

**EUROPEAN GOVERNANCE AND TRANSFORMATION  
IN UKRAINE**

**ЄВРОПЕЙСЬКЕ УПРАВЛІННЯ ТА ТРАНСФОРМАЦІЇ  
В УКРАЇНІ**

**1. The European Governance Perspective in the Transition Context**

It is generally agreed that social scientists and students of transition want the good society [1]. Frequently, in the context of East and Central Europe this political goal is connected with membership and active participation in the European Union (EU). As a consequence, the European Commission's vicepresident Günter Verheugen expects that in 20 years from now all 'European countries' will have joined this organization [2]. His optimistic expectations about the future prospects of the integration process, however, are qualified by an important exception: countries of the postsoviet space such as Russia, Moldova, Belarus and Ukraine are unlikely to become part of the club [3]. While not all parts of the political elite or the general public in these countries have been disappointed by this statement, it received considerable attention by the political community of Ukraine with its 'postOrange Revolution' confirmation of a 'European choice' and the resulting expectation of having or being able to gain a clear membership perspective [4].

For the time being, the enlarged Union prefers to limit its activities to the export of its own governance model to this and other parts of the world in a 'one size fits all' approach that embraces democratic structures as the key ingredient to solve socioeconomic problems with the help of newly emerging, open civil societies [5]. Accordingly, the official take on 'good governance' demands 'the transparent and accountable management' of a country's resources to achieve its equitable as well as sustainable economic and social development. Typically, this comes with strong normative claims as to the linkage with specific institutional arrangements and the demand for an unbiased participation of individuals in the legislative process that acknowledges criteria such as expertise, efficiency, accountability and transparency [6]. Hence 'good governance' relies on the formation of political, economic, social and cultural associations themselves subject to mutual controls and public oversight. It requires, moreover, a set of standard mechanisms in public administration that will implement policies by determining the distribution of bureaucratic and financial powers across different levels of government. Finally, it asks for an independent judicial system equipped with the ability to enforce sanctions and to ensure compliance with political decisionmaking [7].

While there is no shortage of domestic obstacles to the initiation of respective democratisation processes in the EU's neighbourhood, they have not prevented several observers from identifying a number of caveats to these strategic goals deriving from the supranational organization's own internal practices. Among

those familiar with academic writings on the subject matter complaints about a 'democratic deficit' and the inconsistent pursuit of policy objectives would hardly come as a surprise. Indeed, the mismatch between resources directed towards third countries for the actual improvement of governance arrangements and the rising pressures towards their speedy economic liberalisation places some question marks behind a genuine European style of democracy promotion [8]. If the Union in its external relations exclusively promotes governance arrangements in close congruence with internal mechanisms rather than in relation to the specific political, economic and social constraints of a neighbouring country, it might sooner or later have to deal with a number of unintended consequences given the low institutional capacities and the poor implementation record found in most transition contexts [9].

Alternatively, in a less benevolent interpretation, the motives of the Union to develop a foreign policy towards postsoviet transition countries might be more firmly rooted in economic interests [10]. Gaining and granting market access through the gradual extension of cooperation agreements offers a potentially more rewarding activity for both sides not the least because it could combine notions of conditionality with an assessment of progress made in terms of political reform. In fact, EU relations with Ukraine can serve as a crucial test to this proposition as the by and large delayed transformation process after independence was revived in the aftermath of a highly politicized presidential election in 2004. Since then Ukraine has gained the status of a free market economy from both the EU and the United States, opening the way towards a replacement of a dated EU-Ukrainian Partnership and Cooperation Agreement and a more recent Action Plan through a new, more forward looking document. In addition, the immediate prospect of the country joining the World Trade Organisation (WTO) is seen as a key step to tie even closer economic links with Europe [11].

At the same time, and in line with the EU's perception as a 'soft power', such agreements come at the price of the acceptance of an underlying set of ideas, norms and values which might not easily travel into another territory. This is particularly problematic since the New Neighbourhood Policy (NNP) fundamentally rests on the assumption that the 'European model' has gained so much attraction that it could convince a 'ring of friends' to adopt major elements of the *acquis communautaire* without having the prospect of full membership. This obvious contradiction, while perfectly understandable from the EU's own 'insideout' perspective with the functional imperative to combine internal and foreign policy goals, appears far more pronounced from the 'outsidein'. In other words, buying the European model abroad will be far more difficult than selling it at home (while, for some at least, the latter is already difficult enough). The commitment of postsoviet states such as Ukraine to reform their political system along the blueprint of the EU's new member states, and Poland in particular, may become a constant source of disappointment and disillusionment, if for opportunistic reasons specific institutional designs, operating principles and procedural rules are artificially separated from the major components of a common market in terms of policyoutput and welfare gain.

Therefore the question suggests itself to what extent Ukraine, given its unique domestic constellation of political forces, will be able to move closer to a particular system of governance championed by the EU. Without reviving the longstanding debates about the country's belonging to a Western or Eastern cultural tradition, it can be argued that the recent enlargement round has, if anything, erected significant barriers to catching up with other member states from East and Central Europe. This follows, first of all, from the absence of a viable EU accession strategy and hence a lack of constant social pressure to follow a road map and intermediate milestones leading to full membership. In this respect, the NNP constituted a fundamental break with the earlier 'wider Europe' strategy of the Commission, where still an attempt was made 'to manage its new vulnerability towards its neighbours through a strategy similar to that applied during enlargement' [12]. Secondly, taking institutional capacity building seriously and understanding European 'external governance' arrangements as inspired by notions of multi-level governance (MLG), the chances for successful implementation in the post-communist states are frequently considered as low given 'the importance of the pre-existing territorial distribution of power within states' [13]. Thirdly, seen from Brussels the need to respond to the 'economization of international politics' and to construct a larger system of governance that regulates financial and monetary globalization could reduce a general 'East European problem' – let alone 'regiolateral' and single country issues – to a fairly minor point of concern [14].

This chapter, therefore, examines the theoretical status of MLG beyond the immediate reach of integration studies. It proposes to adjust the multilevel perspective to the transition context for two reasons: On the one hand, to be able to employ a framework of analysis that does recognise the complex nature of Ukrainian efforts to integrate with European structures. On the other hand, to provide a realistic yardstick along which potential progress in the longterm goal of Ukrainian EU membership could be evaluated. Not surprisingly, as a fairly recent conceptual innovation, MLG is still undergoing significant modifications and reformulations. As a consequence, each of the following sections will highlight differences between a standard set of MLG assumptions as present in the work of Hooghe and Marks and an 'extended version' (MLGx) built around a broader range of European contributions [15].

The latter tries to overcome some of the weaknesses of 'governancethinking' once applied to a particular transition country and, thus, attempts to capture better major developments in Ukrainian politics before and after the 'Orange Revolution' of November 2004. Whether Ukraine can be considered to be 'safely' on the path towards an EU style system of governance will be assessed with regard to the democratic features of its emerging political system, the competing role of alternative integration schemes and, finally, the influence of nonstate actors in the form of business interests.

## 2. Multi-level governance and democratisation

Within Ukrainian political elites European integration is a constant option debated for the country's future. However, for many observers it remains doubtful whether behind the implicit rejection of closer ties with Russia there stands an actual desire to transfer and share sovereignty with supranational institutions [16]. The fundamental problem how to bring system transformation into harmony with system integration into supranational structures remains largely unresolved. Arguably, integration with the East has lost many of its preconditions, but a truly proactive and creative policy for the rapprochement with Western institutions is likewise not in sight [17]. Therefore, Ukrainian efforts to become a member of the EU run the risk to become foremost a declaration of political intent without a corresponding intention to make progress in the implementation of policies facilitating system transformation. In other words, foreign policy intentions of full EU membership are not connected to internal reforms, even though the 'framework for Ukraine's integration into European structures' is set by its own domestic development, or more precisely, the way and speed with which Ukraine develops its political, economic and societal systems in line with the Copenhagen criteria [18].

Of course, asking for stable public institutions, a market economy and a strong civil society is inherently difficult in a country where state-building was a delayed process. Since Ukraine still is a 'defective democracy' and its relatively new constitution has only limited reach there are two different types of democratic deficits. At the same time, a weakness of EU-style representative democracy follows from its institutional development 'as an offspring of national institutions that claim sovereignty in their respective territories' [19]. Although the formal powers of both the European Parliament (EP) and the Ukrainian Parliament have been extended to address their perceived 'democratic deficits', this cannot hide a fundamental difference between the two institutions: in the EU-15 the liberal democratic state was 'an *outcome* of state building' before it became 'the point of *departure* for European integration' [20]. In the case of Ukraine, by contrast, there appears to be the need to achieve both simultaneously.

How, if at all, is it possible to compare the problem of democratizing Ukraine with the problem of democratizing the EU? In the case of the latter Arthur Benz identified a 'trilemma' of the existing MLG arrangements: In the highly complex institutional structures of an enlarged Union the three promises of democracy as efficient decision-making, effective interest intermediation and public accountability are not easily fulfilled. In normative terms, he argues, the linkage of any particular national system of governance with the EU would have to rely on a 'balanced system of division of competencies between existing institutions that impedes the fusion of powers as well as the uncoupling of processes in various arenas' [21].

While such a balancing requirement appears particularly remote for current or aspiring accession countries, it is also worth noting that the existing record of MLG has not turned the EU into a benevolent organization. As Guy Peters and Jon Pierre have pointed out, European bargaining and negotiation processes are

hardly free of traditional power politics, the steering capacity of EU institutions towards common goals might be sometimes low, some of their key policy problems can remain without solutions and the regular resort to informal decision-making processes might exacerbate inequalities among the participating political actors [22]. How, then, can EU external policies upgrade respect for constitutional rules and democratic control processes in aspiring member states in its immediate neighbourhood?

In theory, at least, the language of MLG does also apply to the transition context of Ukraine. According to Hans van Zon, a 'diffusion of authority' has also taken place resulting in a 'multi-layered policy-making body' with various branches of government and bureaucracy producing considerable legislative output, albeit with only limited real consequences due to poor interdepartmental and cross-sectoral co-ordination [23]. In addition, it seems that the carriers of this co-ordination burden are frequently appointed on the basis of political loyalty rather than technical expertise. The Ukrainian state appears as having little control over the implementation of decisions despite the existence of an oversized inherited administrative apparatus. This 'loss of control', however, is not (as in traditional MLG accounts) due to participation in integration schemes, but a consequence of the break with an old, soviet style, control mania and the simultaneous lack of enforcement mechanisms for 'new rules of the game'.

In fact, Taras Wosnjak sees here the cause for the long-term maintenance of the *status quo* in Ukrainian politics despite an existing transformation in its actual form of government [24]. He claims that after the collapse of the Soviet Union the traditional party-political nomenclatura was able to use its receding power more effectively than other groupings from within society sincerely interested in a democratic transition. Consequently, for the old elite a 'new project' became possible by deliberately refocusing on administrative techniques and internal governance arrangements rather than by proposing and concentrating on a set of economic reforms *per se*.

Thus, even from a 'governance' angle the mixed record of the Ukrainian political system does not necessarily come as a surprise. On the negative side, for example, a respective list could include an unaccountable presidential administration, slow progress in general administrative reforms and widespread corruption in addition to the unsolved issue of intergovernmental relations [25]. The highly praised, new Ukrainian constitution has not led to a clear delineation of competencies between President and Parliament, the Prime Minister and his Cabinet. Moreover, the aftermath of the 2006 parliamentary elections highlighted once more the serious difficulties of political elites to comply with institutional prerogatives and to place executive power in a coalition government despite contending social forces. Therefore, Eberhard Schneider's earlier description of Ukraine as a 'defective democracy' with non-liberal tendencies has continued to gain ground. As expected, certain policy areas are excluded from the political process and political actors find it hard to stick to the doctrine of a separation of powers under all circumstances [26].

Ultimately, only punctual equilibria have (re-) emerged combining formal

democratic institutions and informal practices in network-type arrangements. While it is true that after the introduction of a new constitution in 1996 the formal transformation of Ukraine progressed rather quickly, this creation of classic state institutions marked the move towards a presidential system where a single figure at the top could make authoritative decisions and exercise control over the state apparatus with the help of decree powers. In this context Keith Darden observed already during the presidency of Leonid Kuchma the vital role played by informal mechanisms [27]. In his account these ‘serve to expand the scope and resources of presidential authority’ whenever there are problems of implementation and compliance [28]. By granting approval to the selective violation of laws through state officials, for example, the political leadership ensured the implementation and compliance with key projects and regularly enhanced its capacity to govern.

In breaking with this past, President Victor Yushchenko, explained the resignation of his first post-revolutionary cabinet as mainly driven by the forthcoming parliamentary elections rather than by any deterioration of personal relationships [29]. Thus he did perceive these events in much more pragmatic terms than the general public: Not a drama or tragedy, but merely a testing ground for the interplay of democratic political forces. By stressing his integrity, the major blame was put on a badly organised presidential staff and ministerial support structure still tight to inherited structures and operating under the assumption that administrative reform could only succeed through political repression or the use of bribery.

Indeed, MLG-x has also pointed to co-ordination processes occurring outside formal procedures and institutions. Its conceptual affinity with network approaches, though, does lean to a more benevolent interpretation in reference to EU practices. Here they provide welcomed mechanisms to escape deadlocks and the risks of actual ‘ungovernmentability’ [30]. Less attention is paid to the fact that such informality sometimes comes at the price of less accountability not only along the horizontal axis between the EU Council, the European Parliament and the Commission, but more importantly, in the vertical interaction with national governments and their parliaments.

Nevertheless, in its external presentation and perception, the credibility of the government’s new pro-EU orientation could not be doubted and has been associated with clear progress in terms of institutionally guaranteed democratic rights and freedoms. The package deal between contending forces, for example, which opened the way for a re-run of the presidential elections at the end of 2004 reduced presidential powers and passed on the right to appoint a prime minister to the *Verkhovna Rada*, Ukraine’s parliament [31]. Therefore, the latter upgraded its credentials as a regular ‘focal point’ for the settlement of political conflicts and paved the way for the first free parliamentary elections since 1994 [32]. Equally important in maintaining the credibility of the system’s transformative capacity during a serious political crisis has been the country’s Supreme Court. In institutional terms it managed to perform the function of an independent and neutral arbiter ensuring the rule of constitutional law and shying away from informal mechanisms of problem-solving [33].

Overall there are more encouraging signs that such macro-changes may slowly filter through to improve the credibility of internal governance arrangements. Some of the higher ranks of the civil service at least have shown their willingness to co-operate with the ministerial bureaucracy in EU member states to modernize their internal operation via twinning arrangements as part of the NNP [34]. At this stage, limits as to department choice and project selection are obvious, though there is an attempt to link this with complementary institutional changes manifest in the reconfiguration of European affairs throughout the organisation of government [35]. Along the blueprint of multi-level arrangements in the 'old member states' all ministries have created the post of junior minister for European affairs and announced the creation of sectorally-defined divisions responsible for the implementation of a combined EU-Ukrainian action plan [36].

### **3. Alternative regulatory frameworks?**

The post-soviet space offers rich opportunities to distribute authority through a variety of international, intergovernmental and supranational organisations. Accordingly there is a complex set of constraints on current or prospective memberships and a potential relocation as well as dispersion of political control functions along the governance approach in international relations. At the same time, prospective multi-level arrangements do not sideline questions of hierarchy in terms of specific institutional powers vis-à-vis individual countries and with regard to the delineation of competencies in various, functionally determined policy areas.

At first sight, international authority beyond the EU seems to be primarily allocated in an international system consisting of a plurality of states and with an unequal distribution of power among them. Yet the variation and diversity among a secondary range of international institutions offers initial support to the application of a graduated governance concept. Together they form a complex set of constraints for nation states and could indicate (depending on their precise features and mechanisms) a move towards 'more governance' as well as 'more government'. In the words of Robert Keohane and Joseph Nye these do not replace the nation-state as the primary instrument of domestic and global policy formation, but the latter's centrality as a political entity is 'being supplemented' by other actors [37]. In a more reductionist fashion, James Rosenau, qualifies the concept of MLG as capturing exclusively 'governmental levels', albeit with the explicit recognition of an additional international level in the interplay of local, regional and national institutions [38].

For the purpose of this section it is important to qualify their competing features also in terms of power relations. Due to differences in the extent of their 'contractual relations' and simultaneous presence in similar or related policy areas a degree of hierarchy would be considered necessary to reduce complexity and simplify day-to-day policy-making. Frequently, differences follow from their functional tasks and under certain circumstances it might be possible to establish 'a kind of hierarchy across functions' since some constraints on nation states are more important than others [39].

After the collapse of East European forms of co-operation a de-politicization and economization of East-West relations set in that turned the EU into the 'dominant pan-European actor' [40]. Its ambition to be recognised as a civilian power followed a tendency to rephrase external problems of an enlarging and deepening Union in economic-political terms [41]. Not surprisingly, therefore, the EU had declared in analogy to the common strategy for Russia a common strategy for Ukraine already at the end of 1999. Following the EU-Ukraine summit in September 2000 political dialogue and practical co-operation in trade matters intensified, followed by a resolution of the EP in March 2001 interestingly not excluding the prospect of Ukrainian EU membership. In December of the same year, the Commission strategy paper for the period from 2002-2006 promised support for the Ukrainian efforts in institutional, administrative, legal and private sector reform as well as in the softening of the social consequences of transformation [42]. In these documents, however, no offer of a long-term membership perspective appeared and the term itself was, if anything, consistently avoided [43].

Before the 'Orange Revolution' the state of EU-Ukrainian relations could be described as one of mutual disappointment as over a period of ten years since the ratification of the Political Co-operation Agreement (PCA) little had been achieved [44]. Especially with regard to the reconstruction of economic relations the expected deepening did not occur. In part this was due to a misunderstanding of the internal workings of the EU as an economic union providing cheap finance and a mere forum for the settlement of regulatory issues before trade relations would pick up again. In part, however, this too was related to a lack of EU foreign policy capacity given the immediate enlargement context and an ongoing crisis situation in South-East Europe. Moreover, the EU's assistance programme (TACIS) lacked political visibility and success in Ukraine [46]. Thus, the subsequent embedding of EU-Ukraine relations in the NNP was largely seen as a defensive Western strategy because of its dominant focus on safe borders, international crime and migration rather than on the unresolved questions of economic modernisation. Although the basic element of the EU co-operation scheme was said to be the 'free movement' of goods, services, capital and persons, its widely publicized interpretation of 'everything but institutions' led to a pessimistic assessment of any future bilateral agenda.

On the other hand, the NNP was supposed to offer a closer connection for the participating states with the EU than before. In comparison to previous forms of co-operation there is the explicit expectation for an extended dialogue and an increasing participation in the common market. The stepwise implementation is supposed to take place through negotiated action plans specifying how countries such as Ukraine can move closer to the EU. The aim in the long run is not membership as such, but the harmonization of laws, industrial norms, regulations and standards allowing for the full participation in the single market. If realized, the action plan would deliver in its substance significantly more than a mere free trade agreement after Ukraine has become a member of the WTO [46].

Indeed, immediately after the 'Orange Revolution', the EU and Ukraine



agreed on the 13 December 2004 on an 'action plan' identifying 14 main tasks with a clear scope for mutual co-operation. The plan effectively extended the previous agenda and restated goals and objectives along functionalist expectations in a number of policy areas: the strengthening of the stability and effectiveness of democratic and judicial institutions, the maintenance of freedom for media and public opinion, collaborative efforts in questions of disarmament and security policy, WTO accession and the fight against corruption, the introduction of tax reforms and the improvement of the investment climate as well as requirements concerning the mutual visa-regime [47].

The action plan's logic was to 'put the ball back in Ukraine's court' as there is the potential for its reach to be extended to other policy areas only once progress has been made in terms of actual implementation [48]. Clearly, with co-operation in some key areas initiating and supporting spill-over effects into new areas functional integration could be strengthened. Accordingly, the 9<sup>th</sup> EU-Ukraine summit held on 1 December 2005 in Kiev could confirm closer economic partnerships in areas such as energy policy, space programmes and transport infrastructure. On this occasion, Ukraine also acquired the status of a 'market economy' confirming, in the words of Commission President Jose Manuel Barroso, that the country's future is 'in Europe' [49].

For the time being, however, the EU's own ability to reduce the gap between external expectations and pan-European capacities is fairly limited. In conceptual terms, therefore, a notion of 'multi-layered' governance (or MLG-x) appears more appropriate to come to terms with Ukraine's location in a third or fourth layer of countries with little prospects for immediate membership and delayed implementation records for their internal reform projects. In congruence with the EU's own internal development co-operation in its neighbourhood could be extended only after the abolishment of trade barriers and barriers to the free movement of people has opened up 'new opportunities for functional integration' [50].

To be sure, the EU treaty states that any European country can apply for membership and the well-known 'Copenhagen criteria' add further detail on what conditions would have to be fulfilled before a positive decision could be reached. Yet, it almost goes without saying, achieving progress in the realisation of action plans would mean for any potential candidate the subscription to a technocratic, bureaucratic and domestic politics-oriented approach of 'europeanised' policy-making [51]. Inevitably, therefore, future membership negotiations after the accession of Romania and Bulgaria will have to be conceived as an open process, with the regular review of the implementation record in light of the *acquis communautaire* and a constant threat to suspend negotiations if internal reforms are considered insufficient or not forthcoming [52].

In anticipation of such serious constraints other integration schemes might in the long run (re-) gain some attraction. While it is impossible to establish at this stage of development a clear hierarchy between competing integration projects, there are different assessments as to their potential implications and practical feasibility. From the perspective of Ukraine two of them deserve particular

attention. First, in September 2003, the Presidents of Belarus, Kazakhstan, Russia, and Ukraine signed a formal agreement on the establishment of a Single Economic Space (SES) with the intention to move progressively towards

‘an area consisting of the customs territories of the participants, where the mechanisms of economic regulation are intended to ensure the free movement of goods, services, capital, and labour; where a common foreign trade policy is carried out, and fiscal, monetary, and foreign-exchange policies are coordinated to the extent needed in securing fair competition and macroeconomic stability’ [53].

Obviously in analogy to other ‘multi-level’ and ‘multi-speed’ integration schemes these objectives were thought to be achieved gradually with individual countries determining the required adjustments, though with the view to create eventually a ‘single commission’ governing all policies and a decision-making system with each member state controlling voting rights proportional to its economic size [54]. Even though Ukraine remained sceptical about this particular scenario and rejected the formation of common institutions and a common currency, many observers have continued to speculate about the potential of an East-EU and its implicit farewell to credible EU (‘West’) ambitions. After a contested ratification process of the respective agreement by the Ukrainian Parliament in April 2004 the debate did not stop and, instead, continued to generate several conflicting interpretations.

Of course, since the break-up of the Soviet Union many proposals for closer association have been made regardless of their chances for success. Standard assessments qualify them as temporary ‘declaration of intent’ without far-reaching implications or lasting relevance given the impact of the ‘Orange Revolution’ and the reorientation of political forces in the parliamentary election of 2006 [55]. Yet, precisely for the same reasons the SES (or revised versions thereof) could have more to offer than a purely symbolic meaning. The debates surrounding it have an undeniable potential to become an indicator for the increasing use of economic power by Russia and suggest a ‘partial solution’ to the specific bilateral problems with Ukraine in the cheap supply of energy resources. Alternatively, it could also lend support to the idea of Ukraine moving closer ‘to Europe with Russia’ denying any contradiction between the participation in the first stage of the SES as ‘a free trade agreement’ and the simultaneous application of EU standards on Ukrainian territory [56]. This appears even more plausible after the EU has articulated its own priority for the formation of a Common Economic Space (CES) with Russia [57].

This second important integration scheme, however, does neither suggest nor establish a simple hierarchy as the envisaged elaboration of ‘four common spaces’ will be conducted within the previously existing Political Co-operation Agreements between the EU and the Russian Federation. In line with MLG-x, the political idea of a Common Economic Space (CES) has the aim to establish an open and integrated market between the enlarged EU and Russia with the help of a gradual removal of obstacles to trade and investment, the initiation of voluntary regulatory convergence, the facilitation of trade and the development

of an adequate infrastructure network [58]. In addition, the EU side expects a selective export of its internal *acquis* in three related spaces – or areas of co-operation – referring to matters of external security, justice and home affairs as well as cultural affairs including the areas of scientific research and education [59]. Unfortunately, and in contrast to the initial expectations articulated by some of the new EU member states, the framework agreed upon at a number of EU-Russia summits in Rome, Moscow and St. Petersburg did not travel well to other neighbouring countries in Eurasia, including Ukraine [60]. This, in part, explains the new emphasis on the ‘*sui generis*’ character of the CES even though it shares with the SES model a fundamental problem: How, if at all, is it possible to achieve the effective implementation of an international agreement on a common standard or a harmonised norm in the absence of sustainable, long-term institutional capacities to oversee compliance?

In this situation, the EU’s role in external negotiation processes seems to have served as a reminder to the other parties involved that Ukraine continues to occupy a rather uncomfortable position between the enlarged Union and the Russian Federation. While the EU is right to stress that a hidden project of state-run capitalism stagnating in authoritarianism cannot be integrated into a truly European design, the remaining elements of ‘stagnarchie’ in Ukraine for themselves have no real interest in the civilisation of policy formation along any particular integration model [61]. As a consequence, and similar to the ‘pre-revolutionary’ constellation, the official statements as to the meaning and sustainability of the country’s ‘European choice’ have to be handled with care.

In some ways, and bearing in mind the protracted process of forming a governing coalition in early 2006, this brings back memories of Leonid Kuchma’s pragmatic approach to balance Ukrainian national interests between East and West with a ‘multi-vector foreign policy’ simultaneously maintaining and developing relations with Europe, Russia and the United States, while avoiding the articulation of any irreversible choices [62]. The political elites of Western Ukraine, by contrast, expect major political as well economic progress only from closer co-operation with the EU and NATO [63]. Yet, a realistic assessment of this alleged preference for a Westernised foreign policy doctrine could, at the same time, not be understood as an outright rejection of Russian ambitions for the larger region [64]. The geo-political location of Ukraine does make it impossible to ignore the interests of its large Eastern neighbour. At a conceptual level MLG-x reveals a potential for closer ties between the EU, Russia and Ukraine without erecting new geographic barriers or entering esoteric debates about the ‘true’ meaning of Europe. At any rate, Ukrainian self-interest properly defined seems to direct more attention to the question of how to achieve domestic transition rather than to the possible choices of extra-territorial allies for this project [65]. In fact, breaking with the past could, for example, also mean to decide to stay for the foreseeable future out of formal integration schemes, regardless of whether they show more Western or Eastern leanings [66].

More pragmatically, and giving preference to MLG-x beyond the EU, membership in the World Trade Organisation (WTO) became one of the top

foreign policy priorities of the Yushchenko presidency. It continued to be seen as a major guarantor for a forward-looking restructuring of the Ukrainian economy and as a fundamental prerequisite for any further association agreements with the EU. Soon the issue of membership turned into an important test case for the ability of the newly formed political forces of the 'Orange Revolution' to deal with the powerful representatives of industrial lobbies who reject membership because of their anticipated exposure to foreign competition specifically in the agricultural and steel producing sectors. What is more, a working system of MLG-x initiated by WTO membership could be undermined if Russia succeeded earlier in similar efforts of joining and, thus, could reintroduce its control not only on oil and gas supplies but on bilateral trade relations between the two countries more generally [67].

In this respect, the 'pre-Orange Revolution' agreement on the SES contained an important modification to some of the other co-operation schemes entered by independent Ukraine: It contained a behavioural commitment by the signatories as to their national positions taken in future membership negotiation. The respective guidelines specify that

'if one member enters the WTO before others, it will promote the earliest entry into the WTO of other SES members and, once WTO negotiations are under way, to refrain from advancing demands of their own.' [68]

The problems of 'post-revolutionary' Ukraine with such a 'non-aggression principle' are obvious. Yet with the lack of an alternative integration project the creation of a negotiated free trade area via the WTO appeared after all as the least demanding option. As Ukrainian trade relations continue to be unevenly dispersed between several regional markets it is unlikely that they alone would determine a fundamental reorientation towards the EU or Russia [69]. While it is true that the EU and the Russian Federation have pursued their own style of enlargement policy, they both have so far failed in substantially increasing their political-institutional weight and integrationist reach in Ukraine or, as one could add, in Belarus and Moldova [70].

Therefore, integration may simply be too big a word to capture the intricacies of these relationships. As long as the pursuit of any deeper regional arrangement is interpreted by a significant part of the domestic political spectrum as an outright rejection of their preferred vision deadlock is likely to occur. For this reason a multilaterally defined version of MLG-x appears to be the only viable option to steer Ukraine out of its current limbo-situation. As a one-sided, traditional MLG model would only stir further conflicts it seems sensible to try and free political actors from the constant pressure to reach 'final decisions' or to make 'fundamental choices'. In the polycentric world of the 21<sup>st</sup> century it appears more appropriate to seek multilateral links not only with neighbouring states but with a larger range of international institutions and regulatory regimes. In this respect the country's positioning between two centres of gravity should also offer rich opportunities for lasting socio-economic change. Such a multilateral framework for change, then, would in harmony with MLG-x assumptions place much more

emphasis on the desirability of a non-hierarchical dispersion of authority. Taking on board the geopolitical realities of Ukraine in this way would, in the eyes of many observers, undoubtedly offer more opportunities for the construction of a successful state [71].

#### **4. Private interests as public actors**

Even more complications in the application of the MLG framework must be expected when acknowledging the role of private actors and, in particular, business interests in the transformation process of Ukraine. In its basic conception firms and governments will accept the need for a structured development of regulations, though may disagree about their precise anchoring in national, supranational or international institutions. Moreover, for MLG-x to work it would be sensible to establish a close linkage with notions of ‘corporate governance’, especially in the Ukrainian context, where financial-industrial groups (or ‘clans’) hold substantial functional and organisational power easily extending into the regulatory sphere of government [72].

Thus, the general governance notion according to which private companies and non-state actors increasingly do ‘what public actors used to do’ experiences an interesting re-interpretation once set in the environment of a post-soviet system. No doubt, there too is a ‘blurring of public-private spheres of action’ with ‘public governance not independent of private governance’, but the complementary extension of these country-specific arrangements into an international system of MLG remain severely constrained [73]. For the time being, it is unlikely that Ukrainian business groups will operate effectively in multiple arenas, bargaining with each other, ‘with a variety of national governments, and with transnational actors, including intergovernmental organizations and transnational activists’ for the purpose of strengthening the horizontal enforcement of European or international regulations [74].

Like other countries in East-Central Europe, Ukraine pursued a gradual privatisation programme bringing up state property for sale on a case-by-case basis. Nevertheless, it would be wrong to speak of a resulting ‘predominance’ of the non-state sector in the economy as reportedly two-thirds of major capital assets remained in state hands. The public-private distinction holds in so far as considerable subsidies and regulatory oversight continued to be provided by the state though with comparatively little international involvement, for example, in the form of foreign business partners [75]. Consequently, privatisation has been particularly slow in ‘classic’ capital-intensive sectors such as energy, transport and telecommunications and within sectors belonging to the former military-industrial complex [76]. Given the considerable difficulties of devising an effective competition policy in both the EU and WTO, institutional changes upgrading governance capacity for the enforcement of legislation in these areas would be crucial for a working system of MLG-x [77].

The extent to which the current patchy domestic regulatory arrangements in the form of committees and commissions can be integrated into supra- or international arrangements remains doubtful. Already in the early stages of the

privatisation process, long before the events leading to the 'Orange Revolution', the involvement of regional administrative elites undermined an egalitarian redistribution of property rights. Instead, the specificities of privatisation in Ukraine led to the formation of an extensive 'private-public' network. At various levels, this strengthened the influence of businessmen (or 'clan members') on political decision-making processes as well as the direct say of state administrators on their business conduct [78].

Interestingly, it was then Prime Minister Julia Tymoshenko, who decided in post-revolutionary Ukraine to dissolve 'Special Economic Zones' comprising about 500 individual business projects benefiting from tax exemptions and low regulatory burdens, thus effectively creating a major rift between business interests and the newly elected government [79]. To make things worse, she disagreed with President Victor Yushchenko who claimed that over the last 14 years 90 per cent of privatisations were concluded according to the letter of the law. In his view, questioning the legality of those previous transactions and opening a debate about potential re-privatizations of up to 3000 companies could only be highly detrimental to the country's overall economic performance [80].

With conflicts developing inside the 'Orange Revolution' coalition, the problems in (re-) defining business-government relations did not disappear. The subsequent formation of the Yekhanurov government indeed saw the limitation of the re-privatisation issue to two cases and, more importantly, marked an end to the populist 'bandits to prison' terminology discrediting the activities of the business oligarchs in general terms [81]. The latter now became a new 'national bourgeoisie' fulfilling vital (and 'good') functions for society as a whole. Indeed, it is the short legacy of the first 'post-Orange Revolution' government that has created a major obstacle for Julia Tymoshenko to regain the top seat in government, despite the relative strong showing of her party in the 2006 parliamentary elections. In stark contrast to the European privatisation experience and the EU's competition regime, the highly politicised nature of domestic public-private relations in Ukraine continues to indicate a trade-off between gaining credibility in domestic (electoral) politics and gaining credibility in dealing with EU institutions in Brussels [82].

Similarly, Mlg-x is unlikely to work in the 'post-Orange Revolution' environment as long as privatization is not accompanied by substantive changes in the Ukrainian system of corporate governance [83]. The decision to opt for a gradual reform process in the early 1990s had the downside to prevent the emergence of institutional mechanisms effectively constraining the rent-seeking behaviour of individual firms and their management. By including multiple bureaucratic interests into negotiations about the scope and substance of regulatory control rights, these actors have been able to exploit the old links with the ministerial bureaucracy and with sub-national authorities to their own personal benefit [84]. As the transfer of specific control powers to supranational and international institutions would be vital in an emergent system of MLG, strong resistance against any such change from the 'insiders' of the system must be expected.

In this situation, incentives leading to a diversification in the composition of corporate capital and creating effective control mechanisms over management behaviour are missing. The existing legislative norms are likely to be used defensively and against any independent welfare-oriented exercise of control powers. As a consequence, there is an insufficient flow of foreign capital and Western businesses find it difficult to operate according to the 'typical' Ukrainian rules of the game [85]. Precisely because it is difficult to break with the 'anti-investment tradition' of post-soviet countries and the overriding imperative of transnational capital to 'differentiate carefully between economic sectors, countries and regions', a parallel simultaneous construction of MLG is highly desirable, but not easy to achieve [86].

Another element of MLG-x, the building of transnational coalitions and horizontal forms of co-operation across boundaries by economic actors, was likewise strongly biased before the Orange revolution. To some extent, this was also a consequence of the socialist past when co-operation with other economic systems had been excluded for ideological reasons. Moreover, in the case of Ukraine, nation-building was much closer affiliated with the elaboration of a 'national strategy for domestic recovery' than with the aim to achieve competitiveness on world markets [87]. For the best part of the 1990s it seemed that the governing elites had little interest in opening up further to either European or Russian investments as both would easily outperform any generic 'Ukrainian' business alternatives, therefore, leaving no other choice than to opt for a defensive strategy [88].

Until the revolutionary changes of 2004 it appeared as if the 'third way' foreign policy in Ukraine could be best understood as a struggle between competing oligarchic formations connected with diverging external economic interests revealing either a strong Russian or Euro-atlantic preference. To some extent, however, the policy changes introduced immediately after the 'Orange Revolution' have effectively upset the biased pursuit of business interests and resulted in a more balanced pursuit of the related political interests, not exclusively in national fora. Surely, Ukrainian business circles share, similar to their Russian counterparts, a certain reluctance when it comes to the implementation of an EU inspired co-operation scheme championing competitive structures in capital intensive industries which at the same time are the focus of their traditional rent-seeking activities. On the other hand, the 'penetration of the Ukrainian economy by foreign, especially Russian, capital' is now counteracted by an increased availability of credit lines from international financial institutions and an improved eligibility for EU regional funding as part of the NNP [89].

A working system of MLG-x with regard to government-business relations is still in its infancy. On a more positive note, though, transnational economic forces have started to play a more pronounced role in 'post-revolution' Ukraine. Rather than betraying the aim and spirit of the 'Maidan', the timid steps towards a rapprochement between its two major antagonists in the aftermath of the 2006 parliamentary election could also be interpreted as a sign of the normalization of democratic processes. It is particularly remarkable in this respect that the EU

membership ambition articulated by most political parties in the *Verkhovna Rada* has been qualified by an influential part of the Ukrainian business community as an inclusive idea that comprises a move ‘to Europe with Russia’ [90]. Of course, from the EU’s own perspective, MLG set in the non-institutionalized context of the NNP, would quite logically demand such a combined approach. An external border with both countries after the latest enlargement round does not have to stay in the way of Ukraine’s transnational relations and, in turn, could help to effectively use a complementary economic potential once product norms and standards have been brought closer into line.

### 5. Conclusion: crowding out ‘good governance’?

The case of Ukraine as a transformation country with ambitions for EU membership highlights some of the problems with extending notions of MLG to the wider European context even when significant policy externalities do exist. It suggests at this stage a good deal of scepticism to grant this conception of EU policy-making far reaching theoretical or explanatory power beyond its own legal boundaries. As a framework of analysis it is generally useful, if only to identify and highlight the limitations of the export of any particular governance model to the wider European neighbourhood. For some time to come the EU will have to rely on soft instruments of co-ordination in order to increase its sensibility to culture and country context and not to undermine democratisation efforts appropriate for a particular stage of political development.

Table 1

**Effects of ‘Orange Revolution’ on Change in Governance Arrangements**

	<b>MLG</b>	<b>MLG-x</b>
<b>Democratization</b>	formal institutions +	informal mechanisms + / -
<b>Alternative Frames</b>	hierarchical structure -	non-hierarchical +
<b>Business Interests</b>	public-private partnerships + / -	transnational coalitions +

+: positive ; -: negative; +/-: neither positive nor negative

In general terms the effectiveness of the EU’s own pursuit of external objectives such as democracy and good governance is difficult to judge, also because the Commission itself did resist the temptation to devise indicators of success [91]. The arguments presented in this chapter therefore qualify the expectations about any democratisation strategy in Ukraine. Seen from a comparative angle the immediate events of the ‘Orange revolution’ have resulted in a by and large positive move in the direction of MLG-x. This extended governance model, however, constitutes also a break with the more traditional EU integration project.



A finding that is, presumably, not to the liking of all political forces in Ukraine. On the one hand, it clearly rejects the notion that EU involvement in its current form would crowd out domestic democratisation efforts. On the other, it describes a more uncertain future depending on whether multi-level arrangements beyond any particular regional integration scheme will be able to provide sufficient structure to facilitate system transformation.

Finally, by concentrating on only three aspects of governance arrangements (see Table 1), this chapter avoided to address some of the more fundamental problems in Ukrainian society. These are considered to be more firmly rooted in failed attempts to accommodate regional diversity and to proceed uncritically with the formation of a national identity rather than in the specific design of any particular governance arrangement. Yet, if both of these essentially political projects were to succeed, MLG-x would be among the first indicators to register such fundamental change.

1. An earlier version of this chapter was presented at the 47th Annual Convention of the International Studies Association, 22-25 March, 2006, San Diego, California. The author wishes also to acknowledge the support of the Open Society Institute during his posting as a Resident Scholar in the Department of International Relations and Diplomatic Service at the Ivan Franko National University of Lviv, Ukraine. 2. Anatoliy Halchynsky, "A Response to Verheugen", *The Day* 7, March 7 (2006) 3. Thus repeating his earlier, equally pessimistic, assessments reported in Inna Pidluska, "Ukraine and the EU – What Prospects for Integration," in *The EU and Ukraine*, ed. Ann Lewis, (London: The Federal Trust, 2002), 183–4. 4. Walter Mayr and Christian Neef, "Schauen Sie in mein Gesicht," *Der Spiegel*, no. 52, December 24 (2005): 106–9. 5. Reimund Seidelmann, "European Union and Eastern Europe," in *European Union and New Regionalism*, ed. Mario Telò (Aldershot: Ashgate, 2001), 199–200. 6. Karen E. Smith, *European Union Foreign Policy in a Changing World* (Cambridge: Polity, 2003), 133–4. 7. This refers also to countries not within the immediate neighbourhood of the European Union. See with special reference to Vietnam, David H. Lempert, *European Community: Policy and Practice on Governance and Democracy* (London: One World Action, 2004). 8. Smith, *Foreign Policy*, op. cit., 144, note 4. 9. Iris Kempe and Wim van Meurs, "Europe beyond EU Enlargement," in *Prospects and Risks Beyond EU Enlargement*, ed. Iris Kempe (Opladen: Leske and Budrich, 2003), 19. 10. Mary Farell, "The EU and Inter-regional Cooperation: in Search of Global Presence?" in *The Political Economy of European Integration*, ed. Erik Jones and Amy Verdun (London and New York: Routledge, 2005), 131–3. 11. Bergedorfer Gesprächskreis, *Grenzen und Horizonte der EU* (Hamburg: Körber-Stiftung, 2005), 62; and Taras Kuzio, "Yushchenko's First Year: A Mixed Balance Sheet," *The Ukrainian Observer* 67, no. 6, February (2006): 12. 12. Sandra Lavenex, "EU External Governance in 'Wider Europe'," *Journal of European Public Policy* 11, no. 4 (2004): 694. 13. Ian Bache, "Multilevel Governance and European Union Regional Policy," in *Multilevel Governance*, ed. Ian Bache and Matthew Flinders (Oxford: Oxford University Press, 2004),

178. **14.** Seidelmann, “Eastern Europe,” op. cit., 197, note 3. **15.** See, for example, the collection of articles in Ian Bache and Matthew Flinders, ed., *Multilevel Governance* (Oxford: Oxford University Press, 2004); Beate KohlerKoch, ed., *Linking EU and National Governance* (Oxford: Oxford University Press, 2003); G.P.E. Walzenbach, ed., *European Governance: Policy Making between Politicization and Control* (Aldershot: Ashgate, 2006). **16.** Jerzy Maćków, *Am Rande Europas?* (Freiburg: Herder, 2004), 278. **17.** *Ibid.*, 282–3. **18.** Kirk Mildner, “Ukraine and the EU: Lessons Learned and Tasks Ahead,” in *Prospects and Risks Beyond EU Enlargement*, ed. Iris Kempe (Opladen: Leske and Budrich, 2003), 133. **19.** Liesbet Hooghe and Gary Marks, *Multilevel Governance and European Integration* (Lanham: Rowman and Littlefield, 2001), 41. **20.** *Ibid.*, 41. **21.** Arthur Benz, “Compounded Representation in EU Multilevel Governance”, in *Linking EU and National Governance*, ed. Beate KohlerKoch (Oxford: Oxford University Press, 2004), 106. **22.** B. Guy Peters and Jon Pierre, “Multilevel Governance and Democracy: A Faustian Bargain?” in *Multilevel Governance*, ed. Ian Bache and Matthew Flinders (Oxford: Oxford University Press, 2004), 86–8. **23.** Hans van Zon, *The Political Economy of Independent Ukraine* (London: Macmillan, 2000), 25–6. **24.** Taras Wosnjak, “Projekt Ukraine’ – Bilanz eines Jahrzehnts,” in *Die Ukraine, Polen und Europa*, ed. Renata Makarska and Basil Kerski (Osnabrück: Fibre, 2004), 67–9. **25.** Mildner, “Lessons Learned,” op. cit, 134, note 17. **26.** Eberhard Schneider, *Das politische System der Ukraine* (Wiesbaden: Verlag für Sozialwissenschaften, 2005), 152–4. **27.** Keith Darden, “Graft and Governance: Corruption as an Informal Mechanism of State Control,” (New Haven: Yale University, 2003), <http://www8.georgetown.edu/centers/cdacs//Graft%20and%20Governance.pdf> (accessed September 30, 2006). **28.** *Ibid.*, 28. **29.** In the speech given by President Yushchenko to the 5<sup>th</sup> International Economic Forum ‘Ukraine–EU’, October 5–8, 2005, Lviv, Ukraine. **30.** Benz, “Compounded Representation,” op. cit., 104, note 20. **31.** With hindsight, of course, this constitutional change can also be seen as a causal factor leading to numerous problems and deadlock situations in the formation of a new government after the 2006 parliamentary elections. See, for example, Olesya Oleshko, “Dismissal of the Government”, *The Ukrainian Observer* 67, no. 6, February (2006): 8. **32.** Kuzio, “First Year,” op. cit, 10, note 10. **33.** Nathaniel Copsey, “Popular Politics and the Ukrainian Presidential Election of 2004,” *Politics* 25, no. 2 (2005): 104. **34.** At the time of writing four such projects had been approved dealing with electricity regulation, antitrust, civil aviation and administrative standardsetting. See, Natalya Huzenko, “European Union Provides Funding,” *The Day* 7, March 7 (2006): 2. **35.** Eberhard Schneider and Christoph Saurenbach, “Ukraine – die zweite Transformation,” *Stiftung Wissenschaft und Politik–Aktuell* 59, (2004): 2. **36.** *Ibid.*; in the early phase of the reorganisation a new Ministry for European Affairs was created separately from the Ministry of Economics. The head of this new entity – Olen Rybachuk – held also responsibility for the general coordination of European politics within the government administration. **37.** See Robert O. Keohane and John S. Nye, “Introduction,” in *Governance in a Globalizing World*, ed. Joseph S. Nye and John D. Donahue (Cambridge, MA and Washington, DC: Brookings Institution,

2000), 12. **38.** James N. Rosenau, “Strong Demand, Huge Supply: Governance in an Emerging Epoch”, in *Multilevel Governance*, ed. Ian Bache and Matthew Flinders (Oxford: Oxford University Press, 2004), 31–32. **39.** Stephen Welch and Caroline Kennedy-Pipe, “Multilevel Governance and International Relations,” in *Multilevel Governance*, ed. Ian Bache and Matthew Flinders (Oxford: Oxford University Press, 2004), 134. **40.** Seidelmann, “Eastern Europe”, op. cit., 189, note 3. **41.** Ibid., 190–1. **42.** Schneider, Ukraine, op. cit., 147, note 25. **43.** Kempe and Meurs, “EU Enlargement,” op. cit., 60–1, note 8. **44.** Klaus Schneider, ‘The Partnership and Cooperation Agreement (PCA) between Ukraine and the EU – Idea and Reality’, in *Ukraine on the Road to Europe*, ed. Lutz Hoffmann and Felicitas Möllers (Heidelberg and New York: Physica, 2001), 66–78. **45.** Ukraine received 460.8 million ECU from the EU Tacis programme (1991–99). See for a critique Kempe and Meurs, “EU Enlargement,” op. cit., 61–2, note 8. **46.** Gesprächskreis, Horizonte, op. cit., 62, note 10. **47.** For further criticism on the proposed action plan, see Katarzyna Wolczuk, “Ukraine after the Orange Revolution,” Policy Brief (London: Centre for European Reform, 2005), 4, [http://www.cer.org.uk/pdf/policybrief\\_ukraine\\_feb2005.pdf](http://www.cer.org.uk/pdf/policybrief_ukraine_feb2005.pdf) (accessed September 30, 2006). **48.** Andrew Wilson, *Ukraine’s Orange Revolution* (New Haven and London: Yale University Press, 2005), 190. **49.** See Andriy Novak, “EU grants Ukraine Market Economy Status,” *Kyiv Weekly* 44, December 7 (2005): 4. **50.** Kempe and Meurs, “EU Enlargement,” op. cit., 75, note 8. **51.** Gesprächskreis, Horizonte, op. cit., 48, note 10. **52.** Ibid., 81. **53.** Lúcio Vinhas de Souza et al., “Now So Near, and Yet Still So Far: Economic Relations between Ukraine and the European Union,” *Kiel Discussion Paper*, no. 419 (2005): 19–20. **54.** Ibid., 20. **55.** See, for example, Rainer Lindner, “Die Ukraine zwischen Russland und der EU – Anmerkungen zu einer aktuellen Debatte”, in *Die Ukraine, Polen und Europa*, ed. Renata Makarska and Basil Kerski (Osnabrück: Fibre, 2004), 24–6. **56.** See, for example, Tim Gould, “The European Economic Area: a Model for the EU’s Neighbourhood Policy?” *Perspectives on European Politics and Society* 5, no. 2 (2004): 191; and Boris A. Shiriaev, “On Priorities of Russian Foreign Policy,” in *Post-Communist Countries in Search for Security and Stability*, ed. Konstantin Khudoley (Saint-Petersburg: Saint-Petersburg State University Press, 2005), 111. **57.** For a Russian perspective, see Yuri S. Kuzmin, “Russia–EU relations after Fifth Enlargement,” in *Post–Cold War Challenges to International Relations*, ed. Yury Akimov and Dmitri Katsy (Saint-Petersburg: Saint-Petersburg State University Press, 2006) 171–2. **58.** Pekka Sutela, “EU, Russia, and Common Economic Space”, *BOFIT Online*, no. 3 (Helsinki: Bank of Finland Institute for Economies in Transition, 2005), 29. **59.** Ibid., 26. **60.** For Timofei Bordachev, for example, the idea of an EU-Russia Common Economic Space ‘is still meaningless’ and suitable only for a debate ‘on a purely theoretical level’. See his “Europe’s Russia Problem: Immediate Concerns and Long–term Prerequisites,” in *Prospects and Risks Beyond EU Enlargement*, ed. Iris Kempe (Opladen: Leske and Budrich), 101. **61.** Wosniak, “Projekt”, op. cit., 85–6, note 23. **62.** See, for example, Taras Kuzio, *Ukraine under Kuchma* (London: Macmillan, 1997), 179–226; and Ilya Prizel, *National Identity and Foreign Policy* (Cambridge: Cambridge University

Press, 1998), 388–92. **63.** Schneider, Ukraine, op. cit., 151, note 25. **64.** Rawi Abdelal, *National Purpose in the World Economy* (Ithaca and London: Cornell University Press, 2001), 119–20. **65.** Lindner, “Anmerkungen,” op. cit., 17, note 54. **66.** See, for example, Abdelal, Purpose, op. cit., 121, note 63; who states that ‘of all the post-Soviet states, Ukraine certainly was the only one in the 1990s to attempt to have partial membership in both the CIS and the EU.’ **67.** Maryan Polyoviy, “One Year of the Orange Government,” *Kyiv Weekly*, no. 42, November 23 (2005): 11. **68.** Souza et al., “Economic Relations,” op. cit., 20, note 52. **69.** Marko Bojcum, “Trade, Investment and Debt: Ukraine’s Integration into World Markets,” in *Reforging the Weakest Link*, ed. Neil Robinson (Aldershot: Ashgate, 2004), 59. **70.** For the case of Belarus see, for example, Alex Danilovich, *Russian–Belarussian Integration* (Aldershot: Ashgate, 2006). **71.** See with references to several such ‘multilateral arrangements’: Lindner “Anmerkungen,” op. cit., 26–7, note 54; Anatoliy Orel, “Ten Years On: Ukraine’s Foreign Policy Priorities,” in *The EU and Ukraine*, ed. Ann Lewis (London: The Federal Trust, 2002), 137; Schneider, Ukraine, op. cit., 143–6, note 25; Oles Verbynyk, “Uniting in the Name of Democracy,” *Kyiv Weekly*, no. 44, December 7 (2005): 4; and Wosniak, “Projekt,” op. cit., 74, note 23. **72.** Zon, *Political Economy*, op. cit., 178–82, note 22. **73.** Maria Green Cowles, “Non–state Actors and False Dichotomies: Reviewing IR/IPE Approaches to European Integration,” in *The Political Economy of European Integration*, ed. Erik Jones and Amy Verdun (London and New York: Routledge, 2005), 30. **74.** Virginia Haufler, “Globalization and Industry Self–Regulation,” in *Governance in a Global Economy: Political Authority in Transition*, ed. Miles Kahler and David A. Lake (Princeton and Oxford: Princeton University Press, 2003), 231. **75.** Souza et al., “Economic Relations,” op. cit., 19, note 52. **76.** Hence the regular demand by institutional investors to complete the privatization process and to develop a consistent competition policy. See, for example, Hans Holzhaecker, “Ukraine – Entscheidung im März,” *CEE–Report 4* (Vienna: Bank Austria Creditanstalt, 2005), 21. **77.** Igor Burakowskij identifies several strategies employed by business to circumvent market principles. See his “Wirtschaftsreformen: die Kluft zwischen Erwartungen und Ergebnissen,” in *Die neue Ukraine*, ed. Gerhard Simon (Köln: Böhlau, 2002), 214. **78.** *Ibid.*, 217. **79.** Mayr and Neef, “Gesicht,” op. cit., 108, note 3. **80.** In the speech given by President Yushchenko to the 5<sup>th</sup> International Economic Forum ‘Ukraine–EU’, October 5–8, 2005, Lviv, Ukraine. **81.** See Stefan Wagstyl and Tom Warner, “Faded Orange”, *Financial Times*, March 24 (2006): 11; and Kuzio, “First Year,” op. cit., 11, note 10. **82.** After the 2006 parliamentary election Yulia Tymoshenko, former Ukrainian prime minister, encountered considerable difficulties in her attempt to reestablish credibility with the Ukrainian business community as well as the EU Commission. She stated in an interview with the *Financial Times*: ‘My name was absolutely artificially connected with reprivatisation in order to discredit me.’ See Tom Warner, “Ukraine ExPremier in Business Pledge,” *Financial Times*, March 30 (2006): 6; and the interview with Olen Ribachyk, then President Viktor Yushenko’s chief of staff, by Stephen Suckar on BBC international, *Hard Talk*, May 2 (2006). **83.** See Vladimir Sobolev and Vladimir Lazarenko, “Models of

Corporate Governance and Employee Participation: Peculiarities in Ukraine and Russia,” (Kharkov: Kharkov National University, 2001), [http://www.sses.com/public/events/euram/complete\\_tracks/corporate\\_governance/lazarenko\\_sobolev.pdf](http://www.sses.com/public/events/euram/complete_tracks/corporate_governance/lazarenko_sobolev.pdf) (accessed September 30, 2006). **84.** In both Russia and Ukraine this is said to have led to a system of ‘multi-level corruption’ and with business practices controlled by the old nomenclatura. See, for example, Anastasia Nesvetailova, “From ‘Transition’ to Dependent Development: The New Periphery in Global Financial Capitalism”, in *Reforging the Weakest Link*, ed. Neil Robinson (Aldershot: Ashgate, 2004), 128; and Wosnjak, “Project”, *op. cit.*, 77, note 23. **85.** Burakowskij, “Wirtschaftsreformen”, *op. cit.*, 217, note 76; President Yushchenko also stressed for that very reason the need for a new dialogue between business and government to reduce the regulatory burden for both national and international investors. See his speech at the 5<sup>th</sup> International Economic Forum ‘Ukraine–EU’, October 5–8, 2005, Lviv, Ukraine. **86.** Nesvetailova, “Periphery”, *op. cit.*, 135, note 83. **87.** Bojcun, “Integration,” *op. cit.*, 52, note 68. **88.** *Ibid.*, 59; Abdelal, Purpose, *op. cit.*, 117, note 121. **89.** Bojcun, 2004: “Integration,” *op. cit.*, 59, note 68; Holzhaecker, “Entscheidung,” *op. cit.*, 21, note 75. **90.** Most commentators had already agreed that even a new (old) Prime Minister Victor Yanukovich would still have to give priority to ‘European integration’ in the sense of closer cooperation on a practical level and the construction of Ukraine as a ‘Russia-EU bridge’. See Gesprächskreis, *Horizonte*, *op. cit.*, 52, note 10. **91.** Michael Dauderstädt, “Exporting Stability to a Wider Europe: From a Flawed Union to Failing States,” *Europäische Politik* 10 (Bonn: Friedrich Ebert Stiftung, 2004) 1–19.

*С. Юрченко*

### **ЯЛТИНСКАЯ КОНФЕРЕНЦИЯ 1945 ГОДА: ПРИНЦИПЫ ФОРМИРОВАНИЯ МЕЖДУНАРОДНОЙ СИСТЕМЫ В ПЕРЕГОВОРАХ СТАЛИНА, РУЗВЕЛЬТА И ЧЕРЧИЛЛЯ**

Ялта, как место, где вырабатывались основы нового мирового порядка, складывавшегося в результате Второй мировой войны, стоит в одном ряду с такими городами как Мюнстер, что в Вестфалии, где в середине XVII века подводились итоги Тридцатилетней войны и закладывались основы Вестфальской системы международных отношений; как австрийская Вена, где были подведены итоги изменений в Европе и мире рубежа XVIII-XIX веков; как французский Версаль и американский Вашингтон, где подводились итоги Первой мировой войны и создавалась новая мировая система – Версальско-Вашингтонская. При этом конференция «большой тройки» в Ялте в 1945 г. обладала тем своеобразием, что это была не итоговая мирная конференция, а конференция войны и победы в войне, что, несомненно, наложило отпечаток на принимавшиеся здесь решения и конфигурацию Ялтинской или Ялтинско-Потсдамской системы международных отношений,