



Несторівська  
група

*The Nestor Group document*

## **CONTRACT OF DIGNITY FOR SUSTAINABLE DEVELOPMENT**

### **strategic vision for change**

#### **Preamble**

Ukraine wants change. And fears it. Today's Ukraine has a huge unrealized potential for change. Ukraine is at the intersection of the lines of force of many local and global controversies. And the complexity of our task is equivalent to the magnitude of the challenges that we face. The aspiration for change in the country has become a conscious priority. Brought to power by revolutionary changes, politicians are promising radically to reform Ukraine. However, realizing this task is impossible without having a clear vision of the country we want to live in and of the changes that can lead us to it.

The following is an attempt to draft a strategy. We are aware of the threats, especially the military ones. Considering the difficulties that Ukraine is facing, catastrophic future scenarios can't be ruled out. However, they are not considered in this document because they would be a failure of human efforts, not the crowning of them.

A war can't be an excuse for the lack of reform, as shown by Israel and South Korea. Moreover, the war exacerbates the need for modernization.

Our document is a vision of the country's modernization, based on the principles of sustainable development, open access, and new values. These elements form a new social contract.

## **New national idea: taking the road of sustainable development**

For a long time in history the reasons behind Ukraine's failure were the crises that weren't converted into opportunities. As a result, the country has been going round in circles, and society has only looked for the guilty and cursed the authorities or external enemies.

The task of modern Ukrainian society is to break this circle and take an upward trajectory of development.

*So far forming the Ukrainian nation has been Ukraine's national idea. Today the nation is formed, united by both common successes and common pain. So the newest national idea must become modernization of the nation, not its construction.*

Modernization has many manifestations and dimensions. In short, its goal is transferring Ukraine to the trajectory of sustainable development.

Sustainable development takes into account the interests of present and future generations. It foresees the multiplication, not exhaustion, of all six “capitals” of the country: human, social, intellectual/creative, industrial/technological, natural, and financial. This will make society more enduring in the face of current crises. Sustainable development doesn't mean there will be no crises or problems. But it means that after each crisis the country will go back to the trajectory of growth.

This is characteristic of the world's richest countries, with their very high standards of living and life expectancy. Before the 1950s it was true only for the West - Old Europe, North America, Australia, and New Zealand. In the post-war decades the "Asian tigers" achieved sustainable development: Hong Kong, South Korea, Singapore, Taiwan, and Japan. Since the fall of Communism some countries of Central and Eastern Europe and the Baltic have been getting close to joining the list.

The list of the countries with sustainable development shows that achieving it is not limited by geography or culture. The list includes countries from various continents

and various historical and cultural heritages – from Protestants to Confucians, from Western to Eastern civilizations.

So there is no point in searching for a unique national model for creating the Ukraine strategy. In the 20th century the countries that have attempted to develop by a special route, like Nazi Germany or the USSR, have crashed. It is a matter of implementing certain universal requirements, such as the rule of law, eradicating corruption, and guaranteeing property rights.

At the same time, a country's historical heritage and local conditions define how easily and fast it can take the trajectory of sustainable development. Nations with less tradition of self-governance or independence in the past, or traumatized by Communism, have to make more efforts and will need more time to achieve sustainable development. At the same time, every effective model of sustainable development not only has its national specificity, but is grounded in it.

Sustainable development must also not be confused with the rapid economic development of countries that exploit cheap human resources (China) or natural resources (Arabic countries and Russia). Wealth of resources can be a trap. When resources run out or rise in price, dependence on them leads to exhaustion of the economic potential of the country, or even its failure (USSR).

*Ukraine does not have cheap natural resources, and its labor force is not cheap any more. So if Ukraine wants to modernize it must inevitably choose a different model - one that is based on revealing the potential of its people.*

But in any case, changing a country is impossible without political will of its elites. Reference to historical and cultural circumstances cannot justify lack of this will.

Sustainable development isn't a natural state. It can be achieved under certain conditions, including political will, an active society and a certain level of public morality. This is what brought millions of Ukrainians to EuroMaidan.

Thanks to this a window of opportunity opened in Ukraine to take the way of sustainable development. But like any window of opportunity, it won't stay open for long.

## **The way from limited access to open access**

Historical experience testifies that transfer to the regime of sustainable development is not achieved by economic changes alone. They have to be accompanied, or rather preceded, by political changes, which shift society to a state of open access.

*Just as with sustainable development, open access is not a historically natural condition. For a long time states have been based on limited access. In this respect, there is no essential difference between the Inca Empire and regimes of Yanukovich and Putin. In both cases access to economic resources and political power is with those who have privileges and personal connections, not those who win in a fair competition. Personal connections and privileges outweigh rights and rules.*

Ukraine is one of the countries where the limited access system is backed by selective adherence to laws. The selectiveness is fixed in the legal system. The laws are purposely made too strict, contradictory, complicated, or ambiguous - to make it impossible to adhere to them. Or the law itself allows a “boss” a chance to interpret the norms and take decisions at his own discretion. As a result, a state that is constitutional in form in fact operates on personal connections and privileges, becomes a “blackmailer” and threatens to punish anyone who tries to escape the system of limited access.

*Such a system is mutually connected with zero sum thinking: "I win - you lose." The limited access economy operates on the principle that profits are ensured by power, and supported by the striving of the oppressed for the justice of equal redistribution instead of the justice of equal opportunities. "Taking from the rich" instead of "creating the new together."*

Corruption and patronage are the principal conditions of survival in such circumstances. With their help, people strive to secure themselves from arbitrariness and gain access to services or resources open only to the privileged. This takes huge efforts that could be directed instead at creating a better quality of life and producing new standards of living. When people think within in terms of a zero sum game they imagine predation and deception are the only ways of enrichment. But such attitudes

ruin society's morals, destroy trust and security as the conditions for creating added value.

Unstable circumstances and the lack of fixed rules of the game cause a short term planning horizon. We don't think about how our decisions today influence our well-being and opportunities and the well-being and opportunities of our children decades from now. Short-termism causes reluctance to develop and implement strategies and to define stable rules of the game - and this makes it easier for the elite in power to abuse authority and appropriate rents.

All this holds back the development of the country. A limited access system cannot provide sustainable development but has high capability for self-preservation and self-reproduction – even when new people arrive.

This is why the principle of competition needs to change. The competition should be for the favor of the consumers and voters - not for access to a resource in order to redistribute it. The important thing is to satisfy the consumer and convince the voter, not to lay claim to administrative resources for the sake of fruitful manipulations. Then the advantage will be not personal loyalty but competence and professionalism.

*Creating the new open access rules of the game and sticking to them calls for transparency of decision-making and accountability of those making the decisions. In an open access system we think and act in the spirit of collective gain - we create new goods in cooperation, when the result is more than a sum of the parts, and the cooperation makes sense not only for the participants, but for society in general.*

To transfer to the open access order the following conditions must be agreed:

- The rule of law, not of laws. The law is prime and supreme. Laws (legislation) are subordinate to the law.
  - o The rules are universal and inviolable. They are internalized through constant explanation and comprehension of the principles that the rules are based on. Reinterpreting the rules becomes a cultural norm.

- o The rules are logical and intelligible, corresponding as closely as possible to the informal principles of life. Where possible self-regulation is preferable to over-regulation.
  - o All interested parties should agree that the rules are necessary. If there is no agreement, the rule is changed before it becomes immutable. The rules are seen as positive, not negative. They are established to put limits on authority and prevent conflicts in society, without leading to over-regulation.
  - o The transition to the rule of law begins with those who have privileges.
- It is important to establish procedures and standards that would strip any monopoly on knowledge and solutions. This means we have to take responsibility and learn how to delegate authority.
  - The state alone has a monopoly on the use of force, but society controls the way the state performs this function.

*Open access, stable rules, transparency and accountability - this is the political and economic basis for the sustainable development of Ukraine.*

Transition to the open access system does not result only from the good will of the political elite. They are forced to go this way either because their countries' tasks and challenges have increased, or under the pressure of revolutions or military defeats. In Western states this transition coincided with the transition from agrarian to industrial production. But most countries have industrialized without moving to open access. Modernization of the political system wasn't a consequence of technological modernization. Therefore their development, despite short periods of fast growth, was marked by deep systemic crises and stagnation.

Transition from the industrial to the post-industrial phase - when, so to speak, the steam of factory engines was replaced by the steam of a cup of coffee - provided a new historical chance to transit to sustainable development.

Ukraine, together with some of its neighbors, belongs to the group of countries that became industrial but not open. But twenty years of democracy - albeit imperfect -

together with several years of economic growth in the 1990s and 2000s have created the conditions for the appearance of new social groups and forces which are no longer satisfied with the situation. They demand more personal and social freedom. And since the old system can't satisfy their vast demand for freedom, there ensues a clear social demand to break this system and replace it with new rules of the game.

This gives the grounds to speak once again of the opening of a window of opportunity that is a chance for the whole Ukrainian society and at the same time a challenge for its governing elite.

## **Transition to new values**

Values link political and economic modernization, and create a favorable environment for them. Without ensuring an appropriate value basis the two types of modernization clash and provoke lingering crises and revolutionary situations. The attempts to introduce institutional changes without taking values into account have invariably failed (Russia, Ukraine, Iraq, Afghanistan).

According to historical experience, the transition to the state of sustainable development and open access in contemporary conditions is a movement from the values of survival to the values of self-expression.

Security has been one of the dominant values of Ukrainian society. Its dominance over other values is caused by both internal and external circumstances - from the threats of a corrupt state to the threat of external military aggression against Ukraine. The wish to live a safe life is the cause which sustains Ukraine as a united society. At the same time it periodically brings the people on to Maidan when the state crosses the line where society can feel safe.

Security is a necessary condition of development. Its lack forces us to see it as a value. When security is guaranteed, it is perceived as a given, anxiety decreases, and people no longer see security as a dominant value. Transition to the values of self-expression is one of the essential conditions for taking a trajectory of sustainable development. That is, if security values dominate they become a limitation on a civilizational leap. Instead, a favourable precondition for such a leap is the transition from security values to the values of self-expression, the foundation of which is human dignity.

The EuroMaidan was a consequence of the emergence in Ukraine of big social groups for which dignity, freedom and self-expression became central values. For their sake they were ready to sacrifice their security and even their lives. But the transition to sustainable development and open access will be possible when people learn not only to fight for these values, but to live by them.

This is a matter of the appearance of a significant group of Ukrainians who dare to be moral dissidents in a corrupt society; finally they will establish a new norm of values. Then they will form the backbone of the new social organism, where moral behavior will lead to success in life, not failure.

The emergence of such a moral order would mean Ukraine waving goodbye to the traditions of the dominance of paternalism, and the transformation of a community of subjects into a society of citizens, who are ready to assume responsibility for the state of affairs in their country.

This transition to a new order of values also cannot happen spontaneously. Until recently it was a socially accepted norm to excuse one's immoral actions by compelling circumstances or by the example of others, especially of the governing elite. The transition to another style of life requires an internal effort of each person, a strong will to change personal and social rules, instead of excusing their violations.

In the spiritual sphere sustainable development doesn't imply that everybody behave like saints or the absence of moral crises. But it implies that after each crisis society renews its ethical order and returns to its proper values.

In the same way, the transition from the zero sum principle to the positive sum principle has a great ethical value, since it requires a brave effort to confront the inertia of the archaic logic of seeing other people as aliens instead of potential partners for mutually beneficial activities.

*Having become the Revolution of Dignity, EuroMaidan brought into view a great quake of values and opened a window of opportunity for a stable shift of values. This window too will not be open for ever. To make irreversible the transition to the values of self-expression and by the same token to strengthen the chances of reforms towards sustainable development and open access, we must remove the security threat (in various aspects) and shape the desired values through education, the mass media, religious organizations etc.*

### **Transfer to a new social contract (instrument for implementing changes)**

The only way for Ukraine to overcome its poverty and backwardness is to make a civilizational leap. Such a leap is impossible unless society agrees on fundamental issues. To achieve such an agreement, there must be a new social contract - new rules of the game, a framework of cooperation, a pact fixed in society's imagination between society and power.

*Until now in Ukraine those in power and the rest of society have to a certain extent forgiven one another violations of the rules and moral norms, on the principle: "We leave them alone, they leave us alone." In other words, there has been an informal social contract of the "corrupt consensus." Such an order has to a certain extent ensured social peace, necessary for the period of constructing a political nation. But being incompatible with sustainable development, it also has blocked the country's modernization. Yanukovich's regime was a logical consequence of this contract. But at the same time it undermined it when in its predation, brazen corruption and intensified pressure on simple people, it crossed far beyond the limits society could accept. The Revolution of Dignity was a response to it. Under the slogan of "restarting the country" it has cleared the space for a new social contract. It has to be created to secure the full victory of the revolution. Otherwise, there is the risk of sliding back into the old contract.*

Certain elements of the new social contract have already been established in Ukraine.

We may argue about many issues but we agree at least on two:

firstly, most people in the whole of Ukraine and in every region individually want

Ukraine to be an independent state;

secondly, personal dignity in its various senses is critically important for inhabitants of

Ukraine, regardless of their sex, age, ethnicity or region.

These agreements are necessary, but insufficient conditions for sustainable development. The contract needs to be extended and completed. In particular, we must agree on the following:

- *readiness of political elite and civil society to establish the required priorities.* In particular, to separate what they want to do from what they urgently need to do. In the concrete Ukrainian conditions this means to freeze all the issues, which although they provoke sharp social divisions are nevertheless not critical for modernization for the sake of reaching the strategic goal - sustainable development;
- *readiness to go from a zero sum game to a positive sum game.* It means that the players gain more when they are cooperating than they do when playing alone. From a rational point of view this is more advantageous than wasting energy on fighting each other. It means that it is in best interests of each side to take into account the interests of others when making decisions, while expecting the same attitude to oneself. This condition does not rule out heated social disputes. But we agree that we can disagree only to the extent that the disagreement does not threaten the social contract;
- *recognition of social/regional diversity as our potential wealth.* The ideal of social unity lies not in the homogeneous features, but in the mutual complementarity of its diversity, and the harmony of the models of its cooperation;
- *rethinking the relationship of the state and society.* We agree that a state does not stand over society, but is its instrument which guarantees security, dignity, and open access, while each citizen is responsible for his or her own realization. At the same time we must take care that the number of people who depend on the state goes down, not up;
- *sticking to the principle of personal responsibility.* Society has the right to demand changes from the state, but at the same time a citizen does not avoid personal responsibility for the lack of reforms. The way from the existing to the desirable state of social systems and institutions lies in enhancing subjectivity, when citizens, groups and business not only can, but want to be part of social institutions, especially to work out the new rules of the game.

- *openness and transparency of the rules of the game.* Both state and society bear responsibility for reducing as far as possible "grey zones," in particular the "grey economy," and agree that keeping these "grey zones" damages the interests of Ukraine;
- *respect for the dignity of another person must include respect for his or her right to be passive* - on the condition that mass passivity does not block opportunities for the proactive members of society. Since not all Ukrainians are able and willing to bear responsibility for their lives, a new social contract must conciliate the values of security with the values of self-expression.

The suggested social contract defines a framework broad enough to be accepted by different people, parties, and ideologies. All of its participants – citizens, civil society institutions, authorities and big, medium-sized, and small businesses - agree to move towards sustainable development and respect the principles of this contract. Taking into account the interests of all participants decreases the costs of upholding the contract. The mutual benefit and accountability of the participants of this contract guarantee adherence to it.

Fundamental economic, political, and social transformation is irreversible. Modernization and renewed governance, together with investment, attract technologies. The middle class of society gains strength and demands greater effectiveness - from itself in the first place. Civil society sets the pace and the demands, big business and the state add capacity to the implementation of the changes. We fully realize that it will require significant effort. All sides will still tend to the inertia of familiar ways. This is why we can't sacrifice the idea of sustainable development for the sake of rapid economic success, modernization of some separate field or the government's keeping its promises halfway. Development must concern all six “capitals”, and the rules must become unbreakable. This is our common responsibility.

*We know how to be together, we can work together. The time has come to think about the future together - about our dignity and the dignity of the generations to come.*

The time has come for sustainable development.

We can do it.

## **About group**

*The Nestor Group* is a non-partisan independent interdisciplinary group, aiming to develop a strategic vision for Ukraine. The group operates on volunteer basis and is self-financed. Intellectual integrity, quality expertise and eagerness to find a productive consensus are the driving factors, behind the 3 years of work by the Nestor Group.

Please, visit [nestorgroup.org](http://nestorgroup.org) for more information.