierarchies, networks, and privileges. Unfortunately, these details largely escaped donors' sensibilities. Having written final reports on the demonstrable increase of local NGOs, or perhaps, having realized the failure of transition in so many countries, numerous aid agencies reduced aid for civil society, some of them pulled out of the countries or shifted their priorities. Civil society lost its privileged status as a key concept in donors discourse. While donors shifted their focus to new 'shining emblems', many of the local NGOs reoriented their activities in order to continue the procurement of Western resources.

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[40] Thomas Carson, Attitudes Toward Change, the Current Situation, and Civic Action in Ukraine, prepared for International Foundation for Election Systems, November 2000.p. 39

[41] Viktor Medvedchuk, Про перспективи розвитку громадянського суспільства в Україні (On the Prospects of Civil Society Development in Ukraine), http://www.zn.kiev.ua/nn/show/379/33708/

[42] Jeffrey Alexander, Real Civil Societies, unpublished manuscript, 1990; cited in Jeffrey Alexander, 'Civil Society I, II, III: Constructing an Empirical Concept from Normative Controversies and Historical Transformations,' pp. 1-19 at 2 in *Real Civil Societies: Dilemmas of Institutionalization*, Jeffrey Alexander, ed., London, SAGE Publications, 1998.

3. DOING "BUSINESS" ON CIVIL SOCIETY IN UKRAINE

In his highly acclaimed book, *The Open Society and Its Enemies*, Karl Popper counterposes two contrasting visions of the evolution of civil society: historicism that extols immutable historical tendencies in the destiny of nations vs. social engineering which professes that people can create and change this very 'destiny' by constructing or altering their social institutions.[43] Perhaps, the most stunning thing about donors involved in the development of 'civil society assistance industry' in Eastern Europe and former Soviet Union was their commitment to social engineering along with unshakable belief that with the right manual civil society can be built anywhere. Surprisingly little importance has been attached to the fact that most ex-socialist countries, when entering the transition, were largely discredited states carrying a heavy burden of socialist legacies, such as underdeveloped political systems, highly politicized populations, little or no respect for law, and poor economic performance. Developing civil society under such conditions not only may turn into a risky undertaking, but is also bound to bring unanticipated results. As it did, in fact, happen in Ukraine.

Civil society in Ukraine is often described as weak, passive, atomized, paternalistic, fragmented, demobilized and uncivil. Ukrainian independence did not produce a democratic citizen, 'who believes in individual liberty and who is politically tolerant, who holds a certain amount of distrust of political authority but at the same time is trustful of fellow citizens, who is obedient but nonetheless willing to assert rights against the state, who views the state as constrained by legality, and who supports basic

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[43] Karl Popper, *The Open Society and Its Enemies*, 5th edition, Princeton: Princeton University Press, 1966.

democratic institutions and processes.'[44] Instead of counterbalancing the state, Ukrainian society has retreated to protecting itself from the state. As in the Soviet times, people once again adopted a strategy of complete alienation from the state and found refuge in 'internal immigration' – a closed circle of family, friends, church, criminal groups, etc. The prospects for a viable civil society faded away as civic movements and organizations weakened and civic activity was minimized down to a regular participation in highly manipulated elections. Protracted economic crisis and social insecurity produced civic apathy that gradually grew into lethargy, when mere references to democratic ideals invoke skepticism and irritation.[45] Further fusion of political and economic elites and extrapolation of the shadow economy rules to politics turned the latter into a profitable business for a narrow circle of individuals and secured conditions for the persistence and flourishing of oligarchy.

Oligarchic regime in Ukraine is marked by a paradoxical coexistence of formal democratic institutions and their non-democratic instrumentalization. Such regime accommodates, even advocates and patronizes, civil society and allows democratic institutions to function, but only as long as they do not challenge oligarchic authority. Thus, the presidential decree no. 245, dated 11 April 2001, established a special commission, placing civil society development under a tight control of ruling elites. In the year that followed, on 7 October 2002, the commission was renamed and endowed with additional task of facilitating democratization processes in Ukraine. Its head, Volodymyr Malynkovych, has best summarized commission's activity to date and plans

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

[45] Tetyana Sylina, "Як зазирнути за фасад демократії?" (How to look behind the façade of democracy?), available at http://www.zn.kiev.ua/nn/show/380/33784

for the future. In his recent interview he stated: 'Our immediate goal is to start doing something. We need to convince society that we do not do futile talks about democratization, but that we sincerely wish radical political changes. I cannot say at the moment how the structures of civil society will be created, for they cannot be built from above. Neither can I say what will turn out in the end, but we are going to do something.'[46] Whereas Malynkovych's idea of commission's goal boils down to the need to do 'something', Viktor Medvedchuk, one of the most influential oligarchs and a leader of Social-Democratic Party of Ukraine (United) believes that the commission is to become a mediator between ruling elites and civic organizations. The latter, he argues, urgently need political support, since they do not represent the interests of individual citizens and therefore cannot rely on a broader societal support. 'They found themselves in the role of an advanced force team, which took over the enemy's object and is waiting for a back-up which is not there to come.'[47] In this situation the oligarchs arrive as noble saviors of Ukraine's weak civic institutions, simultaneously creating another sphere of influence outside politics and economy, consisting of political parties, NGOs, mass media, charitable foundations, think-tanks, etc.

Having placed political, economic, and social developments under their control, the oligarchs turned Ukrainian statehood into a grand business project, where they are the ones who define the rules of the game for all the participants of social processes.[48] In return, civil society, often without realizing it, reinforces oligarchic rule by recognizing

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[46] Malynkovych Volodymyr, Interview to internet agency 'Context', available at http://www.context-ua.com/print/interview/8556.html

[47] Viktor Medvedchuk, Про перспективи розвитку громадянського суспільства в Україні (On the Prospects of Civil Society Development in Ukraine), http://www.zn.kiev.ua/nn/show/379/33708/

[48] Borenko Yaryna, 'Hromadianske suspilstvo I politychna vlada oligarhii' (Civil Society and Oligarchic Political Power) available at http://www.ji.lviv.ua/n21texts/borenko.htms

and following the norms and frameworks of civic action determined by the oligarchs. Thus, oligarchy reflects a (dis)balance between almost non-existent civil society and powerful non-transparent insider groups. Borenko believes that 1999 Presidential elections and 2000 referendum completed the process of 'oligarchization' in Ukraine.[49] The country turned into a stable non-democracy, where political decision-makers represent the interests and values of oligarchic lobbies in the absence of broader social support. At the same time, the mushrooming of civic organizations, often inspired by the oligarchs themselves, creates a democratic façade for their absolute power.

One can distinguish three types of civic organizations in Ukraine: issue-oriented community groups, policy-oriented NGOs, and grant-making organizations. Despite their seemingly similar legal status, they differ significantly in terms of their goals, structures, and funding sources. Issue-oriented community groups include such diverse voluntary associations as veterans' unions, welfare groups, groups benefiting veterans of the Afghan war, groups working for the victims of Chernobyl disaster, women's organizations, fishing and hunting clubs, etc. With little resources at hand and nearly non-existent state funding, these groups are unable to pose some broader demands and, therefore, extend their narrow interests only to their members. Yet, in a society, where social problems are acute, their activities, directed at improving social services and increasing payments for their constituents, are permeated by genuine concerns about their members. More often than not, these NGOs attempt to have their members attain a special status of, for example, "Chernobyl victim", or "former political prisoner", or a

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[49] Borenka Yaryna , 'Hromadianske suspilstvo I politychna vlada oligarhii" (Civil Society and Oligarchic Political Power) available at http://www.ji.lviv.ua/n21texts/borenko.htm

"parent of a disabled child", which entitle their members to such benefits and privileges as free rides in public transport, opportunity to use recreational resources, tax advantages, rent benefits, or some low subsidies from the state. No surprise that these organizations enjoy the highest degree of confidence and trust – between 40% and 50% - among Ukrainians.[50]

The second category – policy-oriented NGOs – encompasses mainly think-tanks, charitable organizations and various foundations. Their initiatives are guided to a large extent by politics and market. For the most time they are busy balancing out and compromising the interests of the groups and individuals, who offer funding for their services, with their own goals. Their primary funding sources are business and/or foreign donors. Most Ukrainian businesses, controlled or directly belonging to oligarchs, generously provide money for philanthropic, voluntary, and private initiatives, since the latter can serve as channels for various financial operations, mainly money laundering. At times, however, NGOs may be used by businesses to achieve some concrete goals. Every election campaign in Ukraine witnesses an explosive proliferation of short-lived NGOs. They receive unrecorded flows of cash to involve popular artists, actors, and athletes into the campaign, organize concerts and meetings, or simply arrange free beer for students to join all sorts of actions in support of their candidate. For the members of such NGOs political and personal agendas are closely interwoven. Their candidate's victory opens up new career opportunities and promises good money.

There is also a large number of policy-oriented NGOs, whose financial sustainability is secured by Western agencies, firms, and individuals. Some of them are

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[50] IFES, p. 37

driven by genuine social concerns, others pursue solely personal interests, while still others successfully combine both. Most of these NGOs traditionally concentrate in national centers and big cities, where donors looking for partners can easily find them. Quite a few of policy-oriented NGOs made themselves irreplaceable partners to Westerners by providing the 'necessary corrective input' and by exploiting 'the current fads for civil society, NGOs, human rights and environmental improvement, in order to enjoy the good jobs, free trips, free equipment, or other privileges…'[51] This is not to say that all Western-funded NGOs in Ukraine pursue exclusively private interests. There has been and continues to be a great deal of genuine involvement of the third sector in public policy and social affairs. Yet, at the same time there exist quite a few NGOs whose activity revolves solely around the search for new grants. They are known as 'shadow' or 'phantom' NGOs, or as they are derisively called in Ukraine – *grantoids*.

Grantoids are closed insider groups, operating in a Byzantine-style environment, where social relations and privileges are determined primarily through personal connections and networking, and where control games, favoritism, bureaucratic and power manipulations have deeply penetrated the fabric of social life. Whether consciously or not, Western donors became involved in grantoids' games with the emergence of 'civil society and NGOs support industry'. Grantoids were the first ones to have accumulated material and human resources. They have monopolized broad expertise ranging from privatization and banking to democracy and human rights, on to environment, agriculture, women and youth issues. And they have learned how to manipulate the discursive forms of transition language. They were quick to realize that

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[51] Steven Sampson, pp. 126-128

properly defined 'target group', correctly formulated 'mission statement', or a timely reference to transparency, institutional capacity, or sustainability problems, often mouthed with 'only the vaguest notions of their meanings and of the legal-regulatory regimes from which they sprang'[52] promised numerous benefits of new grants.

Grantoids jealously guard their partnerships and friendly relations with Western agencies and individuals from potential local competitors, conducting little outreach and mostly working new contacts that may secure future grants. They have learned to be careful about their 'corrective inputs' and ensured that their feedbacks remained firmly within the limits of what they thought the grant-giving agencies and individuals were willing to hear. These were exactly the organizations and individuals who instantaneously realized that transition is also 'a business, and along with the waste, inefficiency and mystification there is a good deal of sheer profit'[53]. They were well positioned to take advantage of this situation, and they did not hesitate to do so.

It would be naive to believe that grantoids are interested in the reforms progress. In countries, where reforms measures have been quickly and successfully undertaken, grant-making 'business' was short-lived. Neither would they be content with the lack of reforms altogether. Grantoids' benefits derive from aid to facilitate reform process, but not from the actual reform progress. A state of semi-reformed uncertainty, or what Oleh Havrylyshyn has called 'frozen transition'[54], is best suited for their activity, since it justifies the need for continuing financial support, without requiring to do best of Western assistance. Grantoids' logic, which circulates as an insiders jargon, is very simple and

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[52] Janine Wedel, *Collision and Collusion*, p. 109

[53] Steven Sampson, p. 128.

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

boils down to the following: 'If they, i.e. the West, want to spend assistance money, we can help them' and 'They pretend to help us, we pretend we're being helped.' This logic requires that grantoids reputation of 'irreplaceable' local partners should remain unshakeable; and teaches that the most important thing in this 'business' is that the project reports should be written in timely manner, illuminating the piecemeal progress in implementing the project and convincingly making the case for the need of further funding.

Thus, the paradox of Western assistance to develop civil society is that it has attempted to set up a new social form by design from outside and in a hurry. Preoccupied with replicating Western-type institutional framework, western donors focused primarily on technicalities and neglected the interactive practices built on tolerance and trust, which are inevitable to make these institutions work. Consequently, although many of these newly created institutions – including grantoids - formally resembled their Western prototypes, their practices were oftentimes dictated by the residual legacies of their past persisting 'in the values and beliefs of politicians and citizens socialized to accept the cultural norms of the previous regime.'[55] Civil society institutions are not represented solely by formal organizations, such as NGOs, but are 'relatively stable collection of practices and rules defining appropriate behavior for specific groups of actors in specific situations. Such practices and rules are embedded in structures of meaning and schemes of interpretation that explain and legitimize particular identities and the practices and

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

rules associated with them.'[56] Therefore, civil society development is a longue duree process, where new institutional arrangements are embodied, incorporated, and sustained through continuously recreated codes of meaning and patterns of behavior.

Cultural insensitivity and inflexibility of Western assistance programs resulted in serious transitional "deviations," once these programs have been implemented in societies that functioned in some fundamentally different ways. One recent step to 'strengthen' civil society in Ukraine with the help of Western money was made in February 2002, when nearly 300 of Ukraine's civic organizations held a forum "Society Facing a Choice". The purpose of the forum, in the words of Hryhoriy Nemyria – a chair of the executive board of the International Renaissance Foundation and one of the main architects of civil society in Ukraine – was to build a mechanism to consolidate civil society. "One of the criteria for measuring the extent to which a civil society is successful, is the extent to which NGOs have become a source for alternative elite…"[57] Yet again, his words proved how Western idea resonated in the East with distorted meaning. Whereas in the West, the entire civil society is believed to be a sphere of autonomous civic activity that provides a counterweight to governmental power and opposes its illegitimate exercise or abuse, civil society in Ukraine is devoid of what Ernest Gellner considered its most significant virtue – modularity, that is capacity of people to combine freely 'into effective associations and institutions, *without* these being total, many-stranded, underwritten by ritual and made stable through being linked to a whole inside set of relationships, all of these being tied in with each other and so

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[56] James March and Johan Olsen, 'The Institutional Dynamics of International Political Orders,'
International Organization 52,4, Autumn 1998, pp. 943-969 at 948.
[57] Civic Forum "Society Facing a Choice", Analytical Report, IRF PR Department, 21 February 2002, accessed at
http://www.irf.kiev.ua/eng/news/news.html on 14 January 2003

immobilized."[58] In contrast, Ukrainian civil society is a sphere where Western assistance money helps draw new dividing lines, erect new structures, and accentuate 'alternative' hierarchies and elites.

CONCLUSIONS

Post-socialist reality represents a confusing hybrid of old and new patterns, rules, mentalities and habits. The surprising viability of the remnants of the pre-1989 regime turned out to be a significant impediment to a sustained transition. The modalities of political and economic trajectories traveled by former socialist countries, and perhaps more importantly their present conditions, barely resemble any recognizable stage in the development of capitalism and democracy in the West. The term 'transition' itself has been so abused and so eclectically cluttered with concepts, strategies, and prescriptions that it no longer adequately captures the social reality throughout the post-socialist world. What emerges on the ruins of the old regime is a new reality with its own imbalances, turbulence, and highly indeterminate consequences. It can be better described as a social metamorphosis – a complex and multidimensional process of political, economic, and cultural change with no determinate destination, and more often than not, with no clear blueprint as to how this change should proceed.

The paradox of Western assistance to establish democracy and strengthen civil society is that it tried to set up a new social form by design from outside and in a hurry. Equipped with ideal constructs that were neither historical nor even some observed reality, western donors came to Eastern Europe to teach. Instead of being used as ideal types in logical sense, these constructs were used by the donors as ideal types in practical

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[58] Ernest Gellner, *Conditions of Liberty: Civil Society and Its Rivals*, London: Hamish Hamilton, Ltd., 1994, p. 99.

sense. They were turned into the models of what post-socialist reality *should* be. Consequently, instead of assisting in *reforming* post-socialist societies, Western donors were primarily concerned with *remaking* them. Focusing solely on replicating Western-type institutional framework, they failed to determine the interactive practices built on tolerance and trust, which are inevitable to make these institutions work. They built a new hardware of democracy, but they failed to notice that software at hand was ill-suited to make new institutions work.

Socialist legacies, traditional beliefs and social images shared by the members of post-socialist societies constitute an organized social activity and a very foundation of social life. They facilitate or constrain what the members of society think and do, and at the same time are (re) created in these actions and intersubjective beliefs. That is why any transfer of developmental models without true appreciation for and understanding of cultural context is an inherently troublesome enterprise, and almost necessarily doomed to a failure. No meaningful change of social institutions, or the entire social order can be brought about through a straightforward transfer of technology, know-how, cognitive structures and improved practices from one culture to another, unless they are endowed with *meaning* that will reverberate adequately within the recipient culture. Development of new institutions is therefore more than a technical activity. It is a continuous process of dealing with subjectivity, 'uncertainty, and contingencies, with human and technological shortcomings, and with competitive interests,'[59] ideas, and values.

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

The problems of 'technical assistance' stem primarily from the incompatibility of specific aid techniques with local social and cultural conditions, and therefore from the lack of both meaning and relevance of assistance efforts to the local population. Based on the logic of replication, aid has little to offer to systemic transformation. Social engineering never works in exact accordance with the blueprint, because social action hardly ever produces precisely the results anticipated. Therefore, a reconstruction of a social reality through rationally produced technicalities does not produce workable systems.

For the workings of aid to become effective, the concept of aid should be shifted beyond the confines of mere technicalities by offering a way of developing an indigenous long-term foreign assistance facility that can provide solutions to the problems relevant to the specific social context. Assistance policies and practices should be concerned with qualitative changes in the intersubjective beliefs and perceptions, in behavioral patterns and social relationships. Although with implicit social engineering bias, this approach is concerned not simply with changing formal organizational structure of society, but with induced and guided innovations that have the capacity to act on social environment, to become integrated into society, and acquire the capacity to sustain themselves. This means that although over 'a decade of transition we have learnt many things,.. the only sure thing learned is that we have to learn more.'[60]

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[60] Gagik Arzumanyan, Deputy Minister of Finance and Economy, Armenia, "The Transition – Were Are We? Experience and Lessons from Armenia," pp. 60-70 at 60 in *Completing Transition: The Main Challenges*, Tumpel-Gugerell, ed. al., Berlin, Heidelberg: Springer, 2002