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**Ukraine and Georgia Since “Color” Revolutions:
Factors That Influence Foreign Policy Change**

MA Thesis

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I have written this Master's thesis independently. All viewpoints of other authors, literary sources and data from elsewhere used for writing this paper have been referenced.

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Abstract

A substantial volume of analysis was generated among scholars and theorists around the foreign policy orientation of Georgia and Ukraine. The foreign policy of these post-Soviet countries was determined as respective of both, external and domestic challenges at hand. Following the dissolution of the Soviet Union, the countries' geopolitical status quo has been challenged, and broader opportunities for the newly independent states have come to exist. The relevance of countries' domestic strategy and the outcome of foreign policy is the spotlight of this research.

This study makes an effort to fill the gap in social science literature about foreign policy orientation change in transitional democratic, post-Soviet countries-Ukraine and Georgia. These are countries that have aspired to the same geopolitical goal but because of significant external and domestic challenges were prone not to the same consequences in foreign policy. Ukraine, with its weak and corrupt state institutions, mostly pro-Russian political class, economic and energy dependence on Russia, can be considered as a case more likely to change geopolitical orientation. At the same time Georgia, weak and once dependent on external power but, with a mostly different type of development, recently altered its pro-Western government on a new, with a declared conformist policy concerning Russia, but it still has not deviated from the chosen, Western path.

The thesis attempt to define what affects the foreign policy orientation of Ukraine and Georgia after Color Revolutions. The paper tries to answer the following questions: Why the change occurred in Ukraine but not in Georgia? What made Ukraine swing like a pendulum in foreign policy and Georgia-remain relatively stable? Which domestic political factors were decisive for the foreign policy change in Ukraine and is keeping Georgia on the chosen path? How did domestic politics contribute to the foreign policy change?

This comparative case study of Ukraine and Georgia considers domestic political factors after two Color-Revolutions in Ukraine (2004) and Georgia (2003);

The expected core idea of this thesis studies particular factors that affect foreign policy orientation of chosen countries. With comparative analyses, there is an attempt to enrich the foreign policy change phenomena of dependent states and assess its probability

Introduction

Small or big, but mostly weak post-Soviet states are inclined to pursue a cautious bandwagoning policy towards its external hegemony, Russia. The difference in resources made former Soviet republics remain entailed politically or economically to the dominant neighbor. Except for the Baltic states, only Ukraine, Georgia and Moldova are in relatively open and vigorous attempts to build independent, democratic institutions, to conduct independent foreign policy, and to escape the Russian sphere of influence. These three countries are participants in the Eastern Partnership Program with the EU and have committed themselves to the EU standards and values (Kakachia K. 2014). Nevertheless, this study focuses on Ukraine and Georgia because of important criteria allows developing of better outcome-centric comparative research. First of all, only in Ukraine and Georgia Color Revolution happened which are perceived as starting points to significant changes in domestic and foreign policy. Second, advanced research revealed that the political turmoil in Moldova since 2009 makes it difficult to find the relevance with Ukraine and Georgia (Freedom House, 2013). In the beginning, the cases of Ukraine and Georgia are mostly similar. Further analysis of particular political features allows revealing more vivid dichotomous. It has to be mentioned that there was one more Color revolution in another post-Soviet country, Kirgizstan. Two attempts to become more democratic failed, and the semi-authoritarian Kyrgyzstan continues development without substantial transformation (FH, country report, Kyrgyzstan 2015).

The Rose Revolution in November 2003 and the Orange Revolution in November 2004 ushered in a new era for Ukraine and Georgia. Pro-Western political parties rose to power. Both countries appeared in the heart of international attention. The explanation of why politics in

Ukraine and Georgia are important lies in the hegemonic traits and menace capacity of Russia. More precisely, color revolution encouraged by the West threatened Russia. Russian President Vladimir Putin many times complained that Color revolutions were the attempt to undermine Russia's status in a former Soviet territory. The attitude of Russia started to convert into the new difficulties. (Tsygankov 2015).

Rising tensions with Russia attracted international interest towards Ukraine and Georgia. The West started to recognize the importance of the sovereignty and stability of these countries as frontiers or gateways to Europe. Especially after the annexation of Crimea by Russia, The West openly declared concerns regarding rising Russian influence in the region (UN, security council, 2017).

In 2013, when the President of Ukraine Viktor Yanukovich postponed signing the Association agreement with the EU, the country and the world faced the significant foreign policy change. Ukraine as a non-Baltic country ranked Free 2006-2009, has a large territory and population, rich in natural resources but fails to resist the Russian pressure. Meanwhile, a failed state at the moment of Rose Revolution, small Georgia is Partly Free democracy in transit (Freedom House, 2015); experienced the economic embargo and a profound war with Russia, lost 20% of its territories, faced implicit Western support, and even more, the strategic partner the US's President administration in 2009 downgraded security ties with Georgia after initiating the "reset" policy with Russia. However, Georgia remained fundamentally unaltered in foreign policy behavior (Kakachia K. 2013:127). Foreign policy change happens when alliances disintegrate, the international system is affected by dramatic events, or new governments come to the office and start immediate alteration of policy. Also, foreign policy change requires strong legitimacy and bureaucratic support (Herman 1990). Ukraine is not the case suitable to this concept. In its turn, Georgia breaks Waltzian and other nonrealistic explanations of dependent, weak state behavior.

Where is the explanation for different foreign policy behaviors of two countries? Modern theories about foreign policy change tend to analyze domestic political factors. There are a lot of factors that occur domestically and affect foreign policy. In the case of Georgia and Ukraine, for example, the identity, culture, energy policy, and Russian pressure are already broadly scholarly discussed. As energy dependence remains the crucial factor until 2014 for the reason of its decisiveness, this study cannot avoid discussing it. Dependent energy policy is bound to

corruption as the most troublesome weakness and incompetence of any government. Corruption undermines the prospect of economic development. Politicians, decision-makers are responsible for corrupt institutions, ineffective energy policy, and all consequences. The paper is going to make findings that with a corrupt and Soviet-minded government the probability of remaining dependent on the external power is much bigger and vice versa. This inquiry is important because despite achievement and advantages both countries Ukraine and Georgia are developing democracies in transit. It makes them still vulnerable before the Influence of Russia. On the one hand, the significant difference in territorial, population, military, natural and other resources keep the threat permanent. Thus, the probability of reverse or change in foreign policy is still high.

The first part of this paper discusses relevant theoretical literature. There are prominent theories that are applicable or contradicting to Ukrainian and Georgian foreign policy change framework. Other concepts are appropriate to attach to chosen independent variables, IVs-domestic political factors of the change in Ukraine, and conversely, continuity (Gvalia et al. 2014) of foreign course in Georgia.

The second part of the study, methodology creates the bridge between theories and empirical analyses and attempts to verify coherence in the topic's development, explains the choice of method, and sets limits for the entire research framework.

The empirical part endeavors to cover all primary aspects and cite analyses around politics in Ukraine and Georgia 2004-2014. The sources of empirical data are media, articles, international indexes, and national statistics.

The aim of this research is to set out arguments consider to foreign policy change reasons in post-Soviet democracies that are challenged by the hegemonic interest of external power Russia.

Part I-Theoretical framework

1.1. Conceptualization of DV- Why foreign policy may be changed

Starting to study the concept of foreign policy change, first of all, we should understand what foreign policy is and how to analyze it. Next, we will look at how the fundamental theory predicts and explains the dynamic of the decision-making and change in the Foreign Policy

To generalize scholarly notion of the Foreign Policy mostly is acknowledged as a set of goals, directives, and intentions directed at some actor or condition outside of the state that affects a target in the manner desired by policymakers (Gustavsson 1999: 5).

First of all, we should define who is the policymaker: is it the government and does it act solely or any internal or external factors also contribute to the decision-making process?

1.1.1. Actor-specific theory

Hudson (2005) as one of the prominent promoters of the actor-specific theory relies on the conceptualization of “actor” – personality or group of people and consider such approach more feasible than a development of theory around cultural factors, social or state behavior effects in foreign policy. Hudson believes that the better Foreign Policy analyses should be done from the rational, empirical study. In this regard, Hudson refers Simon: “It is far easier to calculate the rational response to a fully specified situation than it is to arrive at a reasonable specification of

the position. Without empirical study, it is less relevant to predict which of many specifications actors will adopt" (ibid:4).

Whether the foreign policy is shaped by internal and external factors, Hudson (ibid) alludes to Rosenau who advocates using the model of prominent genetic scientist Gregor Mendel to discern genotype from phenotype in plants as the pattern for making foreign policy analysis. Rosenau offers the explanation of foreign policy interaction through careful observation of genotype of the nation-state. Rosenau also was encouraging the development of actor-specific theory. Rosenau felt that the best way to create the proper argument about foreign policy change is the aggregation of statistics and confirmation with the relevant information at several levels of analysis from individual leaders to the international system.

As Hudson acknowledges (Ibid:14) the development of Foreign policy analyses theory and comparative methodological approach makes more room for more progressive methodological preferences, distinct from contemporary mainstream tendencies in International Relations theory.

Countries, events, and principal actors could be conceptualized along the time with a comparative empirical testing method. Mostly in comparison, not in the case study, it would be better to understand what instruments of statecraft (e.g., diplomatic, military, economics, and so on) were used in the foreign policy decision-making process.

Another object of interest is the level of commitment of decision-makers. Hudson proposes to compare independent variables along behavioral dimensions whether the positive or an adverse effect has been displayed and aggregate patterns by which these independent variables were correlated with foreign policy behavior (ibid 2005).

Decision-maker in foreign policy is a person or a group of individuals with the sophisticated understanding of event - "the tangible artifact of the influence attempt that is foreign policy, alternatively viewed as "who does what to whom, how" in international affairs" (ibid:9). People are dependent on particular beliefs, values, experiences, emotions, traits, style, memory, national, and self-conceptions. Hudson calls the decision maker's mind a microcosm, created by the culture, history, geography, economics, political institutions, ideology, demographics, and innumerable other factors. Scientifically exploring how this complicated context shapes the decision-making process is crucial for Hudson (Ibid).

In Hudson's view the particular conditions of high stress, high uncertainty, under which the dominant position of the head of state is making the decision requires attention; It is important to know what personal characteristics and individual qualities affect foreign policy choice. Hudson thinks that the close examination of political leadership explains a lot in foreign policy.

Actor-specific theory in the view of Hudson elucidates the role of national political culture, how the nation perceives itself on the international arena. This perception is generated by the societal character, a product of the country's socialization process. Culture might have an effect on cognition of decision-maker and based on this might have influence on institutions and bureaucracies.

The actor-specific theory of foreign policy analyses arranges theoretical and methodological foundation for an analytical understanding of decision-making process in the foreign policy and better explanation of change phenomena. The understanding of "change" in the foreign policy includes different typologies of alteration of a nation's patterns of external relations. Typologies of change vary from the simple goal change or policy restructuring to full reorientation or even isolation.

1.1.2. Theory of full redirection

Herman (1990) stipulates an understanding of FP as a goal-oriented or problem-oriented program designed to address some problem that entails some action towards the foreign entity. The state uses different instruments and creates difficult conditions if the nation changes its international orientation. Thus, if the country deals with the most extreme form of the change i.e. a complete redirection of the actor's orientation toward the world internal difficulties mostly occur. In contrast, lesser forms of change concern whether a state is shifting its approach just toward one international issue (Hermann 1990).

Changes in foreign policy are not always for the better. The empirical framework created by the real decisions of people and institutions makes understanding of consequences challenging and poses challenging theoretical problems as for scholars so for policy makers.

Changes that mark a reversal or, at least, a profound redirection of a country's foreign policy are the area of the particular interest because of the demands their adoption poses on the

initiating government and its internal constituents and because of their potentially powerful consequences for other countries.

Herman (Ibid) makes references to the distinction between foreign policy redirection that results from regime change or state transformation, and change that occurs when the existing government elects to move in a different policy direction (Hermann 1990). The probability of fundamental redirection of foreign orientation increases when there is a full alteration of power.

Herman in his essay also examines the role of an actor in the system where the change happens. He names it as a self-corrected change when the existing government elects to move in a different policy direction. Herman cites Heraclitus that “we cannot step into the same stream twice”(ibid:5) and considers that fundamental redirections in a country's foreign policy that happens with the following challenges:

“(1) Adjustment Changes. Changes occur in the level of effort (greater or lesser) and the scope of recipients (such as refinement in the class of targets). What is done, how it is done, and the purposes for which it is done remain unchanged.

(2) Program Changes. Changes are made in the methods or means by which the goal or problem is addressed. In contrast to adjustment changes, which tend to be quantitative, program changes are qualitative and involve new instruments of statecraft (such as the pursuit of a goal through diplomatic negotiation rather than military force). What is done and how it is done changes, but the purposes for which it is done remain unchanged.

(3) Problem/Goal Changes. The initial problem or goal that the policy addresses is replaced or simply forfeited. In this foreign policy change, the purposes themselves are replaced.

(4) International Orientation Changes. The most extreme form of foreign policy change involves the redirection of the actor's entire orientation toward world affairs. In contrast to smaller forms of change that concern the actor's approach to a single issue or particular set of other actors, orientation change involves a fundamental shift in the actor's international role and activities. Not one policy but many are more or less simultaneously changed” (Hermann 1990:5)

International Orientation Change concerns the actor's approach and requires a fundamental shift in the actor's/state's international position and goals. International orientation change entails a simultaneous change of many policy directions (Ibid).

Herman uses Goldman's scheme of three dimensions that influence to which extent foreign policy is likely may change. According to the scheme the degree of institutionalization and commitment of the government; also, level of support of various actors of domestic politics and degree of salience of issue shapes the character of change.

Moreover, Hermann discusses some "meta-regulators" or sources-powerful political or social forces that are capable of setting the agenda for the primary decision-makers (Ibid:11):

1. "A leader driven,
2. bureaucratic advocacy,
3. domestic restructuring
4. and external shock. "

There can be some intertwine and interaction between them. The external shock influences other three more. Understanding of this pattern helps to integrate theoretical explanation and allows a broader interpretation of change.

Observing various cases of change Herman assumes that mostly it occurs in the result of failure. Disadvantage and critical experience encourages the person or the group of individuals to restructure their mind or the model of attitude.

Hermann (ibid) refers to Holsti's eight different case study of change and almost repeats Hudson's actor-specific theory that decision-making process is another strong factor that powerfully influences to those regimes, which redirects foreign policy dramatically.

Alongside the substantial personal factor, Herman places stress on the high capability of resistance from different structures of government or society. It is paramount to have engaged key individuals with relevant knowledge and significant organizational constraints. Herman argues that just as the range of change can be great so too can the resistance from the various elements of the government or other groups be strong.

And finally, leader driven change requires a presence of authoritative policy-maker, the powerful head of government who is capable successfully install his vision. (Herman 1990) .

1.2.3. Factors of Simultaneous Change

One more foreign policy change scientist Jakob Gustavsson represents analytical framework how to study "change" phenomena. Gustavsson (1999) examined six different foreign policy

change cases by the end of the Cold War. Before it most of the analysts inclined to ignore transition process and focused on “normative bias for stability.” Thus, the change was overlooked for a long time.

A significant difference in other authors’ approaches occurs when there is a distinction in the length of being in power. Who changes politics-the incumbent or the new authority, matters for Gustavsson. According to the actor-specific definition of foreign policy, mentioned above, the government is the sole practitioner of foreign policy, and it behaves purposefully. First, they identify background, then motivation as a cognitive factor and at last they discuss the outcome. Here Gustavsson came across that previous authors just provided analytical tools for empirical study and did not admit that other factors may also have a significant role in change. Even more, Gustavsson criticizes Holsti who identifies only independent variables, such as internal or external factors but misses intervening factors-perception, personality, elite, etc. From the Gustavsson’s critical point of view, the relationship between two sets of factors is crucial.

Gustavsson proposes the alternative model of foreign policy change analyses. In this model, there are number of “sources” of change that interact with “decision-makers” during “decision-making process”. The structure of this interaction relies on a domestic and international level. The author establishes subcategories on domestic level-political and economic factors. On an international arena, such subcategories also are military and security forces.

On the domestic level, the political factors involve political parties, and voters support, opinion polls, coalitions, etc. The economic factors include *Gross Domestic Product(GDP)* growth, inflation rate, the level of unemployment, etc. Then comes cognitive factor, in other words examining of human beings individual or the group, that are decision-makers.

Next is decision-making process, where some key, experienced people work within established institutional and bureaucratic structure to bring about the change in foreign policy. The strategy of decision-making is meant to pursue and manipulate others into accepting a new political orientation.

Deciding when a foreign policy change is an “improvement,” something positive or even a progressive it can be compares with reforms that need “policy window” or when “the stars are in the right position for a rocket launch”. Gustavsson (Ibid) here uses R. Kingdon’s formulation. According to this analysis the “policy entrepreneur” e.g. policy-maker waits for a

moment to put his proposal on the political agenda. Policy windows open and close and it requires a quick step.

“The individual who interprets the sources of change and then acts within the decision-making process corresponds to the idea of a policy entrepreneur who capitalizes on a shift on the political conditions and manages to launch a favorite political proposal.” (ibid:86). After placing “reforms” on the political agenda successful decision-maker manipulates colleagues and proceeds to achieving the desired outcome.

Gustavsson summarizes that not any described elements have the analytical priority over the other. The source of change is located both on domestic as well as the international level, cognitive element e.g. decision-maker and his mindset are critical for better understanding foreign policy shifts, and finally, it shows the importance of crises acknowledgment that is generated from the domestic political reforms. (Gustavsson 1999).

1.2. Conceptualization of IV-factors that affect foreign policy change

1.2.1. Dependency theory

According to prominent theories, a small or weak state tends to alter its foreign policy under the pressure of the regional hegemony-super-power (Hermann 1990, Gustavsson 1999, Hudson 2005). Moreover, Hermann (ibid) explains the difference between internal or external factors, which influence on a government's decision-making for foreign policy change and undoubtedly recognizes the privilege of the external power. For Moon (1985) the tendency, when the weak states significantly determine its foreign policy by external power interest is the conventional wisdom.

Moon supports this theory by the case when the weak, third world nations that are depending on the United States [e.g. superpower, external power, dominant, core] through trade or aid are likely to vote with the pattern that resembles the voting of the US. The preferences of dominant superpower make weaker states abandon their inclinations on foreign policy and seek approval of superpower. Weak states anticipate the reward or punishment according to the level of compliance, argues Moon (ibid).

Moon's theory explains the behaviors of both, the dominant and the dependent states in an asymmetrical dyad. There is a direct correlation between superpower's aid and dependent state's foreign policy compliance. The character and level of compliance or in other words the change in foreign policy is largely determined outside of the weak state. If economic and social ties between two nations, weak or dominant, implies the sharing interest thus the observed agreement between them may be the result of consensus, not compliance.

Moon tries to make the assumptions about decision-making process clearer for both kinds of states. The superpower must have preferences about the foreign-policy behavior of weak states

for justification of expenditures in the further financial or diplomatic aid. Also, the dominant state must have flexible “conditioning tools” (:299) –rewards or punishment to calibrate the degree of compliance of the weak state. The same model of assumption suits to the weak state. These parallel patterns confirm that the decision-making process in foreign policy change is very simple and goes according to the bargaining model (:302)

Albeit, there is one fundamental defining characteristic among the assumptions of the weak state-domestic constraints. It is, in general, true that if the weak state is not a democratic, developed and politically open nation, so there are fewer constraints from the bureaucracy or other competitive political or societal structures. It seems that the constraints, pressure, and limitations they face, are in some ways less severe than those, in stable constitutional democracies. But, Moon deems that foreign policy depends less on the democratic process. Moreover, the Third World weak states leaders are in a considerably precarious position than democratically elected ones; they have more to lose. Such leaders spend more of their time and resources trying to remain in power; they may face military or other coups. Thus, the weak state leader more than in the developed world is very sensitive towards any controversial political issues because it anticipates a significant foreign influence.

In the bargaining model, the aid does not mean only the form of reward. The trade, defense treaties and investment are the element of exchange as well. But, as Moon describes in the case of dependence on the US it is very unlikely that the trade, defense deals, and investment are the flexible and efficient “conditioning tools” because the American government is not able to manipulate them for political purposes. The trade, defense treaties, and investment are non-governmental spheres in the US. So, in Moon’s theory, mostly the aid is the external political tool, the controlled variable for foreign policy change that calibrates the level of compliance. (:304)

Furthermore, mostly expectations suggest that the foreign policy will be markedly stable within a one ruling regime and quite variable at the moment of regime change. According to the Moon’s study when a significant regime change occurs the change in foreign aid is relatively notable. But in the absence of major change, there should be little change in the foreign aid (Moon 1985).

1.2.2. Pro-core and anti-core theory

Whether Moon perceives the bargaining model in foreign policy dependence as the cooperation without coercion, the Moon's critiques argue that dependent foreign policy change reveals that the weak state policy more reflects the interest of global powers than of their national governments (Hey 1993).

Jeanne Hay says that the benefit of cooperation, for both, compliance or consensus models, tends to correspond to the preferences of the superpower. The compliant condition of the dependent foreign policy, as the example of political realism, shows that Third World states, lacking in the economic and military resources-continuance of power in the global system, comply with hegemonic powers' wishes because to do otherwise would follow by financial or military sanctions. Hay cites Richardson: "The compliance is a sacrifice, wherein actors abandon their preferences as they conform to another's dissimilar foreign policy wishes" (ibid:546).

Hay perceives the compliance as the response to the pressure, threats or promises from the superpower-core state. She emphasizes that the pressure and the reaction may be hidden. For instance, the US placed particular demands on Latin American debtors for the restructuring of the foreign debt. The author thinks that these policy decisions increase the gain of the United States even though they may develop solely in response to an economic crisis, rather than to implicit or explicit threats. (Ibid:546)

However, Hay agrees with Moon and recognizes that the compliance leads to the foreign policy change but it is a cooperative rather than coercive decision. The compliance and consensus are the collaborative and mutually beneficial ways of alignment among leaders of periphery-weak state and core-superpower. Hay criticizes the bargaining model, as an entirely different one from the compliance model, which explains any particular compliant behavior as a form of payment for a specific economically dependent relationship only in an isolated period. Hay disagrees with Richardson, Kegley and other compliance theorists who describe the foreign policy agreement process as antagonistic (Ibid:548).

In the same study, Hay discusses a counter dependent political strategy with its adverse effect. Under the counter dependence, the adverse economic consequences of long time dependence generate negative foreign policy towards the core state. Hay mentions Biddle and Stephens's examination of Jamaica's foreign policy under Michael Manley. Because of Jamaica's

economic dependence, the USA was able to force Jamaica to adopt a development plan that brought uneven economic growth, an inequitable distribution of wealth, escalated levels of unemployment and increased poverty for the poorest Jamaicans. Frustrated with such conditions, popular sectors in 1972 elected Michael Manley, a Democratic socialist had "a discernible current feeling" towards external power the US government. Manley supported antagonistic policy to the Western powers. Jamaica as the dependent state generated a foreign policy reaction directly opposite to that desired by the USA. The key defining element of a counter dependent foreign policy is the personal negative opinion of the country's leader. (Ibid:550)

Furthermore, Hay discusses the Foreign policy independence theory, as another explanatory of foreign policy change. While economic dependence is certainly a fundamental criterion for the dependent state's foreign policy strategy, there are also other specific foreign policy determinants. For example, pressure from the local interest groups, a leader's personal style, and interactions among dependent states or historical foreign policy precedents. All these variables play a crucial role outside of the dependency's dynamics in depended state and create the room for an independent foreign policy as well. Possible examples of the independent foreign policy include treaties of friendship or cooperation, diplomatic visits, and policies advocating universal principles such as human rights or environmental protection. An independent foreign policy may appear either pro-core or anti-core; the content and the outcome are less important than the context. The independent foreign policy is not one, which seeks to establish an independence from the core but is a direct response to dependence, almost the same as the counter-dependency is.

In summary, Hay discusses five dependent foreign policy classifications with different foreign policy outcomes:

1. "Compliance exhibits a pro-core outcome which develops against the wishes of the Latin American policy makers. Compliance entails a sacrifice in which the leaders' preferences are abandoned for a pro-core policy.
2. Consensus also exhibits pro-core behavior but conforms with the preferences of the Latin American policy makers. Both counter dependence and compensation display anti-USA behavior.
3. A policy maker who believes economic dependence is injurious to local development generates counter dependent foreign policies to sever dependent ties.

4. Compensation, on the other hand, is implemented by policy makers who themselves are comfortable with dependence. They develop anti-core policies to mollify domestic opposition to dependence.
5. Finally, independent foreign policies may be pro-core or anti-core. Their defining element is that they do not develop in response to the country's dependent situation. (:552)

These five types all assume that foreign policy is essentially under the control of the executive. The difference arises when the executives can implement their preferences. And if not, it is paramount to whom they acquiesce. In much of Latin America, the most foreign policy remains under the presidential control. In Ecuador specifically, foreign policy is constitutionally entrusted to the executive alone. (Hey 1993:546-553)

1.2.3. Domestic political theory

Many studies in International Relations or Comparative Politics fields prove that domestic politics is typically a crucial part of the explanation for foreign policy choice.

A theory of foreign policy tends to explain why particular states make special foreign policy moves at particular times. The foreign policy theory is not the International relation's theory. Kenneth Waltz argues that unlike of IR theory foreign policy is determined by hundreds of variable and idiosyncratic factors that lie outside the IR theory. IR theory does not tell us "why state X made a certain move last Tuesday" (1979, p. 121). In contrast, a theory of foreign policy would explain why states similarly placed in a system behave in different ways. Differences in behavior arise from differences in the internal political and social characteristics. Foreign policies are governmental products. A theory has to take the performance of governments as its object of explanation to be called a theory of foreign policy (Waltz K. 1996).

Fearon attempts to answer the question how, exactly, does domestic politics shape foreign policy. Fearon repeats the Waltzian evolutionary approach that the states are unitary, rational actors and the change in foreign policy is the best adaptive way to survive in the international system (Fearon 1998). But what is domestic politics?

If a large state tries to please neighbors, imposes the optimal trading tariffs and strengthens the national interest, this is a standard foreign policy. However, if the state practices protectionist politics when importers should be buying protection through campaign contributions to office-seeking politicians, then this is the proper domestic-political explanation of foreign policy.

Domestic policy can matter for foreign policy either by causing states to pursue suboptimal foreign policies, or when political institutions, cultures, economic creates differences in states, or leadership goals unrelated to public interest are causally relevant to explaining different foreign policy choices

Internal political explanations of foreign policy give the impression that various independent variables can do this. For instance, the state structure-weak or strong, political system, economic characteristics, protectionism in trade policy, the nature of electoral system, number or ‘vetoes’, domestic institutions, public opinion, etc. Moreover, a growing literature shows how leaders manipulate with information or political position and using this adventurism tactic for the sake to remain in power rather than serve to public interest in the foreign policy. Therefore, in some cases, the state doesn’t act as a unitary and rational actor but chooses suboptimal foreign policies due to domestic political interactions. In the result average voters, ordinary citizens or even policy makers can be injured.

(Fearon 1998)

Part II-Methodology

2.1. Research subject and goal

The purpose of this paper is to reveal the reasons of profound and fundamental foreign policy change (Hudson 2005) or the international orientation change (Herman 1990) that happen in difficult decision-making circumstances. Sometimes the change creates a challenging task for the nation or vice versa, in the case of refraining from it the country avoids the limitation of sovereignty. The goal of this research is to study domestic factors of full redirection in a foreign policy of Ukraine and continuity in case of Georgia.

It has been considered that the radical changes in foreign policy takes place when the fundamental shaking processes happen in the world. For instance, after the end of the Cold War many states chose to make a radical change in their foreign policy orientations. According to another common theory, a small state tends to alter its foreign policy under the influence of the regional hegemony-super-power (Hermann 1990, Gustavsson 1999, Hudson 2005) The cases of Ukraine and Georgia are developing under the pressure of the same external power Russia, but without fundamental shaking factors on an international arena. If taking in account that the Russia as the regional hegemony has the same dominant interest to the former colonies, attempts to keep the influence and disturb their Western aspiration, we can perceive Russia as the external factor that keeps neighbors under the permanent threat of shock (Oskanian 2016).

The vast majority of modern literature shows that researchers use almost the similar pattern of analyses in foreign policy change, relying on actor-specific theory and considering the role of external and domestic factors on the same level.

This study relies on the actor-specific theory as to the most relevant to the concrete, contextual, sophisticated analysis about foreign policy change reasons about post Color revolutions Ukraine and Georgia. Variables examined in this paper are expected to be non-quantifiable. The comparison of empirical data with the analysis of the existing literature and contemporary media will shed the light on crucial differences in the domestic political trends of Ukraine and Georgia.

2.2. Research question and method

Based on the empirical analysis and theoretical framework of foreign policy change the following research question emerges: How particular domestic political factors, like corruption, the character of the political elite, also, energy policy and economic reforms together the factors that affect foreign policy orientation of Ukraine and Georgia?

Examining similar characteristics of Ukraine and Georgia it has to be considered that both they are: weak and developing democracies, former colonies of Russia and have the lack of natural resources in relative disadvantage compared to Russia, both are aspired to the West, are participants of the EU Eastern partnership program (FH 2015, Balmaceda 2013, Aslund 2014). Furthermore, here we can apply the scholarly highlighted conclusion that weak states, in general, are unable to govern their foreign policy (Herman 1990, pg. 4). Moreover, Ukraine and Georgia as former colonies, are experience the similar hegemonic influence of neighboring Russia and may be punished for independent foreign political decisions. The Russian government was in the same way dissatisfied with the Western engagement of Ukraine and Georgia. The foreign minister of Russia announced that he is discontented with Georgia's, as well as Ukraine's, desire to become a NATO member and if they do, it will be followed by a "negative geopolitical shift" (German 2009: 226).

James Rosenau, the pioneer of Comparative Foreign Policy change analyst, was challenged to build a cross-national and multilevel theory of foreign policy and to subject the theory to rigorous comparative empirical testing of circumstances that significantly change state foreign policies (Rosenau 1966). Hudson refers Rosenau and sets out the domestic political factors as the genotype of a particular state that affects the phenotype-foreign policy (Hudson 2005:6). Comparative Foreign Policy researchers proposed to view the Foreign Policy genealogy as the artifact or "event" that describes "who does what to whom, and how" in international affairs. In other words, the causality of the change is laid down in domestic politics, and the government/political class can influence the decision-making (Hudson 2005:9, Herman 1990:11, Gustavsson 1999:84). Understanding of the common picture how the external "shock" or factor - Russia influenced the foreign policy of Ukraine and Georgia, allows us not to give a separate, comprehensive study of this phenomena. Russia is an external factor that exists permanently and as hegemony has the same interest-dominate neighbors. The difference starts with the state's reaction regarding the foreign influence. Foreign policy change researchers believe that the

correct empirical explanation of the domestic politics is not always easy. Just as it is to describe how real factors, agents or actors affect each other (Gustavsson 1999).

Ukraine and Georgia are almost similarly free, mostly partly free, and freer than other former Soviet countries, except the Baltic States and Moldova. Georgia is less corrupt than Ukraine which in its turn is as corrupt as the authoritarian post-Soviet countries. Georgia is less dependent economically on Russia than Ukraine. Georgia has got rid of the energy dependence of Russia. Because of corrupt, ineffective bureaucracy and state institutions Ukraine remained dependent on Russia till the Maidan events, 2014 that happened consequently to the foreign policy change. (Aslund, A: Kindle Locations 418-422).

Based on this, the hypothesis of this research paper is following: despite the similar Western aspiration and the same external challenges the dichotomous of the domestic political idiosyncrasy of two post-Color revolution countries' leads to the different foreign policy outcome. Thus, the comparative method is the best way of operationalization.

2.3. Operationalization of DV

As the interest of this paper is the fundamental course redirection, we have to pay attention to the fact that International reorientation involves dramatic changes in both words and deeds in multiple issue areas on the actor's relationship with external entities. Typically, redirection means that the country replaces allies (Volgy T. Shwartz 1991).

The plethora of media and scholarly articles are discussing the foreign policy change-rejection to sign the AA with the EU by the government of V. Yanukovych and continuity of Georgian foreign policy. As Gustavsson said, the change in country's foreign policy mostly happens simultaneously e.g. when there are some trends of changes as it was after the end of the Cold War. In case of Ukraine and Georgia despite to the similar start the change happened only in Ukraine (Gustavsson 1999).

Nevertheless, Herman sees the foreign policy change as the authoritative decision directed to the hegemonic external political entity that mostly occurs in the result of domestic failure (Herman 1990:5-13). Foreign policy redirection of Ukraine can be considered as the consequence of the failure of the incumbent government, that tend to behave more authoritarian (Aslund 2015). Moreover, Ukrainian case reflects the idea when the change happens because the leader is looking for a way to increase political power and survive in politics, despite the domestic policy challenges (Doeser 2011:224). Whereas Georgia challenges prominent Waltzian theory about Cautious behavior of the state as a rational actor who seeks to survive via balanced foreign policy. Georgian choice contradicts with the dependent model of Moon as well.

2.4. Operationalization of IV

The challenges on the national level are the factors that affect foreign policy decision in Ukraine and Georgia. According to actor-specific theorists, the best explanation of the foreign policy change are domestic politics, economics, and decision-makers (Herman 1990, Hudson 2005, Gustavsson 1999). In the case of Ukraine and Georgia corruption, political elite and economic and energy policy specifications are the salient factors.

A theory about foreign policy is a theory at the national level, and it can tell us what international conditions the domestic policies have to cope with (Waltz K. 1979:72)

What one might want to do in the absence of structural constraints is different from what one is encouraged to do in their presence. States do not willingly place themselves in situations of increased dependence (Ibid:120). Domestic politics of Ukraine contradicts to the neo-realistic approach. Ukraine as an independent state was not able to create conditions of trade with much more concern to its trading partners than to itself. Constructivist approach implies more to Ukraine. For instance, energy policy can be related to cultural and foreign policy orientations. Those states that are more pro-Russian can have more pro-Russian, less diversified energy

policy, and those with the pro-Western foreign policy do more to foster energy diversification. Moreover, Energy and economic dependence on Russia creates the incentive for overwhelming corruption in Ukraine but non-dependence policy saves Georgia (Balmaceda 2013, Aslund 2013). The elite of dependent state got fear on the one hand not to disturb hegemony, loose the economic support and consequently be defeated in elections. On the other hand, any economic crisis could cause a coup or regime-change (Miller E. 2006) When economic dependence on the hegemonic external power is too high balancing and conducting of independent foreign policy becomes both difficult and costly (Papayoanou P. 1997). Thus, dependent domestic politics of Ukraine indicates more pro Hegemonic stance, whereas Georgia tries to keep relative independence. Economic dependence more impacts the foreign policy of dependent state than the independent one.

Ukraine is the state that relates to the domestic political theories about dependent states that are under the threat of punishment from the dominant neighbor, domestic politics cultivates the soil, and foreign policy of Ukraine reflects more the interest of Russia and the leader spends a lot of resources to stay in power (Moon 1985). Ukraine is economically and politically damaged because of dependent relationships. While Georgia successfully tried to establish “anti-core” and “counter-dependent” (Hey, 1993:549-552) foreign policy and placed itself relatively far from Russia.

2.5. Limitations and data

This study agrees to the several theoretical approaches that it would be better to shift attention to actor-decision-maker, economy and other domestic political factors rather than to keep a bird’s eye view with the analysis of political culture or psychological/behavioristic approach (Gustavsson1999; Rosenau 1966). Another theory layouts the task to foreign policy change researchers to determine what failure triggers the change. (Herman 1990). There is

scholarly argued that the productive decision-making process is the result of mature and developed state institutions (O'Donnell and Schmitter, 1986). Institutions in Ukraine for the moment of change were fragile, and the change would ultimately undermine them (Aslund, A. 2015: Kindle Locations 2407-2408). Furthermore, the right and effective institutions can explain the level of success in post-authoritarian societies (Di Palma, 1990). The case of Georgia is considered as one of the most important reform prototypes among Poland in 1989 (Balcerowicz 2014), Czechoslovakia in 1990 (Klaus 2014), Estonia in 1992 (Laar 2014), Latvia and Lithuania in 2009 for Ukraine. (Aslund, A. 2014).

The framework of this study is limited by the concrete IVs. Corruption and anti-corruption policy is recognized as the striking domestic factor vigorously discussed in media and by the researchers. Corruption is accurately measured by the Transparency International and indicates the apparent dichotomy between Georgia and Ukraine. Decision-makers are broadly discussed in the relevant literature. As for energy policy, sovereignty of Ukraine was significantly limited with dependence on Russia and vice versa, independence of Georgia increased with the cut of gas supply, 2007 from Russia (Balmaceda, M. M. 2013: Kindle Location 1168-4144).

Discussing foreign policy change in Georgia the study deliberately stresses on concerns and doubts in media and scholarly articles regarding possible change. The empirical part of domestic politics explains how and why the change did not happened in Georgia.

Also, the paper purposefully refrains to research deeper other economic indicators and just outlines the indicators in case of Ukraine. As for Georgia talking over economic and institutional reforms is regarded as the substantial argument for unaltered foreign policy.

PART III-Empirical Inquires

3.1. Comparative analyses of foreign policy change in Ukraine and Georgia

3.1.1 The change that happened in Ukraine

It was the morning of November 21, 2013, when media announced that President of Ukraine Viktor Yanukovich refused to sign an Association Agreement (AA) with the European Union. At first glance that was just another political game of Yanukovich. But soon those Ukrainians, who saw the EU as a chance, to change their lives, understood that the opportunity was gone. Social networks were full of anger and disappointment among Ukrainian users. A prominent journalist, now the member of parliament, Mustafa Nayem recalls: “The outrage needed an outlet. Around 8:00 p.m., I posted on Facebook: “Come on guys, let’s be serious. If you want to do something, don’t just “like” this post. Write that you are ready, and we can try to start something.” Within an hour, there were more than 600 comments. I posted again: “Let’s meet at 10:30 p.m. near the monument to independence in the middle of the Maidan.” When I arrived, maybe 50 people had gathered. Soon the crowd had swelled to more than 1,000.” (Nayem 2014).

The demonstration reached its critical turning point when President Yanukovich arranged a new striking deal with Vladimir Putin which allowed Russia to buy Ukrainian bonds for \$15 billion and in return slashed the price of natural gas by a third. This news was confirmed the reality that Yanukovich oriented his country away from the Western world. Putin’s pressure was evident. (Diuk N.2014).

Thousands of people easily turned in the large movement of tens of thousands and created the very threat for Yanukovich with the reminiscent of the Orange Revolution. That was the starting point of the Euromaidan started in Kyiv. Ironically it began exactly on the 10th

anniversary of Orange Revolution that prevented Yanukovich from to become the president of Ukraine in 2004. Euromaidan was protesting the government's decision to turn away from a European Union Association Agreement, a decision made under the Russian pressure (Kuzio 2015).

For that time, Ukraine's budget deficit was vastly growing. Foreign borrowing options were limited and was conditional upon foreign policy priorities. The head of the Presidential Administration, Serhiy Liovochkin urged Yanukovich to sign the EU Association, run for the next presidential elections as a reformist and use the Western option for cushion the public anger against the economic hardship. At the same time, it would be a tool to neutralize the Western criticism and to gain a larger share of the votes in the central and western parts of Ukraine, where the idea of closer Ukraine-EU ties was always popular. But on the other hand, it put the support of the Eastern part voters under the risk. Eastern voters traditionally favored closer relations with Russia and were already feeling anxious about the worsening of Moscow-Kyiv relations because Russia had refused to reduce natural-gas prices, while Yanukovich had refused to join a customs union with Russia.

The second risk of signing the Association Agreement was the prospect that official Moscow would impose economic sanctions against Ukraine. At the end of November of 2013, Russia already squeezed the import from Ukraine. Russian economic pressure was a grave concern for Yanukovich: his government assumed that it would instantly turn Ukraine's recession into a full-blown crisis, whereas the signing of an Association Agreement remained a largely symbolic step for Ukrainian voters.

Finally, the release of Yulia Tymoshenko posed another risk. Despite the strict implication as a key demand to set her free, the EU was ready to sign the AA before Tymoshenko was released. But Yanukovich thought that the freeing her out would mean to handing the Ukrainian opposition a major moral victory and give her renewed standing as a Yanukovich critic and alienate the president's supporters from the central and Eastern parts of Ukraine, because they overwhelmingly wanted to keep her in prison.

Once more, the President of Ukraine postponed the agreement with the EU the "same old, same old" strategy, chose the Russia's financial assistance, including reduced gas prices, that would offer to keep social payments up, utility rates down, and short-term debt safely rolled over (Kudelia 2014).

Ukraine's decision not to sign the AA with the European Union would not be surprise for many reasons.

Despite years of negotiations, it was evident that President Yanukovich had strong support from Russia and Moscow openly kept him from getting closer to the Western institutions. Yanukovich was considered too weak to make an independent decision. His economic strategy was oriented to enriched his own political and family clan while the country was pushed to the brink of an economic collapse. Moreover, the country was split on the overall political and economic orientation. The Eastern part, mostly supporters of President Yanukovich favored closer ties with Russia, although, the Western and half of the central Ukraine stood for the Western development of the country.

The Association Agreement between the EU and Ukraine is part of the EU's Eastern Partnership program to strengthen the economic and political integration of the Former Soviet Union countries. For Ukraine, association with the EU would have been a strategic choice for economic modernization and growth of the country's economy away from non-transparent and highly distortive economic model, heavily depended on Russia. The Association Agreement was the chance to improve Ukraine's economic and political credibility. Regardless of all benefits it is hard to understand 'for want of a nail, a kingdom was lost'.

Moreover, it was unclear for how long time President Yanukovich decided to put the AA on hold. The pressure from Russia made it harder to imagine a scenario where the Ukrainian President would voluntary revisit the agreement with the intention to sign it again.

President Yanukovich defended his decision by pointing to the "insufficient financial assistance from the EU" and that it would risk putting its trade and economic ties with Russia in limbo. Thus, the shift for pro- Russian Eurasian customs union seemed more plausible.

Experts have predicted that it was an illusion to expect a significant gain from strengthening ties with the Customs Union. Ukraine needed of greater external assistance to fill its budget and current account deficits. But additional financial aid from International financial institutions -IMF and World Bank, Ukraine would be anticipating only in conditions of the Association Agreement. In short, membership in the Customs Union would deepen Ukraine's economic and energy dependency on Russian recourses and ultimately may change its statehood.

A better explanation for President Yanukovich's refusal to sign the Association Agreement was due to the pressure from Russia. Moreover, Yanukovich had reservations of the

institutional and judicial reforms demanded by the EU. And it is the fact, which the President misjudged the popular sentiment around the country's EU orientation (Krol M. 2013)

Ironically, as Yanukovich got closer to Russia so did the negative attitude of public opinion about Russia. Ukrainians tend to critically estimate bilateral relations. Ukraine's population traditionally demonstrated a positive attitude to Russia. However, paradoxically since Yanukovich's election Ukrainians' opinion about current and future cooperation with Russia have changed from positive to negative. Because Yanukovich promised to restore good relations with Russia and population perceived him as the most competent candidate to fulfill the promise.

According to various surveys carried out by Ukraine's Razumkov Center, the share of the population that considers the relationship with Russia unstable has continuously increased: from 50.9 % at the end of 2009 to 64.5 % in February 2012 (Razumkov Center).

When the population was asked about the top priority of Ukrainian foreign policy, around 52 per cent of respondents mentioned "relations with Russia" in November 2009, while only 31 percent said that in February 2012 (See Figure 1). In Ukraine, as a whole, the share of the population that favors the deepening of relations with Russia has dropped from 78 % in November 2009 to 50 % in February 2012 (Razumkov Center). But on question Which foreign policy direction should be a priority for Ukraine? 40.8% is in favor of the EU and 31,3 %-in favor of Russia.

It is worth to mention that for the presidential administration was not easy to make such a decision. According to the national public opinion polls, monitoring administration concluded that the government had enough legitimacy to do as it deemed fit. The public remained deeply divided over Ukraine's geopolitical course. Overall 45 % supported the signing of the Association Agreement with the EU, 35 % was against it. In response to a direct question about the impact of non-signing of the Association Agreement on respondents' attitudes toward Yanukovich, 53 % said that their attitude toward the president would not change, 13 % reported that it would improve, and Only 22 % stated that their opinion of Yanukovich would worsen. Yanukovich administration decided that the potential for protests was not high because considering only about 38 % of respondents expressed the willingness to participate in protests. Thus, the Russian pressure and public uncertainty may be cause of foreign policy change decision.

But uncertainty was the feature of Yanukovich to. He ran his presidential campaign in 2009 on a platform of keeping balance between Europe and Russia. Over the course of 2013, he began to veer increasingly toward the EU. However, Yanukovich changed his mind after Russia threatened to cut trade ties with Ukraine and offered a \$15 billion aid package—ostensibly with few economic strings attached.

Also, it is noteworthy to say that the institutional structure of Yanukovich's regime could be characterized by as more authoritarian. A small circle of friendly advisors was competing with against one another for the president's favor were chosen for their loyalty to the president and not for their professional abilities. So, these members of Yanukovich's "family" weakened the link between senior decision-makers and mid-level bureaucrats and ultimately restricted the president's ability to adequately assess information (Peisakhin L. 2015).

After his election as a president in February 2010, Viktor Yanukovich declared his intention to establish a balanced foreign policy and have strong relations with both the West and Russia. For Yanukovich, the EU integration was a "strategic aim" and at the same time keeping good, neighborly relations with Russia was also important. Official Brussels met him as a "Moscow's man" when he traveled there just in a few weeks after the election (Armandon E. 2013:291). Labeled as being pro-Russian since the Orange Revolution in 2004, Yanukovich hoped to reassure his European partners, that integration into the European Union was still Ukraine's top priority. But his practical steps regarding foreign policy were different. During the first months of his tenure, dialogue and cooperation with Moscow were privileged and quickly grew in intensity.

On April 21, 2010, Yanukovich signed the Kharkiv Agreement with his Russian counterpart Dmitri Medvedev, whereby Kyiv clinched a 30 percent reduction in the gas price for the next ten years in exchange for a 25-year extension, until 2042, of Russia's rental of the Sevastopol naval base. This compromise led to the easing the diplomatic tension over the presence of the Russian Black Sea fleet in Crimea, crises that emerged during the presidency of Viktor Yushchenko. Kharkiv Agreement also opened the new way of cooperation in many areas: economic, cultural, religious, etc. The question of Ukraine's accession to NATO, the source of great hostility from Russia, was no longer on the agenda; the partnership with the Atlantic Alliance continued, but the new law "On the Foundations of Ukraine's Domestic and Foreign Policy," adopted by the Ukrainian *Rada* in July 2010, stipulated Ukraine's non-aligned status.

The Russian language was granted greater scope in the spheres of public life (administration, media, education) and the law “On the Principles of the State Language Policy,” adopted in August 2012, further expanded Russian language legal status. Yanukovich also brought up the historiographical quarrels that had emerged over the grand famine of the late 1930’s to the end: unlike his predecessor, who considered the Holodomor a genocide perpetrated against the Ukrainian people, the new president declared that it was “a tragedy that affected all populations who lived at that time in the Soviet Union” (Ibid: 292; during the speech, delivered to the PACE on April 27, 2010).

But three years after Yanukovich’s rise to power and despite all the efforts made by Ukrainian authorities to re-establish good relations with Moscow, finally showed its limits. Moscow insisted, but Kyiv’s repeatedly refused to join the Customs Union formed by Russia, Kazakhstan and Belarus, the Ukrainian authorities’ insistence on Moscow’s re-assessment of gas tariffs, and the constant problems over the delimitation of borders, remained constituted sources of diplomatic tensions between the two states.

Meanwhile, Yanukovich continued to keep uncertain rhetoric. During a visit to the Council of Europe in Strasbourg on 21st June 2011, Yanukovich repeated this commitment: “Integration into Europe is still an absolute priority regarding Ukraine’s domestic and foreign policy”(Armandon E. 2013).

However, the Ukraine’s president has undertaken a policy which does not match official discourse. In 2010 Yanukovich demanded and *Rada* changed the constitution and strengthened presidential power. The opposition was concerned regarding rising authoritarianism of Yanukovich. Politically motivated persecution of opposition, imprisonment of Yulia Tymoshenko, regular violation of the freedom of the press, minority rights, high level of corruption and even significant interference in local elections fed the fear of opposition. All this drift was controversial to fundamental values of Brussels.

According to the observer’s conclusion, October 2012 parliamentary election proved once again the Ukrainian leadership’s failure to show sufficient commitment to European democratic values and was marked “a step backward” (OSCE/ODIHR Election Observation Mission to Ukraine, 2012)

Generally speaking, with Yanukovich Ukrainians received the government on the one hand incapable of developing mutually-beneficial relations with Russia and on the contrary inept

to implement political, economic and judiciary reforms necessary to meet European standards (Armandon E. 2013).

3.1.2. Change that did not happen in Georgia

In a less than two months, as the new government came to power in Georgia in 2013, the deputy foreign minister, known for his competence and dedication to the Western institutions-related work, resigned. Nikoloz Vashakidze, being in this position for years, claimed that the difference of opinion on foreign policy orientation between him and the newly elected PM Ivanishvili was the reason for his resignation. A day later on the TV program of Georgian Public Broadcaster, he explained in details how deeply he was concerned by the possible foreign policy change in Georgia. Vashakidze questioned Ivanishvili's words "the Armenian foreign policy is worth of imitating." Vashakidze said that he could not remain in office because he did not share the foreign policy course of the *Georgian Dream (DG)* the party of B. Ivanishvili (GPB, 2013) (Georgian Times, 2013).

During his first official visits to Armenia, Bidzina Ivanishvili made several controversial statements. He declared full readiness to reopen the Russia-Georgia railway connected through the breakaway region Abkhazia and praised Armenia for its flexible foreign policy and close relations with Russia. "Georgia should take the example from Armenia"-stated Ivanishvili (Caucasus Analytical Digest 2013). For many experts, this possibility questioned Georgia's Western orientation, because Armenia never claimed its intention to join Western alliances and at that time was ready to go to Russia's Customs Union. Armenian sentiments raised concerns against the interests of Azerbaijan because it strengthens Russia's position to establish its strategic advantage in the South Caucasus (ibid).

That was the first official alarming signal regarding the possible change of Georgia's foreign policy orientation that that has been kept for the last 20 years.

Entering politics Bidzina Ivanishvili was a retail and banking tycoon who made his fortune in Russia having also earned the reputation of great philanthropist in Georgia. Since

getting elected he followed through with his intention to improve economic ties with Russia. In 2006 Russia imposed sanctions on exports of Georgian products, but the previous government diversified all the economic relations successfully. Despite that Ivanishvili did his best, and in 2013 Russia agreed to open market to export key Georgian merchandise such as: wine, mineral water, agricultural products which had been cut off by Russia in retort to the politics pursued by the previous president Mikheil Saakashvili. Ivanishvili has also given a tip that he would consider reopening a railway to Russia cut off since the early 90s. Later Georgia Energy Minister Kakhi Kaladze started negotiations with Gazprom because Ivanishvili's government believed that the country should not be wholly dependent on its sole supplier of gas, Azerbaijan (Stratfor 2013). In the past natural gas, as a substantial leverage has been used by Moscow several times for political purposes not against Georgia alone. In a winter of 2004 after the next politically motivated cutting off gas from Russian side Georgia decided to cancel dependence on Russian energy sources altogether. So, Ivanishvili's government's arguments about restoring of the energy ties with Russia looked quite suspicious (ibid).

Initially, Russia saw the departure of pro-Western Saakashvili as a decisive factor for better relations to Georgia. Ivanishvili and his government also hoped to be able to improve relations. Ivanishvili with his close personal ties seemed to be a good partner. Thus, Russian leaders welcome Ivanishvili's party *Georgian Dream* Coalition victory. Prime Minister Medvedev said, "we can only appreciate this [election result], as it means there will be more constructive and responsible forces in parliament", and the Russian Foreign Ministry said Saakashvili's defeat could allow "the normalization of ties and establishment of constructive and respectful relations." (Newnham 2015).

The first doubts about foreign policy priorities of Bidzina Ivanishvili raised when the electoral program of his *GD* coalition was published. Manifesto declared that the "factor of Georgia must no longer be on the list of controversial issues between the West and Georgia". As the greatest controversy between Georgia and Russia was the Georgia's attempt to become the member of NATO, concerns emerged around Ivanishvili's electoral platform. Furthermore, The *GD* coalition believed that the Georgia must held the negotiations with breakaway regions Abkhazia and South Ossetia directly, as with the parties of the conflict. This position coincided with the same permanent demand of the Russia (Tabula 2012, November 13)

After the 2012 elections, the foreign policy-making process has changed significantly. The country started living in a new parliamentary system, and the president is no longer focusing on the decision-making process. The most significant transformation in foreign policy was that the new government insisted on enhancing dialog with Russia. Prime Minister Ivanishvili created the position of Special Representative to develop trade, economic, humanitarian, and cultural relations with Russia. Regarding absence of diplomatic ties between Georgia and Russia (after the war in 2008) seemed to break from the personal style of foreign policy making characteristic of the last twenty years. Ivanishvili promised non-ideological approach to foreign policy and lauded this pragmatism over the radical rhetoric of Saakashvili towards Russia. Saakashvili has condemned Ivanishvili's pragmatism as a betrayal.

But Ivanishvili continued his attempts towards the balancing politics. He suggested his party to join to the moderate social democrats in the European Parliament. His statements were about dialog with Russia, returning Georgian products to the Russian market and the possible restoration of the railway through Abkhazia (closed during the period of Gamsakhurdia, president of Georgia in 1992). The appointment of Zurab Abashidze, a former Georgian ambassador to Russia, as a Special Representative in dialog with Russia, was justified by Ivanishvili as a necessity of "arrange relations with Russia and to keep up with the previous pace of integration in NATO". Also, some parts of the Ivanishvili's *Georgian Dream* coalition that replaced the pro-Western National Movement were clearly anti-Western, and some coalition leaders with open statements regarding the willingness of closer relations with Russia created legitimate doubts whether the country continues moving toward the West (Kakachia, Cecire 2013).

The same doubt created the public image of Ivanishvili. Before and after elections for some quarters of the Western media Ivanishvili was declared as pro-Russian.

On September 4, 2013, the Prime Minister of Georgia, Bidzina Ivanishvili made a controversial statement regarding his country's foreign policy. Answering to journalist's question about what he thinks of the Eurasian Union, Ivanishvili replied: "I keep a close watch on and study this issue. So far, I have no position in this regard, but if, in perspective, we see that

it [joining the Eurasian Union] will be good for the strategy of our country, then why not?!"(Avaliani D. 2013).

Soon National Democratic Institution (NDI) started polling Georgian citizens about support to join the Eurasian Union. From the beginning, the number of Eurasian Union supporters turned out totally 11%. After that, every next poll was showing a slight elevation of this index. Finally, in it reached 31% (NDI, Aprile, 2014). The Western media expressed concerns regarding a possible pro-Russian shift in Georgia.

“Georgia, under a new government, has attempted to defuse and improve its relations with Russia, while trying simultaneously to deepen its integration with the EU and NATO. Georgian public opinion polls also now show a growing preference for pursuing closer economic relations with Russia” (Brookings Institute-2015).

The most dangerous statement made by Ivanishvili was when he dwelt on the possibility for Georgia to join the Eurasian Union in the future if it "proves to be interesting" for Georgia. Numerous statements which please Russia. For instance, he spoke several times about Georgia being responsible for August 2008 Russia-Georgia war. In one of his interviews, Ivanishvili justified Putin's vendetta against Mikhail Khodorkovsky. He released people convicted of espionage for Russia from prison. For the period, Georgian Dream Coalition-the party of Ivanishvili, is in power the number of pro-Russian NGO's, support to pro-Russian political parties, and anti-western propaganda in Georgian media increased significantly; Russia's Sputnik News Agency opened an office in Tbilisi and launched a Russian-language News Service (Batashvili D. 2014).

The government of Georgia's moderate to Russia attitude can be noticed also in an interview of Prime Minister Irakli Gharibashvili [trusted person of Ivanishvili, has been appointed as PM after Ivanishvili, 2014] gave to the BBC World Service in 2014. He said that Russia was not a threat to Georgia (that it did not intend to annex the occupied regions of Georgia) and he called the occupied territories "de facto states" (BBC World news 2014).

Relationship with Ukraine is another suspicious field of Georgia's pro-Russian shift after 2012 elections. Official Tbilisi reluctantly supported the territorial integrity of Ukraine since the annexation of Crimea. But at the same time enthusiastically declared a moderate policy in the relations with Moscow. According to the Georgian prime minister Gharibashvili, he was the

opponent of an accession of sanctions against Russia as the government values reached in recent years in the Russian-Georgian relations from a restoration of trade ties with Russia (Unian 2015).

Despite the increasing support of idea to join Eurasian Union generally the vast majority Georgians continue to be attracted by the Western aspiration. The number of citizens who think that Russia is a real and existing threat raised to 42% since 2013 when it was 36%. The number of supporters of Eurasian Union dropped to 11 %. While Georgians were happy to join the EU and the NATO more than before-72% for NATO, 78% for the EU (NDI August, 2014).

Unlike Ukraine Georgia can be considered as relatively anti-Russian country. Starting with analyses of historical experience in 19th century, when Georgia, like Ukraine, was the part of Russian empire and till these days, when the 20% of country's territory is still occupied by Russian militants, it is hard to find part of history when Russia was not treated at least as "other" or even as an enemy. This attitude continues even after war with Russia 2008 "when it became clear that the West cannot play balancing role" (K. Kakachia, S. Minesashvili 2014). Long history of Russian occupation of Georgian territories is the main reason why the West is so strongly supported in Georgia. (S. Cornell, 2006).

Georgia's strong and reformatory government [2003-2012] by fruitful actions, successfully maintained pro-Western support and even if the Western aspiration was not very successful, kept the country on the Euro-Atlantic way (Ó Beacháin and Coene 2014).

Moreover, when that reformist, pro-Western politicians went to the opposition, in parliament, they pressured new incumbents passing a comprehensive bipartisan resolution, which indicated that Georgia's foreign policy preferences remained unchanged and proclaimed, that "integration into the European and Euro-Atlantic structures represents the top priority of the country's foreign policy course.

Unlike Ukraine, in Georgia, the government has not changed its foreign policy orientation in the best of Russia's interest. In 2012, when Bidzina Ivanishvili and his Georgian Dream coalition took office there were significant concerns regarding the foreign policy plans of this political entity because Ivanishvili is known as a Russian tycoon and he promised to be at least moderate with Russia. Unlike Ukraine in 2013, the Georgian government signed an Association Agreement with the EU and continued further rapprochement to NATO (G. Merabishvili 2014).

Compared to Georgia, Russia is far more powerful country. Treating Georgia as its backyard has always been Russia's attitude. Georgia is a small and developing country, a failed state within 15 years of independence. Following the Rose Revolution which broke out in November 2003, Georgia has undergone radical changes in every sector of the government having also implemented fruitful and efficient reforms. What is more, nation's strategic orientation towards European and Transatlantic organizations has never been that strong before.

Permanent threat from a tough neighbor-Russia makes Georgia to face big challenges. Since independence political leaders recognize this challenge and portrayed full keenness integration into the European Union and NATO as a single and coherent strategy that already become the country's long-term strategic objective. First National Security Concept after Rose Revolution adopted by parliament in 2005 describes Georgia as "An integral part of the European political, economic and cultural area, whose fundamental national values are rooted in European values and traditions, which aspires to achieve full-fledged integration into Europe's political, economic and security systems". In the later version of document of 2011 Georgian authorities are more security issues-oriented and next to the EU aspiration the goal of Georgian people to achieve fully fledged integration into the North Atlantic Treaty Organization (NATO) and is underlined. Contribution to the security of the Black Sea region is a constituent part of the Euro-Atlantic security system. NATO membership seems very distant but Georgian political class continues to move to the chosen direction as the Western integration is considered as a guarantee for the country's security, democratic and economy strengthening. Even the Russian tycoon Bidzina Ivanishvili and Georgia's new leadership may seek more pragmatic approaches towards Russia, it is unlikely that Georgia will change its foreign policy orientation, because Russia's conduct towards Georgia has alienated the country's elites and made a pro-Russian stance untenable (Kakachia K. 2015)

As more Georgia moved toward the West so big was the pressure from Russia. As openly Georgian leader or government claimed western ambitions Russian establishment increased animosity and hostile attitude. Discussing the 25-year-long heavy tension in the Russian-Georgian relations Korneli Kakachia concludes, that "Sober analysis of Russo-Georgian relations in the last 20 years suggests that there is no president of Georgia that was acceptable to Russia and it is unlikely that a Georgian leader will arise whom Russian politicians will favor both politically and personally, any time soon". (Kakachia K. 2010)

Georgian Dream endeavor – to improve relations with Russia, remained unreachable. Russia has continued to exploit breakaway regions as its major tool of pressure, e.g., via promoting “borderization” (that is, the construction of barricades along the administrative borderline of South Ossetia and actually expanding the territory of the breakaway region). Russia’s proposed an “alliance and integration” treaty to Abkhazia, re-opening of trade flows, in particular, it has triggered new expectations in Georgia vis-à-vis the Russian market. While this has resulted in increased trade flows between the two, this increases the number of trade instruments, including embargos that Russia can utilize. It is perhaps unsurprising that the trade leverage was soon used again after the EU-Georgia Association Agreement was signed, when Russia drafted a decree suspending the Russian-Georgian Free Trade Agreement signed in February 1994 (Delcour and Wolczuk, 2015)

Ivanishvili’s government fulfilled the promise and restored the trade relations with Russia. This action was another source of distrust to pro-Western commitment of GD government. Very soon, before the signing of the AA, Russian officials tried to use the recently restored trade leverage against Georgia. The representative of the Russian Foreign Ministry officially declared: "In the last period, Russia has taken the third place in Georgia's foreign trade turnover. This speaks of something. Every state should take into account the results of the relationships with an international organization and think about the measures that the other countries, with which they have mutual agreements, might take. (...) In this context it is important to realize the results of the signing of the Association Agreement between Georgia and the EU. This concerns our mutual relationships, as well as the financial-economic consequences, on which we will be forced to work taking into account the EU-Georgia agreement,"- said Alexander Lukashevich (Tabula, May 23, 2014)

On June 27, 2014 Georgia signed the Association Agreement with the European Union. The document was signed by Prime Minister of Georgia Irakli Gharibashvili and President of the European Commission José Manuel Barroso and President of the European Council Herman Van Rompuy. In July, next to the 28 members of the EU the document was ratified by parliaments of

Georgia. The EU-Georgia Association Agreement fully entered into force by 2015, however, part of this agreement, namely, the Deep and Comprehensive Free Trade Agreement (DCFTA), was enacted in the same year. (Tabula, June 27,2014) This event was perceived as the achievement of the historical choice of the country, described earlier by the President of Georgia (since 2013) Giorgi Margvelashvili: “The [pro-Western] choice was made by the generations, and taking this path is not just our own political will, but also an obligation before our ancestors and our posterity” (Merabishvili G. 2014)

3.2. Domestic political factors –Ukraine

In October 2013, the president of Russia Vladimir Putin offered a significant discount on energy prices and pledged 15 billion \$ as the aid to the government of Ukraine. In return, at the EU summit in Vilnius President of Ukraine Viktor Yanukovich announced his unexpected decision to postpone an Association agreement with the EU. To sign the AA was the principal goal of the EU’s Eastern Partnership program. The Kremlin saw the partnership between Ukraine and the EU as a geopolitical challenge and used its leverage. Putin hoped to see Ukraine in the Eurasian Union- “alternative of defending the sovereignty of Russia and national unity from political encroachment by the EU” (Tsygankov 2015:291). It was not the first successful attempt of the Kremlin to pressure the government of Ukraine. For that time, Ukrainian leadership already has reversed the previous NATO membership course and indicated a willingness to accommodate Russia in strengthening its presence in the Ukrainian economy.

Russia justifies its interest and using the pressure on Ukraine with the “security interest.” Since the Orange Revolution, the strength of ties between Russia and Ukraine changed from time to time, and the following cases of pressure occurred:

1. “Frozen ties (2004–2010)-Warnings against NATO membership. Blocking Ukraine’s MAP in NATO. Pressures to control Naftogaz Termination of gas deliveries Delay of sending new ambassador

2. Limited partnership (2010-2013) Lease for Russia's Black Sea Fleet extended until 2035. Reduction of gas prices. Pressures to join the Customs Union. Pressures to control Naftogaz Financial aid" (ibid 297).

3.2.1. Corruption

Corruption in Ukraine is recognized as the national, generalized moral phenomenon that penetrated every level of society, deeply rooted in the lifestyle and the way of thinking. Corruption on the government level created an independent state of bureaucracy that has full control over the state services and political activity. Money flows without regard to any formal responsibility. Ordinary citizens are also becoming corrupted, supporting the circle of corruption, resulting in a lack of trust society-wide (Korostelina, 2013)

In 2004, after the Orange Revolution brought to the power the West-oriented democratic forces under the leadership of President Viktor Yushchenko and Prime Minister Yulia Tymoshenko, with the hope of political and economic development. Yushchenko seemed to recognize the inevitable necessity of reforming country as he declared in his January 2005 inauguration speech: "We took an irreversible step to democracy. There will be an equal application of the law. An independent court will protect everyone. The rule of law will govern Ukraine. Business will be separated from political power. The state budget will no longer serve as someone's source of enrichment" (Ukrainskaia Pravda, 2005)

But the new Orange government dissolved in renewed political chaos. Rather than implementing reforms, in 2005 the Orange government fought over old privatizations. Meanwhile, relations with Russia soured over gas and the North Atlantic Treaty Organization (NATO). The Yushchenko administration had been spectacularly chaotic and unable to rule. Hardly any reforms were adopted during the five years of Yushchenko's presidency, and corruption seemed undefeatable. (Aslund, 2015)

During his five-year term (2005–2010), President Viktor Yushchenko and his team failed to reform state institutions and go beyond a mere personnel change. In the wake of the Orange Revolution, President Yushchenko and other “Orange” leader, Prime Minister Yulia Tymoshenko replaced some 18,000 government officials on the grounds of political loyalty (Bogomolov and Lytvynenko, 2009)

Yushchenko used his influence over the government’s opportunities for patronage and rent-seeking, appoint to offices high-level official, judges, head of Central Bank-NBU. For instance, Yushchenko used President’s coercive resources to secure the possessions of his crony, Firtash effectively. Firtash, in turn, was Yushchenko’s close supporter and a key member of so called the “gas lobby.” Tymoshenko supported different oligarchs, among them Kolomoiskiy’s Privat Group, in his attempt to take over Pinchuk’s ferroalloy company.

Under Yushchenko’s decisive influence his long-time ally Volodymyr Stelmakh as NBU chairman, issuing loans to private banks, regulating financial markets, and providing funds for the government’s projects. During the 2008 global financial crisis, which was accompanied by a sharp depreciation of the Ukrainian currency, the NBU provided about \$5 billion to refinance commercial banks. As Tymoshenko later alleged, close to \$1,5 billion was issued for the banks close to President Yushchenko, including the one related to Firtash, for 5 – 7% commission.

According to Interior Minister Yuriy Lutsenko, his ministry submitted annually up to 15,000 cases of corruption among state officials to the prosecutor’s office, but no further action was taken. The courts became even more vulnerable to political interference under Yushchenko than they were under Kuchma (Kudelia 2012).

Tymoshenko’s second government (2007–2010) ended the rent schemes, which supported Yushchenko, mainly eliminating the Rusenergo intermediary gas agreement, 2009 with Russia and terminating production-sharing agreement on the development of the Black Sea shelf. At the same time, the new government created the opportunity for many new rent-seeking to friendly businesses, notably, introducing the practice of holding tenders with one pre-selected participant which allowed officials to provide contracts to favored companies. In 2008, almost half of all tenders were conducted with one participant distributing contracts worth up to \$10 billion. The largest tenders benefited big businesses which funded Tymoshenko’s electoral campaigns, particularly the Industrial Union of Donbas (Nayem, 2009).

Political corruption, another form of corruption is widespread in Ukraine. Ukraine has built a weak democracy with little public trust in state institutions, and nothing changed in this regard during Yushchenko's presidency. The corruption as the biggest threat to Ukraine's democracy, continues to be a major problem. The parliament of Ukraine is the place where the attempt to bribe members of *Rada* to change factions, altered election results and reduced public trust in state institutions, political parties, and elections was a natural part of political agenda. Yanukovich was one of the famous creators of political corruption since 2006. He respectively bribed and blackmailed opposition deputies and defected ruling coalition. Through the bribery or intimidation, Yanukovich extorted the political support from the *Rada* members and sought to increase its party of regions to the constitutional majority. Finally, defections led to President Yushchenko issuing his April 2007 decree and disbanding parliament

A similar strategy continued after Yanukovich's election 2010 but in a more sophisticated way. As the President, he was no longer blocking political corruption of parliament but encouraging it. By 2011 over sixty opposition MP's from Our Ukraine-Peoples Self Defense, the party of former President Yushchenko and the Bloc of Yulia Tymoshenko had been "encouraged" to defect to the Stability and Reforms Coalition-created by Yanukovich pretending opposition. Allegations that they receive bribes of between \$1 – 10 million and \$25,000 a month commission was confirmed. The member of parliament from the former President Yushchenko's Party [opposition for that time], Doniy revealed he had twice been offered \$10 million for defecting to the Party of Regions plus \$20,000 a month. Previously the Yushchenko's government had found evidence in the budget of predecessor government about payments of \$1.5 million to deputies elected two years earlier in majoritarian districts (Kuzio 2012)

Apparently, the Kremlin was interested in corruption in Ukraine more than in commercial viability of the Russian state company Gazprom. Commercial interest was in the third place compare to the most important goal- the enrichment of top Russian officials and the geopolitics. Gazprom was an efficient tool in the hands of Russia to undermine the sovereignty of Ukraine. Russia was cutting gas supplies to Ukraine twice during the Orange period, in January 2006 and January 2009. Russia exercised pressure on Yanukovich to the extension of Russia's lease on the Sevastopol naval base for another 25 years in April 2010 in return for the gas price reduction. If treat the Gazprom as an organized crime syndicate, to give up any dependence on oil or gas

transit from Russia, Ukraine could clean up its government from the main domestic problem-corruption, is the number of experts advised. (Aslund, 2015; Balmaceda M. 2013; Kuzio T. 2015).

For many Ukrainians, it was evident that there was an insignificant difference between Orange government and Yanukovich's regime. All they were equally corrupt. Not state, nor economy and institutions were modernized. Oligarchs continue *de facto* rule the country. Paradoxically, pro-Western government of Yushchenko was more incompetent than pro-Russian Yanukovich. (Aslund, A. (2015. Kindle Locations 1930-1935) Ukrainians did not appreciate more democracy and freedom, the values associated with the West were connected to the failure in their minds.

3.2.2. Political elite

While Russia had good geopolitical and economic reasons to influence Ukraine, it used tools to defend or undermine certain regimes. Russia facilitated exclusive business deals for particular Ukrainian companies, mostly belong to oligarchs that supported desirable for Russia government. The Kremlin kept the close connection to the inner political and business circles in Ukraine. Provides stable energy supply and offers fair prices in support of the pro-Russian candidate in politics and pursued election bolstering in these ways. The first, who openly became Russia's favorable candidate was Viktor Yanukovich. Putin, who was hugely popular for that time, not only at home but across the post-Soviet space, held numerous high-profile meetings with Yanukovich and praised his political skills publically. The Kremlin was involved in the financing of Yanukovich's election campaign in 2004.

According to the various estimates, the total Russian contribution ranged from US\$50 million to US\$600 million. Prominent Russian political technologists publically participated in the process. Putin declared that value-added tax (VAT) on oil exports to Ukraine would be removed. In the result petrol costs immediately lowered by an amount equivalent to US\$800 million, helping Yanukovich raise the resources to lubricate voters by doubling pensions just two months before the first round of the elections. Moreover, Moscow also played a dominant

role in attempts to eliminate leading figures of the opposition. Russian prosecutors reopened a case of embezzlement charges against the second-most popular opposition leader and later prime minister, Yulia Tymoshenko, sending a request to Interpol for her arrest. Also, speculations exist that Russia was involved in several assassinations attempts on Yushchenko. Russia signaled to both, politicians and voters that alternation in power would carry significant costs.

Before the second round of election between Yushchenko and Yanukovich Putin suggested to Yanukovich rigging by inflating turnout in trusted regions instead of focusing on falsifying the votes cast. In contrast to Western observers, the Russian-controlled Commonwealth of Independent States (CIS) election observation mission fully endorsed the elections and Putin himself congratulating Yanukovich on his victory, even before the official results were announced. Ultimately the Orange Revolution started in 2004. People, hundreds of thousands of demonstrators took to the streets in Kiev against the Russian-backed Yanukovich. Only in the last minutes the interfere of Western countries saved the Maidan protesters from the state violence. (Tolstrup 2015)

Russian election bolstering did help Yanukovich during the further failed presidency of Yushchenko. Yanukovich's presidency from 2010 exposed both the weakness of Ukraine's state institutions and the superficiality of its democratic gains under the Yushchenko. Disadvantages of the pro-Western Yushchenko untied hands for the pro-Russian policy of Yanukovich. Yanukovich has removed NATO membership from the foreign policy agenda and backed Russian proposals for "common European security architecture". In September 2008, Yanukovich's Party of Regions and Communist Party of Ukraine-another pro-Russian political entity, had supported recognition of the independence of South Ossetia and Abkhazia in the Ukrainian and Crimean parliaments, an action that no other country or political force in the CIS did, including Belarussian President Lukashenko. Yanukovich also ran political repression in spite the protest from the Western countries and institutions and imprisoned Tymoshenko, 2011. (Kuzio 2012).

The election of Party of Regions leader Viktor Yanukovich in February 2010 brought to power in Ukraine the most neo-Soviet political leader since the USSR disintegrated. Soviet political culture and conspiracy theories permeate the Yanukovich administration, the government led by Party of Regions leader and Prime Minister Nikolai Azarov, and parliament where the Party of Regions dominates the Stability and Reforms coalition. (Kuzio 2011)

Yanukovich's presidency was a clear sign of ideologically driven pro-Russian domestic national and foreign policymaking. Yanukovich successfully camouflaged his statements and views through the use of American political consultants and technologies while his Prime Minister Mykola Azarov has never hidden his Sovietophile and Russophile views. Furthermore, in his first months in office, Yanukovich did not hide his intention to implement pro-Russian rhetoric in both, domestic and foreign politics. It included rewriting of the school textbooks, Soviet tirades against "Ukrainian nationalism," preference for the monopolization of religious life by the Russian Orthodox Church, servility for Russian policies in the CIS and support for reuniting major areas of the Ukrainian and Russian economies. (T. Kuzio, 2010)

Ukraine's society is unconsolidated around the foreign policy orientation- Russia or the West. The practical policies under Yanukovich can be judged as moving closer to the EU. But eventually Yanukovich changed his mind because his Party of Regions goal always was too pro-Russian. Ukraine is a young democracy, ethnically cleansed many times over during 70 Soviet years, with large Homo Sovieticus remnants among the electorate and pro-Soviet/Russian parties still had a significant support-40% in elections. Joining the Europe implied to remain on the path chosen by the Orange Revolution and as a result a substantial improvement of country's economic and political conditions. But in practice, it was difficult for Yanukovich personally to realize these goals (Svyetlov 2007).

Yanukovich was always perceived as the "Russian guy". Russia used to be involved in presidential and parliamentary elections in Ukraine, providing political, financial or "technical" support to pro-Russian political parties or candidates. Yanukovich and Party of Regions were among them. In the 2004 elections, the Russian authorities openly backed Viktor Yanukovich. Russian backing was a guaranty of the voters supports from the eastern, Russia-inclined part of Ukraine. But in 2004 the "Orange Revolution" brought Viktor Yushchenko to power. The painful defeat of pro-Russian Yanukovich was a proof that Ukraine and Russia follow separate development paths. Orange Revolution was another incentive for Russia to consider how to keep the influence over Ukraine.

Yanukovich came to power in 2006, in the result of parliamentary elections and became a prime minister of Ukraine. As a real Russian candidate, he had significant support from oligarchic groups in Ukraine. Oligarchs based their power on traditional sectors of the economy,

such as the Energy sector. Efficient management of oligarchs would not be possible without cooperation with Russia. The interest to have closer relations with the Eastern neighbor was present. Party of Regions is known as an advocate of closer ties with Russia and opposition of Ukraine's accession to NATO. In practice, however, its policy is less clear-cut. Party of Regions is divided into two wings. One of its wings, tentatively called "political"-Mykola Azarov (former head of *Rada*) supports closer ties with Russia. The second, "business" side (Oligarch Rinat Akhmetov), primarily wants more efficient state mechanisms, trade and developing cooperation with the Western states (Szeptycki A. 2007).

IN fact, the oligarchy blossomed during Yanukovich presidency. For a while, he attempted economic reform. However, Yanukovich developed “capitalism in one family” because corruption at the top level reached a new apogee. The economy stagnated. Initially, Yanukovich appeared “to be like a stationary bandit, with an apparent interest in boosting economic growth. Soon, however, he revealed himself to be a roving bandit, wanting to concentrate as large a share as possible of the existing wealth to his family as fast as possible, caring little about his nation’s future, though he also nurtured a populist streak.” (Aslund A. 2015: Kindle Locations 2072-2074)

3.3.3. Economic indicators and Energy Dependency

Ukrainian economy and energy sector creates another room for Russian pressure. The economy in Ukraine remained significantly dependent on Russia since its state independence. Around 1.5 thousands of Ukrainian enterprises and military-industrial establishments were connecting with Russia’s industrial cycles that prevent to establish an independent Ukrainian economy. Two countries are noticeably intertwined because of the inherited USSR’s economic infrastructure. In 2011 Ukraine came into its twentieth anniversary of independence with a destroyed infrastructure and economy. The current *GDP* of Ukraine is only 63 to 75 percent of the level of 1991. During 20 year of independence, there has been no significant economic development: 15% of the economic structure of Ukraine was developed before 1917, 5–7% during 1920–40s, 80%- during 1956–89 and after 1991 where was almost no economic or

institutional development. There is capital outflow, inflation, lack of investments. Ukraine uses old infrastructures and enterprises, losing its industrial potential. Ukraine's economy is crucially dependent on Russia's economy and energy resources (Korostelina K. 2013).

The largest share of Ukrainian exports 2004-2014 goes to Russia. Ukraine was very dependent on Russian market and share of import was substantial as well. Russia remained number one trade partner even during Orange government.

Ukraine's overwhelming energy dependency on Russia fully maintains Russian geopolitical interest in Ukraine. The old industry is inefficient and energy-consuming. In the face of scarce domestic natural resources in contrast to Russia that has vast reserves and pipelines, Ukraine is doomed to depend on Russia. Even more, when Russia cut off the gas supply to Ukraine, EU consumers of Russian gas blamed Ukrainian side for crises whereas, in fact, Russia punished pro-Western Orange government.

Besides the dependency, Ukraine retains a massive debt to Gazprom. Russia reminded to Ukrainian people that although they are free to make a choice in elections, gas supply and the price on it as the leverage would be using for support of the pro-Russian, rather than a pro-Western government. With energy force Russia retains a hegemonic attitude in the region, Ukraine included (Proedrou 2010).

The energy dependency is the highly politicized as foreign policy issues inherited from the Soviet past. In the post-Soviet time, any trade relations with Russia is unavoidably perceived as a politically significant business with the hegemon. In fact, some Russian politicians openly called for the use of energy as a political weapon in Russia's relationships with various former republics and by this revealed the intention of Russia to manipulate neighbors politically. (Kindle Locations 161-410).

Despite the central role of an anti-corruption rhetoric in Yushchenko's 2003–2004 things did not change as hoped for after the Orange Revolution, and energy issues continued to be a prime area of political scandals and Russian influence. The very first few weeks after Yushchenko's inauguration, the serious differences in economic interests coexisting within the coalition, and also Yushchenko's inability or unwillingness to separate business and politics. In March 2005, the government led by PM Tymoshenko started to investigate corruption in state monopolies, including national company Naftohaz, but there was significant opposition- President Yushchenko seems just stopped the investigation. Finally, Yushchenko dismissed PM

Tymoshenko and raised the doubt that this action was related to the desire to halt the investigations. Then, in 2006 Russia started to use its energy leverage against pro-Western Orange government and cut off supply to Ukraine and for East Europe countries for three days.

Negotiations with Russia were challenging and ineffective. In the fall of 2005 and a possibly Russian-provoked standoff with a price demand that had risen quickly from \$ 95 to \$ 150 to \$ 230 per thousand cm, in comparison with the then current price of \$ 50. Despite these tensions, however, Ukraine continued to neglect its main counterweight to energy dependency on Russia, gas imports from Turkmenistan, which continued to suffer from allegations of unpaid debts and unfulfilled barter contracts.

Ukraine's mismanagement of this vital relationship gives some reason to believe that the escalation of the price dispute with Gazprom was used as a means to create an artificial scarcity as a cover to introduce new rent-seeking schemes by actors on both sides of the border.

The presidency of Yushchenko was the time of chaos and lack of transparency for energy policy in Ukraine. The new agreement of January 2006 agreements significantly worsened the country's energy security situation. There was no transparency on how these new prices were forming. The deal forced Ukraine to remain locked into charging a small gas transit fees until 2009, allowed gas prices to be increased unilaterally, while transit fees could not, and the most important, however, was the question of contractual diversification -by making RosUkrEnerg the sole operator of the country's gas imports, Ukraine became contractually tied to a single supplier that received significant profits in exchange for unnecessary intermediary services.

Because of lack the transparency it was impossible to know what gas was importing because the January 2006 contract was specifically for a cocktail of gasses assumed to come from Russian and Central Asian sources, according to statistics of the Ukrainian Fuel and Energy Ministry.

Ukraine's blatant energy dependency on Russia, its government's inability to take a united, strong policy stance on energy issues, made the country especially vulnerable to price fluctuations and unable to respond proactively to changes coming from Russia's new pipeline initiatives, which, by 2015 could sidetrack a significant amount of oil and gas transit volumes away from Ukraine, further reducing its bargaining power. (Kindle Locations 2748-3422).

Energy relations between Russia and Ukraine continued to deteriorate despite general expectations that relations would improve after the coming to power of “pro-Russian” Yanukovich, and that the 2009 agreements would be revised to terms more favorable to Ukraine. Yanukovich’s started revision of the 2009 contracts with domestic political processes. In October 2011, he convicted opposition leader Tymoshenko for abuse of office and illegality of the 2009 contracts was cited as the reason for the need for revision.

During Yanukovich’s presidency, the new economic reality was created. For the first time in the history of independent Ukraine, some desirable developments as a clear financial incentive for a reduction in energy imports from Russia followed: In particular, gas consumption went down by nearly 10 percent between 2008 and 2011. In particular, industrial gas consumption declined sharply with the drop in production resulting from the 2008– 2009 economic crisis. Ukraine’s industrial output went down by 22 percent in 2009, industrial-sector gas consumption during the same period fell even faster, by nearly 40 percent. It must be noted, that much of the reduction in gas consumption was due, in addition to modernization efforts in the metallurgical industry, to the effects of the global economic crisis (Ukraine’s *GDP* went down by 15 percent in 2009); after the immediate crisis gas demand partially recovered, going up to 59.3 billion cm in 2011. After relatively rapid decreases in energy intensity between 2000 and 2008, that indicator started to stagnate and increase again in 2008– 2010. This made the limited impact of the import price shock on the public/ residential sector-56 percent of total gas use. Moreover, the relative gap between the prices paid by households and import gas prices grew significantly between 2004 and 2012. But, one central feature of the Ukrainian energy economy has not changed: the significant difference between the prices of gas supplied to the industrial sector and the public/ residential area creating incentives for illegal supply schemes involving public sector gas for industrial use. Very few opportunities for energy diversification was used during Yanukovich as well. Only once there was an attempt to import of tiny amounts of gas (0.06 billion cm) from the German company RWE, in 2012, in lower price. (Balmaceda M. 2013: Kindle Locations 3357-3390).

Yanukovich claimed many times publicly that due to difficulties in negotiations with Russia about prices of natural gas it was important to seek ways of diversification. The price of gas for that time was 516 \$ per thousand cm. In several interviews, Yanukovich expressed deep concerns regarding unacceptable price (Channel 24, January 2012; Podrobnosti, February 2012).

It was fourth year since Yanukovich supported calls for extending the Black Sea Fleet's presence in Sevastopol for 25 years until 2042. It happened long before the global financial crisis hit Ukraine's economy in 2008 (T. Kuzio, 2010) Yanukovich's first big task was to reduce the price of gas from Russia by 30 percent. But the task remained unreachable because right after the postponing of signing the AA with the EU Yanukovich was not sure continue negotiations with Russia or not and just expressed the hope about lesser price of gas and discussed further diversification of energy sources (Ura-Inform, December 19, 2013)

Gas price was the most important IMF condition for Ukraine. Yanukovich's government hiked domestic gas prices to reduce losses of Naftogaz on 2 percent of *GDP* each year, which were ultimately financed by the state budget, that is, the taxpayers.

Naftogaz sold gas to consumers and utilities at prices far below the price it pays Gazprom. After raising gas prices once, Yanukovich refused to raise the very low gas prices again and aborted the reform of the gas sector. By political motives, he insisted on small regulated gas prices. His official justification was that the population would suffer from higher gas and utility prices, but a more likely reason was that the Yanukovich family benefited from arbitrage between low fixed rates and high market prices. And Russia continued to use energy leverage against Ukraine (Aslund 2015).

3.3. Domestic political factors –Georgia

The foreign policy of the small, post-Soviet state of Georgia tends to be considered as a contradiction to the rational, neo-realistic rule of Waltzian theory whereby a weak state, as usual, recognizes that a more powerful state can affect it considerably and chooses a balancing policy (Waltz K.1979). This means that Georgia, as a weak state, has rejected pursuing a bandwagoning strategy with Russia since the Rose Revolution. Despite Russia's will and significant pressure from economic sanctions, in 2008, the war led to the recognition of the independence of Georgia's breakaway regions – Abkhazia and South Ossetia, and Georgian foreign policy

called for continuity in moving to the West and further away from Russia (Gvalia et al. 2013). Experts argue that such behavior becomes explicable when regarding certain domestic policy.

3.3.1. Corruption

Before the 2003 Rose Revolution, corruption permeated nearly every aspect of life in Georgia. The police were stationed at almost every crossroads and extorted bribes for false infractions. The government was totally corrupt. Citizens paid bribes to acquire passports or driver's licenses, start businesses, and enter universities; companies paid bribes to revenue officers to avoid taxes, and restaurants bribed state inspectors to avoid punishment for violating sanitary standards. Police were under the influence of the criminal gangs called “thieves-in-law.” State officials who officially earned about 100\$ per month, in reality, were rich people. Only a few people paid utility bills (World Bank, 2012).

Georgia as one of the failed states associated with “Russian model of development.” For senior-level foreign policy makers, bandwagoning foreign policy meant to return to the criminal and corrupt state of the 90s and Russia (Gvalia et al. 2013:113). Thus, the critical mass of young reformers came to power in the result of the peaceful “Rose Revolution,” united by the idealistic vision and mutual trust started overwhelming reforms and first of all fighting corruption. The government of Saakashvili invited Estonian prime minister Mart Laar as an advisor because the Estonian economy and society were perceived as a success story compares not only to the former Soviet Union, but to the Central European countries of Poland, Slovenia, and Hungary.

Ranked 124 among 133 in 2003 by the Transparency International the country started rapid reforms that targeted each slot of the life in an integral manner. The president of the country who was perceived as an engine of the fighting corruption and other reforms the effectively used the window of opportunity and with the slogan “Just do it!” moved to the main goal-radically decreasing of corruption (Bennich-Björkman L. 2016).

The Government of Georgia started with the salaries of officials. Soviet time generation of politicians and administrators was changed on the new generation of highly motivated, inexperienced people and the minimum wage (1200\$) in 2003 was paid that increased further in late years. The police salary increased ten times from 20\$ to 200\$. More expenses on public

servant's wages became possible because of significantly increased tax revenue. The complicated and high taxation was dramatically changed. The number of taxes was reduced from 21 to 6; all individual tax rates were reduced, and all the remaining taxes were replaced with a flat tax rate system; licenses slashed and permits cut by nearly 90 percent. For instance, the number of licenses was reduced from more than 300 to 41, and the number of licenses from over 600 to 53 (Gilauri N. 2017). The reduced government with high salaries appeared a useful idea for tackling corruption because the incentive to remain in a higher paying job made bureaucrats less keen to take bribes. One more critical field of corruption was The State Traffic Inspection Gaishnik- the Soviet-style road police, the *GAI* (State Automobile Inspection). *GAI* was almost self-financed by the extortion, both from local and foreign drivers as they traveled Georgian roadways. According to estimates, 80 percent of the money extorted from drivers was distributed along the chain of command all the way up to the minister (Burakova L. 2011).

The reform of the traffic police started with dismissing 30,000 police from the system overnight. A new, well-trained staff was formed in two months, and no one seemed to notice that the country was functioning without police during that time. Everything related to the police became transparent, both externally and internally. As a symbol of the new approach, new, transparent, glass police buildings were built. In the Ministry of Internal Affairs, the General Inspection acted as the primary anticorruption tool. Soon, the punitive Gaishnik, which had nothing to do with law enforcement, was transformed into a public agency that provided security and stability (Aslund A. Djankov S. 2014:149-165).

Tax reductions created the incentive not to pay bribes to tax collectors but pay taxes directly to the state budget, which increased dramatically. The share of government revenues rose from 14 percent of *GDP* in 2003 to 21 percent in 2005 (immediately after the reform). Continued tax reductions increased tax collection to 27 percent of *GDP* by 2012, despite the fact that Georgia has the third lowest tax rates in Eastern Europe, according to the World Bank (ibid 2012).

Despite strident opposition, an extensive program of privatization was carried out. Privatizing electricity generation/distribution networks, natural gas distribution systems, agricultural land, seaports, airports, and other infra-structure. The government started selling with long-term tradable rights mineral deposits, air frequencies. Privatization led to institutional changes. A larger proportion of better-managed private companies made the economy more

flexible and resilient. All these measures contributed to the reduction of corruption and brought additional revenue to the government (Aslund A. Djankov S. 2014:149-165).

Totally Between 2006 and 2011 alone, Georgia completed 35 reforms qualifying under the World Bank's "Doing Business" criteria, i.e., half a dozen per year. According to the World Bank's "Ease of Doing Business" report, the global average for such reforms was 1.7 per year at the time. What is more, all Georgian reforms were initiated and overseen by the same small group of people, rather than by different consecutive administrations. "Since the World Bank began keeping records, no other country has made so many deep reforms in so many different areas so consistently" cites the WB the former PM Nika Gilauri (Gilauri N. 2017)

In Georgia, 2003-2012 happened the same What occurred in Estonia in 1992-1994. The "same small group of people" (Gilauri N. 2017: vii) took advantage of the rare moments of creative politics-window of opportunity. "The descriptions from the participants in these formative governments of the time, be they politicians or non-politicians, unite in the way the picture a time of intense and emergency-oriented work, a strong commitment towards shared goals, the chemistry between many of those who worked, and a transcendent meaning permeating policy-making. A new state and society were being formed, not particular interests being served or political parties working simply for re-election" (Bennich-Björkman L. 2016:19).

The corruption perception index CPI continued to be improved after the 2012 election when the new political entity came to power. 2004-136, 2014-50 (TI, CPI 2015)

3.3.2. Political Elite

Georgia is a European country and not a post-Soviet state is the core idea that drives the Georgian elites to understand Georgia's place in the world. Georgia abandoned the bandwagoning policy toward Russia without looking back since the Rose Revolution. President Saakashvili and his government, openly Western-oriented, transformed both, domestic and foreign policy. Next to ambitious reforms in the country's security, economic, and educational systems, firing the entire police force and eradicate corruption, Georgia has intensified relations with the United States, NATO, and the EU, while further distancing itself

from Russia, its actual threat. Georgian political leadership implied to every sphere the European Identity and announced the willingness to build the country by Western standards and values. Joining NATO and the EU is appreciated not only regarding the security and prosperity it affords but equally as an external affirmation of Georgia's European identity. "I am Georgian; therefore, I am European," proclaimed in the Parliamentary Assembly of the Council of Europe in 1999, long before the Rose Revolution, were the words of the former head of Parliament Zurab Zhvania, which turned into the benchmark of the new Georgian political elite.

Domestic efforts at modernization and reform were perceived as the basis for integration into the EU and Euro-Atlantic structures. NATO was conceived of as a "political system with the highest democratic values," not just a security institution or military alliance. The intense focus on economic reforms and other domestic factors in the context of the modernization idea and "integrating into Western economic structures" distanced the country from Russia. The Georgian ruling political class saw Russia as an ideological rather than a geopolitical or strictly economic rival. The objective of the Saakashvili government's foreign policy was the creation and consolidation of a Western-style democracy, with a willingness to make some immediate economic sacrifices and take security risks (Gvalia et al. 2013).

As evidence of its commitment to the Western course, Georgia increased to 950 the number of its troops deployed in the 31st infantry battalion in Iraq and Afghanistan. After the Great Britain and the United States, Georgia became the largest per capita contributor (Civil.ge. 2010).

If the previous political elite was more oriented towards Russia, it was mainly because of their past. The new, young elite had a strong Western identity. Their Western education and socialization in the West was the primary cause of the initial change in, and subsequent continuity of Georgia's foreign policy said the former Deputy Foreign Minister Sergi Kapanadze (Gvalia et al. 2013:124)

Along to the modernization of the "Color" revolution government had the radical rhetoric toward Russia. *The National Security Council (NCS)* document published in 2012 keeps the statement that "Georgia was the victim of Russian aggression that led to 70 years of Soviet occupation [...] The 2008 War demonstrated that the Russian Federation does not accept the sovereignty of Georgia, including Georgia's choice of democracy and its independent domestic and foreign policy [...] Broadening the integration processes in Europe, is essential for the

security of Georgia. Georgia is a part of the European and Euro-Atlantic space. Therefore, the expansion eastward of NATO and the European Union is necessary for Georgia” (NSC concept, 2012). The politicians came to power next to “Color” revolution government changed rhetoric, but the strategic goals remained the same. For instance, Georgia continued to serve as a valuable partner for NATO, and in 2013, the country positioned itself as a premier counter-insurgency and counter-terrorism force for the alliance. Georgian forces still enjoyed a strong, professional reputation in the ISAF program. NATO reacted proportionally and included Georgian forces within the newly established rapid reaction force. Experts regarded this step as evidence of Georgia’s de facto integration within the NATO military structures. Georgia’s Euro-Atlantic aspirations persisted and became determinant of strategic direction and foreign policy (Cecire M., 2013).

The signing of the Association Agreement with the European Union was not in any doubt. The Prime Minister addressed the nation from Brussels: "That is Europe, its political, economic, social, and cultural environment, from which our country was artificially alienated for centuries. It is tough to express in words what I feel and experience as a Georgian right now. I am convinced that everyone in my homeland is overwhelmed with the same emotions,” said Gharibashvili. In every Georgian city, there were activities organized by the state and translated on every nationwide public and private TV channel, large-scale concerts and fireworks (Agenda.ge, 2014).

Nevertheless, as the party and government of Saakashvili were known as salient pro-Western and confrontational towards Russia, the political entity, newly elected 2012 GD coalition initially stressed a moderate attitude and improvement of relations with Russia (Civil.ge, February 11, 2013). At the same time, some members of the Ivanishvili’s coalition had been openly pro-Russian, and these people shifted the confrontational rhetoric from against the West. They started to reject the NATO aspiration, criticize the previous government for its anti-Russian position, and question Western values of human rights. All members of the coalition, including Ivanishvili, tried to avoid calling the active presence of Russia in Abkhazia and South Ossetia an occupation and even blamed the Russian occupation of Georgia on Georgia itself (Tabula, November 13, 2012).

On the other hand, the GD's willingness to improve relations with Russia can be seen as a benefit for Georgia's participation with the West. The approach of reducing tensions with

Russia can be seen as a constructivist, practical diplomatic measure that aspires to improve the country's prospects for Euro-Atlantic integration. Thus, the new parliament, with a majority GD coalition, adopted a bipartisan resolution on foreign policy with a clear declaration of the country's Western aspiration goals: "Integration into the European and Euro-Atlantic structures represents the top priority of the country's foreign policy course. (...) Georgia will not join such international organizations, whose policies contradict these priorities" (Civil.ge March 7, 2013)

Saakashvili and his party *United National Movement (UNM)* tried to blame GD and its founder Ivanishvili to be the Russia's marionettes and warned the citizens of Georgia not to allow the country "to return to the Past." This populist trend implies that assessing everything that raises doubts regarding pro-Russian orientation as anti-national. *UNM* used Europe as the role model for successful development. Institution-building became the part of national—e.g. the Western—narrative. Total policies were packed as the national interest of the country to achieve the historical goal and return Georgia to its rightful place Europe (Merabishvili G. 2014)

At the time in 2004, Saakashvili was also criticized that he was too open for Russian interests. For instance, when he was invited to Georgia Russian business forum and ultimately, recruited the Russian-based tycoon Kakha Bendukidze, a native Georgian, Chief Executive Officer of Russia's largest private heavy engineering corporation, United Heavy Machinery Kakha Bendukidze as Georgia's minister of economics with the big mandate of reforms (Civil.ge. December 16, 2004). In the same regard, the concerns around the *GD* coalition are legitimate because the character of relations between Russia determines the level of the relation to EU and Euro-Atlantic integration.

Despite extremely tense relations between the Saakashvili government and the *GD* opposition following the October 2012 transfer of power, Georgia's commitment to pro-Western policies enjoyed bipartisan consensus (Nodia G., 2013).

3.3.3 Energy dependency and economic background

Georgia is one of the countries experienced in a tense energy and economic relations and direct pressure from Russia. Compared to the neighboring Azerbaijan, Georgia has no gas and oil, and the USSR was entirely dependent on Russian sources. Until 2006, Georgia imported 100% of natural gas from Russia; Russia was the number one trading partner, accounting for almost 20% of Georgia's total trade. In 2003 and 2006, the trade with Russia increased (Gvalia et al., 2013).

Georgia, as a typical former Soviet republic, also relied on the Soviet Union's standard electrical network, creating a further vulnerability for the country. Since the Saakashvili government came to power, they revealed themselves as pro-Western politicians, and Moscow soon began applying energy sanctions to Georgia. It started with gas price increase promises. From the beginning, Russia demanded that Georgia sell all its gas pipelines to Gazprom [Russian state energy giant]. At the peak of Russia's energy pressure on Georgia in 2005-06, the country seemed close to giving in to this demand. However, in the end, Georgia rejected the proposed Gazprom deal. In response, Russia increased the price per cm [sic] by nearly 500 percent, from \$50 to \$235.

In January 2006, at the same time, the two gas lines and the primary electrical connection between two states were blown up. The electric power grid, an old Soviet one, was another vulnerability which the Kremlin decided to exploit.

In the end, though, Georgia was able to escape from this Russian sanction as well. The country is fortunate to have great hydroelectric potential, and the Georgians were able to use that as an alternative to supply much of their power in the years after 2006. Indeed, presently, Georgia is able to export electricity to Russia. The Georgian government immediately started to distance the country from a dependence on Russia. Fortunately, Georgia has a close neighbor and partner, Azerbaijan, which has significant gas reserves. Azerbaijan agreed to sell its gas at almost its domestic price, i.e., less than half what Russia offered. Starting in 2008, Georgia was able to buy its natural gas from Azerbaijan, which greatly helped both states, eliminating Moscow from the process (Newnham R. 2015).

As for electricity, before 2003, power blackouts in Georgia were the norm in daily life. Power was supplied to customers only for a few hours per day, and only about 30% of the energy used was paid for. Some villages were entirely cut off from the power for years. In 2003, energy was one of the most corrupt sectors in Georgia. The Ministry of Energy itself had no electricity.

As the result of privatization and a number of other reforms by 2006, the country had 24-hour energy, even in remote areas, and the payment rate had reached 96 percent. By 2007, Georgia turned in to a net electricity exporter (Gilauri N. 2017)

Furthermore, Azerbaijan and Georgia are partner transit countries. Baku-Tbilisi-Ceyhan pipeline delivers the oil to the Europe; the Baku-Tbilisi-Erzurum pipeline takes the gas. Both projects also have vital importance for diversification of Georgian energy strategy (Kakachia K. 2013). Although before Azerbaijan became the full alternative to the Russian gas partially and temporarily, Iran became the partner for Georgia. Negotiations with Iran concerned Georgia's greatest ally the US. US ambassador warned Georgian sight against Iran gas deal. But Saakashvili was able to convince Americans about correctness of Georgia's position (Jerusalem Post, 2006)

The energy issue was developed in parallel of the Russian trade sanctions. In 2006, Russia, its largest trading partner, banned trade with Georgia. The precise reason was the arrest of Russian spies by the Saakashvili government. Tens of thousands of labor migrants from Russia were evicted. In August 2008, five days of full-fledged war killed 228 civilians and 160 soldiers and increased the size of the occupied territories by 20 percent, displacing 110,000 people from their homes, more than a third of whom did not return. Georgia was not as dependent on Russia, but the share of its exports to Russia fell from 18% in 2005 to 4% in 2007 while its total exports surged by 42%. Experts believe that escaping Russian economic and energy influence helped Mikheil Saakashvili's government to combat corruption in Georgia (Aslund 2013).

Besides fighting corruption, on 6 September 2006, the World Bank announced Georgia as the top reformer in its "Doing Business" indexes. With market economy reforms, economic indicators started growing significantly. After 2003, *GDP* growth rates shot up, and in 2007, it was a record 12%. Later, in 2009, it fell, partly because of the 2008 war and partly due to the global financial crisis. In the following years, the economy of Georgia showed continued and gradual growth of about 7% per year (World Bank, 2012).

The new economic strategy of the Rose Revolution government attracted foreign direct investment and stimulated rapid economic growth. Once failed state Georgia turned into a dynamic, liberal, open-to-the-global-economy, and tax-haven-for-foreign investors country. At the same time, government tax reforms and a campaign against corruption created more

economic freedom and capacity. Between 2004-2008, Georgia's *GDP* grew from 5 billion\$ to 12.8 billion\$, and budgetary resources multiplied by more than 2.5 times, allowing Georgia to pursue a more assertive foreign policy in Europe and establish greater economic separation from Russia. Due to economic growth, Georgia (???) increased the military budget from 71.8 million \$ in 2004 to 1,087.9 million \$ in 2008. There was the rapid modernization of Georgia's military forces and participation in NATO troops in Afghanistan and Iraq. Economic reforms not only did it bring Europe in, but created an economy robust enough to resist the consequences of a Russian economic embargo after 2006, the deportation of Georgian migrants (2004-2006), and an invasion in August 2008 (Jones S. Kakhiashvili L. 2013).

Summery

As for the conclusion, the empirical inquiries in this paper allow to say that weak states should increase their economic and institutional capacities to prevent dependence on the hegemonic superpower. Weak institutions are vulnerable via bribery system before the external hegemony. Dominant power can successfully use this pillar during elections, in order to keep the energy policy dependent and to control the markets. Thus, corruption is the one of the crucial factors for independent foreign policy. Autocratic power easily penetrates corrupt, weak neighbors and pushes the country to change its foreign policy. As strong is the political and economic dependence on the external power, so high is the probability of altering the country's foreign policy, not for the country's internal political benefits but in favor of the external power.

Ukraine and Georgia are somehow paradoxical countries. Ukraine is weak, but still, democracy, enjoys a much greater level of political freedom than other non-Baltic former Soviet countries. But at the same time, Ukraine is the most corrupt country in the post-Soviet space.

The paradox of Georgia implies that incommensurately small size of its territory, population, and economy, the lack of natural resources, compared to Russia, rationally hardly

would leave room for confrontation from Georgian side. In order to resist Russian influence, Georgia already paid with its territorial integrity. However, it gained independence through institutional reforms.

Any pro-Western step will always annoy and irritate Russia. Russia does not want to lose its authority in the post-Soviet space. Generally, being closer to the West means establishing institutional reforms, free market economy and consolidating democracy. Ukraine needs to get rid of its reputation as a corrupt country and free its economy. The further essential idea for Georgia is to become more democratically consolidated.

In the nearest future, hardly anything will change in the politics of Russia. The former Soviet hegemony will more likely continue to act according to the Dahlian concept of power and to keep forcefully getting from the former colonies that which they would not give otherwise. Georgia is a proper example that Ukraine can follow to develop efficient and sustainable reforms and eliminate Russian influence.

Discussed in this paper are corruption, the political elite, and energy dependence, are factors that determine the countries' foreign policy change. The broad domestic political picture of Ukraine and Georgia may reveal other factors of foreign policy change. For instance, the role of oligarchs in Ukraine and Georgian Orthodox Church, or the uncertainty of post-Maidan pro-Western Ukrainian government, and the raising Russian sentiments in Georgia. All of these factors may affect the countries' future development and relations with Russia and may be relevant for further research.

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APPENDIX 1

*Table 1. Questions about democracy. Wave 6, 2010-2014 (%) **

Question/country	Georgia	Ukraine
Democracy is absolutely important	54.1	35.9
Having a democratic political system in very good	46.1	33.4
demand in strong ruler	23.5	29.2
Choose leader democratically is an essential	48.2	48.3

* World Values Survey

APPENDIX 2

*Figure 1. Freedom rating, Ukraine and Georgia 2004-2014 (1=most free, 7=least free)**

*Freedom House, country freedom

APPENDIX 3

Figure 1. The rank of corruption by countries, Ukraine and Georgia 2004-2014
(0=most clean, 100 and more=the most corrupt)*

*By the data of Transparency International corruption ranking index

APPENDIX 4

*Figure 1. Export to Russia from Ukraine and Georgia 2004-20014**

* By the data of the World Bank.

*Figure 2. Import from Russia to Ukraine and Georgia 2004-20014**

* By the data of the World Bank.

APPENDIX 4 (*continue*)

*Figure 3. GDP growth. Ukraine and Georgia 2004-20014**

* By the data of the World Bank.