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## Comparative Study of the Political Economy Power of Russia and Ukraine

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### ABSTRACT

Protracted Russia - Ukraine conflict that occurred from the beginning of February 2022 caused the world economy to falter. These conditions made the world shake given their dependence on Ukraine, especially on the wheat sector. The comparison of the strengths of these countries needs to be reviewed considering that these two countries are world players in each of the sectors that affect their defense. This paper uses the theory of national power which is narrowed down to aspects of geography, natural resources, human productivity, and industrial capabilities. This paper uses a qualitative method with a comparative study approach. The results and discussion of this paper provide an overview of the capabilities in each aspect

## INTRODUCTION

Protracted Russia - Ukraine conflict that occurred from the beginning of February 2022 caused the world economy to falter. This condition is one of the reasons for the projection that the world economy will experience a recession. Because in terms of the global geopolitical order, which at this time has entered the fifth phase. This phase illustrates that interconnectivity is related to the entire nation in achieving its national interests (Widjayanto, 2022). In this regard, Russia and Ukraine are very vital countries for all countries of the world. The conflict involving the two countries began with Russia's dislike of Ukraine, which intends to join the North Atlantic Treaty Organization (NATO). The intention made Russia feel threatened and eventually launched an attack on Ukraine on February 24, 2022.

These conditions made the world shake given their dependence on Ukraine, especially on the wheat sector. Wheat farmers in Ukraine have difficulty harvesting wheat. Ukraine is the world's sixth-largest producer of wheat and meslin and supplies 10 percent of the global wheat supply. Then FAO said that the group of developing and low-income countries with food deficits also relies on food supplies from Ukrainian agriculture. Even before the conflict broke out, those countries had struggled to deal with high food and fertilizer prices.

Exactly one year this war lasted, the condition of the two countries no one wanted to succumb to each other. Russia is constantly making attacks on Ukraine. The conflict made Russia begin to receive support from several countries such as China, Syria, Belarus, and Eritrea. Unlike Russia, Ukraine is constantly seeking reinforcements from NATO countries.

These differences can be seen in the economic strength of each country. Russia is a country that has enormous economic power. Russia is 12th or 25 percent less than Italy and 20 percent less than Canada. In addition, Russia is one of the countries that became the center of natural gas resources. According to the Organisation for Economic Co-operation and Development (OECD), Russia's petroleum exports are the largest in the world with a value of US\$ 123 billion or equivalent to Rp.1,766 trillion (exchange rate of Rp.14,365 per US dollar). Meanwhile, Russia's natural gas exports reached US\$ 66.2 billion, or equivalent to Rp950 trillion.

It is not much different from Russia, and Ukraine which is also a country that is hung by other countries. This condition is caused by Ukraine being the largest wheat supplier which is one of the main needs of world countries, especially in Europe. In 2021, Ukraine exported 19.39 million tons of wheat worldwide 2021. Ukrainian wheat exports were valued at US\$ 4.72 billion (Javier, 2022)

With such a large export, Indonesia occupies the second place after Egypt which imports wheat from Ukraine. Last year Indonesia imported 2.81 million tons of Ukrainian wheat or 14.49 percent of Ukraine's total wheat exports in a year. For information, UN Comtrade recorded that the value of Ukrainian wheat exports to Indonesia reached around US \$638 million more, the largest compared to other Asian countries. This condition makes Ukraine's GDP reach 4,835.57 USD in 2021(Javier, 2022).

But this does not make Ukraine strong in the face of the onslaught from Russia. The economic factors possessed by Ukraine are not capable enough to keep up with the military power of Russia. As for the 80 billion aid, approximately 50 percent of it is intended for military interests. And another 50 percent of the aid is earmarked for financial assistance as well as humanitarian assistance.

This attracted the attention of researchers to further examine the comparison of the economic strengths of the two countries. Because the comparison of the political and economic forces of the two countries can provide a new treasure for us regarding the ability of each country to maintain its sovereignty. Therefore, the researcher emphasized the research question "How does the power of Russia's political economy compare to Ukraine?"

The theory used in this study is the theory of national power. Power has always been a very important concept in international relations (IR) studies as well as defense studies. In the implementation of state management, all countries already must review their national strength. Hans J. Morgenthau (1990), national strength is divided into several aspects, including geography, natural resources (SDA), industrial capabilities, military readiness, population, national characteristics, national spirit, and quality of diplomacy.

In general, the geography of a region can affect the national strength of a country. The geographical conditions of a country can formulate to make state policies. Reviewing the geographical conditions of a country, the natural resource factor (SDA) is one of the things that is considered a national strength. The factor in question is the utilization of resources owned by a country so that the country can survive without any help from other countries (Morgenthau dalam Zulham, 2021)

The national strength of a country is also affected by its industrial capabilities. This ability in the researcher's view is the maximization of natural resources. Doreen Massey (in Flint, 2006) states in the utilization of the power of geography will be able to interact with other living spaces. So it is necessary to have human productivity to develop its geographical potential.

The population factor can be a strength for a country. The geographical conditions of a country will not be beneficial if it is not developed by its inhabitants. As the researchers explained in the previous paragraph, human productivity is key to developing the country's geographic potential. A large population will not have a great impact on the development of a country. Population growth must be balanced with a strong character. The national character according to Morgenthau becomes an important key to national strength (Morgenthau dalam Zulham, 2021).

At the power level, Joseph Nye (2004) mapped it into segments, namely hard power, soft power, and smart power. Hard power is the power to get the results we want by using military force. Soft power is essential in addressing issues arising from transnational relations. Smart power is an amalgamation of hard power and soft power (Nye on Zulham, 2021).

## **METHODS**

This research study of the comparative power of the political economy between Russia and Ukraine uses qualitative research methods. The author tries to use these methods to explore and understand the meaning and describe the phenomenon. Comparative research is a study that compares the existence of one or more variables in two or more different samples, or at different times (Sugiyono, 2015). In this qualitative research process, the author will use literature studies in data collection which then

analyze the data obtained, and explains the meaning of the data or interprets the data as accurately as possible (Cresswell, 2016). This research used the steps in data analysis. There are 1) data condensation, (2) data display, dan (3) conclusion.

## **RESULTS AND DISCUSSION**

### **Conditions of the Russian Political Economy**

Geographically, Russia was a splinter state and even a replacement for the Soviet Union. The breakup of the Soviet Union gave rise to eight new states located in the north of the Middle East and the Parsi Bay region, west of China and south of Russia. The three countries of Georgia, Armenia, and Azerbaijan are located on the outskirts of Europe. This region is also referred to as the Trans Caucasus. The other five countries of Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan, and Turkmenistan are located in the steppes and vast fields from the Caspian Sea to the Altai and Pamir mountains. This region is what is now referred to as Central Asia.

Russia is a country that stretches very widely to the east of Europe and the north of Asia. With an area of 17,075,400 km<sup>2</sup>, Russia is the largest country in the world. Its territory is approximately twice the territory of the People's Republic of China, Canada, or the United States. Its population is ranked seventh most in the world after China, India, the United States, Indonesia, Brazil, and Pakistan. This country was once the largest state of the Soviet Union. Russia was the main heir of the USSR. The country inherited 50% of the population, 2/3 of the area, and approximately 50% of the economic and armament assets of the Soviet Union (Neolaka & Neolaka, 2017).

Russia has an area of almost one-eighth of the earth's area which is about 17.1 km<sup>2</sup>. When detailed about the area of Russia is divided into two large groups, namely land, and water. The land area of Russia reaches approximately 16,995,800 km<sup>2</sup>, while the water area reaches 79,400 km<sup>2</sup>. Russia has long beaches, but most of them are always frozen except in areas affected by the Gulfstream current, the famous port of Murmansk. Russia extends about 9,000 km west of Kaliningrad Oblast to the island of Ratmanova (Big Diomedes Island) in the Bering Strait.

Russia is a country that has abundant energy resources, is active in international cooperation in the field of energy, and has a very important position,

especially in the world hydrocarbon market. Russia and Ukraine are States that have historically originated from the same country, the Soviet Union. The collapse of the Soviet Union made the States that existed under its influence seek to secede by declaring their independence. Russia is a State that gets most of its assets from the Soviet Union and Ukraine is a splinter State of the Soviet Union which has a large area making them strive to safeguard their interests. The assets obtained from the relics of the Soviet Union are very profitable for Russia but on the other hand

Russia multiplied the vagueness of identity and ideology after the collapse of the Soviet Union. The vagueness of the ideology initiated by Russia has more or less affected its economic policy due to the diminishing control of the State over its assets. The fragmentation of a country that was once under the control of the Soviet Union further aggravated Russia's condition and this could be used as a benchmark for Russia's failure in an attempt to restore its influence over the breakaway States of the Soviet Union.

In recent years Russia has been in a good position in crude oil production and provides 12% of world oil trade. Russia exports more than four-fifths of its oil to Europe (giving the European market about 30%) and European countries are the main destinations for its oil supply. Not only oil availability of Russia's natural gas reserves is also no less abundant Russia owns 23% of the world's reserves. It provides about 25% of the world's natural gas trade. Dominates the European gas market and the CIS Countries' gas market. In the world, Russia is in second place in terms of coal reserves (19 % of world reserves). It occupies the fifth position in annual production (5% of world production) and accounts for about 12% of the thermal coal trade. In terms of nuclear electric energy, Russia represents as much as 5% of the world nuclear energy market, 15% of the world nuclear reactor market, and 45% of the world uranium enrichment market (Suhara, 2017).

The population of Russia is relatively large. Russia ranks seventh in the world's most populous population. The total population of Russia at the beginning of 2015 reached 143,975,923 inhabitants<sup>3</sup>. Most of the inhabitants of Russia are in Mainland Europe or western Russia. They are mainly located in such large cities as Moscow, Saint Petersburg, Nizhniy Novgorod, Yekaterinburg,

Samara, Chelyabinsk, and Kazan. As for the territory of the eastern part of the Ural mountains, most of its inhabitants are in two major cities of Omsk and Novosibirsk. Russia was a country that inherited most of its population from the Soviet Union. It is recorded that 100 ethnicities are in Russia today. The largest group is Russia at 81.5 percent of the Russian population. Next came the Tatar group (3.8 percent), Ukraine (3.0 percent), Chuvash (1.2 percent), Bashkirs (0.9 percent), BeloRusians (0.8 percent), and Mordovians (0.7 percent). Other groups that make up more than 0.5 percent of the population are Armenian, Avar, Chechen, German, Jewish, Kazaks, Mari, and Udmurts respectively (Neolaka & Neolaka, 2017).

In terms of income, the majority of Russian society makes a living major work (doctors, teachers, engineers, etc.). Such works have contributed greatly to Russia's GDP. It is known that Russia's GDP in 2021 (before launching the attack) Russia's GDP Per Capita was reported at 12,593,146 USD 2021. This record is up compared to the previous 10,194,447 USD for 2020. Russia's GDP per capita data is updated annually, with an average of 7,741,246 USD from 1992 to 2021, with 30 observations. This data reached a high of 15,974,444 USD in 2013 and a record low of 487,486 USD in 1992 (Bick et al., 2008).

In addition to the industrial sector of Russia's natural resources that contributes greatly to the growth of the Russian economy, the Russian defense industry is no less important for economic growth in Russia. It is noted that the Russian defense industry has made a profit of 15 billion USD per year. This is one of the important factors for the growth of the defense potential possessed by Russia (Bodner, 2019)

#### **Conditions of the Political Economy of Ukraine**

Geographically Ukraine is located in southeastern Europe directly adjacent to Russia to the north and east, while in the southern part, it is directly adjacent to the Black Sea.<sup>2</sup> Ukraine was a breakaway state of the Soviet Union that declared its independence on August 24, 1991. Having stood up to be an independent state after the collapse of the USSR, Russia, and Ukraine recognized each other's sovereignty between states.

Most of the territory of Ukraine is located on the European Plain, while the western and southern regions are located in the Alpine system. In general,

Ukraine consists of two different biomes: temperate climate forests on the plains to the middle of the continent and steppes in the Littoral zone of the Black Sea. The main regions in Ukraine include the Polish Lowland, the Dnieper Lowland, the Volynia-Podolia Plateau, the Black Sea-Azov Lowland, the Donets-Azov Plateau, the Central Russian Plateau, the Carpathia, and the Pannonian Basin. From its territory, the area of Ukraine amounted to 603, 628 km<sup>2</sup> (Rudenko et al., 2014).

Judging from its geographical conditions, Ukraine has abundant natural resources. Among

these are the basic natural resources of almost 76% of the entire territory of Ukraine. The position of the most significant land potential in the Forest-Steppe, Mixed Forest, and Deciduous Forest Zones of Ukraine. In addition, the mineral potential in Ukraine is the first (dominant) resource in the 30 physical-geographical regions of Ukraine. Its significance is most pronounced in the Northern Steppe Sub-Zone of the Steppe Zone, Kerch Hill-Ridge Oblast, and in the four rayons of North Prykarpattia (Rudenko et al., 2014).

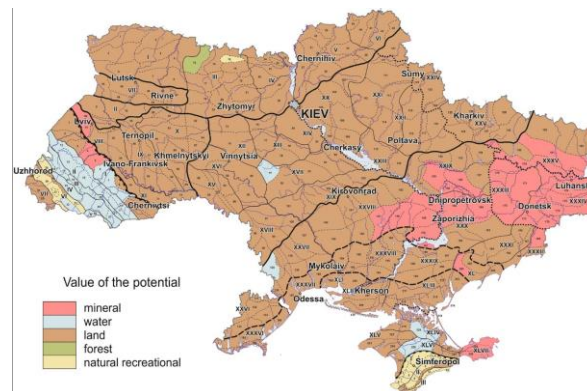


Figure 1. Dominant (Basic) Nature Resource in NRP Structure of Ukrainian Physic-Geographical Rayons (Rudenko, Et Al., 2014)

By looking at the geographical conditions of Ukraine, which is mostly a farmland area, most of the people there make a living as farmers. This affects the industrial capabilities of Ukraine. The agricultural sector became the most important sector for Ukraine. Nicknamed the European bread basket, the country is the world's largest wheat exporter due to the vast amount of arable land that makes up about a third of all arable land in Europe (Ulrich, 2022)

In recent years, the light industry sector and suppliers have become increasingly important thanks to Ukraine's relatively low wages and its location close to the EU market. Especially automakers in Europe have made some investments in Ukraine in recent years, although the GTAI report notes that automakers in Ukraine are still only loosely integrated into the industry's global supply chain (Ulrich, 2022).

Apart from the three industries already mentioned, Ukraine is also very strong in transport. An important center for the Ukrainian economy is the Odesa Sea Trading Port (OMTP), one of the largest deep-water ports along the Black Sea coast. OMTP

is capable of handling 40 million metric tons of bulk cargo and 25 million tons of liquid cargo per year (Ulrich, 2022).

When it comes to foreign trade, the European Union is the most important partner of Ukraine which receives about 40% of all the country's shipments abroad. Germany's online news portal Tagesschau.de wrote in mid-February that Brussels sees "great potential" in expanding bilateral trade with Kyiv in the medium and long term. Of the group of 30 minerals considered important for the future by the EU, Ukraine has at least 21 minerals (Ulrich, 2022).

The development of global dynamics today is very complex. This complexity is one of the occurrences of a fairly long conflict in Europe between Russia and Ukraine. This conflict became very long because the strength of these two countries was very strong. Russia's enormous economic power could make Russia persist in pounding Ukraine. Unlike Russia, Ukraine instead went on a political economy safari to strengthen Ukraine's defenses. According to data from Al Jazeera as of November

2022, NATO countries have helped Ukraine with 80 billion dollars. (Duggal, 2023)

The economic strength of the country becomes an important factor for the country. This factor can not only support the country in hard power but also soft power. In this regard, Russia and Ukraine have a very significant comparison in terms of political and economic power. As mentioned in each of the countries above, the author will examine the comparison of the political and economic strength of Russia and Ukraine from geographical factors, natural resources, and industrial capabilities to the human productivity of each country.

Geographically Russia and Ukraine are very different. The most basic comparison is from the area of each country. Russia is one of the largest countries in the world. The area of this country is approximately 17.1 km<sup>2</sup> both from the land area to the water area. Far different from Russia, the area of the Ukrainian state is more or less only one-third of Russia's. These factors affect natural resources in each country. In addition, Russia is also a country that has large waters in the world directly facing the Arctic ocean. The Arctic Ocean can become the world's northern trade route and has abundant natural resources. This factor can have an important impact on the natural resources that Russia can have (Rusiantama et al., 2020).

Natural resource review is one of the important capitals for both countries. Because these two countries still survive today because of the very abundant natural resources factor. Geographically vast Russia has abundant natural resources. This review can be seen from the production of Russian crude oil which provides 12% of the world oil trade. Russia has natural gas reserves amounting to 23% of the world's reserves. In addition, Russia is 12% of the coal and nuclear power electric energy trade as much as 5% of the world nuclear energy market, 15% of the world nuclear reactor market, and 45% of the world uranium enrichment market. In addition, Russia is also a country with natural resources on large lands. It is noted that Russia is a country that exports wheat of 1.2 billion tons at 7.3 billion USD (Binekasri, 2022).

In stark contrast to Russia, Ukraine relies on its land resources in the agricultural sector. One of them is wheat. Nevertheless, Ukraine is a world player in this sector. Ukraine was one of the largest wheat-producing countries in the world with 433 million

tons from 2000 to 2020. This makes Ukraine the 5th largest wheat exporter country in the world. But this was hampered by the attacks launched by Russia. The attack caused world wheat prices to rise because Ukraine as a major exporter could not export its wheat production which is one of its important sectors for it.

Russia's income is not only from its geographical and natural resources sectors. Russia's human productivity reached a very high figure. As a country that occupies the top 10 inhabitants in the world and the major livelihoods of its population, Russia is a country with a huge income. Russia's GDP in 2021 (before launching the attack) Russia's GDP Per Capita was reported at 12,593,146 USD 2021. Very different from Russia, Ukraine has a population of 43.79 million the majority make a living as farmers. With the launch of the attack from Russia, Ukraine's human productivity declined dramatically as wheat exports from Ukraine weakened to the world (Aisyah, 2022).

The above affects the industrial capabilities of each country. Russia is not only a country that develops natural resources, but it is also a country that prioritizes the capabilities of the defense industry in order to support its defense. This illustrates that the Russian defense industry has made a profit of 15 billion USD per year (Bodner, 2019). Whereas Ukraine largely its industrial capabilities depends on the agricultural sector. Nevertheless, Ukraine is also an important partner for the countries of the European Union. Ukraine is a supplier of mild steel to European Union countries. Ukraine is also very strong in transport. An important center for the Ukrainian economy is the Odesa Sea Trading Port (OMTP), one of the largest deep-water ports along the Black Sea coast. OMTP is capable of handling 40 million metric tons of bulk cargo and 25 million tons of liquid cargo per year (Bodner, 2019).

## CONCLUSION

The development of the invasion of Russia and Ukraine forced both countries to survive. One of the factors in that survival is its economic capability. There is a significant comparison of the two countries in terms of economic factors. These factors include geographical factors, natural resources,

human productivity, and also industrial capability factors.

Geographically, Russia is superior to Ukraine. The comparison is viewed from the area of Ukraine only one-third of the territory of Russia. In addition, Russian waters overlook the Arctic ocean which can become the world's sea lanes and has a large SDA. In terms of natural resources, Russia's natural wealth is greater than that of Ukraine. This is indicated by the huge production of natural basic materials (crude oil, natural gas, coal, etc.) that Russia produces. While Ukraine is a country that is mostly an agricultural region.

On the human productivity aspect, Russia is superior to Ukraine. Russia, which has large human resources, can provide a large GDP for Russia. In stark contrast to Ukraine which is mostly farmers. With the attack from Russia, Ukraine's human productivity automatically faltered. These three aspects are a reference to the industrial capabilities of the two countries. Russia does not only rely on industrial capabilities in the natural resources sector, but also on the defense industry. Ukraine, which is based on the agricultural sector, is also developing in the transport and mild steel sectors. But this has not been able to keep up with the capabilities of the Russian industry.

By reviewing these aspects. It is seen as the reason Russia was able to hold on to the present to attack Ukraine. Russia can independently survive. Unlike Russia, Ukraine has to go on a political safari to get help from NATO countries to survive.

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