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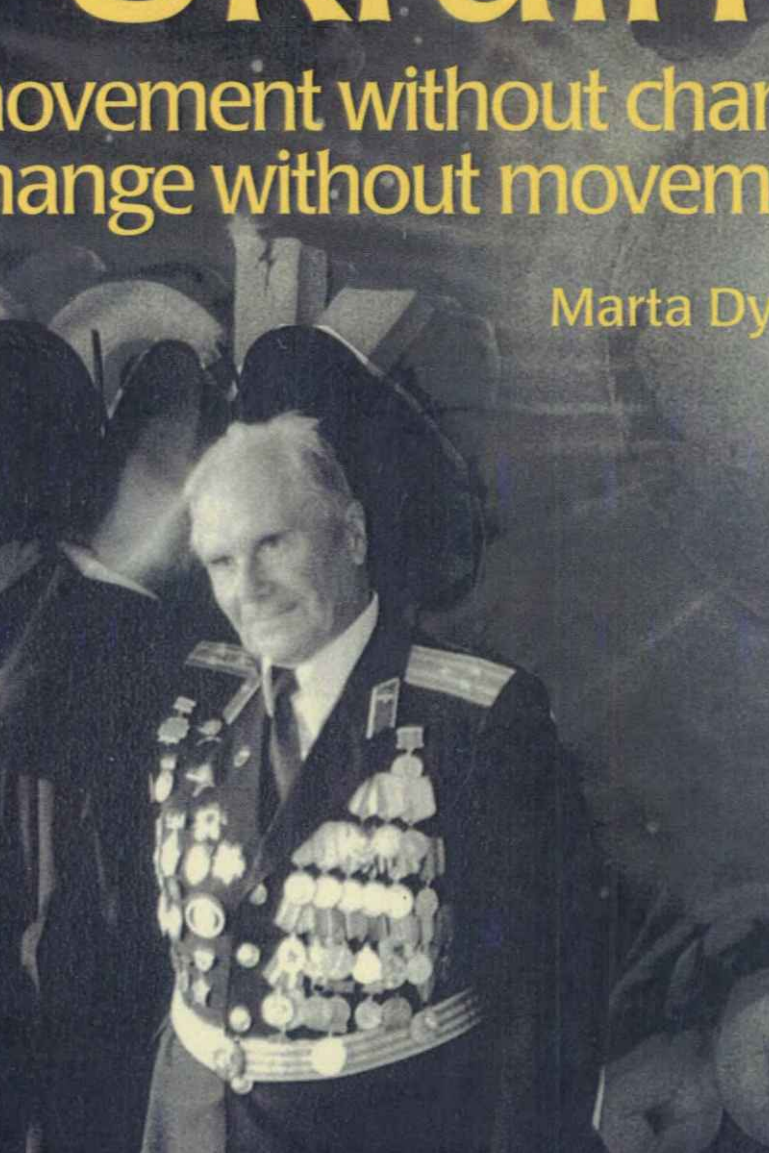

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library.

ISBN: 90-5823-025-2 (hardcover)
ISSN: 1028-043X

FOR TARASYK MALKOVYCH,
A LITTLE BOY I MET AND BECAME FRIENDS WITH IN UKRAINE.

TABLE OF CONTENTS

	Chronology	ix
	Foreword	xiii
	Preface	xv
	Map of Ukraine	xx
1	Introduction	1
2	Legacies	29
3	Politics	67
4	Economics	83
5	Social and Cultural Issues	105
6	Foreign Policy	123
7	Ukrainian–Russian Relations	137
8	Conclusion	137
	References	145
	Bibliography	147
	Index	149

CHRONOLOGY

988	Christianity adopted by Kyivan-Rus Prince Volodymyr the Great.
1240	Kyiv destroyed by Mongol invasion.
1550	Cossack Movement begins.
1654	Cossack Hetman Bohdan Khmel'nyts'kyi signs Treaty of Pereiaslav with Muscovite Tsar Aleksei Mikhailovych.
17 March 1917	Ukrainian government formed in Kyiv, called the Central Rada (Council).
January 1918	First Red Army invasion into Ukraine.
April 1918	Pavlo Skoropads'kyi government set up in Kyiv, backed by Germany.
October 1918	Austro-Hungary and Germany surrender, World War I ends; Western Ukrainian People's Republic created in L'viv.
December 1918	Second Ukrainian People's Republic created in Kyiv by the Directory.
Summer 1919	Second Red Army invasion into Ukraine.
Winter 1919	Third Red Army invasion into Ukraine.
18 March 1921	Treaty of Riga divides Ukrainian territory between Poland and the USSR.
10 March 1985	Mikhail Gorbachev elected General Secretary of the Communist Party of the Soviet Union.
26 April 1986	Chornobyl nuclear accident.
16 February 1989	Draft Programme of Ukrainian opposition movement published in *Literaturna Hazeta* newspaper.
8–9 September 1989	Ukrainian opposition movement Rukh holds founding congress in Kyiv.
28 September 1989	Volodymyr Shcherbyts'kyi, last Brezhnevite Politburo member removed from power in Ukraine, replaced by Volodymyr Ivashko.
16 July 1990	Declaration of Sovereignty which outlined the blueprint for Ukraine's policy.
November 1990	Ukraine's Foreign Minister Anatoliy Zlenko speaks at the UN and invites countries to establish diplomatic relations with Ukraine; Ukraine and Russia sign a bilateral Friendship and Cooperation Treaty.
17 March 1991	Gorbachev's referendum on the Union Treaty, Ukraine votes on sovereignty declaration; 70.5% support Union Treaty and 80.2% support sovereignty.
30 March 1991	Ukrainian Catholic leader Cardinal Liubachivs'kyi returns to Ukraine.
June 1991	National Bank of Ukraine formed; Presidential post created and elections announced for 1 December.
July 1991	Unemployment benefits introduced in Ukraine.
31 July 1991	START nuclear disarmament treaty signed in Moscow.

1 August 1991	US President George Bush visits Ukraine and advises not to pursue independence in 'Chicken Kyiv' speech.
19–22 August 1991	Coup in Moscow.
24 August 1991	Ukrainian Parliament declares independence by a vote of 346 to 1.
26 August 1991	Parliamentary Presidium suspends Communist Party in Ukraine.
27 August 1991	Russian President Borys Yeltsin's Press Secretary makes statement on need to revise borders with Ukraine.
28 August 1991	Special delegation flies to Kyiv from Moscow to deal with 'emergency situation'.
12 September 1991	Konstantyn Morozov named Ukraine's first Defence Minister.
Autumn 1991	Ukraine begins creating armed force.
1 December 1991	Referendum on independence, over 90.2% yes vote. First Presidential Elections, Parliamentary Speaker Leonid Kravchuk elected by 62% majority.
2 December 1991	Poland and Canada are the first two countries to recognise Ukraine's independence.
6 December 1991	Ukrainian delegation flies to Baku to negotiate oil deal with Iran.
8–9 December 1991	CIS formed at the Trilateral Summit between Ukrainian, Russian and Belorussian leaders in Belovhzhskaya Pushcha outside Minsk.
25 December 1991	Gorbachev announces USSR officially dissolved.
30 December 1991	Ukraine refuses to sign CIS charter.
31 December 1991	Ukraine applies for IMF membership.
2 January 1992	Ukraine begins year with radical reform programme—liberalised prices and cut subsidies but simultaneous decree on social protection: wages, pensions, student stipends and unemployment benefits doubled.
3 January 1992	Ukraine claims ownership of all non-strategic forces on territory including communications equipment—Russia criticises move; troops required to swear oath to Ukraine or leave—by 6 January 80% did; Russia announced that it was taking over all Soviet foreign assets.
11 January 1992	Russian–Ukrainian communiqué on joint control of Black Sea Fleet–strategic forces to remain under joint command.
22 January 1992	Ukraine transfers 30% of tactical warheads to Russia.
23 January 1992	The Russian Parliament and Ministry of Foreign Affairs condemn the 1954 transfer of Crimea from Russia to Ukraine.
26 January 1992	Servicemen in the Black Sea Fleet take loyalty oaths to Ukraine for the first time.
28 January 1992	Kravchuk presents plan for political reform to Parliament, calling for separation of powers.
3–4 April 1992	Russian Vice-President Alexander Rutskoi visits Crimea where he calls for its secession from Ukraine.
5 May 1992	Crimean Parliament votes to declare independence from Ukraine.

19 May 1992	AT&T begins direct dial service to Ukraine and other CIS states.
21 May 1992	Russian parliament passes resolution 'On the Legal Assessment of the Decision Adopted in 1954 on Changing the Status of Crimea'; Ukrainian Vice Parliamentary Speaker, Volodymyr Durdynets, states that Russia's Parliamentary resolution is an interference in Ukraine's internal affairs.
2 June 1992	BBC begins to broadcast directly to Ukraine in Ukrainian, first non-Russian broadcast to FSU.
1 July 1992	Ukraine ratifies Conventional Forces Treaty—agrees to destroy 5,000 units of arms.
September 1992	School No. 29 in Kyiv opened as a Jewish Gymnasium—the first in Ukraine.
13 November 1992	Ukraine leaves the rouble zone.
November 1992	Air Ukraine International formed—joint venture between Guiness Peat Aviation and Air Ukraine, Ukraine's national carrier.
9 July 1993	Russian Parliament passes resolution declaring Sevastopol to be part of Russia and the headquarters of a single Russian Black Sea Fleet; Ukrainian President Kravchuk denounces the act as a violation of international law.
21 July 1993	UN Security Council declares Russian Parliament's resolution on Sevastopol incompatible with UN Charter and in violation of Ukraine–Russia agreement of 1990.
3 September 1993	Kravchuk–Yeltsin Summit in Massandra. Yeltsin proposes that Ukraine sell part of its BSF to Russia in payment for energy debt; Kravchuk says already considering option.
16 November 1993	Ukraine accedes to Nuclear Non-Proliferation Treaty with conditions.
14 January 1994	Trilateral Agreement on Nuclear Weapons signed between Ukraine, Russia and the US.
30 January 1994	Presidential run-off elections are held in Crimea, separatist Yury Meshkov wins 73% of the vote.
4 February 1994	Ukraine becomes first former Soviet state to join NATO Partnership for Peace.
27 March 1994	First round of Parliamentary elections.
10 April 1994	Second round of Parliamentary elections.
10 July 1994	Leonid Kuchma is elected President of Ukraine with 52% of the vote.
October 1994	IMF extends first $700 million credit to Ukraine, World Bank offers $500 million loan.
November 1995	Inflation stabilised.
Autumn 1995	Ukraine accepted to the Council of Europe.
February 1996	Interim Trade Agreement with European Union comes into effect.
28 June 1996	Ukraine adopts Constitution.
2 September 1996	Ukraine introduces its own currency, the Hryvnia, at exchange rate of 1.76 to the US dollar.
29 May 1997	NATO–Ukraine accord initialled in Portugal.

31 May 1997	Russian–Ukrainian Friendship and Cooperation Treaty signed in Kyiv in which Russia recognises Ukraine's territorial integrity, agreement on the Black Sea Fleet.
16 September 1997	Ukrainian Foreign Minister Hennadiy Udovenko elected President of 52nd Session of United Nations General Assembly.
29 March 1998	Parliamentary Elections.

FOREWORD

Harold Shukman
St Antony's College, Oxford

The disintegration of the Soviet Union in 1991 proffered an opportunity to observe the transition of a vast unitary command economy and centralized political system that had existed for 70 years into a number of sovereign states, each imagined to harbour an ardent desire for a market economy and democratic politics. The energy released in this process of fission was predicted to bring about rapid change, although it was also understood that some of the new countries would find it harder than others to make their way in the new world of the global market. One of the countries that was thought to have a rosy future was Ukraine. With a population of some 50 million, geographically well-proportioned, with a reasonably balanced population of agricultural and industrial labour and a better than average educated and technological élite, Ukraine ought by now—eight years after the event—to be on the way to prosperity. Potential friction between Ukraine's Eastern (Russian or Russified) and Western Ukrainian-oriented peoples turned out not to be the major stumbling block that had been predicted. Instead, structural problems of a post-colonial kind emerged in the wake of the 'revolution' as more significant. As the arteries of the Soviet system were abruptly severed, successor states found themselves suddenly cut off from their Moscow-based sources of funds, material and, above all, authority, and discovered that their administrative apparatus was inadequate in size and quality for their new role. The problem was felt acutely in Ukraine, which had been the scene of major industrialization and population increase for more than a century, and where the need for financial, managerial and organizational autonomy was therefore especially urgent.

Why the country has managed to progress so little beyond political freedom to economic success in eight years is a question that can be asked of virtually all of the states of the Former Soviet Union. It is particularly pertinent to Ukraine. For decades the voice of Ukrainian activism, both inside and outside the country, dominated the movement for freedom from Soviet Communist oppression to such an extent that the return to power of the Communist élites baffles those who remember the vehemence and dogged persistence of pre-1991 Ukrainian protest.

To what extent is this political atavism responsible for economic failure? Is the global market too high an aspiration for an economy too long held in check by the limiting factors of a centralized command system? Where is the energy of the zealots of independence now directed? What is the content of Ukrainian nationalism now that the country has established its identity? How, after 45 years of false identity as a member of the United Nations, has the state positioned itself in the context of international relations?

Having observed the entire period of transition at first hand, Marta Dyczok is well-placed to offer answers to these and many other questions. One of the academic consequences of the break-up of the Soviet Union was that 'Soviet specialists' quickly found that they were in fact Russianists, with only a nominal grasp of the history and internal dynamics of the non-Russian parts of the system. The new reading presented here of Ukraine's origins and its historical claims will have a salutary effect on the traditional view.

Language and its accessibility became important—as Russian-speaking Ukrainian intellectuals themselves quickly discovered in asserting their credentials as leaders of the National Liberation Movement. Western scholars of Ukrainian extraction therefore came into their own as guides to the unfamiliar world of Ukrainian politics and internal relations. In this respect, Dr Dyczok is the ideal author for this book. Trained as a historian, she has absorbed deep knowledge of Ukraine in a broad combination of fields: history, politics, culture, economics and international relations, and she has several years of practical experience in post-Soviet Ukraine set against a background of Western upbringing and education in Toronto and Oxford.

Ukraine has surprised many international observers. Few anticipated that this nation of 52 million would declare independence on 24 August 1991. The world's spotlight really turned on Ukraine when it resorted to nuclear blackmail to move out of Russia's shadow. Despite fears that Ukraine's actions would cause instability, the new state established peaceful relations with its neighbours, adopted a policy of neutrality and has sought membership in European institutions. Contrary to hopes raised by the widely circulated Deutche Bank Report of 1990, which predicted that Ukraine was poised for a rosy economic future upon independence, it has not managed a speedy economic recovery. It has, nevertheless, maintained domestic stability in a region where violence and unrest are not uncommon.

To understand contemporary Ukraine one must take a quick look into the past. This book provides an introduction to the major issues facing Ukraine today and explains how they were shaped. Contrasting the generally bleak picture that international media reports present, it suggests that Ukraine has actually accomplished a great deal in a short time. In seven years, from 1991 to 1998, Ukraine went from being a little-known nation within a non-democratic state to an internationally recognised independent country. It established a political identity for itself separate from Russia and made steps towards creating a democratic political system including adopting a new Constitution. As Ukraine's first President, Leonid Kravchuk, liked to point out, this was done "without shedding a drop of blood"—a welcome change for a place that has been a battleground for centuries.

Ukraine's actions have had consequences well beyond its own borders or even regional politics—they in effect upset the biopolar international system. Changes to the power structure began with Gorbachev's reforms and in 1991 Ukraine tipped the balance by leaving the Soviet Union. This was the critical act which caused the USSR to implode and begin what analysts have labelled 'the search for a new international order.' Once Ukraine declared independence, Russia could not maintain control over the other Republics and the multi-national state collapsed. This reduced Russia's power and challenged its identity, since by stating that it was not Russian, Ukraine inadvertently called into question what Russia is. This could in future lead to further disputes about Russia's control of

territory—Chechnya being the best-known example of such tendencies. The United States was consequently forced to reconsider the geopolitics of the region and gradually came to link its own security in part with stability in Ukraine. Furthermore, by striving to become accepted as a European state and pursuing friendly relations with NATO, Ukraine has contributed to the debates on reconceptualising Europe and its security.

In these debates, economic growth and stability are widely recognised as key components of security. Ukraine chose a path which balanced economic reform with social stability. Its initial goals were to disengage from the Soviet centralised command system, assert control over economic processes on its territory, introduce market reforms and end its previous isolation from the global economy. Within seven years these goals have been reached, yet at a much slower pace and higher cost than the inexperienced Ukrainian leadership anticipated in 1991. Economic decline unleashed by Gorbachev's reforms intensified after independence as Soviet-era trade and raw material supply patterns were disrupted. Crisis deepened in part because Ukraine did not receive international financial assistance at the beginning of its economic transformation, as happened in countries like Poland and Hungary, but only three years into the process, in 1994, once it gave up its nuclear weapons. Despite a sharp economic downturn, which included the worst hyper-inflation in the region, Ukraine has managed to stabilise its economy and, according to preliminary reports, by 1998 was showing the first signs of growth. The remaining question is which larger economic region will Ukraine be a part of in the future, will it succeed in 'catching up to the West,' remain in a Russia dominated zone or become the centre of a new, East European economic bloc.

In the political realm, change has been both fast and slow. A democratic system has been introduced, new political parties are developing and elections have changed the leadership peacefully three times. Nevertheless, real power remains in the hands of the old *nomenklatura*. Within this group, the minority efficient, reform-minded sector is engaged in a power struggle with the inefficient, old-thinking majority and the conflict has led to the consolidation of regional clans. In the meantime corruption runs rampant and foreign investors are largely staying away. A free press is emerging but does not yet have the power to act as government watchdog and consequently public accountability remains low.

An area which is receiving increasing public attention is social policy since long-term sustainability of economic and political reforms will depend on public support. To date Ukraine's elites have managed to maintain social stability and not experienced violence or unrest, yet they continue to face serious challenges in this sphere. To gain public support in the immediate post-independence years government increased social spending and earnings were protected from inflation through indexing. This put strain on the budget since the drop in economic output combined with a large shadow economy which does not contribute to the tax coffers decreased government revenues at a time when demands for spending continue to grow. The situation is unlikely to improve in the short term since the Soviet legacy of an aging population and the cleanup bill for the world's worst nuclear accident, which affected approximately three million people, means a considerable portion of the population is dependent on state support. Furthermore, growing numbers of families are becoming needy of government assistance as the Soviet safety net unravels and unemployment grows. Ukraine's social problems are not unique. An aging population, rising costs of health care, growing unemployment, environmental damage are all familiar phenomena for mature industrialised states. The difference is that Ukraine must address these problems at a time of massive transformations, when society is coming to terms with the dislocation and new values brought in by the market.

This book looks at these and other issues. The first chapter provides a broad historical background and explains why history is important in the region today. Chapter 2 describes Ukraine's starting point in 1991. It explains the legacies left behind by the Soviet Union: what Ukraine had and what it lacked when it declared independence. The remaining chapters provide an overview of the main political, economic, social, cultural and foreign policy issues in Ukraine.

A separate chapter is devoted to Ukrainian–Russian relations. The way in which these two new states deal with each other will determine whether the region is stable or not. Zbigniew Brzezinski has called Ukraine's independence declaration the third most important geostrategic event of the twentieth century. He rated this move in the same category with the collapse of the Austro-Hungarian Empire in 1918 and the division of Europe into two blocs in 1945. In 1991 Ukraine changed the strategic balance in Europe by reducing Russia's

power. Consequently it has a key role to play in the search for a new international order for the new millennium.

Acknowledgements

The preparation of this book would not have been possible without the kind help of friends and colleagues. I am deeply indebted to Harold Shukman of St Antony's College, Oxford, who first put me in contact with Harwood Academic Publishers and provided advice and support through the entire process of making my idea of writing this book a reality.

Invaluable suggestions, comments and feedback were provided at various stages by Naomi Azrieli, St Antony's College, Oxford; Lesia Babiak, CIDA Partners in Health Programme and Ministry of Health, Ontario; Andrew Barros, Sidney Sussex College, Cambridge who came up with the title; Marta Baziuk, Press Department Director for the Gavin Anderson Ukraine Market Reform Education Programme; Garland Boyette of CEP and the SRD/Checchi Rule of Law Consortium in Ukraine; Erich Haberer, Resident Fellow, Centre for Russian and East European Studies, University of Toronto; Nestor Gayowsky, Canada's first Ambassador to Ukraine; Claire Gordon, St Antony's College, Oxford; John Gruetzner; Olexiy Haran, Associate Professor of Political Science, University of the Kyiv Mohyla Academy, Ukraine; Taek Guy Hong, Seoul University, Korea; Melania Hrybovych, Price Waterhouse, Ukraine; Yaroslav Hrytsak, Director of the Institute for Historical Research, L'viv University, Ukraine; Marta Kolomayets, Public Relations Officer, USAID, Ukraine Mission; Oksana Malanchuk, CEP and University of Michigan; Stephen Mulvey, *The Telegraph* and the BBC; Emma Sherrington; H. Gordon Skilling, founding Director of the Centre for Russian and East European Studies, University of Toronto; Luc Tryens; Lora Wheeler, University of Southern California and especially Susan Viets, the first foreign journalist to be permanently posted in Ukraine for *The Independent* and later the BBC, and Andriy Kudla Wynnyckyj, Bureau Chief, *The Ukrainian Weekly*, Toronto. Their input is deeply appreciated in that it helped me present my ideas in a way that is, I hope, understandable to both experts and non-experts alike.

I would also like to gratefully acknowledge the support of Robert E. Johnson, Director of the Centre for Russian and East European Studies at the University of Toronto who provided me with an institutional home during the writing of this book. His assistance and

multi-faceted advice helped me through the often difficult process of preparing the manuscript. I also benefited from visits to the Russian and East European Centre at the University of Champaign-Urbana Illinois Summer Research Laboratory, where I had the pleasure of meeting and exchanging ideas with Maurice Friedberg and other scholars, and the Institute for Human Sciences in Vienna where Jochen Fried kindly made the resources of the Institute available to me.

Assistance was kindly provided by Jane Davie of the University of Toronto who prepared the maps and the staff of the Petro Jacyk Central and East European Resource Centre at the University of Toronto. Acknowledgement to the J. B. Smallman Publication Fund, Faculty of Social Sciences, the University of Ontario for their financial support for producing the maps. Gratitude is also expressed to the staff of Harwood Academic Publishers who saw this book through its various drafts.

Finally, special thanks to my mother and family who patiently supported this project from beginning to end and provided unfailing encouragement.

Note on Transliteration

This book uses the modified Library of Congress system. Ukrainian names and geographic locations are given in their Ukrainian transliteration. The same holds true for Russian and other languages.

Examples of Ukrainian transliterations include the following:
Kyiv (Kiev)
L'viv (Lvov)
Kharkiv (Kharkov)
Dnipro River (Dniepr)
Chornobyl (Chernobyl)
Oleksander (Alexandr)
Volodymyr (Vladimir)

UKRAINE: Regional Boundaries and Administrative Centres

Chapter 1

INTRODUCTION

Given the difficulties Ukraine has faced since becoming a state one may wonder why it wanted to be independent. There are many answers to this question. On one level Ukraine's elites sought power and when an opportunity appeared they made a bid for it. Ukrainians making power bids is not a new phenomenon. The twentieth century alone shows numerous attempts at independence during times of larger geopolitical changes. Those who looked closely saw a recurring power struggle between Moscow and Kyiv throughout the history of the Soviet Union. What made 1991 unique for Ukraine's elites is that their power bid succeeded: they gained political control of their territory for the first time in centuries. History has shown over and over that once gained, power is not readily given up and judging by their actions since achieving independence, it appears that Ukraine's elites are no exception to this pattern. Since 1991 they have consistently acted to protect their recent gain and, barring natural disaster or foreign invasion, it seems reasonable to assume that Ukraine will remain a state for the foreseeable future.

On another level independence was about economics. While the shock of transition to a market economy has created economic hardship, independence did not cause Ukraine's economic problems. Rather independence was in part a reaction to the economic decline unleashed by the Gorbachev reforms on a population which had endured stagnation and declining growth rates since the 1960s. Many of the problems Ukraine now faces result from decades of misdevelopment, under-investment and poor maintenance. A good illustration is the water shortage in major cities like L'viv, Odesa and Simferopil. Areas of these cities have only cold water and that only for a few hours a day because the water supply systems were neglected for decades.

Such structural problems can be traced back to the 1950s when Soviet central planners decided to develop the 'virgin lands' of the east and little capital was invested elsewhere. Ukraine continued to contribute to the Soviet budget but its profits were invested outside its boundaries or in ways which did not benefit society directly. The most striking example of Ukraine's overall losses within the Soviet Union

occurred in the energy sector. Until the 1970s Ukraine was energy self-sufficient and even exported energy, but by the 1980s its resources became largely depleted and the Republic had become energy dependent. When in 1990 Ukraine's economy went into decline, the Republic's political and economic elites decided the country would have a better chance at economic recovery by separating from the Soviet Union and taking control over its economic future.

The national question was a third element of the independence drive. Indeed, it was Ukraine's cultural intelligentsia that became the voice (spokespeople) of the pro-democracy, pro-independence Rukh movement. Led by poet Ivan Drach, these intellectuals, who were gifted orators, first drew public attention to the soft yet highly political issue of language discrimination. Their message was that the Ukrainian nation was in danger of disappearing after decades of Russification, assimilation and modernisation. Political prisoner Levko Lukianenko took the issue one step further and in 1998 wrote, "The continuation of pre-*perestroika* policies would have meant the total assimilation and destruction of our nation." ("What Next?", 1988). This message fell on receptive ears, to a large degree because it came on the heels of the Chornobyl disaster and at the time when historical atrocities like the artificial famine of 1932–1933 began being discussed. Residents of Ukraine were outraged that decision-makers in Moscow caused such disasters in their Republic. The political aftermath of the nuclear accident and historical exposés galvanized public opinion and seriously undermined the legitimacy of Soviet rule. It was a short step to blaming the Russians for once again causing tragedy in Ukraine and Chornobyl became a main focal point for Ukrainian opposition to both Soviet and Russian rule.

Superimposed on all these issues was the socio-economic hardship that Gorbachev's reforms unleashed. As the Brezhnev stagnation gave way to *perestroika* price rises and shortages, people became increasingly dissatisfied with the *status quo*. As information on the disastrous state of the economy and environment became public and the Soviet leadership proved increasingly unable to take charge, desire for political change grew. Independence held out such a prospect and many believed that change would be for the better. On the eve of the independence referendum in 1991, the mood in Ukraine was very much 'once we take control over our own affairs, life will improve.'

By taking control of their own affairs, Ukrainians caused major waves on the international scene, prompting not only regional but global changes. Ukraine's residents voted for independence mainly for domestic reasons, yet their actions had far-reaching international reverberations. Zbigniew Brzezinski called Ukraine's declaration of independence one of the three most important geopolitical developments of the century. According to the American analyst, the other two were the collapse of the Austro-Hungarian Empire in 1918 and the 1945 division of Europe into two blocs.

Ukraine's declaration of independence rated high on the scale of geopolitical shifts because it was, in effect, the Soviet Union's death certificate. Without Ukraine, Russia could not maintain control over the other Republics, its direct influence was pushed back into its own boundaries, the superpower contracted and 15 new states formally appeared on the map. This upset the bi-polar security system which was believed to have maintained global peace for 45 years. Security analysts grew nervous since the spectre of nuclear proliferation seemed poised to raise its head in the wake of the USSR's implosion.

Consequently the world's leading powers were initially reluctant to recognise the changed *status quo* and Ukraine's new position in it. Many feared that the break-up of the Soviet Union would cause instability, chaos or even warfare. While the Soviet Union was imploding it was not uncommon to hear comparisons to the Yugoslavia scenario. Yet such fears were not grounded in well-informed analyses of the situation in Ukraine or other former Republics. Little was known about Ukraine before 1991 and policy responses often seemed characterized by unpreparedness and lack of understanding.

PRE-1991 PERCEPTIONS OF UKRAINE

Many observers were surprised when Ukraine broke away from Moscow and created its own state. To a large degree this was because before 1991 few considered Ukraine as a separate political unit and regarded it as a region of the USSR, historically an integral part of Russia and strategically important to the survival of the Soviet superpower. Such perceptions were shaped by the lack of information circulating in the world about Ukraine, geopolitical considerations of the two superpowers and the politics of history.

It is not entirely surprising that there was a widespread lack of understanding of recent events in Ukraine since Ukraine was not a state before 1991. It never became formally accepted as an interna-

tional actor the way Poland or Estonia were, since the prevailing twentieth-century Euro-centric view recognizes only states as members of the international community. Other groups in analogous situations such as the Flemish or the Kurds have experienced similar difficulties.

Moreover, during the entire Soviet period there was little information coming out of Ukraine because the Soviet authorities restricted the free flow of information from their state. This was true of the entire USSR but the non-Russian Republics were more completely isolated because no foreign diplomats or journalists were allowed to live outside Moscow until the *glasnost* period. Few tourists or scholars travelled to the Republics because in addition to all the official restrictions there were logistical ones—there were no direct flights into Ukraine from outside the socialist bloc until after independence. So while the anti-Soviet dissent movement did manage to reach the world's attention and Andrei Sakharov became an internationally known figure, few were aware that the opposition movement was strongest in Ukraine or that there was a separate Ukrainian Helsinki Monitoring Committee set up to protest the violations of the 1975 CSCE Human Rights Accords. Newspapers rarely carried stories about events in Ukraine and academic circles largely ignored the non-Russian Republics.

Even after *glasnost* began and restrictions started to lift this information gap continued because no information gathering resources were located in Ukraine until just before the USSR fell apart. The first foreign journalist to be based in Kyiv, Susan Viets of the British newspaper *The Independent*, arrived only in autumn 1990 and until 1991 foreign governments continued to receive information through Moscow because they had no diplomatic missions in the Republics. Attitudes were slow to change even once information directly from Ukraine began reaching the international community because of the intense level of activity in Moscow, the seemingly low level of movement in Ukraine and ingrained Russo-centric perceptions of the Soviet Union. Many Western policy-makers and news editors were sceptical about reports that Ukraine was taking steps towards independence even after they started receiving information from reporters and diplomats stationed in Kyiv. "Are you sure they used the word independence?" was not an uncommon question encountered by people sending reports out of Kyiv throughout 1991. US President Bush appears to have disregarded briefings about anti-Union Treaty sentiments in Ukraine before visiting Kyiv in July 1991 and his speech to Parliament went down very badly.

The focus on Moscow and limited information from Ukraine led to a misinterpretation of events in the lead-up to the independence declaration and its immediate aftermath. Much international attention became focused on the Union Treaty and expectations were high that Ukraine would accept the slightly revised *status quo* Gorbachev was proposing. Even retrospectively analysts have written that had it not been for the coup Ukraine would have signed the Union Treaty on 20 August 1991. In fact, before breaking for summer recess in July of 1991 Ukraine's Parliament had decided to postpone discussing the Treaty until the autumn and was not planning to sign in August.

Had more attention been focused on events in Ukraine before 1991 analysts would have noted that by the summer of 1991 Ukraine had taken a number of key steps towards independence in economics and politics. Ukraine's Sovereignty Declaration of 1990 had proclaimed that Ukrainian legislation took precedence over all-Union laws, that the Republic owned the natural resources on its territory and that it intended to create its own army. Parliamentary speaker Leonid Kravchuk had initiated independent foreign relations (see Chapter 6), and the new political post of President was created with elections scheduled for 1 December 1991. Measures had been taken to control economic activity—such as the creation of a Ukrainian National (Central) Bank in May 1991 and the introduction of a parallel Ukrainian currency, the coupon, on 1 July 1991—more than a month before the coup.

When examined in this context it seems much less likely that Ukraine's independence declaration was a reaction to the failed coup in Moscow and more a sudden culmination of a process towards greater self-rule which had begun as a result of the Gorbachev reforms. These steps by no means prove that Ukraine was about to declare independence, but rather indicate that Ukraine's elites were moving in that direction.

The Moscow coup of August 1991 was without a doubt a key turning point in the process. It provided a window of opportunity to suddenly raise the political stakes and take power, rather than continuing on the slow evolutionary path. With confusion reigning in Moscow, Ukraine's leaders decided to seize the moment and break away. This was in keeping with a pattern visible earlier in the century where Ukrainians attempted to achieve statehood during periods of larger political changes. At the end of World War I Ukrainians created their own state as the Russian and Austro-Hungarian Empires crumbled and similar

efforts were made again during World War II. As soon as political restrictions began lifting in the 1980s, it was predictable that another bid for independence would be made.

What no-one anticipated, including the Ukrainians, was the relative ease with which statehood was achieved. Few realised the *degree* to which a major power shift had occurred, quite how weak the centre had become and how much strength the Republics had gained. When the opportunity arose, Ukrainian political leaders simply had to detach an existing set of political institutions from the larger Soviet structure. Because the act occurred so smoothly, some doubted whether the changes would last. For months many joked about how long Ukrainian independence would survive this time around given that previous attempts were short-lived.

Initially this was a valid question since Ukraine's independence declaration directly contradicted the strategic interests of the United States and Russia. Although Ukraine was not widely known about internationally, both Soviet and Western security analysts realised that without Ukraine the Soviet Union could not be a superpower. Lenin had acknowledged this in 1918 commenting, "For us to lose Ukraine is to lose our head." To keep the former tsarist empire together Lenin was prepared to make concessions to the Ukrainian movement and allowed the creation of a separate Ukrainian Socialist Republic, even though the Red Army controlled Ukraine's territory.

In 1991 Ukraine's elites were less susceptible to pressure since they controlled the army and had gained popular backing for their act of independence. However they did need international recognition to secure their new position, especially from the United States. Three tense weeks passed before the US recognised Ukraine's independence, and this occurred only after Gorbachev resigned. Tensions with Russia continued for seven years until NATO enlargement prompted Russia to recognise Ukraine's borders.

Elites in Moscow were reluctant to relinquish influence over Ukraine since in many ways Ukraine had been an important component of Soviet power. Its size, geostrategic location, economic weight, influence on Russia made it the second most important Republic, and some have argued, the fulcrum of the Soviet Union. Although significantly smaller than Russia, Ukraine is territorially larger than any other European country. With a territory of 603,700 square kilometres (232,200 square miles) it is roughly the size of Germany and Great Britain combined. Location-wise it is a strategic

corridor for Russia into Europe and the Mediterranean through the Black Sea. As a Soviet Republic Ukraine formed the USSR's western and southern European boundaries, with the Black Sea acting as a frontier with NATO since nuclear submarines could be harboured off Turkey.

Economically, Ukraine was crucial to the USSR for its natural and human resources. Although only 2.7% of the territory, it's fertile soil produced one-quarter of the USSR's food and its rich mineral deposits were a key part of industry. The Donbass coal fields alone accounted for a quarter of Soviet coal output and one-fifth of Soviet industrial production came from Ukraine. Ukraine's population contributed significantly to the scientific and technological development of the Soviet superpower—a large portion of the Soviet military research and development base was located in Ukraine, particularly in the aerospace industry. Finally, Russia needed Ukraine for its identity, its historic foundation myth uses Kyiv as the cradle of its civilization.

Because Ukraine was so important to the USSR, Western leaders were reluctant to strongly support Ukrainian separatist claims. Power brokers in Washington, London and Brussels believed that global peace and stability were best preserved by continuing bipolarity and consequently it was in their interests that the USSR continue to exist as a unified political entity. Although a certain degree of internal reform within the Soviet Union was welcomed, strategic considerations superseded ideological ones when it came to issues of national self-determination. The break-up of the USSR into 15 or more political units was considered undesirable since it was feared this would create instability.

Western leaders had long proclaimed the desire to see political changes in the Eastern bloc but were unprepared to support real transformations within the USSR. Lithuania's declaration of independence went unrecognised for over a year. Less than a month before the Moscow Coup of 1991, then US President George Bush visited Kyiv and advised Ukrainians to stay within the Soviet Union. "Freedom is not the same as independence," he told Ukraine's Parliament in a statement which journalists dubbed the infamous "Chicken Kyiv" speech. This was thinly veiled support for Gorbachev's Union Treaty which was being sold to the Republics as a process for negotiating devolution of power from the centre but would keep the Soviet state together.

Western desire to see the USSR preserved was so strong that to a degree it blinkered analysis of the socialist superpower's turmoil of the late 1980s. With attention focused on the power struggles in Moscow, few observers were prepared to consider the possibility that alternative power centres would emerge in the Republics which could politically challenge Moscow. Some attention was given to the separatist movements in the Baltics and later Georgia, but Ukraine was generally viewed as a quiet Republic, unlikely to cause waves.

This view changed after Ukraine declared independence and refused to become fully integrated into the CIS. International security analysts began scrambling to gain knowledge on Ukraine and sought out Western experts on the country as well as political scientists in Ukraine. What they discovered is that Ukraine's contemporary politics are very much affected by history yet like all post-communist states Ukraine is coming to terms with the past and engaged in the process of re-claiming and re-examining its history. This complex process is affected by the politics of history which until 1991 largely prevented Ukrainians from having access to their own history.

The way history is recorded is often determined by political factors and until recently Ukrainians did not have a state of their own to act as guardian of their historic legacy. Consequently Ukrainian history was most often presented to the world and its residents from the perspective of the powers which controlled its territory. Beginning with the eighteenth century, when the writing of history became a modern profession, Russia, Poland and later the Soviet Union sought to legitimize the *status quo* or their claims to Ukraine through historiography. These states promoted historical writings which denied the existence of a separate Ukrainian peoples or nation to negate their demands for political self-rule. Although all communist countries experienced a distortion of historical writings, in Ukraine this process began much earlier and was not simply ideologically motivated but rather aimed at undermining a political identity. No Communists denied that Poles or Uzbeks were distinct nations.

The first scholarly histories of Eastern Europe were written in the late eighteenth and early nineteenth century when the only state in the region was Imperial Russia. The Tsars were keen to have historians create a narrative which justified their rule over vast territorial expanses and especially Ukraine because of its strategic and economic importance. Nikolai M. Karmazin's twelve volume *Istoriia gosudarstva rossiiskogo* (1818–1823) was perhaps the most influential study which created the

conceptual framework of Russian history that is still widely accepted today. The main points of his theory were that Imperial Russian monarchs were direct descendants from the medieval Kyivan-Rus' princes, the Russian people were made up of three groups, the Great Russians, White Russians (Belarussians) and Little Russians (this was his description of Ukrainians) and their historical destiny was to live together in one state which must naturally include the city of Kyiv. In the twentieth century Soviet historians slightly revised this to include the idea of a socialist and later Soviet nation.

Poland did not enjoy statehood in the nineteenth century when these first historical works appeared and its early historical writings focus on reclaiming past glory when Poland was a great power and extended its influence over western and central Ukraine. Its classical historical texts, therefore, consider much of Ukraine an integral part of Poland on the grounds that these territories were an uncivilized frontier until Poland extended into them in the thirteenth and fourteenth centuries.

Ukrainian interpretations of their own history were often banned, unknown or dismissed as a minority conviction of nationalists or political opportunists who's agenda was undermining the existing *status quo*. Outside small circles of specialists, few knew of Mykhailo Hrushevs'kyi's ten volume *Istoriia Ukrainy-Rusy* (1898–1937) which presents a scholarly argument legitimising Ukraine's political separateness.

Western historians, who shaped international public opinion on the Ukrainian question, were influenced by Russian and Polish historical writings and only recently have begun to critically reassess the classic studies. (Byrnes, 1995) Ukraine was barely known to experts on the region and in keeping with the dominant interpretations was generally considered a part of Russia, its western areas Polish territories. Few books on European history included mention of Ukraine, and before 1991 it was not uncommon for university students to complete degrees in Russian/Soviet and East European history without gaining awareness that Ukrainians had a separate political identity.

Historians in Soviet Ukraine were rarely able to engage in open historical debates and therefore no voice came from twentieth century Ukraine to challenge the dominant historical canon. This began to change as *glasnost* lifted restrictions on freedom of speech and residents of the Soviet Union began re-discovering their histories. Within Ukraine (and the other Republics) there was a great surge in

public interest in history as dissident intellectuals began presenting and publishing non-official versions of national histories and filling in the 'blanc spots.' By 1987 Gorbachev publicly acknowledged the need to reassess the Stalin era but as was the case with many of his initiatives, once the ban was lifted the process soon spun out of his control. History quickly became an important tool of the pro-independence movements. In Ukraine exposés of the deliberate policies of assimilation, Russification and discrimination in addition to Stalin era atrocities such as the famine of 1932–33, the brutality of collectivization, the purges, Sovietization of Western Ukraine fuelled anti-Soviet, pro-independence sentiments and undermined the legitimacy of the Soviet state.

Historians in post-Soviet Ukraine are now able to engage in international debates on Ukrainian history and are in the process of re-examining the past to filter out the various political hues. This process will take time but insofar as the past is influencing the present it is helpful to know the broad outlines of the country's history and historical controversies.

BRIEF HISTORICAL SKETCH

For much of the world Ukraine 'appeared' in 1991. In fact Ukraine has been where it is for millennia and what happened in 1991 was the local elite succeeded in re-gaining political control of its territory. The international community initially thought of Ukraine as a new entity because it had not been a state in modern times. By 1995 US President Clinton noted that although a new democracy, Ukraine was one of Europe's oldest nations.

Ukrainian territory has been inhabited since the Stone Age, from approximately 200,000 BC, and its northwestern territories are believed to be part of the proto-Slavic homeland. To a large degree Ukraine's history has been shaped by its geography. The extremely fertile and mineral rich plain has no natural boundaries and is located on the cross-roads between East and West, North and South. Throughout the ages it has attracted traders and invaders, developed a reputation as 'the breadbasket of Europe' and often been a battleground where foreign armies fought for influence. In the Second World War alone Ukraine lost one in six of its population.

The manner is which Ukrainian history has been recorded has left the story full of controversies, gaps and inaccuracies. Events on the territory which today is known as Ukraine can perhaps be best under-

stood as the dynamic between local inhabitants and those who arrived from elsewhere as shaped by larger historical and geo-political forces.

The earliest written references to the lands of Ukraine are by Greek, Roman, Byzantine and Arab writers who record the colonization of the Black Sea coast by the various empires. They describe the 'barbaric' inhabitants who lived there and provided them with grain, meat, fish, furs, wax, honey and slaves in exchange for textiles, art works, wines and other luxuries. It is from these early sources that Ukraine first developed a reputation for natural wealth, with the ancient Greek historian Herodotus raving about the Dnipro river containing 'an abundance of the most delicious fish' and its banks being 'the loveliest and most excellent pastures for cattle,' and reaping 'the richest harvests.' These early works also refer to the Asiatic nomads from the east, from the Scythians to the Sarmatians, who successively passed through Ukrainian lands and took turns colonising, ruling and integrating into the local population.

The first reasonably well documented period of history on Ukrainian territory is the era of Kyivan Rus' (Kievan Russia) which lasted from the ninth through the thirteenth centuries. It began at a time when Europe was undergoing profound changes and developments from this era shaped the identity of inhabitants of Ukraine for centuries to come.

In the ninth century Charlemagne's empire was disintegrating from intercenine warfare; the Arab Caliphate took over northern Africa, southern Italy and most of the Mediterranean trade routes; Scandinavians (known as Norsemen, Vikings and Varangians) were launching invasions into Europe both causing destruction and opening up new trade routes; and the Khazar Khanate in the east was beginning to break down as a result of civil war and invasion from a new nomadic warrior people from the east, the Pechenegs. The only European political entity to survive was the Byzantine Empire which was entering its golden age.

Amidst these changes Kyiv found itself at the intersection of new trade routes which linked the Scandinavians to Byzantium and the Silk Route between Asia and Europe. Within a century Kyiv was the capital of a political conglomerate which had grown into the largest political entity on the continent and the city itself grew to a population of 40,000 (a size that London would achieve only four hundred years later). Kyivan Rus' achieved the zenith of its power under the rule of Grand Prince Volodymyr (Vladimir) the Great and Iaroslav the Wise

in the tenth and eleventh centuries. Both men left lasting legacies on the lands they ruled.

Like most medieval kingdoms, Kyivan Rus' was a loose federation of smaller kingdoms which during Volodymyr's reign developed into an area called Rus'. Volodymyr consolidated his power by placing relatives on the thrones of the peripheral kingdoms and fortifying its perimeter. Thus he went down in history as 'gathering the lands of Rus' which seven hundred years later rulers of Muscovy would use as a historical legitimisation for their expansion into Ukrainian territory. In Volodymyr's time Rus' consisted of the seven lands of Pereiaslav, Chernihiv, Galicia-Volhynia, Polatsk, Smolansk, Rostov-Suzdal and Novgorod. Volodymyr's other lasting legacy was bringing Christianity to his kingdom from Byzantium in 988. For centuries after Volodymyr's rule, until modern nationalism appeared, inhabitants of today's Ukraine identified themselves as Orthodox Christians from the land of Rus'.

Volodymyr's successor Iaroslav consolidated the identity of the pre-state by codifying its laws in a written text, commissioning the first historical chronicles, constructing architectural monuments, including the St. Sophia Cathedral, which throughout the ages served as a reminder of Kyiv's golden age, and engaging in marriage diplomacy to secure the Principalities' trade routes.

Kyivan Rus' began to decline in the twelfth century as a result of internal power struggles, changing trade patterns and the appearance of a new political force—the Mongols. Unity which existed during the rule of Volodymyr and Iaroslav disintegrated and three of the principalities began emerging as powerful new states: Galicia-Volhynia in the west and Vladimir-Suzdal' and Novgorod in the north. In time all three would claim the legacy of Kyivan Rus' but their immediate task was to expand their power and withstand the attacks from the east. The Mongol invasions began in 1237 and culminated in the dramatic destruction of Kyiv in 1240, a blow from which the city would not recover for centuries.

The Mongols set up their state (Khanate) in the lower Volga region and established control over both the Kyivan Rus' lands and the lucrative the Caspian-Black Sea-Mediterranean trade route. Contrary to popular myth, the Mongols created an era of stability during which trade thrived under the so-called Pax Mongolica. Much of the lands of Rus' were subordinated to the new Asian rulers and while held in

vassalage were allowed to exist pretty much as before. Since the Mongols were not interested in directly ruling over the Rus' lands, they did not forcibly change the religion or social structure and allowed the existing elites to continue managing affairs while paying tribute to the new masters.

The significant change was that Kyiv lost its role as political and commercial centre. As Kyiv declined, the western Rus' Kingdom of Galicia-Volhynia grew in power and expanded its influence over central Ukrainian territories, claiming the role of the new ruler of Rus' despite being forced to pay tribute to the Mongols. Within a hundred years they were taken over by another new force which emerged from the northwest—the Duchy of Lithuania—which in 1340 challenged Mongol power, expanded southward and gained control of the Rus' lands. Like their predecessors, they left the local elites in place and over the years even adopted many features of the Rus' people they ruled, including Christianity. The areas Lithuania did not extend to were the northern kingdoms of Novgorod and Suzdal, which remained under Mongol vassalage, and the principality of Galicia, which was under Polish control. Throughout this period socio-economic patterns on most of Ukrainian territory remained similar to what they had been for centuries: power rested in the hands of the Orthodox nobility and church, towns with multi-ethnic populations acted as centres of trade and culture and the land was cultivated by Orthodox peasantry.

Changes began when the Islamic Ottomans in the south grew in power and Catholic Poland gained strength in the west. In medieval times identity was based on religion and with the fall of Byzantium (1453) residents of Ukrainian lands lost an important cultural and political buttress. As the Mongol Khanate broke into three branches, the Crimean Tatars came under Ottoman protectorate and one main focus of their economic activity became procuring slaves for the Turks. Ukrainian lands became their source of supply. Consequently the southern and central steppe zones became a dangerous, depopulated zone. Around the same time Poland and Lithuania developed closer links and eventually united into the Polish-Lithuanian Commonwealth. In that relationship Poland gradually gained the upper hand and began extending its influence into the fertile lands of Rus'. Unlike

the Mongols or Lithuanians who came before them, the Poles radically changed the Rus' socio-economic landscape.

The Poles were Catholic and the Polish-Lithuanian Commonwealth gradually came to be ruled by the Polish Catholic nobility. As Western Europe experienced a population explosion and the demand for grain increased, Polish landowners began expanding their land holdings into the fertile lands of Rus'. Their arrival affected all social strata. The resident Orthodox nobility was faced with the choice of converting to Catholicism or losing their rights and privileges under the new regime. The Orthodox church, which no longer enjoyed protection from Constantinople, came under pressure from the Catholic church, especially with the arrival of the aggressive Jesuits and the impact of the Reformation and Counter-Reformation. Cities and towns declined since the nobility increasingly concentrated wealth in their own hands and restricted activities of urban merchants. The countryside was reorganised into the manorial estate (latifundium) which placed farmers under more direct control of the nobility and gradually led to serfdom. The revised rural structure also placed Jews and farmers in a mutually dependent yet antagonistic socio-economic relationship. Polish magnates often turned over the running of their new estates to Jewish leaseholders who eventually became the linchpin of the arenda economic system and the focus of serf grievances.

These changes evoked a response from the inhabitants of Ukraine. Certain elements of the nobility and clergy assimilated to the new order, became Polonized and converted to Catholicism. Others attempted to protect their identity by staging an Orthodox revival. Prince Konstantyn of Ostrih and Kyiv Metropolitan Petro Mohyla were leading figures in developing Orthodox education, publishing and culture. The Ostrih Academy, set up by Prince Konstantyn in 1587, and Kyiv Academy, set up by Metropolitan Peter Mohyla in 1615, became the first slavic Orthodox centres for higher learning, training generations of intellectuals who would later build institutions in Muscovy. The first bible published in Church Slavonic was produced on the estate of Prince Otsrozh'kyi, in western Ukraine, in 1581. In the cities lay brotherhoods were established to protect the interests of Orthodoxy through setting up schools, engaging in publishing and promoting cultural and civic activities. The countryside rebelled by staging violent uprisings. When the grain trade began to decline in the second half of the seventeenth century and the Polish

magnates attempted to maintain their profit levels by demanding more free labour from the farmers, the uprisings spread.

Tensions came to a head in the mid-seventeenth century and culminated in 1648, a year which saw many memorable developments in European history. That year the Peace of Westphalia was signed, ending the Thirty Years' War in Germany and resulting in the international recognition of Switzerland and the United Netherlands; the Second Civil War began in England and the Frode in France. On Ukrainian territory uprisings backed by Cossack military might swelled to the largest rebellion in Europe at the time. In this conflict social, economic and religious tensions overlapped, described one author, "As Khmel'nyts'kyi's [Cossack] armies defeated the Poles, Orthodox battled Catholics and peasants massacred Jews." (Motyl, 1993) During this uprising the Jewish population, which had lived on Ukrainian lands for centuries, suffered tremendous losses since they were targeted by the farmers and Cossacks along with the Polish magnates. This episode has been called 'one of the worst catastrophe's ever to befall the Jewish people.' (Helmreich, 1983)

When the dust settled the Cossacks had removed Polish/Catholic influence from Ukrainian territory and set up their own state, the Hetmanate, and to varying degrees remained a political force on Ukrainian territory until 1711. The Cossacks appeared as a unique political phenomenon on the steppes of Ukraine in the fifteenth century. They played a pivotal role in the seventeenth century geo-political re-alignment of Eastern Europe which would last until the First World War. They also produced the stuff Ukrainian legends are made of. Most historians agree that they appeared in the central Ukrainian region known as the steppe in the fifteenth century and were a combination of disgruntled noblemen who had lost their privileges at the hands of the Polish kingdom and runaway farmers who refused to submit to the new landlords. They assembled on the borders of territories controlled by the Polish-Lithuanian Commonwealth and the Ottoman Empire, the political no-man's land to which Poland had not yet expanded and Tatar raids had depopulated. With the rise of serfdom their numbers increased dramatically and they organised into units. Some sold their military services to the Polish king while others established a fort on the island of Zaporizhzhia and elected a leader whom they called Hetman.

In 1648 under the leadership of Hetman Bohdan Khmel'nyts'kyi the Cossacks supported the wave of uprisings in the countryside. Poland

and Muscovy were both weak at the time, with one emerging from the Thirty Years' War the other from its Time of Troubles. Consequently, the Cossacks were able to gain control of central Ukraine's territories and create their own state, the Hetmanate. Six years later Khmel'nyts'kyi, as leader of the Hetmanate, concluded an agreement with the tsar of Muscovy. This accord has become known as the 1654 Treaty of Pereiaslav and consisted of Khmel'nyts'kyi gaining a military ally in exchange for accepting the protetorate of Orthodox tsar Alexei Mykhailovych.

Theses events altered the power balance in Eastern Europe from Poland to Muscovy. Before 1654 Muscovy was a land-locked north-eastern power while the Polish-Lithuanian Commonwealth was the largest and most powerful state in the region. Much of modern Ukrainian territory was under Polish control, and at times Poland even attempeted to extend its influence over Muscovy. Following the Pereiaslav Treaty Muscovy's influence began spreading into Ukrainian territories, gradually extending to the Black Sea, the Balkans and Central European areas. In 1721 Muscovy renamed itself the Russian Empire and became the dominant power in the region. As Muscovy gained influence over Ukrainian territory, Poland's territorial holdings shrank. It never recovered from the prolonged unrest and warfare, and in just over a century experienced the Partitions which caused it to disappear off the political map of Europe until 1918.

The long-term results of this treaty were also negative for Ukraine. After gaining political independence in 1648, the Hetmanate was unable to sustain itself as a political entity. The Pereiaslav Treaty linked it to Muscovy and the Hetmanate gradually lost its autonomy. The centralised political structures which existed in Muscovy, combined with forces of modernisation and the under-developed elite which the cossacks formed resulted in the loss of political self-rule on Ukrainian territories. The Hetmanate and other Ukrainian lands were once again divided, between Muscovy and Poland, later Russia and Austro-Hungary. In the Western areas inhabitants of Ukraine were able to retain a distinct identity because of the religious divide—Orthodox bishops from Galicia formed a separate Catholic Church in 1569 by appealing to the Vatican and in exchange for recognition of their separate status accepted the Pope's authority and created the Uniate (later Greek Catholic then Ukrainian Catholic) Church. Also, Poland's growing weakness

slowed assimilatory policies. After Poland was partitioned in 1772 these lands came under Austro-Hungarian rule. Ukrainians benefited from the Hapsburg divide and rule policy which encouraged ethnic/national groups to foster their own identities rather than unite against the centre.

Central, eastern and southern Ukrainian lands came under Muscovite/Russian rule which was increasingly centralised. The area which had experienced self-rule and a vibrant cultural renaissance was turned into an economic colony, cut off from European influences and made into a provincial, cultural backwater. As had been the case under Polish rule, Ukrainian lands were valued for their rich agricultural production. With modernisation, urbanisation and industrialisation, Ukraine's importance in the Russian Empire grew because of its abundant mineral deposits, particularly the Donbass coal fields. The remaining elites, the old Rus' nobility, Cossack leadership (starshyna) and intellectual leaders were gradually absorbed into the Russian Imperial administration and system, playing a role similar to that of Scots in the British Empire. Graduates of Kyiv's Mohyla Academy founded institutions of higher learning in Russia. Religion stopped being a pillar of a separate identity after Kyiv's Orthodox Metropolitan was subordinated to Moscow and Ukraine's religious institutions were assimilated with their neighbours to the north. Russian historians began incorporating the Kyivan Rus' period into their foundation myth and presenting the residents of Russia, Ukraine and Belarus as members of the same nation. By 1865 the Ems Ukaze denied the existence of a separate Ukrainian language and banned it from use.

The ethnic composition of the population in the nineteenth century remained predominantly Ukrainian with important Jewish, Tatar, Polish and Russian minorities. Jews first migrated to Ukrainian lands in the fifth and fourth centuries BC when Greeks began establishing cities along the Black Sea coast. Their numbers increased in the seventh and eighth centuries AD when others migrated from the Khazar Khanate in the east, and in the twelfth century when Ashkenazi communities fled persecution from Germanic lands. As Polish influence spread into Ukrainian territories in the fifteenth century, the Jewish community expanded further, playing a key function in the new economic order. Under Muscovite rule, Jewish settlement was concentrated in areas of Ukraine and Belarus known as the Pale of Settlement, since tsarist policy restricted this minority from

residing in ethnic Russian territories. By the nineteenth century the majority of the Jewish population in Ukraine was urban, occupying prominent positions in banking, industry, business and commerce. For example, in 1897, 93% of the factory owners in Volhyn were Jewish. Ukraine became a fertile ground for development of Jewish culture, witnessing the birth of Hasidism and Hibbat Zion (the first pioneering Zionist movement). The Jewish minority also played an important role in shaping the character of cities in Ukraine. However, although Jews were well represented in the economic elite, the majority of this group lived in poverty in self-governing communities—Shtelts. In the late nineteenth century they became victims of racially motivated attacks, pogroms, which caused many to migrate out at the turn of the century. The majority, nevertheless, stayed, and some, including Lev Bronstein (Leon Trotsky) took leading positions in political events.

A second important minority in Ukraine were the Crimean Tatars, descendants of the Mongols who arrived in the thirteenth century and set up their state on the Crimean peninsula. Before Russian rule began in 1783 they made up 90% of the population of Crimea. By 1987 that had dropped to 34%, as a result of Russian in-migration, deliberate tsarist policies of colonisation by non-Tatars and Tatar out-migration. Although Tatar political, economic and religious institutions were eroded under Russian Imperial rule, the peninsula nevertheless remained the Tatar homeland which experienced a national revival in the late nineteeth century.

Polish migration into Ukraine dates back to the fifteenth century, when the Polish Kingdom began expanding into the lands of Rus'. The Polish minority was located mainly in Western and Central Ukraine and was composed primarily of nobility and clergy who had retained their priviledges after coming under Russian rule following the Partitions. Although their economic situation declined compared to their previous status, they nevertheless occupied leading positions in the economic and political strata in Ukraine despite their numerical minority.

The most important minority in Ukraine were (and continue to be) the Russians. They began arriving after Muscovy spread its influence into Ukrainian territory following the Pereiaslav Treaty of 1654. The first wave of migrants were military personnel stationed in the Hetmanate. In the early eighteenth century Russian nobility began receiving estates in Ukraine and to which they often brought their Russian serfs. It was not uncommon for the serfs to assimilate into

local Ukrainian culture but the nobility retained a distinct Russian identity. This wave was followed by an influx of merchants into the cities, religious leaders and settlers. By the nineteenth century Ukraine became a popular destination for Russian settlers and industrial workers, who were attracted to the jobs opening up particularly in the Donbass region. Kyiv became an appealing city for Russian cultural figures such as Bulgakov and Malevich. The Russian minority in Ukraine was particularly well represented in urban areas, which housed imperial administrations and workers, and as a general rule, were hostile to the Ukrainian national movement.

In the nineteenth century ideas of modern nationalism began spreading through Eastern Europe and Ukrainians experienced a national revival, similar to those of other East European peoples who lived in large, multi-national empires. Initially these ideas were limited to the domain of intellectuals but in time they spread to larger sectors of society. When the old order began collapsing with the outbreak of World War I, these national movements attempted to create states.

The Ukrainian national movement developed both in Russia and Austria-Hungary since Ukrainian territory remained divided between these two Empires. Due to the repressive character of the Russian Imperial regime and its specifically enmitous attitude to any attempts to build a separate Ukrainian national identity, the Ukrainian movement in the Russian Empire was confined to semi-clandestine activities. Still they were successful in mobilising Ukrainian farmers under the dual message of socialism and nationalism. As the two empires collapsed Ukrainians attempted to create their own state.

There were three contenders for power on Ukrainian lands at the end of the First World War: the Provisional Government based in Petrograd, the Central Rada in Kyiv and workers' parties (mainly Mensheviks and Bolsheviks) based in the urban soviets. The Central Rada emerged as the strongest and in November 1917 created the Ukrainian Peoples Republic. In January 1918 it was joined by the Ukrainian Peoples Republic of Western Ukraine and created the first modern Ukrainian state. Although enjoying support from the farmers as well as certain elements of the workers and army, the Rada failed to stay in power because it lacked an administrative apparatus to control its territory. More importantly it lacked military strength to withstand an attack from the Bolsheviks who launched their first invasion into Ukraine in January 1918. The Bolsheviks had set up a rival Ukrainian government

in Kharkiv which provided the pretext for military intervention. Three years of civil war followed during which the Axis, Entente, White and Red armies sent troops to Ukraine. With the military and economic backing of Soviet Russia, the Bolsheviks finally took control of Ukraine, ceding the western areas to Poland after a prolonged conflict. The only former Tsarist-held territories which succeeded in withstanding re-incorporation with Russia were countries where Allied or German intervention lasted for an extended period of time.

Although the Ukrainian national movement fell short of creating a state, it succeeded in strengthening a separate Ukrainian political identity. When the Bolsheviks incorporated Ukraine into their new state, it was granted the status of the Ukrainian Soviet Socialist Republic. This status was codified in the Treaty of 1922 which put Ukrainian and Russian relations in a legal framework within the Soviet Union. To consolidate power the Communist Party introduced the New Economic Policy for the entrepreneurs and farmers, Korenizatsiia (Indigenisation—Ukrainianisation) for the intellectuals and allowed Ukrainians access to government office, the education system, mass media and trade unions. The 1920s were a period of cultural and civic revival in Soviet Ukraine and local elites sought to gain increasing autonomy for the Republic in economics and foreign policy. This came to an end with the rise of Stalin who brutalized the countryside through collectivisation and famine, decimated the Ukrainian elite through purges and turned the country into a huge industrial region. Ukraine's Donbass became the engine of Stalin's industrialisation drive and war preparations.

Western Ukrainian territories were divided after World War I between the newly created states of Poland, Romania and Czechoslovakia. In each of these states Ukrainians' separate national status was recognised by the League of Nations who forced the new states to sign Minorities Treaties. These Treaties were designed to protect the rights of minorities, and largely owing to these treaties Ukrainians outside the Soviet Union also enjoyed a relatively high degree of cultural, civic and religious freedom in the first post-war decade. The 1930s witnessed a return to more authoritarian policies by the East European states and curtailment of minority rights. Poland controlled the largest portion of western Ukrainian territories and it was in that state that a Ukrainian Nationalist Movement (OUN) developed. When World War II broke out on the Eastern front they led the Ukrainian Insurgent Army in military struggle for Ukrainian independence. Their efforts ended in

failure but the guerilla army kept fighting until 1952. Now as Soviet archives are opening, a clearer picture of the strength of this movement is emerging.

The Second World War devastated Ukrainian lands, taking six million lives in Soviet Ukraine and causing material destruction of much housing, industry, communication—amounting to 47% of the USSR's total material losses. This was followed by famine in 1946–47 and Sovietisation of the newly acquired western territories which included deportation of entire villages and continued campaigns against the Ukrainian Insurgent Army.

After Stalin's death the political and economic situation eased and Ukraine experienced another cultural revival. By the 1960s a Ukrainian dissident movement appeared whose aim was to restitute civil rights and national self-determination for the Republic. Unlike in Russia, it enjoyed the support of workers and elements of the Communist Party. Ukrainian CP First Secretary Petro Shelest allowed an increased use of the Ukrainian language in government, media and education. This ended with the Brezhnev crackdown of 1972. 'Patriotic elements' of the Communist Party of Ukraine were purged and dissident activists arrested. Shelest was removed from office and prohibited from making public statements. His replacement, Brezhnev's crony, Volodymyr Shcherbyts'kyi, kept Ukrainian national aspirations under tight lid until the late 1980s.

It is a historic irony that Ukraine's current borders were created by the Red Army at the end of World War II. Galicia and Volhyn were annexed from Poland in 1939 and re-gained in 1944, northern Bukovyna and sections of Bessarabia were taken from Romania in 1940 and in 1945 Czechoslovakia ceded Transcarpathia. The 1954 transfer of Crimea from the Russian SFSR completed the boundaries which Ukraine inherited in 1991.

THE CONTROVERSIES

Controversies in Ukraine's history are having an impact on the present. Many Russians today have difficulty accepting Ukraine as an independent state because their perceptions have been shaped by historical writings which portray Ukrainians as part of the Russian peoples, a sub-category commonly known as Little Russians or South Russians. Kyiv is considered the cradle of Russian civilization. The break-up of the Soviet Union meant more than loss of empire for

Russia—Ukraine's independence was viewed as a threat to the historical underpinnings of the Russian identity.

Such perceptions are firmly ingrained because the widely accepted Russian foundation myth traces a dynastic link back to the period of Kyivan Rus'. After Muscovy expanded into Ukrainian territories historians created a narrative that justified Russian control over Ukrainian and Belarussian territories through 'displacement of political centres' and 'depopulation' theories. In simplified terms, the eighteenth and nineteenth century theories state that after the Mongol invasion of 1240 the leaders and the inhabitants of Kyivan Rus' moved northwards. There they continued their civilisation and eventually developed into Imperial Russia. According to this theory, the territory around Kyiv became a wasteland for decades, until peasants from Poland and Lithuania began moving there in the thirteenth century. Ukrainian national aspirations, which emerged in the nineteenth century, were dismissed or portrayed a modern political idea used by foreign powers, especially Germany and Austria, to undermine the unity of Russia. Harvard historian Edward Keenan has recently presented evidence that the leaders of Muscovy were not interested in the period of Kyivan-Rus until they began expanding territorially into Ukraine. (Keenan, 1994).

Ukrainian historians began claiming the Kyivan Rus' period for their historical narrative slightly later, when ideas of modern nationalism began spreading through Eastern Europe in the second half of the nineteenth century. In keeping with trends of the time, they began writing the history of Ukrainians as populist or non-state history, focusing on indigenous peoples rather than tracing dynastic or state structures. They argued that is was not plausible that the entire area around Kyiv become totally depopulated after the Mongol invasion. Given the transportation possibilities of the time it was unlikely that the entire city and surrounding area would have moved as far north as Vladimir-Suzdal or Novgorod. Continuity is traced through Galicia-Volhynian control over Kyiv in the thirteenth century and then the Lithuanian-Polish period. This is used as evidence that cultural and social traditions of Kyivan Rus' continued on Ukrainian territory even though Kyiv had stopped being a political centre. In contrast, new socio/economic patterns developed in the north which did not experience Lithuanian rule but remained under Tatar vassalage. These areas became the tsardom of Muscovy and later Russian Empire, and consequently Ukrainian historians argue that

Ukrainians and Russians developed as distinct peoples, historically, linguistically and culturally.

Terminology has clouded this debate, particularly the words "Rus'", "Ruthenia" and "Russia." Both Russians and Ukrainians used these terms to identify themselves until the nineteenth century. As the Ukrainian national movement developed it adopted the term 'Ukraine' to distinguish itself from Imperial Russia. The word Ukraine first appeared in the eleventh century Kyiv chronicles and is believed to mean borderland. Once it became used to delineate a separate political identity, it had the negative result of terminologically distancing Ukrainians from the Kyivan-Rus' period.

Controversy over this period of history is likely to continue for the foreseeable future, since it requires Russia to re-examine its history, its relations with Ukraine and very concrete issues such as ownership of property, art and archives. For example, the Russian Orthodox Church still controls Kyiv's Monastery of the Caves and the Kremlin houses invaluable icons from Kyiv from this period—the Ukrainian Orthodox Churches are attempting to change this.

The second controversial period in the history which occurred on Ukrainian territory is commonly known as the Khmel'nyts'kyi era. Statements about three hundred years of friendship or colonization, depending on whose interpretation one reads, refer to these events. The date used to calculate the length of the relationship is 1654, when Cossack leader Bohdan Khmel'nyts'kyi and Muscovite tsar Alexei Mykhailovych signed the Treaty of Pereiaslav. Although the text of the agreement has not survived, Russian historiography has used it as evidence that Ukrainians wanted to unite with the Russians whereas Ukrainians view it as evidence of Muscovite bad faith. The uprising which proceeded the Treaty contributed to Poland's weakening and devastated of the Jewish population on Ukrainian territory.

Thus the figure of Khmel'nyts'kyi has been described as a freedom fighter, butcher, rebel and traitor, and remains a divisive figure among the various ethnic and religious groups in Ukraine today. Polish historiography depicts him as a villain, since his victory was the beginning of Poland's decline. Jewish historians hold him responsible for the first genocide of Jews in Eastern Europe.

Ukrainian historians disagree in their evaluation of Khmel'nyts'kyi, whether his actions served or betrayed the interests of Ukrainians, yet most portray him as an early Ukrainian leader who set up an independent state. They point to the difficult geopolitical situation

Khmel'nyts'kyi found himself in, liken him to Bismarck and argue that in order to protect his new state and fearing simultaneous warfare on two fronts, he was forced to make uneasy alliances. On the Treaty itself the argument is that Khmel'nyts'kyi maintained the autonomous status of the Hetman State, but over time Muscovy eroded the terms of the Treaty and turned Ukraine into a colony. They highlight the fact that according to the Pereiaslav Agreement the Hetmanate and the Cossack leadership maintained autonomous status within the Russian Empire, continued to form treaties independent of Muscovy. Evidence of this are attempts by the Hetmanate to break away militarily from Russia, with the most famous example being Hetman Ivan Mazeppa's 1708 alliance with Sweden's King Charles XII against the Muscovite tsar. Foreshadowing Ukraine's history in the USSR, the Hetmanate remained part of the structure of Imperial Russia while its autonomy was gradually eroded. In 1775 the base at Zaporizhzhia was destroyed by Catharine the Great and eventually the Cossack leadership was integrated into the Russian Imperial elite.

Russian historiography uses the Pereiaslav Treaty to legitimise control over Ukrainian territory. It is presented as evidence that Ukrainians wanted to be part of Russia. Retrospectively, the Pereiaslav Agreement assumed the character of a constitutional charter. It defined the Hetmanate's position in the Russian Empire and the "Articles of Bohdan Khmel'nyts'kyi" were later included into the Russian Imperial legal code. Emphasis was placed on the point that Khmel'nyts'kyi pledged allegiance to the Muscovite monarch. In the eighteenth century a statue was built to Khmel'nyts'kyi in Kyiv to commemorate an important figure in history. After being initially shelved by Soviet authorities in 1917, the Pereiaslav myth was resuscitated after World War II as a means of fostering Slavic unity. The 300th anniversary of the "historic re-unification of the Ukrainians with the Russians" was celebrated with great pomp in 1954. On this occasion Crimea was "given" to Ukraine as a gift of the Russian Federation, symbolizing the eternal brotherhood of the two nations.

This 'gift' is the centre of a third historical controversy: competing claims to historic legitimacy for controlling the peninsula today. After the Mongols destroyed Kyiv in 1240, a branch of them turned south and settled on the Crimean peninsula. They were part of the Mongol Khanate until 1475 when they came under Ottoman protectorate. The Crimean Tatar Khanate continued to exist until 1774 when Catherine the Great extended Russian influence into Crimea and forced the

Ottoman Turks to renounce their sovereignty over the Tatars. Crimea was then incorporated into the Russian Empire but Crimean Tatars continued to reside there; however their proportion within the total population declined because of in-migration by Russians and others. During the first two decades of Soviet rule Crimea was an autonomous region within the USSR. In 1944 Stalin deported all the Tatars from Crimea to Central Asia, re-populated the peninsula primarily with Russians and a year later attached it to the Russian Federation. Nine years later, in 1954, Crimea was transferred to Ukraine's jurisdiction where it remained until Ukrainian independence. With the Gorbachev reforms Crimean Tatars began returning to their ancestral homeland. Today the peninsula's population is made up of Tatars, Russians, Ukrainians and other minorities. Current Russian claims on Crimea are phrased in historic terms using the argument that the peninsula was never part of Ukraine but rather part of Russia.

None of these historical controversies have, to date, resulted in violence or bloodshed, as has happened in other regions of the former Soviet Union, such as in Nagorno Karabakh or Transdniestria. However certain aspects of them are having a direct impact on Ukraine's present.

LESSONS OF HISTORY

One of the first things Ukrainian Parliament did after proclaiming independence was to nationalise Soviet troops on its territory and create a Ukrainian army. Officers and soldiers were required to swear an oath to Ukraine or leave the country. Although this may have appeared a militaristic tendency to outside observers, those familiar with Ukrainian history of the World War I period realised that leaders of the new Ukrainian state were looking back to 1918–1919 when attempts at Ukrainian statehood failed, in large part due to lack of a Ukrainian military force. They were determined not to allow history to repeat itself.

Very soon after a Ukrainian state was created politicians began pulling out figures from the past, many of whom had been silenced in the Soviet era, and used them to depict the ancientness of Ukrainian history and its political separateness. To remind Ukrainians that attempts at independence had been made before portraits of Mykhailo Hrushevs'kyi, the leader of the 1917 Central Rada, were posted around the country. A media event was held in November 1991, just prior to the independence referendum, celebrating him as the first head of state of an independent Ukraine. Former communist Leonid

Kravchuk was likened to the 18th century Hetman Ivan Mazeppa, who turned against the Russian Tsar late in life. Kravchuk took to being photographed with a 'Bulava,' the ancient symbol of the cossack Hetman's power.

To keep history in the public's constant attention, historical figures and monuments have been depicted on Ukraine's new currency. Ukraine is laying claim to the heritage of Kyivan Rus' by depicting its rulers on the hryvnia. In an overtly political statement, Prince Volodymyr, the ruler who had brought Christianity to Kyiv and was in the past referred to as a Russian monarch, now adorns Ukraine's most widely used bill, the one hryvnia note. Prince Iaroslav the Wise, who codified the laws of Kyivan Rus', appears on the two hryvnia note, reminding Ukrainians that they have an ancient legal tradition. To counteract the myth of Pereiaslav and Ukrainian-Russian historic unity, the rebel Hetman Ivan Mazeppa now stares sternly from the ten. On the back of the bill is the Monastery of the Caves, the historic site in Kyiv that is still controlled by the Russian Orthodox Church.

On a broader level, by reclaiming its history Ukraine has challenged Russia's identity. By drawing a political boundary separating Kyiv from Russia, Ukraine has forced Russia to re-examine its historical foundation myth. Russia failed to develop a national identity outside the imperial context. Now that Ukraine has said that it is not Russia, it raised the question of what Russia is. This in turn raises the question of Russia's legitimacy to control other non-Russian territories that are still part of the Russian Federation. The best example of this is Chechnya. In the long-run such questions could cause a further disintegration of the Russian state and further contraction of Russian power.

Russia is having difficulty coming to terms with this challenge. Public opinion polls continue to show that most Russians still do not consider Ukraine a separate political entity. Certain Russian leaders, like Vladimir Zhirinovsky, make the restoration of Russia's territorial possessions a central platform of their politics. Even intellectuals like Alexander Solzhenitsyn refuse to accept Ukraine as non-Russian and call for Slavic unity under Moscow's guidance.

At times history is used as a pretext for intervention in Ukraine's affairs. Russia's historic claims to Crimea have been cited as the main reason why Russia should continue to control the strategically important Black Sea Fleet. A month after Ukraine's independence referendum Russian Parliament began discussion on whether the 1954 transfer

of Crimea to Ukrainian control was legitimate. This move was interpreted by Ukraine as a challenge to its territorial integrity.

History also explains Romania's behaviour towards Ukraine. The border between the two states is based on the Nazi-Soviet Molotov-Ribbentrop Pact of 1939, when Romania was forced to cede Northern Bukovina and Southern Bessarabia to Soviet Ukraine. Romania had seized those territories from the crumbling Russian Empire in 1918 and refused to accept the boundary with Ukraine as legitimate until 1997, when NATO made the settling of border disputes a pre-condition for membership application. Romania then quickly put history on the back burner and signed a Friendship and Cooperation Agreement with Ukraine and recognised the *status quo*.

Ukraine's other Western neighbours took a more pragmatic approach to historical disputes right from the start. Poland, Hungary and then Czechoslovakia decided to leave territorial issues in the past and recognised Ukraine's current borders even before independence was declared. Since 1991 all parties have taken steps to address past grievances. These efforts have taken place in the context of state to state relations with an emphasis on reconciliation.

Many of Ukraine's historical controversies will keep historians busy for decades to come. For politicians and the general public they are important only in so far as they affect the present. To date history has not become a pretext for violence or unrest. The long-term challenge is to re-interpret the period of Kyivan-Rus' in a manner that both Russia and Ukraine can use it as part of their heritage.

CONCLUSION

The circumstances which led to Ukraine's independence and the aftermath of this act continue to be the subject of debate. Why did Ukraine's elites adopt the pro-independence platform and why did residents of Ukraine vote overwhelmingly for independence in a referendum? What kind of state will Ukraine evolve into? What role will Ukraine play in determining the stability or instability of the region and globally? Definitive answers to such questions will become apparent only with the passage of time. What is clear is that Ukraine has become an actor in European and arguably world politics.

Yet Ukraine remains very much an enigma. To many observers Ukraine's behaviour appears out of sync with larger global trends. It declared independence at a time when much of the world is moving towards closer regional integration and the validity of the nation-state

is being questioned. It rejected the international security system of bipolarity, defied the Cold War parameters of East and West and opted for a policy of neutrality. At a time when Western Europe was moving towards monetary union Ukraine left the rouble zone and created its own currency. It also broke the rules of *Realpolitik* by becoming the first state in history to give up nuclear weapons.

This book addresses the lingering information gap on Ukraine. It takes a look at how an unrecognised nation changed the global power balance and became an international player on the eve of the new millennium. By exploring how the past has shaped Ukraine's present it seeks to further understanding of the new state's difficulties in defining itself in the changing international order. The focus is on Ukraine as a subject rather than an object in international relations.

Chapter 2

LEGACIES

For many observers Ukraine "appeared" on the international map in 1991. In reality Ukraine has been where it is for centuries. What happened in 1991 is that Ukrainian elites assumed political power and the country became internationally recognised as a separate political entity. By gaining independence Ukraine began a new chapter in its history. It did not begin its life as an independent nation-state from a *tabula rasa* but inherited an institutional infrastructure and set of attitudes which in some ways have been an obstacle to overcome rather than a foundation to build on. The two dominant legacies shaping the present are lack of statehood in the modern era and the totalitarian experience of Communist Party rule.

As a Soviet Republic, Ukraine was an administrative unit within a larger structure, the Soviet Union. Within the Soviet Union, it had the best institutional structure next to Russia and in many ways resembled a state. It had boundaries, an elected legislature and government (Cabinet of Ministers) which included a Foreign Ministry, legislation and a constitution, a flag, an anthem, a language, and even a seat at the United Nations. However, despite the federal structure of the USSR, in reality the Republics had far less control over their affairs than, for example, Canadian provinces. Ukraine and the others were fully integrated into the centralised political and economic system of the Soviet Union and were ruled from outside their borders. The Soviet power structure was built on the pyramid principle with power concentrated at the top, in the hands of decision-makers in Moscow. When Ukraine's elites assumed political power they did not control the state's economy, military or information. The money in circulation, the rouble, was printed in Moscow; the army stationed on Ukrainian territory was commanded by a general in Moscow; and information through television programming was controlled in the Russian capital.

Ukraine's leaders were a peripheral elite. They had little experience in decision-making or governing. Their conceptual framework was shaped by their role in the larger structure of the USSR and since Ukraine had not been a state their initial tasks included nation-building and state-building in addition to everything else. This was quite a challenge as

having been largely excluded from Soviet foreign policy they had limited understanding of international affairs, diplomacy, defence and trade. Ideologically they were products of the Soviet totalitarian system, unfamiliar with either democracy or market economics. This chapter presents an overview of the legacies Ukraine inherited in politics, economics, social and cultural issues, and foreign policy. It looks at what the Soviet system left behind and what it did not and suggests that in many cases the legacies were a mixed blessing.

POLITICAL DIMENSIONS

The political system Ukraine inherited from the Soviet Union was an institutional infrastructure that allowed Ukraine's elite to assume political power legitimately and smoothly yet the nature of the system made post-Soviet governing difficult. Institutionally Ukraine had a ready-made state in 1991, however to rule its leaders had to make radical political, ideological and psychological adjustments. In the words of historian Roman Szporluk, "Those who achieved independence were not the best qualified to guide it afterwards." (Szporluk, 1995)

To become a state, Ukraine simply detached itself from the USSR. The Soviet Union was structurally a federal state and the terms of Ukraine's joining the Soviet federation in 1922 included institutional separateness. Although the actual power of Ukraine's elites was eroded over time, the structure remained and the Soviet Constitution even included a secession clause. Ukraine had an elected legislature called the Supreme Soviet of the Soviet Socialist Ukrainian Republic which was constitutionally empowered to separate Ukraine from the USSR. On 24 August 1991 Ukraine's legislature exercised this right. Executive power in Ukraine was in the hands of the Cabinet of Ministers, which acted as a government. Because this structure existed Ukraine could continue to function as a state after it declared independence. Soviet Ukraine also had an established electoral system which included a register of voters and a Ukrainian Electoral Commission. This body organised the referendum which granted Parliament's Declaration of Independence popular legitimacy.

These institutions made it possible for Ukraine to achieve independence peacefully and gain both domestic and international legitimacy for the move. Domestically, the political transition gained public support because it was managed by familiar political faces. Independence was proclaimed by politicians that Ukrainian residents

had elected and upon becoming Ukrainian citizens people were not confronted with new leaders. The politicians they had elected remained in place—they simply got new titles. Leonid Kravchuk went from being the Speaker of Parliament to President. Equally important was that the power shift from Moscow to Kyiv did not disrupt people's daily lives. Because a government was in place it prevented a breakdown of public order, food shortages or interruption of transportation. Ukraine controlled the existing administrative infrastructure, from police forces to a postal system and was therefore able to ensure that basic goods and services continued to be available, employment patterns remained in place, and health, education, cultural and sporting facilities carried on functioning. Maintaining public order was a crucial element for securing statehood, since unrest would likely have prompted intervention from Russia. Three days after Ukraine's independence declaration a special delegation did in fact fly down from Moscow. Their mission was to deal with the "emergency situation" in Ukraine. In the absence of unrest the Russians left that same evening, after a day of talks with Ukrainian leaders.

Securing international legitimacy was equally important. The independence declaration was made by an elected legislature, which gave the act political credibility, and once Ukraine's population had endorsed the move it could not be dismissed as unrepresentative. The new state soon gained diplomatic recognition and Ukraine assumed full control of its seat at the United Nations. The importance of this is all the more clear when contrasted to the situation in 1917 when Ukrainians attempted to create their own state. Then the Ukrainian governments had no administrative apparatus or means for asserting control over Ukrainian territory. In Russia the Bolsheviks took over many Tsarist institutions whereas Ukrainians had to create them from scratch. Ukraine's leaders were not recognised internationally, and representatives of the Central Rada government were virtually ignored at the 1919 Paris Peace Conference.

Another key factor in the smoothness of the political power shift was the existence of a developed communications network. As in any modern state, this played an important role in assisting Ukraine's elites assume power. A mass media system was in place that allowed Ukrainian leaders to reach the electorate and appeal for their support. Soviet authorities understood the power of information and the media and they constructed an extensive mass media infrastructure throughout

the USSR. Even the most remote villages that did not have running water were connected into the information space through radio and TV. Ukrainian leaders used this established network to convince people to vote for independence. The communications network was and continues to be a mixed legacy because it was integrated into the centralised Soviet information system. Ukraine had its own TV and radio stations but also received broadcasts from Moscow. When Kyiv took over its portion of the communication system it still remained integrated into the all-Union system. What this meant in practice was that Ukrainian leaders could reach their population but were powerless to stop broadcasts into Ukraine from Moscow. Ukraine's politicians were not the only ones who used television to convince voters to support independence in the December referendum. A few weeks before the independence referendum Soviet President Mikhail Gorbachev went on television to try and convince Ukrainians not to leave the USSR. Tensions over control of the airwaves continued into the post-Soviet period.

Gaining political power was easier than making a Ukrainian political system work. The legacy of centralised, non-democratic, one-party rule left Ukrainian political leaders ill-prepared to govern. Because Ukraine was a component part of a larger state, its elites had limited experience in decision-making. During the Soviet era Ukraine's political elites were subordinated to the central authorities in Moscow. As late as 1989 Ukraine's Parliament was subject to the whims of the Moscow leadership. Mikhail Gorbachev slowed the pace of reforms in Ukraine by keeping the last Brezhnevite Politburo member in charge of Ukraine until September 1989.

Ukraine's political elite was also quite small and the institutional infrastructure was inadequate to run a state. Republican Cabinet of Ministers were responsible for managing the Republics but not actually govern. They received orders from the centre, passed them down to the regions and filed reports back. Ukraine was told how many tonnes of grain it was to produce each year and when to turn on central heating. The Ukrainian Cabinet of Ministers was responsible for making sure these things were done. Ukrainian Ministries had small staffs and some sectors, such as Education, did not have separate Republican Ministries. Ukraine created its own Education Ministry only after independence, in the autumn of 1991. One of the first tasks Ukraine faced as an independent state was expanding its institutional infrastructure to meet the needs of the state, or in other words, state-building.

The legacy of one-party authoritarian rule has slowed down the development of a democratic political culture. Geoffrey Hosking has described the workings of the Soviet political system as a "interacting network of clans, sometimes internally bound by genuine kinship ties but more often by shared political experience or loyalty to a common leader" (Hosking, 1997). Coalition-building and consensus politics were not part of the old system. Authoritarian and confrontational political styles continue into the post-Soviet period. Many local Ukrainian papers write more about competition between the various regional clans in Ukraine than political parties. The very word "party" has left negative connotations in the minds of many post-Soviet people witnessed by the fact that few have chosen to join the new political parties that formed since independence. The result is that although a multi-party system exists, the new parties are weak. Their leaders often lack organisational skills and funds to create new power bases.

The previous system also left behind a heavily bureaucratised state. Bureaucrats, who controlled the functioning of the Soviet system, have remained at their jobs into the independence period and continue their old work habits. They are generally corrupt, authoritarian and inefficient. Their job security depends on connections rather than job performance. Very little personnel change occurred because the transition from Soviet Republic to independent state was a peaceful process and most people simply remained at their jobs. The best example of this is at the government level where individuals are appointed, not elected. Prime Minister Vitold Fokin remained in his position for one year after independence. In 1994 Vitalii Masol was returned to the Prime Minister's seat, one that he had been thrown out of by public protest four years earlier.

The old faces continue to hold onto power because initially there were no other trained personnel to take over the bureaucracy. For the political system was to continue functioning, they had to stay in place during the transition. Ukraine began statehood with a small pool of people capable of running the state. Post-Soviet Ukrainian leaders have often complained about the lack of cadres, personnel, to efficiently administer the country. The Soviet education system produced high statistical indicators according to United Nations criteria but did not create a flexible, critically thinking work force with skills to run a modern economy. Few Ukrainians had managerial, accounting or computer skills that would qualify them to replace the old bureaucrats. There was also no private sector for government to draw from to fill government jobs. The fact

TABLE 2.1 UKRAINE'S NOMENKLATURA—PRIME MINISTERS 1990–1998

Vitalii Masol Communist Party of Ukraine Central Committee apparat				October	1990
Vitold Fokin Communist Party of Ukraine, Central Committee apparat	October	1990	—	September	1992
Leonid Kuchma Director of Pivden'mash, largest missile factory in USSR	October	1992	—	September	1993
Iukhym Zviahil's'kyi Donets'k Oblast' leader, mining engineer	October	1993	—	June	1994
Vitalii Masol Communist Party of Ukraine Central Committee apparat	June	1994	—	March	1995
Ievhen Marchuk Director of Ukrainian Internal Security Services (formerly KGB)	March	1995	—	June	1996
Pavlo Lazarenko Dnipropetrovs'k Oblast leader, agricultural lobby	June	1996	—	July	1997
Valerii Pustovoitenko Minister of the Cabinet of Ministers	July	1997	—	present	

that a government was in place meant that the state could continue functioning once Ukraine declared independence but the old bureaucrats have slowed down the pace of reform.

ECONOMIC DIMENSIONS

When Ukraine declared independence its economy was in poor shape. The structure was misdeveloped after decades of central planning that did not take Ukraine's interests into account. It had an over-developed agricultural and heavy industry sectors and underdeveloped light-medium and service sectors. Much of its heavy industry was geared towards Soviet defence requirements but because military production is usually hidden in statistics, it is difficult to get an accurate picture of just how much of Ukraine's heavy industry was defence related. Estimates vary from 25–70%. Employment figures show that 20% of Ukraine's population was engaged in agriculture, 25% in the service sector and 55% in industry. This suggests that a large part of Ukraine's population worked in the Soviet military-industrial sector. With the slowing down

of the arms race, the end of the Cold War and disarmament, military production in the former Soviet Union has dropped sharply. The new Ukrainian state has modest defence production requirements compared to the USSR, therefore a large portion of the industrial structure Ukraine inherited is ill suited to its present needs and must be converted to civilian production.

Ukraine's heavy industry was also geared towards producer goods. That means that Ukrainian factories were producing semi-finished goods which were then shipped off to factories outside its borders, usually to Russia, for assembly or completion. Ukraine's first President Leonid Kravchuk went on record saying that 90% of Ukraine's industrial production was of this type. For Ukraine's economy to continue functioning, it had to maintain links with Russia and other post-Soviet states, at least in the short-term.

It also had to ensure a continued flow of energy. Until 1970 Ukraine was energy self-sufficient and even had a slight energy surplus. At the beginning of the century the Donbass coal fields were estimated to be among the richest deposits in Europe and as late as 1976 they were producing 218.2 million tonnes of coal. By 1994 the easily accessible reserves were close to depletion and Ukraine was facing the prospect of having to close mines. After exporting natural gas up to 1978 Ukraine began importing and by 1991 it was forced to import 70% of its needs from Turkmenestan and Russia.

To counteract the emerging energy problem in Ukraine, in the 1970s Soviet authorities began constructing nuclear power plants in the Republic. The most famous one is the Chornobyl power station that blew up in 1986 and caused the worst nuclear accident in history. Four other stations with the same RBMK reactors were built in Rivne, Zaporizhzhia, Khmel'nyts'kyi and near Mykolaiv. They now produce 26% of Ukraine's energy and because Ukraine cannot afford to pay world prices for enough oil and gas imports to meet its needs it is unlikely to shut them down until alternative energy supplies are found.

Energy dependency is a serious problem for Ukraine because it consumes energy at high rates and inefficiently. Different sources estimate that Ukraine uses from 6 to 10 times more energy units per capita GDP than West European countries. This is because Ukraine's technology and infrastructure is outdated. From the 1950s it was contributing more to the Soviet national income than it received in investment. Soviet investment resources were allocated towards

developing the "virgin lands" of the East so while Ukraine continued to contribute to the central budget its capital stock aged and deteriorated and there is a noticeable slowdown in Ukraine's economic growth rates from the mid 1960s. By the 1970s the entire Soviet economy was beginning to slow down and enter the period known as the "Brezhnev stagnation" but Ukraine's economy was slowing down at a faster rate. It was expected to continue producing without sufficient resources to maintain the infrastructure.

The aging smokestack industries also had a devastating impact on Ukraine's environment. The industrial belt around the Donbass coal deposits, which Soviet planners built into probably the largest coal-metallurgy-heavy machinery complex in Europe, became the most polluted zone of the Soviet Union.

Environmental damage also had an impact on Ukraine's agricultural sector. Traditionally known as the "breadbasket of Europe" because of its fertile "chornozem" land, Ukraine was producing a large portion of the USSR's agricultural output. With only 2.7% of the total land mass of the Soviet Union, Ukraine was producing half the sugar beet production, one fifth meat and dairy output and around one quarter of the grain. This level of production did not increase Ukraine's wealth within the Soviet Union because prices for agricultural products were set lower than their value, while goods that Ukraine imported had artificially higher prices. Intense farming led to soil erosion and degradation. By the mid 1980s crop yields began dropping and the Soviet Union began importing grain. Ukraine still has the capacity to feed itself and produce agricultural products for export but major restructuring and new approaches are needed to keep the sector productive.

To restructure its agricultural and industrial sectors to meet Ukraine's needs, Ukrainian elites decided that they needed to gain control over their economy. This began to happen during the Gorbachev reforms that started in 1985. Because the entire Soviet economy was no longer functioning properly Gorbachev decided to give more power the regions. The process took on a life of its own and over a period of six years, between 1985 and 1991, the Soviet central planning structure began to unravel.

The point at which Ukraine declared independence, its economy continued to be integrated in many Soviet structures, such as a common monetary zone, but it was no longer entirely controlled from Moscow. Ukraine's Parliament had taken over the budget in 1990 and

begun to create new institutions such as the Central Bank, established in May 1991.

Ukraine's leaders under-estimated how difficult it would be to continue disengaging from the Soviet economic zone. They had little understanding or experience with market economics or international trading patterns and lacked the necessary financial institutions to participate in the global economy. The population was literate and numerate but not technologically literate. Most Ukrainians did not know how to operate a fax machine never mind use a computer since they had no access to this technology.

Economic decline began in Ukraine with the Gorbachev reforms. In 1990 economic growth rates were negative for the first time since World War II. This trend continued after independence and intensified as central institutions that regulated supply of raw materials and markets disintegrated further.

SOCIAL AND CULTURAL DIMENSIONS

In social and cultural issues Ukraine also began with a mixed legacy. The Soviet Union had aimed to create a society based on social justice but ended up being characterised by inequality, inefficiency and inadequacy. A social welfare system ensured a basic living standard for most people but the *nomenclatura* enjoyed privileges that became a major source of discontent. The cultural face of the USSR was allegedly international but this ideological aim turned into loosely-veiled Russification. An elaborate network of cultural institutions existed and non-Russian cultures were recognised, however, they were treated as inferior and subjected to structural discrimination.

Living standards in the Soviet Union were lower than in other states of Europe with the most obvious indicator being lower life expectancies. The state was held responsible for this situation since it enjoyed a full monopoly on wealth distribution and decision-making. Soviet authorities chose to aim for equality at the cost of personal freedoms and they adopted a paternalistic approach to social welfare. The state decided what priorities were, how wealth was generated and distributed throughout society. Health care and education were provided free to all citizens, employment was guaranteed, housing, utilities, food and transport were heavily subsidised. The state took responsibility for providing a basic standard of living but limited individual choices. In exchange for their labour, Soviet citizens received job security and access to provisions and services at low cost.

TABLE 2.2 COMPARISON OF LIFE EXPECTANCY AND MORTALITY RATES FOR 1986

COUNTRY	LIFE EXPECTANCY	INFANT MORTALITY
USSR	71	20
United Kingdom	76	9
Netherlands	77	7
United States	76	10
Hungary	71	15
Czechoslovak SFR	72	12
Poland	71	16
Turkey	67	60

Source: World Bank, 1994

Unemployment and homelessness were not major problems in the Soviet Union, however, people earned low wages were required to take jobs assigned to them by the state. Social mobility was controlled by the Communist Party and consequently, a two tiered system of social welfare developed. Those in the Party created a separate set of health care facilities, housing units, education institutions, special stores and recreational facilities for themselves that were closed to the general public.

This system created a set of attitudes in society that make democratic governing difficult. On the one hand there is great discontent with low living standards and *nomenclatura* privileges, and a belief that government over-regulation is to blame. On the other hand people have become accustomed to low prices and free services and believe that it is the state's responsibility to provide things like employment and housing. There is little understanding that a market economy creates inequality but on a different basis than the previous system, that abundant availability of goods does not mean that everyone has equal access to them.

TABLE 2.3 ETHNIC COMPOSITION OF UKRAINE 1989
(thousands)

Ukrainians	37,400
Russians	11,400
Jews	486
Belarussians	440
Moldovans	325
Bulgarians	234
Poles	219
Hungarians	163
Romanians	135

Source: National census, Soviet Ukraine, 1989

Cultural freedom is a somewhat different issue, but current attitudes are also shaped by the Soviet experience. A striking feature about many contemporary Ukrainians is their cultural inferiority complex. Soviet-era Russification policies were so effective that by 1991 many Ukrainians believed that Russian culture was superior. Ukrainian culture was not banned by the Soviet Union the way it was by Tsarist Russia. Instead it was allowed to exist but discriminated against structurally so that people would choose Russian over Ukrainian. The best examples of this are the education system and mass media.

Education was available in Ukrainian but only at the primary and secondary levels. Higher education was in Russian. This put parents in the position where if they chose to send their children to Ukrainian-language schools they would put their children at a disadvantage for equal access to higher education. The choice was reinforced by the fact that Ukrainian-language schools were often of lower quality and did not provide children with skills to compete in a Russian-language environment. It made sense for higher education in the Soviet Union to be offered in the Russian language since there were many nationalities in the state and there had to be one common language that everybody used to communicate. However, in the non-Russian Republics, a greater emphasis could have been placed on bilingual education so that children knew their own language as well as the all-Union one.

Curriculum in primary and secondary schools was also used to reinforce the idea of Russian cultural superiority. More emphasis was given to Russian literature and art than Ukrainian so many children graduated from school knowing little about Ukrainian culture. History was also taught from a Russian perspective and historical events and figures that contradicted the myth of Ukrainian-Russian historical unity and brotherhood were excluded from textbooks. Ukrainian schoolchildren were not taught that Ukraine had attempted to achieve independence at the end of the First World War and were told that Cossack Hetman Ivan Mazeppa who had led an armed rebellion against the Russian Tsar in 1709 was a traitor.

The publications industry and cultural institutions were also used to further Russification. Russian authors and artists received more state support and funding than Ukrainian ones consequently there were more interesting books and magazines, theatrical performances and concerts in Russian. Kyiv, the capital of Ukraine and a city

of 2.5 million people had only one Ukrainian language theatre, the Ivan Franko Theatre.

With the coming of the communications age, mass media became another effective tool of Russification. The Soviet mass media network was set up on two levels. There was an all-Union system based in Moscow that broadcast and sent out newspapers over the entire territory of the USSR which was Russian-language, and the non-Russian Republics had separate radio, television and newspapers in their own languages. The Ukrainian mass media was bilingual, so certain programmes and newspapers were in Ukrainian and others in Russian. In most instances, the quality of the central mass media was higher than the Republican one, in part because it received better funding. The other reason was that there were fewer restrictions and better work conditions in Moscow so the talent of the Soviet Union was attracted to the centre. So Ukrainian viewers often opted for the Russian language media because it was of higher quality and this reinforced their feelings of cultural inferiority.

INTERNATIONAL DIMENSIONS

Ukraine's lack of statehood prior to 1991 initially had negative international consequences. Not having an international profile was particularly problematic in the years 1989–1992 since few observers could believe that Ukraine was taking steps towards separatism, opposing Gorbachev's Union Treaty and finally declaring independence. Despite regular reports from the ground in Kyiv, the United States government refused to hear Ukraine's political voice and waited for Soviet leader Gorbachev to belatedly acknowledge the changed *status quo*. Only after Gorbachev officially pronounced the USSR dissolved on 25 December 1991 did the US extend diplomatic recognition to Ukraine. This was more than two weeks after Ukraine, as an independent state, had co-founded a new regional association, the Commonwealth of Independent States (CIS).

As a new kid on the international block Ukraine initially had to assert its presence and convince the large powers that it had entered the global arena to stay. Even following diplomatic recognition by over 160 states, Ukraine had to struggle to come out from Russia's international shadow. The basic geography lesson the Ukraine's capital city, Kyiv, is not in Russia has been a difficult one for many to learn. Even a few years after the collapse of the USSR it was not uncommon for people to refer to Kyiv as being in Russia. This despite Ukraine's

making it abundantly clear that it will not allow any encroachment on its political sovereignty. Undermining Ukraine's international legitimacy were Russian whispers that Ukraine would soon tire of the independence game and return to the Russian home. This changed only in 1997 when in face of NATO enlargement Russia signed the Friendship and Cooperation Treaty with Ukraine which had been ready for signing for 5 years.

The lack of international identity made it difficult for Ukraine to move from a Russian-dominated zone and become accepted as a European state. Many West European and North American states have still not decided whether Ukraine is really European and until 1997 many continued to define the new state as part of the former Soviet Union. Central and East European countries have been fuelling this debate by emphasising a hierarchical perception of the post-socialist space. In trying to gain acceptance by West European states they continue to define Ukraine as Eastern in contrast to their Westernness.

Their argument was strengthened by Ukraine's lack of experience in international affairs. Not having been a state Ukraine had no traditional allies, no developed foreign policy or standard operating procedures. Unlike Poland or Hungary, Ukraine had never formally participated in international alliances. Its representatives at the post World War I Paris Peace Conference of 1919 were not treated as delegates of a state. As Soviet officials Ukrainian leaders were rarely participants at high level foreign meetings, certainly not in a decision-making capacity. Their lack of understanding of how the international community operates, foreign policy agendas of other states and even dress codes or formal social behaviour initially proved a hinderance in their efforts to enter as a player.

Furthermore, unlike in domestic politics, Ukraine did not inherit a developed foreign policy institutional infrastructure. A Ukrainian Foreign Ministry did exist in the Soviet era but it was not authorised to conduct independent foreign relations. Ukraine had no representations abroad since it's foreign affairs were conducted by central Soviet officials. Once the Soviet Union fell apart Russia proclaimed itself the successor state and seized all foreign assets, including all embassies and consulates. To conduct relations with other states Ukraine had to finance the purchase or lease of buildings, office equipment and staff. The only foreign representation Ukraine had when it declared independence was its seat at the United Nations General Assembly.

Ukraine's inheritances in the defence sector helped it overcome its lack of diplomatic profile. Ukraine benefited from the Soviet Union's militarisation. It had been the USSR's Western border and therefore many troops and weapons were stationed on its territory, including nuclear weapons. This was not a foreign military presence since Ukrainians were serving in the Red Army along with everybody else, and Ukraine's economy regularly contributed to arms production. The advantage was that Ukraine simply had to nationalise the troops and armaments on its soil to create the second largest standing army in Europe and third largest nuclear arsenal in the world. For the first time in its history Ukraine had a defence capability which enabled it to secure its statehood.

This military inheritance proved to be crucial in helping Ukraine to establish itself as an independent state. When the United States continued to deal only with Russia on nuclear disarmament issues, Ukraine claimed ownership of the weapons on its territory and insisted on getting a separate seat at the START negotiating table.

CONCLUSION

Just after Ukraine became independent political scientist Alexander Motyl noted that, "The legacy of empire encourages the forceful promotion of rapid and fundamental change; the legacy of totalitarianism negates the very possibility of that change." (Motyl, 1993). This very accurately summarises Ukraine's situation in 1991.

The collapse of Communist Party power and the Soviet Union generated enthusiasm in Ukraine. People were dissatisfied with the *status quo* and believed that by becoming an independent state Ukraine would gain not only freedom but also prosperity. Few realised how difficult it would be to reform institutions and attitudes. Not having had political self-rule, experience in democracy, market economics or international affairs led to unrealistic expectations.

Power remained in the hands of the Soviet-era *nomenclatura*, the structure of the economy remained integrated into the Soviet centralised system, there was no magic formula that would eliminate social problems and a cultural inferiority complex, and the international community would take time to get used to Ukraine's new status.

Chapter 3

POLITICS

What seemed to shock everybody was how easily the Soviet Union fell apart. In fact it was the outcome of a long-standing power struggle which was fundamentally altered when Gorbachev introduced public opinion into the Soviet political arena. By legitimising open debate on political issues the old power balance was upset, destroying first the Communist Party's monopoly of politics and then Russia's control over the Republics. There were many factors which contributed to the collapse of the Soviet superpower including prolonged economic decline, ideological fatigue, globalisation and technological advancement elsewhere, and generational changes within the political elite and in wider society. Yet in the political realm it seems that democratisation became the death blow to what many called the world's last empire.

The most fundamental political change which occurred in the Soviet Union was the disintegration of the multi-national, non-democratic state into 15 new political entities. Ukraine was the pivotal Republic within the USSR, enabling Russia to keep control over the others: in the words of one American analyst, "the keystone in the arch" (Garnett, 1995). When Ukraine left, the entire system collapsed. Ukraine did not begin the process of political transformations in the USSR, but rather at a critical point in the re-configuration of the Soviet power structure it succeeded in consolidating its role as an independent political actor. In doing so it ushered in a new era in regional and global politics.

The power struggle in the Soviet Union was multi-dimensional. The most important issues were the ideological debate on reforming the nature of the Soviet political system. Secondly, there was the centre-periphery question of re-defining the relationship between Russia and the non-Russian Republics, and thirdly the role of military/security forces in politics. There was a high degree of overlapping interests, and alliances of convenience were made in the pursuit of power. The August 1991 coup brought the various forces into collision which resulted in a radical power re-alignment. What became clear in Ukraine and the other Republics was that political forces united in the desire to remove themselves from the power of the centre.

Upon gaining independence Ukraine's political agenda has been defined by the task of consolidating statehood and securing its power internationally. Put another way Ukrainian political elites have had to prevent Russia from re-asserting influence over its affairs and maintain domestic stability while a further reorganisation of internal political power occurs.

This chapter looks at Ukrainian politics in the years 1986–98 and demonstrates how the actions of political leaders in Kyiv played a key role in the dissolution of the USSR and defining the contours of the post-Soviet space. It traces the evolution of a new power reconfiguration within Ukraine and presents an argument that the defining factor in Ukrainian politics has become the struggle between those forces favouring political and economic reform and those who stand to lose from further changes. The continuing power struggle in Ukraine has remained within the legal political arena characterised by consensus seeking and stability. Unlike in other post-Soviet states the process has not included the use of force, a return to authoritarianism, or one actor emerging as dominant.

THE SOVIET POWER CONFIGURATION

The political structure of the Soviet Union was defined by two dominant features: the authoritarian nature of the political system controlled by the Communist Party and Russia's dominant role in controlling the multi-national state. Indeed, throughout its history the Soviet Union was commonly referred to as Communist Russia. The Communist Party legitimised its power through both legislation, a Constitutional Article, and force, namely control of the security structures and the military. After Stalin's consolidation of power in the late 1920s political decisions and struggles occurred behind closed doors and the public was provided with the official version of events. For example, the full text of Khrushchev's 1956 speech denouncing Stalin at the 20th Communist Party Congress was not published in the Soviet Union until after Gorbachev's reforms began.

The Union of Soviet Socialist Republics (USSR), as its name suggests, was set up as a federation. It was composed of Republics and autonomous regions, each of which had a separate administrative and institutional structure. The exception was Russia. Although formally a Republic, Russia did not have a separate set of political institutions but instead was the home of the central organs which held power and ran the state. Thus the Supreme Soviet in Moscow was the

highest political authority of the USSR which controlled the Republican Soviets. The Communist Party was set up in the same way, with each Republic having its own Communist Party Branch (for example the Communist Party of Ukraine—CPU) and they were all subordinated to the Communist Party of the Soviet Union (CPSU) which was located in Moscow. Therefore, despite the appearance of a federation, the USSR was in fact a multi-national state controlled by Russia. Leaders of the Republics were selected and removed by the Moscow Politburo, the caucus of the Central Committee. This group, the elite which ran the state, was predominantly Russian and although individuals from the non-Russian nations of the USSR were allowed into the inner circle, upon entry they were required to adopt the interests of the Soviet centre and not their own nations. Stalin was a Georgian by nationality but can hardly be accused of asserting the rights of Georgians or shifting political power into the hands of Georgian elites.

The authoritarian nature of the political process and the numerical superiority of the Russians prevented the Republics from effectively asserting autonomy or their legal right to secession. However, the Republican political sub-units provided an organisation structure and administrative powers for the non-Russian elites. Throughout the history of the Soviet Union there is a pattern of power struggles between the Centre and the Republics. They are most visible during periods of change, when Republics alternately gained and lost autonomy. During the Khrushchev years Ukraine achieved a higher level of decision-making powers but lost them with Brezhnev's assumption of control.

Two other centres of power which crossed national and ideological lines were the economic elites, the so-called "directors" class which controlled the economic levers of the state, and the security apparatus, which although nominally subordinated to the state and controlled by the Communist Party of the Soviet Union, in fact enjoyed a semi-autonomous status.

A NEW ACTOR ENTERS THE POLITICAL ARENA

Gorbachev brought a new element into the political arena which radically altered the previous power structure. Public opinion was made a legitimate part of the political process through the *glasnost* policy introduced in 1986. Soon after non-Communist organisations were legally allowed to exist, the Communist Party lost its monopoly on power.

Opposition movements appealed to the public for support and through the mechanism of elections gained entry into the formal political arena. The media became a force in the new power struggle. It brought political attacks on the Party, occurring in Parliament by dissidents like Andrei Sakharov in Moscow and Viacheslav Chornovil in Kyiv, into the living rooms of Soviet citizens.

The key role of the public in swinging the balance of power is well illustrated by the events of the August 1991 coup. Had Muscovites not created a human barricade around the White House the power struggle would have remained in the domain of elites. Furthermore, democratisation had also affected the armed forces, who unlike those in Tienaman Square, disobeyed orders and refused to forcibly disburse the crowd. One of the tanks which turned to protect the Russian White House flew a blue and yellow Ukrainian flag. It was later ceremoniously brought into the Ukrainian Parliament as a symbol that Ukrainians too had defended democracy in Russia.

Democratisation ended not only the Communist Party's monopoly but also Russian control over the non-Russian Republics. Whereas in Russia the political struggle was predominantly an ideological one, in the Republics it was two-dimensional: ideological and national. Republican opposition movements targeted both the Communist Party and Russian domination. There was a high degree of overlap in these issues since in most Republics, Soviet rule had been imposed by Russians. In Ukraine the Communist Party was one of the smallest political parties in 1917 and it failed to gain popular support during Ukraine's revolution. Communist rule in Ukraine was imposed by a Red Army offensive in 1919. Local Ukrainian communists were subordinated to the authority of the Russian-dominated Communist Party of the Soviet Union (CPSU) and despite efforts were never successful in gaining meaningful autonomy until 1990.

Public opinion ultimately shifted the balance in their favour. When political changes began Republican Communist elites united with the opposition movements in the effort to change the centre-Republic power relationship, despite their disagreements on the issue of domestic power sharing. In Ukraine the cooperation between the Communist Party and opposition movement did not become visible until after the removal of Brezhnevite Volodymyr Shcherbyts'kyi but is clear by July 1990 when the Communist dominated Parliament passed the Declaration on Sovereignty. The document was in effect a blueprint for statehood.

The role of public opinion in Ukraine became clear during the Union Treaty debates. Ukrainian leader Leonid Kravchuk used public protest in his Republic as a reason to slow down the process. While participating in negotiations on Gorbachev's proposals for a new power sharing arrangement between the centre and Republics he tried to carve out a more powerful role for Ukraine. Ukraine managed to outmanoeuvre Gorbachev in the March 1991 referendum on the Union Treaty by adding a second question and turning the plebiscite into a vote for Ukrainian sovereignty. Although 70.5% of the population voted for the preservation of the USSR, 80.2% supported Ukrainian sovereignty. This gave Ukraine's leadership sufficient confidence to continue steps towards taking more power. After declaring independence Ukraine's politicians once again turned to public opinion for support and received it. Over 90% of the population voted in favour of the act it making it in effect irreversible.

Political developments in Moscow and the Republics were interrelated. Had there not been a power struggle in Moscow, Ukraine would not have had the room to make its power bid. Conversely, Ukraine's declaration of independence determined the final outcome of the Moscow power struggle. By rejecting the role of a centre and initiating a new configuration of power through the Commonwealth of Independent States, Ukraine enabled Yeltsin to defeat Gorbachev by making a Soviet President obsolete. The centre-periphery struggle temporarily gained primacy in the Republics but the ideological struggle continued into the post-Soviet period.

UKRAINE'S ROLE IN THE POWER STRUGGLE

Little was known about Ukraine before 1991. Yet it had a formative influence on the Soviet Union at its creation and 70 years later tilted the power balance causing it to dissolve. The USSR was organised as a federal political structure largely in response to the strength of the Ukrainian movement at the end of World War I. During the reorganisation of power which followed the collapse of the Russian and Hapsburg Empires, Lenin recognised that maintaining control over Ukraine was critical if the Bolsheviks were to stay in power. He therefore conceded the national aspirations of Ukrainians and turned the world's first socialist state into a federation of Republics defined in national terms rather than a unitary state. (Hrytsak, 1996)

The fact that a Soviet Ukrainian state was created, complete with borders, political institutions, international diplomatic representation

and a legal option for secession made it possible for Ukraine to leave legally and peacefully in 1991. It was the second most important Republic after Russia due to its size, geo-strategic location, natural resources and economic output. The history of Ukraine as part of the Soviet Union has been a pattern of struggle over the issue of federalism, with Ukraine attempting to retain autonomy in face of centralising pressures from Moscow and individuals from the Ukrainian elites being co-opted into the central apparatus.

The most intense power struggles occurred in the 1920s when Ukraine attempted to make the USSR a truly federal state while it still exercised a high degree of control over its domestic affairs. Ukrainian then was the official state language, and until 1923 Ukraine conducted independent foreign relations, including trade, and made preparations for the creation of a separate army. This autonomy was gradually eroded and ended with Stalin's ascension to power and resultant centralisation and Russification. The second period of visible struggle occurred during the Khrushchev thaw in the 1950s, when Ukrainian leader Petro Shelest attempted to re-define relations with Moscow and took steps to assert economic, cultural and political autonomy. The Brezhnev crackdown of 1972 ended that phase of the power struggle and it remained dormant until Gorbachev came to power.

The third and ultimately successful bid for autonomy occurred in the Gorbachev era. Opposition to centralised rule came from two quarters: the increasingly empowered public and from within the Ukrainian Communist elites. Although slower to organise than other Republics, Ukraine's efforts to assert its autonomy became visible by 1989. Sovereignty was declared in July 1990 which in effect shifted the focus of Ukrainian political life from Moscow to Kyiv. While participating in Gorbachev's Union Treaty negotiations Ukraine demonstrated that it was participating on its own terms, taking various drafts of the Treaty back to its own Parliament for discussion and ratification.

The failed August 1991 coup created a temporary power vacuum at the centre which Ukraine used to seize power. Ukraine's move caused the domino effect and within weeks all remaining Republics had declared independence, calling into question the role of the centre. Without Ukraine it became impossible to hold the Soviet Union together as witnessed by the failed attempts of Gorbachev to revive the Union Treaty after Ukraine's departure. Further evidence of Ukraine's pivotal role is the fact that the Baltic Republics had declared indepen-

dence a year earlier but the USSR remained in existence. Once Ukraine exercised its legal option of secession in 1991 the other Republics followed and within months the USSR ceased to exist. Having learned from the 1918 experience Ukraine quickly nationalised its part of the Soviet Army making it difficult for the centre to use force to prevent the break-up of the state.

Upon gaining political power Ukraine sought to consolidate it in three ways. Almost immediately Ukraine began creating its own army to establish control over the Soviet forces on Ukrainian territory. Secondly, validation was sought through public opinion by holding a referendum on 1 December 1991. Thirdly new relations were established with Russia where Ukraine insisted on being treated as a partner not subordinate. One week after statehood was endorsed by the public, Ukraine initiated negotiations with Russia and proposed creating a new association. By becoming a founding member of the Commonwealth of Independent States (CIS) Ukraine formalised its new status as an independent political actor vis-a-vis Russia. Together they put an end to the USSR on 7–8 December 1991. Belarus was included in the process to provide a neutral meeting ground for the two Presidents.

The power struggle between Moscow and the other capitals has survived the Soviet Union. Russia has repeatedly attempted to exert influence over the Newly Independent States, especially Ukraine. In the changed external situation, however, Ukraine holds the balance of power. It is preventing the CIS from becoming a slightly revised USSR with less direct Russian hegemony. By creating its own army, claiming ownership over nuclear weapons on its territory and then giving them up, introducing a separate monetary unit, creating customs posts and pursuing an independent foreign policy it has prevented the continuation of supranational structures dominated by Russia. The power struggle continues but having achieved the status of statehood Ukraine is in a strong position to withstand integrationist pressures, discussed in more detail in Chapter 7.

RECONFIGURATION OF POLITICAL FORCES WITHIN UKRAINE AND THE DRIVE FOR INDEPENDENCE

The pre-Gorbachev power constellation in Ukraine was simple. Power was concentrated in the hands of the Communist Party of Ukraine (CPU) which divided into those who supported central rule and those who favoured autonomy. Ukrainian elites enjoyed administrative but

not decision-making powers over the economy and domestic security services and had no control over the military. Institutionally Ukraine had a Supreme Soviet (Parliament), a Cabinet of Ministers (Government) and a Judiciary. Some Ukrainian Ministries answered directly to the all-Union Ministries in Moscow while others were subordinated through the Ukrainian Supreme Soviet.

With the introduction of the Gorbachev reforms two things happened. An ideological debate was super-imposed on the centre-Republic division within the CPU, and a new centre of power emerged which eventually consolidated into an opposition movement called Rukh (The People's Movement for Restructuring in Ukraine).

The resulting re-configuration of power has often been defined as a struggle between the nationalists and the Communists, with the former ultimately winning. In fact it was a much more complex process with both the newly created opposition and the CPU characterised by divisions, alliances and shifts. Because the CPU power struggle was initially conducted behind closed doors it is difficult to analyse before 1990, when the splits came into the open. The power struggle was defined by a dual agenda: reform of the Communist Party and re-defining relations with the centre, and later Russia.

Ukrainian interests in gaining power from the centre were not defined in ethnic but rather civic terms. Ukrainian political elites, both opposition and CPU groupings, included ethnic Russians, Jews, Armenians and other nationalities. Parliament's Deputy Speaker, Vladimir Griniov, was an ethnic Russian and Oleksander Burakovsky of the Jewish community held an executive position in Rukh, Head of the Council of Nationalities. In the December 1991 referendum most ethnic Russians and other non-Ukrainian minorities supported Ukrainian independence. Economic and military elites also sided with the pro-independence forces regardless of ethnic background. Ukraine's economic elites were united in efforts to gain control over economic levers of the state. A Ukrainian Army was created with almost no difficulty. The first Ukrainian Defence Minister, Konstantyn Morozov, was an ethnic Russian.

A small player in the Ukrainian political scene was the diaspora. It helped the opposition movement in the early phases by providing funding and logistical support. Most of the fax machines, photo-copiers, money for phone bills and publication of leaflets were initially financed by diaspora donations. The diaspora also played an important role lobbying their governments to diplomatically recognise

Ukraine in December 1991. Canada, which has approximately one million Ukrainians, was the first Western country to do so.

Political change within Ukraine became visible in 1989 when the Popular Front Movement, Rukh, was created and elected writer Ivan Drach as leader. Changes proceeded at a pace and in a manner which to many observers appeared slow and not necessarily headed towards an outright challenge for power, independence. The apparent ambiguity was the result of a number of factors. *Perestroika* and *glasnost* reforms from above were introduced much later in Ukraine than in the centre or other Republics because Gorbachev kept the last Brezhnevite Politburo member, Volodymyr Shcherbyts'kyi, in charge of Ukraine until September 1989. A popular joke from the early *perestroika* years was, "if you want a break from *perestrioka* go to Ukraine."

Also, the power re-configuration was complex and began moving in a number of directions simultaneously. It became difficult to draw clear delineations of political forces since the opposition movement, Rukh, was founded in part by Ukraine's cultural intelligentsia, who were members of the Communist establishment. A point which many analysts overlook is that Rukh was brought into the political arena by Communist Party Ideology Chief Leonid Kravchuk who publicly condemned their platform and therefore made them part of official political discourse. He later became Ukraine's first President. Equally important was Ukraine's aversion to violence. Rather than adopting a direct confrontational stance the Republic opted for the gradual approach, taking power is small steps. Finally, there was no foreign press in Ukraine until late 1990. Early attempts at reform from below were not reported in the Communist controlled Ukrainian media and, unlike in Russia, no foreign correspondents were around to bring them to the attention of the international community.

Grass roots opposition groups began appearing in Ukraine by 1987 and appeared from three distinct sources: the former dissidents and political prisoners, the cultural intelligentsia, both official and unofficial, and youth who often based their new organisations on the Komsomol, the youth branch of the Communist Party. These groups addressed diverse issues ranging from politics to the environment, language, culture, and history, some targeting the Communist Party's authoritarianism while others lobbied for both democratic reforms and greater autonomy or even independence for Ukraine. Gradually the opposition groups joined forces agreeing to unite the ideological

and national struggle, hence they became popularly known as the pro-Ukrainian democratic opposition.

For the Communist Party of Ukraine *perestroika* added a new dimension to the existing centre-Republic division. The ideological dimension of democratisation was thrust upon it creating new divisions at a time when power was being challenged from the outside. The first reconfiguration created three factions, making it difficult to describe them in terms of simply conservatives and reformers. Those favouring continued centralised politics divided over the issue of reforms, as did those favouring more autonomy for Ukraine. The new groupings were: 1) those who opposed the Gorbachev reforms and supported continued centralised rule, led by CPU First Secretary Stanislav Hurenko, 2) those who opposed the Gorbachev reforms but also opposed continued centralised rule, led by Oleskander Moroz, spokesperson of the Communist Party who always used the Ukrainian language, and 3) those who supported the Gorbachev reforms and opposed continued centralised rule, led by Leonid Kravchuk who was elected Parliamentary speaker in July 1990 and Kharkiv radical Volodymyr Filenko. This last group was part of the Democratic Platform movement within the Communist Party of the Soviet Union.

An important turning point in the reconfiguration of power were the March 1990 elections, since they broke to Communist monopoly on political power. For the first time non-Communist candidates were allowed to stand for office and the public responded by fielding 2999 candidates for 450 seats. The election was only partially free but the non-Communist opposition succeeded electing 117 deputies (27% of the seats). In Western Ukraine they made an almost clean sweep into power, taking control of the local, regional and national seats. Their presence in Parliament affected both the power struggle within the CPU and society at large by further mobilising public opinion.

The first visible impact was on the CPU. Led by Filenko, the more radical part of the Communist Party faction which supported the Gorbachev reforms and increased autonomy crossed the Parliamentary floor and joined the democratic opposition. Together they formed a new coalition called Narodna Rada (The People's Council) which increased the opposition's power to one third of the seats leaving the Communists with 239 votes. Secondly, from their position as Members of Parliament the opposition gained legitimacy and direct access to the electorate since Parliamentary debates were publicly

broadcast. Presenting their views from within the framework of a state political institution granted them and their views legitimacy and enabled them to gain broader public support.

By July of 1990 the pro-autonomy forces were clearly in the majority. The Declaration of Sovereignty was adopted by the Communist dominated Parliament by a vote of 355 to 4. With this document Ukraine took control over the legislative process by stating that its laws supersede those of the USSR. It also outlined the agenda for future steps towards autonomy, most importantly a creation of a separate army and currency and declaring non-aligned, non-nuclear status. Shortly afterwards Ukraine began independently accrediting foreign journalists, to allow direct information outflow from Ukraine rather than through Moscow. Bilateral relations were developed with neighbours Poland and Hungary and perhaps most importantly Russia, with whom Ukraine signed a treaty in November 1990 in which both sides agreed to respect each others' territorial integrity.

Increasing public influence on politics was dramatically demonstrated by the student hunger strike held in October 1990, which succeeded in toppling the Prime Minister Konstantyn Masol and receiving a concession from Parliament that Ukraine would not accede to Gorbachev's Union Treaty without a referendum.

Military crackdowns in the Baltics and Georgia in January 1991 temporarily slowed Ukraine's actions towards greater autonomy. However, when Gorbachev appealed to public opinion to keep the Soviet Union together through a referendum on the Union Treaty on 17 March 1991, Ukraine decided to gauge support for sovereignty by adding a second question to the ballot. Following the ambiguous results Ukraine decided to continue the slow approach, gradually accumulating more power without challenging the centre into a confrontation. Parliamentary speaker Kravchuk began making foreign visits not scheduled by Moscow, the two important ones being to Germany and Switzerland. In the early summer of 1991 Ukraine created two new institutions which strengthened it position vis-a-vis the centre. The post of President was created which was outside the traditional Communist Party and Soviet political structures, and elections were scheduled for 1 December 1991. Also in May the National Bank of Ukraine was established which began taking steps towards economic independence, the first of which was introducing a coupon system parallel to the rouble in July 1991, a month before the Moscow coup.

In formal relations with the centre Ukraine adopted a neutral stance, not rejecting cooperation but attempting to carve out a more autonomous role for itself. Parliamentary speaker Leonid Kravchuk attended meetings on the Union Treaty but refused to commit Ukraine without consulting his own Parliament. He refused to submit to Gorbachev's pressure and, using popular protest in Ukraine against the Treaty as an argument that he could not take such a decision independently, delayed Ukrainian ratification of the document until the autumn of 1991. It is not clear what the planned 20 August 1991 signing of the Union Treaty would have entailed since Ukraine was not prepared to become a signatory at that time.

The 19 August 1991 coup caught Ukraine by surprise and became a defining moment in its bid for increased power. Events in Ukraine during those three days demonstrated the weakness of the centrists within the CPU, the degree to which Ukraine had become detached from the power struggle in Moscow and the importance of the role of force. The coup committee sent General Varennikov from Moscow to Kyiv to enforce the state of emergency, who used anti-reform, pro-centre CPU chief Stanislav Hurenko to summon state leader Leonid Kravchuk to the CPU Headquarters.

Kravchuk, who was still a Communist at that point, refused the summons and insisted that the meeting be held in his office, demonstrating that he was not submitting to the authority of the coup committee. Publicly he announced that there was no emergency situation in Ukraine, and re-enforced Ukraine's separateness by calling a press conference for foreign journalists to make Ukraine's position clear to the world. Fearing military consequences he did not openly oppose the coup. Until it was clear who controlled the military Ukraine stayed out of the fight.

Once the coup collapsed, Kravchuk moved quickly against both the centre and the Communist Party. Taking advantage of the temporary disarray among the political forces in Moscow and lack of clear command of the Soviet military, Ukraine made a bid to seize power. The Republic's control over internal forces under Ievhen Marchuk's command provided the domestic stability and short-term security to enable the political move. Within three days an emergency session of Parliament was called where the democratic bloc tabled a motion for declaring independence. The debate within the democratic camp was whether independence was more important that banning the CPU and whether a communist Ukraine was worth declaring. Consensus

emerged that the centre was more of a threat than the CPU. Within the Communist Party the question was whether the Party had better chances for survival within the USSR or Ukraine. The pro-autonomy CPU leader Oleksander Moroz swung the decision in favour of independence for the first time visibly inviting representatives of the opposition and the press to the CPU caucus. Outside Parliament a huge crowd had gathered and effectively sealed the politicians in the building exerting public pressure by chanting "Independence." By the afternoon consensus was reached and Independence was declared by a vote of 346 to 1 with 3 abstentions. Two days later the Communist Party of Ukraine was banned.

THE POST-INDEPENDENCE REALIGNMENT OF FORCES

After gaining power internationally, political forces in Ukraine remained united on the issue of independence. Despite their differences almost all political forces have consistently acted in concert on issues which threatened Ukraine's independence and consequently power. The first example of this was the campaign for the independence referendum which was held at the same time as the first Presidential race with both votes scheduled for 1 December 1991. The various candidates criticised each other but all encouraged Ukrainians to vote "yes" in the referendum. There were no disagreements on the issue of creating a Ukrainian army or diplomatic representation.

The second important issue of reform was more divisive. The main post-independence power struggle has been between those who stand to gain and those who stand to lose from further changes in the political and economic sphere. The re-configuration of power within the newly proclaimed state began almost immediately, has gone through a number of phases and as of 1998 remained in flux. Although the forces promoting change have initiative and competitiveness on their side and are likely to win in the long run, the opponents of change have influence in the bureaucracy which has a tremendous capacity to slow down reforms. Both sides have competed for public opinion to support their views and have successfully kept their disagreements in the political arena, not resorting to lawlessness or violence as has happened in other post-Soviet states.

Institutional changes began before independence with the creation of the post of President, which introduced a third centre of power in addition to Parliament and Government. These three institutions have provided the arena for political power struggles in Ukraine and the

struggle has re-defined the roles of the institutions. The current formal division of power is spelled out in the Constitution, adopted on 28 June 1996, which divides power evenly between the President and Parliament, subordinates the government to the President and anticipates the judiciary acting as an impartial arbitrator.

The first casualty of the post-independence power struggle was the Communist Party of Ukraine, which was suspended two days after independence on the basis of documentary evidence linking them to the organisers of the coup. The previous splits were formalised with a portion of the party remaining loyal to Kravchuk, the pro-Ukrainian but anti-reform faction re-organising itself into the Socialist Party under the leadership of Oleksander Moroz and remaining an important political player, and the hard liners disappearing off the political stage until 1993 when the Communist Party was re-legalised.

The second change occurred within the democratic camp and became visible during the first presidential election campaign of 1991. Once the common goal—independence—was achieved, unity began to dissipate and divisions began surfacing over the question: what type of state was Ukraine to become? Instead of uniting behind one democratic presidential candidate, six contenders vied for the top political job in the new state, fragmented the vote and paved the way for former Communist Leonid Kravchuk to win a comfortable 62% majority. After Kravchuk's victory Rukh remained divided over the question of political priorities. One group, led by Ivan Drach, felt that statebuilding was the main issue and it was time to put differences aside and support the newly elected President. Others, led by former political prisoner Viacheslav Chornovil, believed that democratisation was the key issue and remained in opposition to the state's leadership until reforms were introduced. This difference of opinion led to a formal split of Rukh in mid 1992 which permanently weakened the organisation and led to further splintering.

A third political change was the appearance of a new centrist force from the within the Communist Party which today has evolved into the National Democratic Party. They began as a rebel group within the CP which participated in the all-Union Democratic Platform, after the March 1990 Ukrainian election crossed the parliamentary floor and joined the democratic opposition to create the Narodna Rada but never formally joined Rukh. They organised one of the first political parties in Ukraine, the Party for Political Revival in Ukraine (PDVU)

and by mid 1992 built a broad centrist coalition around it called New Ukraine. Promoting economic reform as their main platform, under the leadership of Volodymyr Filenko from the Kharkiv region in eastern Ukraine and ethnically Russian deputy Parliamentary Speaker Vladimir Griniov they gained support from efficient and successful industrial directors. Among their membership was Leonid Kuchma who was not a well known figure in politics before 1992.

Thus within a few months the Ukrainian political scene developed a political spectrum with left, right and centre groups with the Socialists, Rukh and New Ukraine initially defining the constellation. New political parties began appearing and finding their place on the spectrum although the political scene remained defined by blocs and factions rather than parties since they remain small and weak.

Real power remained in the hands of the so-called "Party of Power" which was not a political party but rather the executive branch of government and bureaucracy which ran the country. Kravchuk based his power on this faceless group and was therefore unable to pursue serious economic reforms as they were not in the interests of many inefficient power brokers in industry and agriculture. This "Party of Power" gradually experienced divisions of its own with the split occurring between the efficient and inefficient sectors.

The institution of the President emerged as the strongest political force, since Parliament became divided between reformers and conservatives of different ideological hues, and the government remained subordinated to Parliament. Kravchuk attempted to increase his power by gaining control over local government through introducing a new post of Presidential Representative in all Oblast's (Regions) which would circumvent the existing local soviets. This attempt did not succeed but rather created a new parallel level of government and led to greater regionalism as local bosses competed to protect their turf. This raised the issue of federalism as a possible alternative to a unitary Ukrainian state which was eventually rejected because of developments in Crimea.

Kravchuk gradually lost power nationally as a result of the "Catch 22" situation he found himself in. With the "Party of Power" being his main stable power base (the others were some elements of Rukh and New Ukraine but they did not posses real power) he was prevented from implementing economic reforms, but by not improving the economy he lost public support and his political opponents grew stronger. By 1993 he was forced to concede to call early Parliamentary and Presidential elections.

PHASE TWO

1994 was an important turning point for Ukraine's politics since both Parliamentary and Presidential elections were held that year. It was a test of the democratic process for the new state since it was the first transition of power since independence. In both elections this process went smoothly.

In March the Parliamentary election was held in two rounds and the results showed a number of emerging political trends. One was the weakness of political parties since the largest number of seats (225 out of 450) were taken by independent candidates. 1994 also showed that Ukraine was experiencing a resurgence of the left common to most post-Soviet countries. Although a shadow of its former self the Communist Party of Ukraine, re-legalized in 1993, did better than any other political party, gaining 97 seats. Combined with the Socialists who gained 26 seats they were able to create the largest faction in Parliament since together they held approximately a third of the seats. Consequently they were able to get the Socialist Party leader elected as Speaker of the house. The coalition remained a loose one since despite agreeing on their opposition to market reforms, the two parties disagreed on the issue of relations with Russia, since the Communists preferred a restoration of the USSR while the Socialists remained pro-independence.

The elections also exposed the weakness of Rukh and the newly organised political parties. Those with similar platforms failed to make alliances during the campaign and consequently each won only a small number of seats. The national-democratic forces represented by Rukh suffered a major electoral defeat, gaining only 27 seats, however they performed better than the smaller parties such as the Liberals, Liberal Democrats, Democrats, Republicans, Nationalists. The fragmentation of political power in Parliament led to the creation of factions, with parties forming coalitions to gain an effective voice in the house. These factions were often divided into three groups: pro-reform, moderately pro-reform and anti-reform. Without a majority political force in Parliament, the legislative process moved slowly and was often paralyzed by internal power struggles/disagreements.

Presidential elections held in July 1994 saw former Prime Minister Leonid Kuchma emerge as the surprise winner in the second round after incumbent Kravchuk had won the largest number of votes in the first round. Although a close race, Kuchma's success has been attributed to his campaign platform which included closer economic

ties with Russia. He spoke Russian, targeted the populous East and Central regions and promised change. His message also has a very strong anti-crime and anti-corruption component and he gained backing from the Inter-Regional Bloc of Reforms, Independent Trade Unions and new business circles who financed his campaign.

After coming to power Kuchma altered the political structure in Ukraine by initiating a clear division of power between the three branches of government and reforming local government to eliminate the hierarchical patterns inherited from the Soviet era. Recognising that his political future would depend on a successful economic performance, he proclaimed a policy of economic stabilization and reform which included fighting corruption and integrating Ukraine into the global economy (See Chapter 4).

With Parliament often stalemated the President once again emerged as the most powerful political figure. The first institutional change introduced by Kuchma was subordinating the executive branch to the Presidency and increasing the power of the National Security Adviser. In a two step process he first introduced a Constitutional Agreement in 1995 which outlined the division of power between the various branches of government. Then, appointing himself as co-chairman of the Constitutional Committee with the Socialist speaker of Parliament Moroz, he succeeded in codifying these divisions in the Constitution adopted 28 June 1996. Successfully using public opinion as a political tool he regularly threatened to take his proposal to a referendum. The other important issues codified by the Constitution were protection of various forms of ownership, including private property, and the status of Crimea as an autonomous region of Ukraine.

Kuchma also tackled the outdated structure regulating relations between the Kyiv central government and regions. Although some devolution of power had occurred in a piece-meal fashion during the Kravchuk era, usually in response to requests from certain regions such as Crimea, Transcarpathia and Odesa, structural reform was needed to standardise procedures and systematically devolve power to the regional and local levels. The old system also protected the communist hierarchy which became a direct threat to the President's power after the Party was once again legal. After much debate a new Law on Local Self-Government was adopted in June 1995.

This opened the conflict between regional elites who began making attempts to carve out power for themselves from the centre. Dnipropetrovs'k, Kuchma's home region, Donets'k, the industrial

heartland, Odesa, the trade capital and Crimea have emerged as the main players with Western Ukraine a potential rival as trade with Central Europe increases.

Political parties have yet to become the vehicle for most power struggles. Personality and individual power bases remain decisive. The Prime Ministerial post has become an ambiguous political position, since it provides opportunity to rival the power of the President, as was done by former KGB head Ievhen Marchuk in 1995, but the President retains power to dismiss the Prime Minister.

PARLIAMENTARY STALEMATE CONTINUES

The second Parliamentary elections in independent Ukraine were held on 29 March 1998 and did not fundamentally alter the political landscape. The Communist Party once again gained the largest number of seats but scored nowhere close to a majority with only 123 out of 450 seats. Rukh made a public relations major comeback, gaining the second largest number of seats but only marginally increased their political power by winning 46 seats. The governing power, represented by the pro-Kuchma National Democratic Party did poorly and despite having the Prime Minister Valerii Pustovoitenko leading the ticket and a massive campaign only secured 28 seats.

Political fragmentation was still very much in evidence as 33 parties fielded candidates and only nine secured enough votes (over 4%) to make it into the halls of power. No one party emerged as clear winner, once again a large number (114) independent candidates were elected representing the business sector. Power was once again fragmented among different political groups who, already preparing for the 1999 Presidential election, found it difficult to agree on a Speaker for the house. After 19 rounds of voting on 7 July 1998 Oleksander Tkachenko of the Peasant Socialist Party was finally selected as a compromise figure. At the time of this writing (summer 1998) it is too early to predict the actions of the new Parliament apart from noting the likelihood of continued and possibly deepening Parliamentary stalemate. This would further slow down the legislative process and consequently strengthen the Presidency. Leonid Kuchma has a year to prepare for the next Presidential race and may use Parliament's weakness to push through reform measures by decree and strengthen his chances at re-election. The Presidential election will probably dominate Ukraine's political agenda through 1999.

TABLE 3.1 1998 PARLIAMENTARY ELECTION RESULTS

	CONSTITUENCY SEATS	PARTY LIST SEATS	TOTAL PARLIAMENTARY SEATS
Left			
Communist Party of Ukraine	39	84	123
Socialist and Peasant Party Bloc	3	29	32
Progressive Socialist Party	3	14	17
Centrist			
Hromada	7	16	23
Social Democratic	2	14	16
Pro-Government			
National Democratic Party	11	17	28
Rukh	14	32	46
Green Party	0	19	19
Agrarian Party	8	0	8
Independents	114	0	114
Other parties	24	0	24

Sources: Ukrainian Central Electoral Commission, press reports, EIU

One positive feature of the recent Parliamentary election was evidence of deepening of democratisation of society. Wide, diverse and increasingly professional media coverage surrounded the electoral campaign, with heated political debates televised and the first ever Election Night live TV broadcast in Ukraine. Voter turnout was reasonably high and grass roots monitoring groups were well organised. In stark contrast to 1990 the last election in many ways resembled the process in established democracies.

THE EXCEPTION TO THE PATTERN—CRIMEA

The one important exception to the general political trends in Ukraine has been the peninsula of Crimea. Having become part of the Ukrainian SSR only in 1954, Crimean politics did not evolve in the same pattern as in the rest of Ukraine. It is the only part of the country that has the complex history of once having been the Crimean Tatar homeland, where two thirds of the population is Russian, and is of direct strategic interest to Russia since it harbours the nuclear equipped Black Sea Fleet. Until 1945 the peninsula was the Crimean Autonomous Soviet Socialist Republic within the Russian Federation. Following the deportation of Crimean Tatars in 1944 the peninsula was reduced to the level of an oblast, repopulated by Russians and placed under direct Russian rule for nine years until it was transferred to Ukraine. This move was likely

prompted by organisational and economic considerations since the peninsula is territorially unconnected to Russia and more easily administered by Ukraine.

The central issue for Crimean politicians has been to revise the power situation in their favour. In the pre-independence era the Communist Party was the only political actor but by 1990 the Crimean Tatars began returning to their ancestral homeland and transplanted their ruling council, the Mejlis, to the peninsula. After independence new political players appeared; the Russian Republican Party of Crimea (RPK) which from the outset had clear links with Russia, and the Party of Economic Revival founded by some of the former communists. Despite having the lowest percentage of Ukrainian residents in the country, over 50% of the peninsulas voters supported independence during the referendum.

Within the new political constellation the Tatars and part of the former Communists have taken a pro-Ukrainian line, while the Russian Republican Party has sought alliances with political forces in Russia to strengthen their separatist position. Ukrainian Parliament had restored Crimean autonomy within Ukraine's borders before it declared independence yet the power struggle between Kyiv and the peninsula's capital, Simferopil', continues. Complicating the situation further has been Russia's direct and indirect involvement.

The dynamic in relations between Kyiv and Simferopil, has been negotiations, threats, coercion and concessions on both sides with Ukraine prepared to share power but only to the point where this will not threaten its territorial integrity. However, the situation was regularly inflamed by actions of certain political forces in Russia such as then vice-President Alexander Rutskoi who visited the peninsula in April 1992 and called for its secession. Another example was the Russian Parliamentary Resolution of 9 July 1993 which claimed that Sevastopil was part of Russia. Ukraine turned to the United Nations Security Council to protect its borders, and the Council ruled in Ukraine's favour.

Tensions escalated again in January 1994 when separatist Yuri Meshkov was elected President of Crimea and reinstated the Crimean Constitution which included a secession clause. Meshkov's popularity declined when he failed to improve the economic situation on the peninsula or curb the turf wars within Crimean Parliament. By mid-1995 Kyiv was able to suspend the peninsula's separatist Constitution

and annul its Presidency. A new arrangement was agreed upon that in exchange for remaining within Ukraine the peninsula would be given greater autonomy on economic issues. This was codified in the 1996 Ukrainian Constitution.

CONCLUSION

Political democratisation begun by Gorbachev enabled the Republics to challenge the power of the centre using the terms of debate set out by the centre. As the instruments of control were loosened other political players were allowed to enter the political arena and in all Republics they defined the agenda in national terms. In Ukraine national was defined in civic rather than ethnic terms with individuals from the minorities playing leading roles in the pro-independence movement and post-independence political structures. Vladimir Griniov, an ethnic Russian held the deputy Parliamentary Speaker's role and became a leading figure in the Inter-Regional Bloc of Reforms; the first Defence Minister Konstantyn Morozov was half Russian and Ukraine's third Prime Minister, Iukhym Zvihil'skyi, is Jewish as is the current mayor of Odesa, Eduard Hurvits. The success of this approach is witnessed by the fact that the majority of ethnic Russians and Crimean Tatars supported Ukrainian independence in the December 1991 referendum.

The move towards greater autonomy and ultimately independence occurred on two levels: from below by the opposition movement, embodied by Rukh, which publicly set the political agenda, and from above by the Ukrainian Communist Party elites who took legislative and institutional steps. The initial relationship between these two levels remains vague but by 1990, shortly after the removal of Brezhnevite Politburo member Volodymyr Shcherbyts'kyi, it became clear that they were both moving in the same direction.

Perhaps the best indicator of Ukraine's pre-independence intentions to gain power from the centre is its behaviour after gaining statehood. Unlike some post-Soviet states, Ukraine has consistently resisted both Russian and Western pressures to adopt policies which would undermine its power as an independent actor. It has refused to become re-integrated into a Russian dominated sphere through the CIS and at times has taken its independence to what appears extremes, for example its behaviour on the nuclear question described in Chapter 6.

Public opinion became an important player in the political power struggle as the Republicans used popular opposition or support to assert their power vis-a-vis the centre. Ukraine's role as an independent political player became impossible to question after 90% of the population supported the move in a referendum.

The process of democratisation continues within the new framework of a Ukrainian state although it remains difficult to quantify. Indicators such as the development of political parties, the conduct of elections, lifting of restrictions on the media and growth of civil society are only partially useful for gauging the health of the political process in Ukraine and other post-Soviet states since the transition phase is not complete. Furthermore terminology has clouded understanding of political developments since, for example, the word "party" has different connotations in post-Soviet societies than it does in Western democracies. Public attitudes towards elections are obviously different for people who have voted all their lives but are now learning to choose their leaders for the first time.

Corruption has remained perhaps the biggest single obstacle to changes and reforms in Ukraine. In the post-Soviet era it has come out into the open, increased and expanded into new directions with the links between government, the security forces and the economy clear to everyone. It is unlikely to be eliminated until the power struggle is completed since it is an integral part of it. While the pie is being carved up rules are disregarded with each player aware of the fact that the transition is providing a window of opportunity which will eventually disappear. For the inefficient industries and agricultural conglomerates, who are used to skimming profits off the surface, this is the last opportunity to steal large amounts before they lose their positions of power. Those with good survival prospects in a market economy and democratic political system are building up their power bases by accumulating assets and property while the prices are low. The best examples are the newly created banks and energy companies. Gradually it will become in the interest of those who succeed in securing power to eradicate corruption since it will become and obstacle in their further pursuit of power. In order to attract foreign investment Ukrainian companies will pressure the government to enforce legislation and protect their assets. Public opinion will probably play a role in this process since those who want to stay in power will have to maintain credibility in order to win elections and prosper in business.

TABLE 3.2 UKRAINE'S POLITICAL STRUCTURE 1998

Political System	Presidential Republic
Head of State	President, elections held every 5 years, Leonid Danilovych Kuchma, elected 10 July 1994 with 52% of the vote, next election scheduled for October 1999
Legislative Branch	Unicameral Parliament, Verkhovna Rada, 450 seats; elections every 4 years; last election 29 March 1998, 446 seats filled, 4 seats unfilled, Speaker of the House, Oleksander Tkachenko, Peasant/Socialist Party, next election scheduled for 2002
Executive Branch	Government called Cabinet of Ministers, headed by the Prime Minister, subordinated to the authority of the President; since independence Ukraine has had 7 Prime Ministers, currently Valerii Pustovoitenko
Legal System	Based on civil law system, governed by Constitution adopted 28 June 1996
National Finance	Governed by the National Bank of Ukraine which reports to both Parliament and the President, current Chairman, Victor Yushchenko; national currency, the Hryvnia, introduced 1 September 1996, pegged to the US dollar

What is clear is that Ukraine's new/old elites are determined to protect their recent political victory and are employing the trial and error method of statebuilding with surprising success. By not excluding non-Ukrainian minorities from positions of power or equal participation in society in spheres of employment, education, politics the leadership has maintained social stability while the power struggle continues.

Chapter 4

ECONOMICS

Economics is the single most important issue facing Ukraine. This will determine whether Ukraine survives as a state and which regional grouping it will become part of. Ukraine declared independence in large part because its economic future looked bleak if it remained part of the USSR and subject to decisions made outside its borders. Independence did not bring immediate recovery and in fact speeded up the decline which began in the mid-1960s. If this continues Ukraine will lose the power it gained by leaving the Soviet Union.

One main reason why Ukraine's elites were able to seize power in 1991 was because Soviet leaders were unable to find solutions to mounting economic problems and traditional power relationships unravelled. Ukraine changed the balance of economic power in the region by breaking away from Russia's control and splitting the former Soviet Union into smaller economic units. In the short run this caused severe disruption as old patterns of economic activity were destroyed. The long-term impact of Ukraine's departure is difficult to assess since the re-organisation of economic powers is still incomplete. Global trends towards regionalism will pull Ukraine into an alignment and the remaining question is where Ukraine will end up. The options are: going back to a Russian-dominated zone, becoming part of a new East European economic union or joining a common European space which may also include Russia.

Ukraine has expressed a clear preference for the third option. Whether it succeeds in this venture will depend on both internal and external factors. What is clear is that Ukraine is intent on retaining control over economic processes on its territory and is prepared to absorb the short-term readjustment costs in the hope of strengthening its long-term position.

ASSESSMENT

It is difficult to make an accurate assessment of Ukraine's economic status seven years after independence because complete data is not easy to obtain. Soviet-era records which should provide a comparison point are of limited use because their accuracy is questionable and

their method of reporting was different—for example the official rouble exchange rate did not reflect its real value and the USSR did not calculate GDP. After independence Ukraine adopted new, western-style record keeping and has made this data available internationally. Yet these statistics are still of limited use because much economic activity has gone or stayed underground; therefore the accessible statistics present only *part* of the picture. According to official indicators Ukraine's economy should have bottomed out a long time ago but this has not happened.

A World Bank representative posted in Ukraine in the early 1990s estimated that approximately half of Ukraine's economic activity is in the shadow and bypasses official record keeping (Kaufmann, 1994). He came up with this estimate by comparing official statistics on industrial output with actual energy unit consumption and discovered a significant discrepancy. Much of this unofficial economic activity is non-violent and non-criminal but rather businessmen avoiding the excessive administrative regulations (licences, permits, etc.) and high taxation rates.

When one looks at Ukraine's resources, it becomes clear that it is not a poor country but a mismanaged one. Its economy is not *under*-developed but *mis*developed. Disintegrating from centralised command structures and entering the global economy has proven much more difficult, time consuming and disruptive than Ukraine had anticipated when it seceded from the Soviet Union.

In the long run Ukraine has good prospects for economic growth and stability. It holds an estimated 5% of the world's mineral resources. There are 8,000 deposits of 90 different minerals, including coal, iron ore, manganese ore, chalk, limestone, titanium and mercury. Around these resources Ukraine has a developed industrial base. Fertile agricultural land made it known as "the breadbasket of Europe." With a population of fifty million it has a sizeable consumer market. Furthermore Ukraine has developed internal transport and communications systems, as well as a research and development infrastructure. Its skilled and productive labour force has expertise in natural sciences, computer programming, military-related and space research.

The down side is that its capital stock is outdated and decaying, its technology is old and inefficient, the country has suffered serious environmental destruction and its consumer goods are not competitive on world markets. It is very energy inefficient and dependent on

Russia for oil and natural gas. Ukraine's human capital, although highly educated by global standards, lacks the skills needed for a modern, consumer-oriented, information-age economy, skills such as marketing, accounting and widespread computer literacy. Perhaps the biggest problem is that the country lacks decision-making experience and the institutional infrastructure necessary for implementing the economic policy that would pull it out of its current recession. And Ukraine remains fearful of Russia's potential to reassert control over its economy.

Many international observers describe Ukraine's economic performance in its first seven years of independence as "muddling through", at times infuriating and often surprising the critics. The noticeable trends are that social stability was maintained during the steep decline immediately after independence, and that the worst hyper-inflation in the region was brought under control once international financial assistance began arriving in the country in 1994. Early indicators show that from January–May 1998 the economy showed its first signs of growth.

SHORT-TERM GOALS

Ukraine has succeeded in achieving its short-term economic goals despite the generally negative evaluations of it's economic performance. It has created an independent economic unit, introduced market reforms and entered into the global economy.

Ukraine now regulates economic activity within its borders. After becoming politically independent Ukraine took over the economic levers of its state and disintegrated from the centralised command system. It created its own money supply, began formulating its own monetary policy, developed international reserves from almost nothing, took over the taxation system. It also introduced its own state budget and asserted control over production and trade. New national economic institutions were created, such as the National Bank of Ukraine (Central Bank), the Ministry of Foreign Trade, and a Stock and Commodities Exchange.

In today's day and age no economy is fully independent or self-sufficient. Ukraine remains inter-dependent with Russia and other states the way that Canada is influenced by the United States. The dramatic change which occurred was Ukraine took control of its economy and, although influenced by, is no longer directly subject to decisions made outside its borders.

A market economy has also developed since independence. The Ukrainian government legalised the right to make profit outside state structures which allowed the development of a private sector. Private banks, companies, shops, restaurants, farms and service industries exist throughout the country and their number has been steadily growing. A significant portion of the economy is now in private hands while parts remain under state control. By mid 1996 62.7% of the large and medium-sized industrial enterprises were privatised. Ukraine's system is best described as a mixed economy, in many ways not too different in structure from some West European states.

The emerging market economy is not always recognised because it is different. Different from what Ukrainians expected it to look like and different from Western market economies. Many Ukrainians did not realise that availability of goods does not mean that everyone has equal access to them. Western observers are shocked by levels of corruption and inefficiency because it is out in the open and not yet concealed behind a sophisticated legal system. Support for further marketisation is coming from those who have benefited from the changes. As their economic power increases they will continue to protect their gains and short of a revolution or foreign invasion there is no possibility of the market disappearing.

A third short-term goal Ukraine has already achieved is that it has entered the global economy and ended its previous enforced isolation. During the Soviet era Ukraine had no direct economic contact with the outside world or even other Republics. Now it has established relations with international financial institutions like the World Bank, the IMF and the European Bank of Reconstruction and Development. Foreign investment has begun flowing into the country from North America, Western and Eastern Europe, Asia and the Middle East. In 1996 Ukraine had received an estimated 1.4 billion in private foreign investment. International trade patterns have been developed and are slowly being diversified away from the CIS.. From 1995 to 1996 alone trade grew by 26%. Ukraine has not become a major player in the world economy and is unlikely to exercise serious influence in the foreseeable future. But it has entered the game.

LONG-TERM GOALS

Ukraine's long-term economic goals are to reverse the decline which began in the mid-1960s, create an efficient growth economy and integrate into European structures. These goals are proving elusive. Part

of the disillusionment with Ukraine's apparently slow pace of change stems from unrealistic expectations. Ukrainians expected that as soon as they moved away from central Soviet control they would create a booming economy and be welcomed into international markets with open arms. Since Ukraine had been a net donor to the Soviet GNP it saw its route to prosperity in removing itself from the USSR and was emboldened by the positive forecast it received in the 1990 Deutsche Bank report which predicted that Ukraine was well placed for prosperity if it opted for independence. No-one anticipated quite how difficult, disruptive and time consuming disengaging from a command economy would be, how difficult it would be to secure alternative energy supplies or enter the competitive global trade environment.

The Western world expected Ukraine, and the other post-Soviet states, to establish solid democracies and vibrant markets as soon as communists were removed from power. Western experts arrived preaching market economics, offering advice and suggesting economic models which Ukraine should adopt. Time has shown that Western economic models cannot be simply transplanted onto former socialist economies without factoring in local conditions and needs. Ukraine and the other post-socialist states have become living laboratories in which a new economic system is evolving. And this process is taking time.

The final outcome of Ukraine's economic experiment will be shaped by both internal and external factors. They are inter-related in many ways.

INTERNAL FACTORS

Ukraine's economic success will be determined first and foremost by its ability to learn the rules of the global economic game. It is at a real disadvantage since it had been isolated from the international economy and its elites had little opportunity to develop decision-making skills. Soviet Republics did not engage in direct trade with the outside world or even with each other. All trade and commerce was managed by the Soviet centre so Ukrainians began with almost no practical knowledge or experience of business transactions outside their own Republic. Ukrainians also lacked theoretical knowledge. They were under-represented in Soviet academic exchanges therefore had less opportunity to study abroad and gain non-Soviet degrees in social sciences. When Ukraine declared independence there was not one economist in the country who had a PhD in economics from a Western university.

The pace at which Ukraine gains expertise in contemporary economics and experience in both domestic and foreign economic policy-making is shaping its efforts at reform. Unfortunately, such things take time. So far Ukraine has been using the trial and error method of economic reform and learning on the job. There is room for optimism judging from the way Ukraine came out of its financial crisis. After wage and price liberalisation were introduced and Ukraine left the rouble zone, inflation spiralled out of control. It experienced the worst hyper-inflation in the region, which reached 10,200% in 1993. Once Ukraine received stabilisation loans from the IMF and World Bank in 1994 inflation was brought under control within two years. Although seemingly high by Western standards, it has been gradually decreasing to 15.9% in 1997. By 1996 the new country felt confident enough to introduce its long awaited currency, the hryvnia, which has remained stable. Like any currency the hryvnia will continue to be vulnerable to external factors, such as the monetary policies of Russia and international financial trends. However to date there have not been major internal problems.

Long term solutions to the "knowledge gap" problem have been put in place through the education system. Economics curricula are being revised, western textbooks are being translated and used, Western economics lecturers are invited to teach at Ukrainian higher education institutions and Ukrainians are going abroad to study. As the private sector develops, Ukrainians are learning the rules of capitalism through practice. Competition and consumer awareness are increasing the quality and availability of private sector goods and services. Unfortunately many decision-makers, particularly in spheres where the government maintains monopolies, are demonstrating a slow learning curve. Many of the more talented people have left the government sector since higher salaries attracted them to the private sphere.

As important as the race to gain knowledge is the on-going power struggle between the efficient and inefficient sectors of the economy. Few

TABLE 4.1 CONSUMER PRICE INDEX (INFLATION) AND GDP GROWTH 1991–1997
(% change)

	1991	1992	1993	1994	1995	1996	1997
Consumer Price Index (inflation, average, %)	39	210	10 225	501	282	80	15.9
Real GDP Growth (% change)	–8.7	–9.9	–14.2	–23.0	–11.8	–8.0	–3.2

Sources: United Nations, Central European Quarterly, EIU

in Ukraine actually understand how a market economy works on the macro-level. Nobody in Ukraine or outside its borders really knows how to build one from the ruins of the old command structure, but those who stand to lose their positions of power are opposed to it. This is slowing down changes. Until one side wins or they come to a mutually acceptable arrangement for co-existence, economic decline will continue. Everybody is in agreement that Ukraine should retain its economic independence but they cannot agree on what Ukraine's economic system should be and should it be northward or westward looking.

In the long run the efficient sector favouring further marketisation is likely to win this struggle. However, the anti-reformers have the power to prolong the economic crisis by preventing the introduction of rapid changes. The worst-case scenario of this struggle is that the pace of changes will remain so slow that by the time the inefficient sector is deprived of power the economy will be in such poor shape that it will be unable to sustain itself and will get pulled back into Russia's control.

Corruption is a much talked about factor which is slowing down the pace of economic recovery. It is a serious problem which defies quick solution because it centres around the issue of trust. In order for the economy to function properly trust needs to develop as a feature of relationships, both towards the government and among business people. For economic relations to function efficiently individuals need reassurances that contracts and policies will be respected, upheld and implemented. This is very difficult to achieve because the previous political and economic system was based on coercion and evasion. Trust exists in private relationships but is only slowly beginning to enter the public arena. Canadian journalist Stephen Handelman has written a detailed study on how corruption from the Soviet Union has transferred to the new post-Soviet states (Handelman, 1994). The corruption permeates all levels of political, economic and internal security structures and is difficult to root out because it creates a vicious circle. People need to trust the government to provide services before they will pay taxes but the government cannot provide services if it does not collect revenues from taxes. Government officials continue to take bribes because their salaries are low but their salaries will not increase until the system becomes more efficient in distributing income. Corruption and capital outflow will stop once the economic situation stabilises but it cannot stabilised while these things continue. There seems to be no easy solution to this dilemma.

Related to this problem is the widely recognized need for structural reforms to re-shape Ukraine's economy to meet its current needs. Previously Ukraine was part of a larger economic unit and decisions were taken outside its borders which often did not take its interests into consideration. It began life as an independent state with a distorted economic structure. Soviet planners geared Ukraine's industrial sector towards the military industrial complex and heavy industry which they over-developed, while light and medium industry were under-developed. From the mid-1950s Ukraine received little investment in its capital stocks so by the 1990s much of its industry became outdated and inefficient. Agriculture was over-developed since Ukraine's fertile soil was expected to feed other parts of the Soviet Union. Over-farming has led to soil erosion and depletion. Furthermore, Chornobyl contaminated 15% of arable land in 1986. Land under cultivation fell from 48.6 million hectares in 1986 to 42 million in 1994. Investment in infrastructure was low which has created a housing crisis and water shortages in major cities such as L'viv, Odesa and most of the Crimean peninsula. The service sector was under-developed and is thus unable to meet the needs of a modern economy. Adjustments to these major structural problems require both a concerted plan and capital, two things which the Ukrainian government lacks. Latest figures show that there has been a slight shift of the labour force from industry to agriculture and services (see Table 4.2).

TABLE 4.2 LABOUR FORCE 1992–1996
(bn people)

	1992	1993	1994	1995	1996
Total	24.5	23.9	23.0	23.7	23.2
Agriculture	4.9	4.9	4.8	5.3	5.1
% of total	20.0	20.5	20.9	22.3	22.0
Industry	7.4	7.0	6.3	5.8	5.3
% of total	30.2	29.3	27.4	24.5	22.8
Services	12.2	12.0	11.9	12.6	2.9
% of total	49.8	50.2	51.7	53.2	55.6
of which:					
construction	1.9	1.8	1.6	1.5	1.4
transport & communications	1.6	1.6	1.5	1.5	1.4
trade	1.8	1.7	1.6	1.6	1.6
health care	1.5	1.5	1.5	1.5	1.5
education & culture	2.8	2.7	2.7	2.6	2.5
management	0.6	0.6	0.7	0.7	0.8

Source: UNDP, Ukraine Human Development Report, 1997

Ukraine also needs to make its energy consumption more efficient. In 1991 it consumed an estimated six to ten times more oil per unit GDP than the EC average. This is because the industrial sector is inefficient and energy consumption is centrally controlled. Apartments do not contain thermostats to regulate temperature and are often overheated which causes people to open windows and waste energy. The long-term solution to this problem is structural overhaul of industry, housing and services. In the short run Ukraine could begin a public campaign on energy conservation to raise public awareness on the consequences of waste. This energy inefficiency is deepening Ukraine's dependency on Russia and if it could cut down its consumption levels it would increase not only productivity but also its freedom of action.

Another important internal factor is Ukraine's ability to enter the global technological and information age. After decades of externally imposed isolation and under-investment it's technology is very dated and information often continues to be treated as a commodity. Ukraine has a developed research and development infrastructure but it needs to adopt a more open attitude towards integrating technological innovations and focus its available capital on buying technology which developed outside the Soviet Union. One exception is the aerospace industry and Ukraine has to date enjoyed moderate success in developing this area through the Sea Launch Consortium in partnership with the US, Norway and Russia.

A final important factor is Ukraine's ability to withstand economic upheaval. Its population has been very patient and resilient to the disruptions and depravations inflicted upon them during the disintegration process. North American societies would not have accepted such disturbances peacefully and industrial unrest would have brought the economy crashing down. Ukraine's survival skills are a great asset to an economy in transition but the emergency attitudes cannot last indefinitely. Some political scientists argue that social stability will remain until the situation begins to improve or unless it sharply declines, since desperately poor people who live in atomized societies are unlikely to rebel because they are too busy surviving to be interested in political mobilization. The one exception to this trend are the miners, who enjoy a higher living standards, are organised into unions and regularly threatens to bring the economy to a standstill through strike action.

TABLE 4.3 SECTORAL STRUCTURE OF UKRAINE'S BASIC MACROECONOMIC INDICATORS 1960–1989
(actual prices, percent)

	1960	1970	1980	1988
Gross social product	100.0	100.0	100.0	100.0
Industry	59.0	63.5	64.1	62.0
Construction	10.5	9.3	7.7	8.3
Agriculture	20.5	18.3	16.5	19.6
Transportation and communication	3.6	3.4	3.8	3.7
Product turnover	3.8	3.2	3.6	3.5
Produced net material product	100.0	100.0	100.0	100.0
Industry	47.9	50.0	50.0	42.6
Construction	10.2	9.2	8.9	10.4
Agriculture	26.0	25.3	18.2	28.1
Transportation and communication	4.3	4.8	5.4	5.1
Product turnover	6.4	5.9	7.3	6.9

Source: Koropeckyj, 1992

EXTERNAL FACTORS

Regardless of what Ukraine does domestically it will be affected by economic developments beyond its borders, particularly in the countries which are its immediate neighbours. If Russia succeeds in turning its economy around before Ukraine does, Ukraine will have no choice but to be re-integrated into a Russian-dominated economic zone. Should the pace of economic improvement in both countries remain roughly parallel, then Ukraine will remain in a strong position to retain its economic independence and negotiate the nature of relations with its northern neighbour. If Russia collapses economically Ukraine will be affected by the fallout since it will lose its major economic and trading partner.

The other significant neighbours are to the West. Poland, Hungary, and the Czech Republic initially made it clear that they did not want to form an economic alliance with Ukraine since their economies are more developed and they want to integrate into West European economic structures as quickly as possible. They considered close relations with Ukraine to be a burden which would slow them down in their efforts to be accepted as "Europeans." As their economic development continues while Ukraine's remains slow,' there is no possibility of an East European economic union developing since Ukraine is geographically isolated from most other states in the region except for Romania and Slovakia. However, in the mid 1990s, as entry into the rich man's club seemed

a less immediate prospect for East European states, they became interested in a temporary cooperation zone in the east until they were in a strong enough position to compete as equal partners with the West Europeans. The Central European Free Trade Agreement (CEFTA) was a step in this direction. In time Ukraine may play a leading role in this kind of a union because of its size and proximity to Russia which would be a desirable market for the East Europeans.

The third factor in Ukraine's future economic alignment is the behaviour of the European Union. The more advanced economies have now shown interest in including the East Europeans into their institutional structures, however Ukraine has not yet been considered. This will undermine efforts at creating an East European economic zone which would benefit Ukraine. Should the West European countries in future decide to expand their economic space to counterbalance China's emerging strength they may decide to include Ukraine and Russia into their economic zone. This would strengthen Ukraine's economic development.

Another external factor will be the countries with whom Ukraine will develop close trading relations. It has already initiated the creation of a Black Sea zone which includes Turkey, Greece, Russia and Romania and this could develop into a parallel or alternative economic alliance for Ukraine. The other potential is with countries of the so called third world who are very interested in Ukrainian arms and technology which they trade for oil and gas. An unlikely but possible alliance could form with countries of the Far East and South East Asia. China has already become one of Ukraine's largest trading partners. In 1994 the two engaged in $837 million trade turnover and in 1997 China became Ukraine's largest export market after Russia and the EU, accounting for 8.0% of total exports. Japanese financiers have begun investing in Ukraine. In October 1997 the Japanese Nippon Investor Service gave Ukraine a BB+ credit rating and the Nomura of Japan Bank extended US$369 million credit to Ukraine.

Patterns of international capital flows will also affect Ukraine's economic future. The current boom in the US stock market is having an impact on Ukraine's economy since the US has money to invest in Ukraine. Since 1994 Ukraine has been the third largest recipient of US foreign aid after Israel and Egypt. Although much of this money is not staying in Ukraine, since it ends up in the pockets of highly priced US

TABLE 4.4 MAIN TRADING PARTNERS 1994–1997
(% of total)

	1994	1995	1996	1997
Exports to:				
Former Soviet Union	56.3	54.4	56.9	41.7
EU	9.3	12.6	10.9	12.1
China	5.1	3.3	5.4	8.0
Germany	2.0	4.0	2.9	3.9
US	3.5	4.8	2.5	2.5
UK	0.8	2.0	0.8	0.7
Switzerland	3.2	2.2	0.4	0.5
Imports from:				
Former Soviet Union	69.3	65.2	65.1	57.2
EU	13.1	16.8	14.1	13.7
Germany	7.3	5.2	6.4	7.4
US	2.3	2.8	2.8	4.0
Poland	1.4	2.0	3.5	3.2
UK	0.7	2.8	1.2	0.9
Switzerland	3.2	2.5	0.5	0.8

Sources: Ukrainian Economic Trends, EIU

consultants, it is having a trickle down effect and influence on Ukraine's economic policy. US companies assisted Ukraine in its privatisation programme. Should the Asian flu spread and global financial markets contract, Ukraine will have less access to much needed capital.

CONCLUSION

Ukraine's economic performance has been surprisingly positive given its starting point and the enormity of the task it undertook. Ukraine began its life as an independent state with a rapidly declining, misdeveloped economy which it was not really in control of. Ukraine was also isolated from the world. Its economic elites had no contact with their counterparts outside the USSR and state enforced barriers prevented society from association with the global community. There was no bilateral trade between Ukraine and any other country and there were no direct flights into Ukraine from outside socialist countries. It was impossible to make a direct international phone call out of Ukraine and it was illegal to own foreign currency. The structure of economic relations was dictated by central planning yet over decades many distortions had crept into the system which made many functions depend on personal connections. This permeated all levels of the economy from securing industrial contracts

to a table in a restaurant. Many restaurants had guards posted at the entrance allowing only the privileged and foreigners in. Consumer goods were in chronic short supply and information was tightly controlled to the point that there were no public phone books in the country and the media reported harvest successes, political speeches and little else.

In seven years Ukraine has created a national economic unit, introduced market reforms and entered the global economy. Ukraine now has its own money, foreign exchange booths in all major cities, an airline which won the 1996 award for best new European airline (Air Ukraine International) and consumer goods are widely available down to kiosks selling Mars bars in every village. Information is now freely available with CNN broadcast in Ukrainian in addition to numerous independent Ukrainian TV programmes which have appeared. Domestic economic production fell in the first years of independence but 1998 was showing the first indicators of growth. Ukraine's actions have altered economic patterns in the region and broken Russia's former control over economic process. It is inaccurate to compare Ukraine to East European countries such as Poland or Hungary since their economic history is very different.

The long-term prospects for Ukraine's economic future are difficult to predict since the re-organisation of economic power is incomplete and the global economic environment is rapidly changing. Leading Western financiers like Jaques Attali and George Soros are questioning the relationship between democracy and market economics and forcing Western states to re-examine the foundations of their economic systems. Russia's future strength will be the most important external determinant of Ukraine's new regional alignment and, at the time of this writing, this remained an open question.

Ukraine has demonstrated a clear commitment to retaining economic power over its resources and is facing the dilemma of how to balance national interests with larger international trends. Foreign investment is necessary to provide much needed capital but Ukraine fears Russia re-asserting control by buying up its economy. The other delicate balancing act is maintaining good relations with international financial institutions while considering the needs of its population. In August 1997 the IMF suspended an electricity loan to Ukraine because it refused to raise domestic rates since it had been experiencing a prolonged wage crisis.

The most important factor which will determine Ukraine's economic future is the internal power struggle among Ukraine's economic elites. To date it has slowed down economic recovery and is threatening the country's long-term economic potential.

TABLE 4.5 COMPARATIVE KEY ECONOMIC INDICATORS
(in US$)

			AUSTRIA	RUSSIA	UKRAINE
Population (in millions)		1995	8.0	143.1	51.3
GDP per capita		1995	20,614	4,442	2,368
GDP nominal		1994	198.2	276.0	38.0
		1995	233.4	357.4	35.9
		1996e	228.1	448.7	43.3
		1997e	208.6	465.8	44.3
GDP real		1994	3.0	–12.6	–23.0
% change		1995	1.8	–4.0	–11.8
		1996e	1.2	–6.0	–8.0
		1997e	1.8	–1.8	–2.0
Industrial production		1994	5.0	–21.0	–30.0
		1995	5.0	–3.3	–16.1
		1996e	—	–5.5	–9.0
		1997e	—	–1.8	1.7
Gross fixed investment,		1994	6.8	–24.0	–22.7
real, % change		1995	2.3	–10.0	–35.0
		1996e	0.9	–18.0	–20.0
		1997e	2.3	–5.0	—
Budget GDP		1994	–4.4	–10.3	–9.7
		1995	–5.3	–3.3	–8.6
		1996e	–3.9	–4.2	–6.2
		1997e	–3.0	–4.3	–4.0
Consumer prices		1994	3.0	323.0	891.0
% change		1995	2.2	194.0	376.8
(inflation)		1996e	1.8	48.0	80.2
		1997e	2.0	16.0	25.0
Producer prices		1994	1.3	—	1,134.4
% change		1995	0.4	241.0	488.8
		1996e	0.0	52.0	52.1
		1997e	—	20.0	—
Unemployment rate		1994	6.5	7.0	0.4
		1995	6.6	8.3	0.6
		1996e	7.0	9.1	2.0
		1997e	6.9	9.7	9.0
Average gross monthly	LC	1996	28,098	800,000	138
wages	USD	1996	2,788	156	75
Merchandise exports		1994	44.9	68.1	13.9
bn		1995	55.9	81.1	14.2
		1996e	56.7	87.7	15.6
		1997e	53.9	91.2	16.9

(cont'd)

TABLE 4.5 *(continued)*

		AUSTRIA	RUSSIA	UKRAINE
Merchandise imports	1994	14.9	50.5	16.5
bn	1995	66.1	60.9	16.9
	1996e	65.4	59.6	19.3
	1997e	60.1	60.1	20.8
Trade balance	1994	–10.2	17.6	–2.6
	1995	–10.2	20.2	–2.7
	1996e	–7.0	28.1	–3.7
	1997e	–5.7	31.1	–3.9
Foreign direct investment	1994	1.3	0.8	0.1
bn	1995	1.4	1.9	0.4
	1996e	3.8	1.5	0.8
	1997e	—	2.5	0.9
Gross foreign debt	1994	104.6	119.3	7.2
bn	1995	135.8	124.1	8.1
	1996e	154.9	129.5	8.8
	1997e	—	131.7	—
Gross foreign debt	1994	52.8	43.2	19.0
% GDP	1995	58.2	34.7	22.5
	1996e	67.9	28.9	—
	1997e	—	28.3	—
Current account	1994	–1.8	10.3	–1.4
	1995	–4.7	12.3	–1.2
	1996e	–4.0	14.9	–0.6
	1997e	2.8	13.8	–1.2

Sources: Central European Quarterly, World Bank, UNDP, EIU

Chapter 5

SOCIAL AND CULTURAL ISSUES

Analysts have focused less attention on social and cultural issues than politics or economics in Ukraine. They are, nevertheless, perhaps the most important issues because without popular support neither democracy nor market reforms are sustainable.

Social and cultural issues encompass a wide variety of subjects that generally refer to the quality of life, yet not all aspects of these issues are easily quantifiable because some involve subjective value judgements. Most evaluation criteria focus on tangible material aspects such as incomes, mortality rates and literacy rates. A widely quoted and highly useful source is the United Nations Development Index, which in 1990 ranked the USSR 33rd out of 160 countries. In 1994 Ukraine occupied the 80th spot. However, criteria and statistics such as these have limitations. What these figures do not show is the disparity that existed within the Soviet Union before it fell apart. It was not until 1991, the last year of the Soviet Union, that United Nations data revealed that out of the 173 countries surveyed, Lithuania ranked 28th while Ukraine ranked 54th and Tajikistan 97th. These types of rankings also do not incorporate non-tangible factors such as personal freedom and availability of choices.

The collapse of communism radically changed people's lives and in many ways living standards dropped. Ukraine has experienced a substantial increase in mortality rates since becoming independent in 1991. However, in other ways quality of life has improved. No longer is religion outlawed, culture is no longer the exclusive domain of the state and restrictions on freedom of travel have lifted. Post-Soviet Ukraine has also had the opportunity to come out of the global isolation it was subjected to for decades.

This chapter looks at a selection of social and cultural areas and looks at the impact of both the Soviet legacy and recent changes on people's lives. It examines Ukrainian society, its problems and how people are coping with the new values brought in with political and economic reform. Government policy is also explored, particularly the success in maintaining social stability at a time of declining living standards.

DEMOGRAPHICS

A straightforward way of examining a society is looking at its demographic situation. This can provide insight into the economic situation and overall standard of living. The most striking demographic feature in Ukraine is that the population is shrinking, at quite the rate. Between 1989, the last Soviet census, and 1996 the number of Ukrainians has declined from 52.057 million to 50.9 million, by approximately two million in seven years. A closer look at the demographic composition shows that Ukraine has an aging population that is not replacing itself. According to 1997 United Nations data, of Ukraine's 50.9 million inhabitants, 22.9% were above working age. This means that every work age person is expected to support over two pensioners. Furthermore, Ukraine has experienced a declining birth rate for decades and in recent years the natural growth rate has become negative, registering at –0.61 for 1996. These demographic trends pre-date independence but have clearly intensified since 1991. Already in 1960 Ukraine was growing slower than the rest of the Soviet Union and by 1989 its rate of natural increase had dropped to 1.8%, the lowest in the USSR, compared to 26.9 in Uzbekistan and 7.6 Soviet average (Clem, 1992).

Many factors affect demographic trends, including various socio-economic forces such as urbanisation, migration, changing status of women through education and employment outside the home, and cultural patterns. Low fertility rates are not unique to Ukraine but rather a common feature in industrialised countries in the later half of the twentieth century. What is concerning is the rate at which the population in shrinking in post-Soviet Ukraine.

Life expectancy is another factor of demographics which is often an indicator of development, since people in more affluent societies live longer lives. In the Soviet Union average life expectancy was well below West European standards and slightly above middle income countries. Following the break-up of the USSR, life expectancy in all former Soviet countries has been dropping. In Ukraine the level for men has dropped from 65 in 1991 to 62 in 1997 and for women from 75 to 73. Mortality rates have increased by a striking 25%, explained by analysts as the result of falling living standards, environmental hazards, poor health care facilities and growing social problems. The highest increases have been among working age men and infants (UNDP, 1996).

TABLE 5.1 UKRAINE'S DEMOGRAPHIC SITUATION COMPARED TO THE USSR PRIOR TO INDEPENDENCE (per 1,000)

	UKRAINE			USSR		
	BIRTHS INCREASE	DEATHS INCREASE	NATURAL	BIRTHS	DEATHS	NATURAL
1960	20.5	6.9	13.6	24.9	7.1	17.8
1961	19.5	7.0	12.5	23.8	7.2	16.6
1962	18.8	7.6	11.2	22.4	7.5	14.9
1963	17.9	7.3	10.6	21.1	7.2	13.9
1964	16.5	7.0	9.5	19.5	6.9	12.6
1965	15.3	7.6	7.7	18.4	7.3	11.1
1966	15.6	7.5	8.1	18.2	7.3	10.9
1967	15.1	8.0	7.1	17.3	7.6	9.7
1968	14.9	8.0	6.9	17.2	7.7	9.5
1969	14.7	8.6	6.1	17.0	8.9	8.9
1970	15.2	8.8	6.4	17.4	8.2	9.2
1971	15.4	8.9	6.5	17.8	8.2	9.6
1972	15.5	9.2	6.3	17.8	8.5	9.3
1973	14.9	9.3	5.6	17.6	8.7	8.9
1974	15.1	9.4	5.7	18.0	8.7	9.3
1975	15.1	10.0	5.1	18.1	9.3	8.8
1976	15.2	10.2	5.0	18.4	9.5	8.9
1977	14.7	10.5	4.2	18.1	9.6	8.5
1978	14.7	10.7	4.0	18.2	9.7	8.5
1979	14.7	11.1	3.6	18.2	10.1	8.1
1980	14.8	11.4	3.4	18.3	10.3	8.0
1981	14.6	11.3	3.3	18.5	10.2	8.3
1982	14.8	11.3	3.5	18.9	10.1	8.8
1983	16.0	11.5	4.5	19.8	10.1	9.4
1984	15.6	12.0	3.6	19.6	10.8	8.8
1985	15.0	12.1	2.9	19.4	10.6	8.8
1986	15.5	11.1	4.4	20.0	9.8	10.2
1987	14.8	11.4	3.4	19.8	9.9	9.9
1988	14.5	11.7	2.8	18.8	10.1	8.7
1989	13.4	11.6	1.8	17.6	10.0	7.6

Source: Goskomstat SSSR, 1989

The Chornobyl disaster dealt a further demographic blow to Ukraine and the results of this tragedy will continue to be felt for years to come. An estimated 3 million people, double the size of Estonia's entire population, were affected and are either completely or partially disabled (ILO, 1995). Another factor affecting Ukraine's demographic picture is out-migration, which has increased dramatically since independence because of loosened travel restrictions. Latest statistics show that approximately 2 million people have left Ukraine since 1991.

EMPLOYMENT

The biggest fear for post-communist countries is unemployment, because the previous system of wealth distribution was based around

the principle of full employment and no infrastructure existed prior to 1991 to deal with unemployment. In fact, until 1990, unemployment was illegal in the Soviet Union. This legacy has left the newly independent states facing the dual task of reforming the employment sector to allow for unemployment and countering old attitudes that being unemployed is a crime.

In the USSR, the entire system of social services was structured around the workplace. Employment policies were controlled by the state and used to exercise social control and restrict mobility. Upon completing school individuals were assigned to jobs by the state and sent to designated locations. Everybody was officially guaranteed employment but wages were low and represented only a portion of earnings. Many goods and services were provided free or at artificially low cost through the workplace, including housing, health care, pensions and recreational facilities. These services were only available for people who were employed and their dependents, or pensioners who had an employment history. In theory this should have covered the entire Soviet population since the state was meant to provide everyone with a job. However, in practice it excluded certain sectors of society, usually vulnerable groups such as dissidents and single mothers. The previous system also made it illegal to independently move in search of employment since each Soviet citizen was required to have a residence permit (propiska) and this was issued through the workplace or education institution. Anybody moving without being instructed to do so by an employer (or the state) would not legally be able to find housing or see a doctor since s/he would not have a propiska. The only way around these restrictions was marriage, since a legal spouse could extend residence rights to a partner.

This system began to change during *perestroika* and Ukraine introduced an unemployment benefits in July 1991, just before declaring independence. Unfortunately the scheme has not worked well to date. Official statistics continue to show low unemployment rates, 1.3% for 1996, but informed estimates suggest that hidden unemployment may be as high as 40%.

A number of factors are causing difficulties in the employment/unemployment situation. They can be divided into structural problems and problems of attitudes, although the two overlap. Ukraine, like all post-Soviet states, is facing the task of creating an unemployment benefits system from scratch within an established economic structure

at a time of economic crisis. Little money is available in the government budget for financing an unemployment benefits scheme and payments average 20% of wages. Many people are reluctant to leave their places of employment since by becoming unemployed they not only experience a dramatic loss of income, they also lose access to the affordable portion of the social benefits system still in state hands (from health care to housing). The low unemployment benefits they would receive would not be adequate to use the newly privatised services. For example a family who has been on a waiting list for 15 years to get a larger apartment from the state is unlikely to agree to lose their place in the line by becoming unemployed, particularly since they could not afford to buy anything on the emerging private housing market.

Linked to this problem of low benefits if the manner in which the unemployment benefit system is organised. At present, benefits are financed through a payroll tax and employers are required to pay three months severance pay. Many employers are unwilling or unable to make these payments and place unnecessary employees on "administrative leave" so they continue to be officially registered as employees but receive no salaries. This contributes to both the low financing of the system and equally importantly the problem of monitoring unemployment. Many Ukrainians who are placed on administrative leave take other jobs in the private sector which they do not report, thereby evading taxes and distorting statistics. To make the system more efficient, Ukraine has been advised to shift the responsibility for financing unemployment benefits from employers to the state and improve information gathering by simplifying it and making it more transparent.

Another structural problem is Ukraine's distorted labour force distribution pattern and the continued restrictions on labour mobility. International advisers have suggested that in order to complete the transition to an efficient market economy approximately one third of Ukraine's labour force will have to shift from primary and secondary to tertiary sectors of the economy (from agriculture and industry to services). The inherited pattern of Ukraine's labour force differs significantly from those of other industrialised states. A far greater proportion works in agriculture and industry because the service sector was underdeveloped.

This necessary shift is occurring slowly in part because Ukraine's labour force remains static. The Soviet era "propiska" regime which

TABLE 5.2 LABOUR FORCE DISTRIBUTION BY SECTOR

1992	UKRAINE	UNITED STATES	FRANCE	JAPAN
industry	53.8%	26.9%	30.3%	34.9%
agriculture	19.8%	2.9%	6.8%	7.9%
services	26.4%	70.2%	62.9%	58.0%

Source: World Bank, 1994

prohibits individuals from moving in search of employment is still in place because authorities fear that the employment crisis will lead to shanty towns appearing around major cities. Despite this educated professionals are illegally moving to the capital, Kyiv, since that is where most good jobs are. However, the shift from industrial to service sector employment is seriously slowed down by this outdated legislation.

A structural and attitude problem which also continues to plague Ukraine's employment situation is labour hoarding. In the Soviet era the power of an enterprise director (manager) was often linked to the number of employees s/he controlled. Leonid Kuchma's power came in part from the fact that he was the director of the largest nuclear missile factory in the world. Today, many directors of large state enterprises are reluctant to lose their status by reducing staff size, even though their factories are no longer producing at high capacity. Some think that the economic crisis will blow over and do not want to let people go only to re-hire them in a few years. Therefore, large numbers of employees in the state sector who are not really working continue to receive salaries and this contributes to budgetary pressures. This in turn contributes to the wage crisis which intensified once the government began to seriously fight inflation.

Finally, there is the delicate issue of addressing general societal perceptions on unemployment. The Soviet legacy makes unemployment a highly stigmatised issue and the idea of individual responsibility for job hunting is a new concept which is just beginning to take hold. It will take time for society as a whole to come to terms with the realities of a competitive job market since the Soviet state's paternalistic attitudes created a belief system that the state is responsible for providing employment. Job security continues to be widely regarded as an entitlement, particularly among older sectors of society who are less employable in the newly emerging job market. The ethic of individually motivated job hunting is emerging slowly, particularly among the 24–35 year olds, but people between the ages of 40 and 60 often require re-training in order

to stay employable. Special re-training centres have been opened in every oblast' but they tend to cater to military personnel seeking to enter the civilian job market. Such efforts need to be expanded but as with other issues the big problem is lack of funds.

For most Ukrainians, the most direct impact of economic reforms has been in the area of employment. Job security has disappeared and many state sector employees do not receive wages for months at a time. This is creating severe hardship, discontent and on a number of occasions has resulted in strikes. Long term solutions are necessary but not easy to introduce in the current economic climate.

HOUSING

The housing situation in Soviet Ukraine had been a source of discontent for years. Soviet central planners allocated insufficient funds to Ukraine for construction and maintenance of housing. In 1991 Ukraine had too few housing units, many were overcrowded and in poor shape. Today the average Ukrainian has 16 square meters of living space, considerably less than the 25 square meters enjoyed by Western Europeans and 30 square meters available in the United States. Of Ukraine's 17.4 million families, 2.4 do not have even this low basic minimum because their family size has increased, either through marriage or birth of children, and the wait for larger apartments and utilities takes up to 20 years. Single person housing is very rare and approximately one family in seven does not have separate living quarters, and live either in communal apartments with shared kitchen and bathroom facilities, in hostels or temporarily rented accommodation. In many parts of Ukraine residential services such as heat, water and waste treatment are also unreliable and it is not uncommon for parts of buildings, particularly balconies, to simply collapse. This overcrowding has had a negative impact on family life. It has contributed to high divorce rates and low birth rates.

A second source of discontent was the manner in which housing was allocated. Everybody's wages were garnished for contributions to the housing fund but the best apartments were given to the *nomenclatura* and high income earners. So in fact families with the lowest wages were receiving the lowest housing subsidies. The propiska system (residence registration) made it impossible for people to move without state permission. This fostered stability but severely restricted social mobility. For example it was very difficult for villagers to move to cities where the better jobs and higher salaries were.

Since independence Ukraine has introduced major reforms to its housing sector. Privatisation was introduced in 1992. Within a year 10,040,729 out of 17,946,880 housing units, that is over half, were privately owned. This process has preceded more quickly in rural areas since many urban residents are dissatisfied with their housing and do not want to own the cramped, ill maintained apartments they are currently living in. Steps have been taken to create the legal framework necessary for a housing market to develop but basic infrastructure, such as availability of long-term financing, is still lacking. Kyiv has a booming housing market because that is where much of the foreign community and wealthy Ukrainians are concentrated.

Housing costs for the average family have risen dramatically. The state is shifting not just ownership but also costs of housing to the individual. For most people this has caused intense hardship since rents and utilities have increased much faster than wages, particularly after 1993 when Russia began charging Ukraine world prices for oil and gas and energy prices skyrocketed. Ukrainian government adopted a gradual approach to withdrawing subsidies but this has only partially mitigated the pain. A study conducted in 1994 showed that if Ukraine followed IMF recommendations and raised housing costs to 60% of real costs, a third of Ukraine's families would have to spend their entire earnings on housing, over half would spend between 50% and 100% and one sixth would spend 25–50%. Compounding this is the psychological factor since Ukrainians are not used to spending a large portion of their earnings on housing. Salaries in the Soviet era were low but so were housing costs. The average Soviet family spent 4% of their income on housing. The average West European family spends approximately 40%.

Despite the hardships caused by this transition Ukraine is proceeding in housing reform. By 1998 housing costs were planned to reflect their actual value. International experts have convinced Ukraine that in the long run market forces will reduce shortages and improve quality of housing.

HEALTH CARE

The Financial Times commented in 1992 that post-communism is dangerous to your health, citing an increase in mortality rates throughout the region after 1989. Like others, Ukraine has experienced an increase in mortality rates and decrease in life expectancy. Between 1989 and 1994 mortality rates rose by 25% and life expectancy

dropped by 3 years. The most vulnerable groups are working age men and infants. Men are dying from respiratory diseases, pathology of the nervous system caused by stress and poisoning or injuries, often alcohol related. Current difficulties are the result of both cumulative problems that built up before communism collapsed and the shocks of transition to market economics.

The Soviet Union claimed that it provided free universal health care for all its citizens. In reality there was a two tiered, inefficient system that focused on quantity rather than quality, and curative care rather than prevention. Special clinics and hospitals were built for the *nomenclatura* but even there the quality of care was often lower than West European or North American standards. Many medications and medical technology developed in other industrialised countries were not available. For example in 1991 even in the Communist Party's special clinic in Kyiv antibiotics were still administered by injection rather than orally, as has been standard practice in Western countries for the past twenty years. Soviet era hospitals experienced chronic shortages in everything from medications to food. Most former Soviet citizens are accustomed to having friends or relatives bring food and medications to them during hospital stays.

The collapse of communism seemed to unleash disease in many countries of the FSU. Diphtheria, cholera, dysentery and other infectious diseases re-appeared or increased/rose. The child vaccination programme began breaking down in 1990 when East European countries, who had traditionally supplied the USSR with medicines, began charging higher prices that Ukraine could not afford. Alternatives supplied by CIS countries are of lower quality. Disposable needles are in short supply and some people refuse to be vaccinated with possibly infected metal needles. The further deterioration of the water system is another important contributing factor. Visiting doctors from Canada and other countries have recommended that Ukraine would do well to chlorinate its water supply, something that was not done in the Soviet era or to date.

Ukraine has been trying to improve its health care system by focusing more on out patient care, increasing the number of out-patient-departments and reducing long hospital stays. It has also adopted the concept of the "family physician" which previously did not exist and is reforming its medical school curricula to train GPs. The pharmaceutical world is introducing changes of its own with the assistance of, among others, Canada-Ukraine Partners in Health Programme.

Western aid has been a tremendous help in dealing with Chornobyl-related illnesses. Many private and government donations of medications, supplies and time by health care professionals have relieved suffering that Ukraine could not have done on its own.

ENVIRONMENT

Ukraine is probably best known in the world for the Chornobyl disaster of 1986 which contaminated 41,000 square kilometres of land and affected up to three million people (ILO, 1995). Once the USSR collapsed Ukraine was left with much of the Chornobyl clean up bill. A Ministry of Chornobyl was created in 1992. Approximately one sixth of government expenditures have gone towards dealing with this one issue. International attention has not been matched by international financial assistance. 11 years later the blown out Chornobyl nuclear reactor still needs a new sarcophagus to seal in the continually leaking radiation. There has been a running disagreement between Ukraine and members of the international community on the actual cost of Chornobyl consequences. Foreign aid has concentrated on providing medical care to those affected but has been less forthcoming for dealing with clean-up, relocation of people from contaminated areas and actually replacing the sarcophagus. Latest international negotiations have been promising.

Chornobyl, however, is only one of many aspects of Ukraine's environmental devastation. Policies of exploitation rather than sustainable economic development have polluted major rivers and affected the quality of the water supply, contaminated the soil with pesticides, heavy metals and radionuclides contaminating the food supply, polluted the air increasing respiratory diseases, and left the Black Sea dying.

Environmentally, Ukraine had a higher concentration of pollutants than USSR standards and was one of the most severely disturbed regions of the USSR. The Donetsk'-Dnipropetrovs'k economic region is the most heavily polluted area of the former Soviet Union.

One positive side effect of post-communist industrial slowdown is that pollution levels have dropped. Yet even at the reduced levels they remain unacceptably high. At 22% less than in 1990, Ukraine dumped 15.9 billion cubic meters of waste into lakes, rivers, streams and the sea in 1994. Water purification is in poor shape as is much of the water supply infrastructure. The Western Ukrainian city's Lviv water and waste system has not been maintained properly for decades and

now leaks about 30% of the water intended for distribution. Clean drinking water is increasingly in short supply which causes shortages and outbreaks of diseases like cholera.

Pollution in cities is the biggest problem since industry is concentrated in cities and so are people. Two thirds of Ukrainian families live in urban areas where heavy industry and a growing number of cars pollutes the air. Most of Ukraine's cities now have 500–2,000 meter heat cupolas above them produced by industrial emissions spewing into the atmosphere, that are reducing aeration and illumination and affect rainfall. Garbage disposal is a growing problem since most Ukrainian cities lack proper facilities and dump their waste at open air sites without proper measures to protect underground water.

Many problems are intensified by inefficient energy consumption, both by industry and residential buildings. Heating one square meter of housing in Ukraine costs 1.5 times more in energy resources than in the US and 2.5–3.0 times more than in Sweden. Part of this can be explained by Ukraine's outdated technology. Newer technologies are more energy efficient. The centralised structure of energy usage also contributes to waste. Residential buildings are centrally heated and temperature cannot be regulated within units. Construction methods and materials increase waste. Many windows are badly installed, do not create a proper seal and heat escapes. At times other logistical problems lead to waste. For example, during a match shortage people left their gas stoves running all day since otherwise they would not be able to cook.

Ukraine cannot deal with its environmental problems without foreign assistance. As leaders of industrialised nations postpone serious action on environmental issues once again, it does not appear that great amounts of assistance will be forthcoming to Ukraine for its problems.

SOCIAL SECURITY

A common image of post-communist Ukraine is the impoverished pensioner on the street selling flowers, cigarettes, or worse, begging. Or a child running around the streets of a major city, clearly homeless, hungry and probably involved in illegal activities. The irony of this image is that Ukraine has increased spending for pensions and benefits and has been criticised for this by international institutions.

Throughout the 1980s pensioners in the Soviet Union were living just above the poverty line. What sociologists call "pure need" groups like poor children, the disabled and the unemployed were neglected by the previous system. However, until the Gorbachev reforms pensioners although not well off, felt secure about their future.

Economic changes destroyed the previous economic certainty, hitting the old and the young Ukrainians hardest. Ukraine has tried to protect these vulnerable groups by creating an elaborate social security system and spending money on it. Social guarantees have been part of every economic reform programme since 1992. Government spending in the social sector increased from 20–25% of the budget in 1990 to 60% in 1995. Pensions alone account for one third of government expenditures. Pensions, like wages, were indexed to inflation in 1991.

Despite these efforts, steeply rising prices, particularly for housing, have diminished the real value of pensions and many pensioners are forced to continue working to supplement their pensions.

Ukraine has also been spending money on child support. Because of Ukraine's demographic situation, raising children is considered a public contribution and all families with children are eligible for state benefits. In 1995 roughly one third of all Ukrainian families were receiving benefits, although since these benefits were not indexed for inflation they were estimated to be valued at 15% of the minimum consumption basket.The third area of social protection are unemployment benefits which are distributed through the Ministry of Labour's Employment Fund and financed by employers.

International organisations have commented on Ukraine's approach to social security system. The United Nations described it as "one of the most elaborate in the world" (UNDP, 1996) and the World Bank suggested that Ukraine could not afford to be spending so much money on pensions and should "allow inflation to erode the real value of pensions to a level that can be financed" (World Bank, 1994).

The system is in fact complex. Twelve separate pieces of legislation regulate pensions alone. Procedures to apply for unemployment or child support benefits are long and complicated so many families give up before getting to the end of the process. Part of this is the remaining legacy of bureaucratization that will be phased out only slowly. Bureaucrats administering these programmes have been inefficient for years and since their salaries remain low they have little incentive to become more efficient. Parliament has been working on

reforming legislation to streamline and simplify benefit systems. This will involve reducing the number of categories for assistance and adopting a more universal approach, however, this and is being done gradually for political reasons. Veterans from the Revolution of 1917 or the Great Patriotic War of 1941–45 would not respond kindly to having their special status removed.

The bottom line is that Ukraine's government lacks the resources to meet social security needs of the population adequately. Even through it is increasing spending and running up deficits, living standards for those unable to work and on government support has declined most drastically. In 1997 President Kuchma told Parliament that if the Pension Fund was increased to raise living standards for pensioners it would amount to practically the entire national budget. Pensioners are a serious political force because their number is so great and they tend to turn out to vote after decades of conditioning in the USSR. And they do not support the reformers but vote for communists who promise to return the stability of the past.

GENDER

There is no Ukrainian or Russian term for sexual harassment. Socialism tried to eradicate gender inequality but in fact saddled women with the dual burden of care giving and employment. Many Western visitors to the former Soviet Union are struck by still pervasive sexist attitudes. When a woman walks into a meeting, men do not shake her hand—they try to kiss it.

According to United Nations calculations women in Ukraine were putting in 80 hour work weeks of paid and unpaid employment, which includes housework and caring for children and elderly parents, compared to an average of 40 hours for men. At the workplace they earned approximately 70% of the wages men did and were usually assigned to low income jobs. The most common form of contraception is abortion.

With the collapse of the Soviet Union things have both changed and stayed the same. Women's role in society is not longer defined by the state and women's issues are now openly and critically discussed. In 1996 the non-state TV programme PisliaMova ran a sharp commentary on the state of affairs for women in independent Ukraine. They timed the piece to run on the still celebrated Women's Day. A Centre for Gender Studies has appeared at Kharkiv State University and dozens of non-profit women's groups have sprung up around the

country, some with foreign assistance. Individual women are making it to the top of the new corporate ladder. Thirty something year old Yulia Tymoshenko, the President of United Energy Systems of Ukraine (UES) is reported to be one of the richest people in Ukraine. She did not inherit or get the money from her husband.

However, for most women, direct changes have not been positive. Women make up approximately half the workforce and are being most affected by the slowdown in employment. Only a small portion of Ukrainians without work officially register with the Employment Fund for benefits, but of those who did in 1994, 73% were women. It is also more difficult for women to find earnings in the unofficial economy, for example as informal taxi drivers because few women own cars.

Since independence women have become less active in politics. Much of their focus has turned to surviving in difficult economic conditions. Leading democratic figures like Larysa Skoryk and Iryna Kalynets were not re-elected in 1994. Women make up 54% of the population but hold only 4% of the seats in Parliament. There are no women in the appointed positions of Ministers or Heads of State Commissions and 97% of women do not belong to political parties. Men continue to dominate society to such a degree that even for the trip to the Fourth United Nations Conference on Women in Beijing in September 1995, a man was selected to head the delegation. The state has gone to great lengths to avoid discussion of discrimination and most available data has been compiled by international organisations. Ironically, discrimination against women is one issue that unites all political parties. Former communists, dissidents and young reformers all agree that women are delightful, venerated and to be respected and their main goal is to not have to work.

The situation is complicated further by the fact that many Ukrainian women buy into the stereotypes and refuse to recognise discrimination against them. Leaders of women's groups reject the term "feminist" and have restricted their discourse to topics concerning motherhood, children and family matters while many young women focus their attention on newly available fashion magazines. One lone voice, Solomea Pavlychko, has commented on the implications of continued gender inequality, "Exhausted women, manipulated by male demagogues, blinded by stereotypes and locked in unprestigious employment, especially on collective farms, have the potential for serious political conservatism" (Pavlychko, 1997).

EDUCATION

Education is often perceived as the key to the future. Ukraine's future needs a lot of investment and structural reform. The education system left behind by the Soviet Union did not suit the needs of contemporary Ukraine. When Ukraine became an independent state it did not have one economist trained in market economics.

Before 1991 Ukraine's education system was controlled from Moscow, heavily ideologised and completely Russified. It did well in producing statistical indicators, high levels of literacy and numeracy. In 1995 Ukraine had 50,508 educational institutions and 857 out of every 1,000 Ukrainians had completed secondary school. However the previous system did not develop values or skills necessary for a Ukrainian democratic society or market economy. Change was needed to what was taught and how it was taught, to curriculum and teaching methods.

The Soviet Union placed a heavy emphasis on natural sciences but under-developed social sciences and humanities. Subjects such as economics, history, law and international relations were highly ideologised and taught from Marxist textbooks while management or Western-style accounting were not taught at all. Instruction focused on rote learning and memorisation and averted critical analytical or creative thinking. Former dissident and later L'viv Education Board Chairperson Iryna Kalynets commented that in the Soviet Union, "the aim of the school was to produce obedient slaves of society."The language of instruction was primarily Russian and it was not possible to get ahead without knowing Russian so consequently most Ukrainians are now Russian speakers. Ukrainians were also under-represented in international academic exchanges that the Soviet Union participated in.

In the autumn of 1991 Ukraine created its own Education Ministry. The first two changes the Ministry introduced was to increase the use of Ukrainian language and prepare new books, particularly in subjects like history. Crisis in the publishing industry slowed down this process but by 1995, 90% of schools had new textbooks. At the beginning of the academic year 15,867 primary and secondary schools out of a total of 21,349 were teaching in Ukrainian.

The state also gave up its monopoly on education and allowed private institutions to open. These have been springing up throughout the country, including primary and secondary schools and higher education institutions. A notable example is the University of the Kyiv

TABLE 5.3 LANGUAGES OF INSTRUCTION IN PRIMARY AND SECONDARY SCHOOLS, 1995–96

LANGUAGE	NUMBER OF SCHOOLS
Ukrainian	15,867
Russian	2,965
Multi-lingual	2,342
Romanian	98
Hungarian	61
Moldovan	11
Polish	6
Crimean Tatar	1
English	1
TOTAL	21,349

Source: Ministry of Education, Ukraine, 1996

Mohyla Academy which was the first non-state university to open its doors to students in 1992. It provides a bilingual Ukrainian-English liberal arts education for students drawing on both Ukrainian and Western academic traditions.

In the first few years of independence there was no systematic assessment of the needs of education reform because politicians were preoccupied with the immediate needs of political and economic reform. By 1996 a new Education Law was passed and government commissions were set up to prepare policy documents on structural and substantive reform to the education system. The pace of change is slow since many educators and education administrators are products of the previous education system and not familiar with alternative models. The tendency towards centralisation and traditional teaching methods is still strong but they are being countered by international education programmes. Previously such programmes were administered in Moscow but since Ukraine became independent it has become a partner to various state level and non-governmental projects. They are facilitating contacts on all levels with the international intellectual community and having a positive impact.

RELIGION

Although the USSR was an atheistic state, one church was allowed to exist legally—the Russian Orthodox Church. Ukrainian Orthodox and Catholic Churches were dissolved in 1921 and 1946 respectively, and their property was handed over to the Russian Orthodox Church. Both churches went underground until *perestroika* loosened restrictions and they began worshipping more openly. Since Ukraine

became independent religious communities have been struggling to re-build their institutions and re-gain what they lost to the Russian Orthodox Church.

In 1991 Ukraine adopted a law on freedom of conscience and religious organisations and these rights were later enshrined in the Constitution. Politicians opted for separation of church and state and today there are 70 different faiths and cults and 18,000 religious organisations in Ukraine. Of those Ukrainians who are religious believers, the overwhelming majority subscribe to the Orthodox faith. Catholics are concentrated in Western Ukraine primarily because the region was subject to Polish rule for a number of centuries. There are also small groups of Reformists (Transcarpathian Hungarians), Judaists (Jews) and Muslims (Crimean Tatars).

Ukrainians now enjoy freedom of worship but their churches are struggling over legitimacy, jurisdiction, property rights and the hearts of believers. Religion is an issue that evokes strong emotions because it goes to the heart of the Ukrainian-Russian dispute over historical legitimacy. Christianity was adopted by the ruler of Kyivan Rus' in 988 and the oldest buildings of East Slavic Christendom are in Kyiv. Until 1991 Russia claimed exclusive rights to this heritage and the Russian Orthodox Church controlled the buildings and property in Kyiv. Since 1991 it has refused to give up this control despite requests and lobbying efforts by Ukrainians within the Russian Orthodox Church hierarchy.

Today there are three Orthodox churches in Ukraine vying for influence: the Ukrainian branch of the Russian Orthodox Church, the descendants of the underground Ukrainian Orthodox Church formed in 1921 and the recent rebels who left the Russian Orthodox Church in 1992. The first group is called the Ukrainian Orthodox Church—Moscow Patriarchy. This is the Ukrainian branch of the Russian Orthodox Church and it controls 70% of Orthodox church property in Ukraine, including the jewel in the crown of Slavic Orthodoxy, Kyiv's Monastery of the Caves (Kyivo-Pechers'ka Lavra). This is the only Orthodox Church formally (canonically) recognised by the Worldwide Orthodox Church in Constantinople. The second group calls itself the Ukrainian Autocephalous (self-governing) Orthodox Church and has a base in the United States where it has been headquartered for decades. The third is called the Ukrainian Orthodox Church—Kyiv Patriarchy, led by Metropolitan Filaret who served as the head of the Ukrainian branch of the Russian Orthodox Church during Soviet times and is

therefore considered tainted by some faithful. The two non-Russian subordinated churches have worked towards unity but to date have not succeeded in merging and tensions between all three have occasionally erupted into violence.

The Ukrainian Catholic Church formally returned from exile in the Vatican to its historic seat in L'viv in March 1991. Since then it has been waging a struggle with the Russian Orthodox Church to re-gain possession of property confiscated in 1946. It has strong links with the Ukrainian diaspora which has been sending financial assistance and priests to help in the re-building of the institution.

Some observers have called for the state to take a stronger role in initiating or facilitating dialogue between the various Ukrainian churches. The state has refrained from becoming directly involved in church politics and instead created a non-denominational state regulatory body which has the awkward name "State Committee on Cults." Its mandate includes fostering inter-confessional harmony.

One positive development since independence has been the revival of Judaism and other religions which were previously banned. Although many Jews in Ukraine have chosen to emigrate once travel restrictions were lifted, some are choosing to stay and re-build their community structures. The first Synagogue was opened in Kyiv in 1992. Crimean Tatars are also re-building their Mosques.

CULTURE

Cultural freedom is not something Ukraine enjoyed before 1991. Ukraine's cultural figures did not make it onto the world stage unless they adopted the identity of the powers that ruled Ukrainian territory. Nikolai Gogol is internationally known as a Russian writer whereas his contemporary who chose to write in Ukrainian, Taras Shevchenko, is known only to a handful of literary scholars outside Ukraine. Speculative essays have been written what would have been the fate of Shakespeare had he been born a woman. Similar analysis can be used to understand the history of Ukrainian culture.

Things changed somewhat in the Soviet era when the state conducted an interesting experiment on culture. Culture was heavily subsidised by the state as it attempted to control culture for its own purposes. An elaborate infrastructure was created for all aspects of culture, beginning with the Ministry of Culture, Unions for creative individuals such as writers, actors, painters, and a host of others. An impressive network of theatres, publication houses, art galleries and various other cultural

institutions existed and were made available to the public at very low cost. Opera tickets, books, paintings were accessible to all interested. The dark side was that the state tightly controlled culture by regulating membership in unions, censoring publications, performances and works of art. One needs only to remember the period of socialist realism and "samizdat" publications.

In Ukraine a national filter was attached to the ideological lens. Ukrainian culture was portrayed as a peasant culture in contrast to the sophisticated Russian culture. This worked so effectively that many Ukrainians do not know their cultural heritage beyond folk songs, dances and Shevchenko, who was glorified by Soviet authorities for his social criticism of Tsarism. He was also of peasant origin so fit neatly with the general image of Ukrainians the state was portraying.

Despite, or perhaps because of, the restrictions placed upon them Ukraine's cultural intelligentsia played a key role in the pro-independence movement. Writers articulated opposition sentiments and became leading figures in the democratic movement. The Writers' Union became the unofficial headquarters of Rukh, the opposition group formed in 1989. Their newspaper *Literaturna Ukraina* was the first to dare print the Rukh Draft Programme and bring it to the public. Rukh's first leader was poet Ivan Drach, leading member of the Kyiv Branch of the Writers' Union.

Popular music became another opposition vehicle. Organisers of concerts and festivals encouraged musicians to sing in Ukrainian and many of the hits from 1989–91 were critical of the state and mobilised the youth. The non-state run Chervona Ruta Festival was organised specifically to give Ukrainian language music groups a stage to perform on and tickets were regularly sold out to these events.

The collapse of communism and Ukrainian independence has had a mixed impact on culture. On the one hand restrictions have lifted and all artists in Ukraine now enjoy cultural freedom. Previously banned writers are now celebrated. Cultural revival is touted by Ukraine's leadership as one of the pillars of reform. Isolation from international culture has also ended. Ukrainian cultural figures are now free to travel abroad to show their talents. International artists now visit Ukraine—many foreign theatre groups have started performing on Ukraine's stages since 1991. On the other hand, the harsh realities of economic crisis have hit the cultural intelligentsia very hard. At a time of rising prices little money is available to support the arts. The publishing industry is in

crisis because paper costs are prohibitive. The other challenge is the homogenising influence of Western pop culture. Hollywood movies and soap operas, contemporary English language music and translated detective novels are far more popular than classical or contemporary Ukrainian culture. A Ukrainian rock scene is emerging and Ukrainian singers have begun competing in European music festivals. Domestically their main popularity is from concerts since recording equipment is of poor quality and distribution networks are just developing.

CONCLUSION

There are two ways of assessing social change in Ukraine since independence. Materially things have become worse. The average Ukrainian is suffering material depravation and dropping living standards. In non-material ways, things have improved. Restrictions on individual freedom have been lifted and people have choices in their daily lives and in planning their future.

The fundamental changes occurring are shifts in values and the system of national wealth distribution. The state has given up its monopoly on decision making. Ukrainians now have access to information and the freedom to form interest groups to lobby the government. Private organisations have been legalised and are appearing in many sectors ranging from charities to educational exchanges. Not all Ukrainians are benefiting equally from these changes. Poverty levels have risen for, vulnerable groups and individuals on state support. Concurrently, young people have new opportunities for study and employment.

For many Ukrainian the changes have been psychologically overwhelming. After decades of economic stagnation, poor living standards, cultural discrimination and isolation from the world, they are now faced with the new inequalities created by the market. In the first few years of statehood Ukraine has managed to maintain social stability despite these social upheavals. However as economic crisis continues, with pensioners and state employees not knowing whether they will have money to buy food next month, the 1991 promises of improvement appear more and more disingenuous. If the situation does not change, social stability will not continue. Politically this could create an even stronger swing to the left.

The challenge is to negotiate a viable social contract where the state maintains a regulatory role to ensure that basic needs of all members of society are met while not restricting freedoms. The issues Ukraine faces in re-designing its social policy sector are not unique. Mature

democracies and developed market economies are also struggling with growing unemployment, aging populations, education reform, rising costs of health care, environmental concerns and fiscal responsibility. The difference is that Ukraine is undertaking major structural reforms and embracing a new set of values while its economic output is dropping and it is constrained by legacies from the Soviet era.

Chapter 6

FOREIGN POLICY

In the span of six years Ukraine went from being a virtually unknown entity to a recognised member of the international community. In 1991 the United States told Ukraine not to pursue independence. Then US President George Bush stopped in Kyiv on his way to Moscow and warned Ukraine that "... freedom is not the same as independence ... [Americans] will not aid those who promote suicidal nationalism based on ethnic hatred," in the now infamous "Chicken Kyiv" speech. By 1997 Ukraine had become a member of the Council of Europe, the EU had become a major trading partner, NATO had concluded a cooperation agreement with Ukraine, Ukraine's Foreign Minister was elected to chair the United Nations General Assembly, and Ukraine was the third largest recipient of US foreign aid.

In the transition from a Soviet Republic to an independent state Ukraine avoided the pitfall of border disputes and established peaceful relations with all of its neighbours through treaties and cooperation agreements. To back up these agreements it created an army by nationalising troops on its territory. It resorted to nuclear blackmail to convince the United States and other Western powers that it would no longer act as Russia's junior partner.

However, having achieved its main foreign policy goal of international recognition, Ukraine continues to face a complex security dilemma: Russia remains both the main threat to its statehood and its main trading partner. To diffuse the situation Ukraine adopted a policy of neutrality. This has allowed the new state to avoid taking sides in the NATO-CIS competition for influence and remain on speaking terms with both.

In the sphere of foreign economic relations Ukraine has been less successful. Efforts at securing foreign investment for conversion of the defence industry have not been fruitful and as a result industrial production continues to fall. In attempting to slow down this decline Ukraine continues to produce armaments and sell them to traditional Soviet clients. Another problem area is the energy sector. By moving out of Russia's direct control Ukraine found itself in a major energy crisis, since it is heavily dependent on Russia for oil and natural gas as well as nuclear fuels for its atomic power stations. It is now being

charged world prices which it cannot afford. Attempts to cut an oil deal with Iran faltered when Ukraine realised it lacked the finances necessary to get the deal off the ground. Its nuclear policy isolated it from international financial and technical assistance until 1994, which slowed economic recovery. Secession from the USSR caused major trade disruptions and Ukraine has had difficulties breaking into global markets in any significant way.

On the geopolitical level, Ukraine's activities have had a major impact. By pursuing a separate international role for itself Ukraine upset the bipolar security system and changed the geostrategic landscape of Europe. When it left the Soviet Union neither the Soviet central apparatus nor Russia could maintain control over the other Republics and the USSR imploded. Gorbachev's efforts to negotiate a new power-sharing arrangement through the Union Treaty faltered without Ukraine's participation. One week after Ukraine's independence was affirmed by referendum on 1 December 1991 the USSR was pronounced at an end in Belovezhskaya Pushcha outside Minsk (7–8 December 1991). By refusing to join the common military and political structures of the CIS, Ukraine prevented Yeltsin from reconstituting the USSR in a revised form. Zbigniew Brzezinski has pointed out, "It cannot be stressed strongly enough that without Ukraine, Russia ceases to be an empire, but with Ukraine suborned and then subordinated, Russia automatically becomes an empire" (Foreign Affairs, March–April 1994). Ukraine refused to continue being part of the Russian-dominated post-Soviet space and made clear its intention to integrate into European institutions. This challenged the prevailing Cold War view on East and West and expanded the debate on Europe's boundaries.

SECURING BORDERS

Ukraine's first priority upon declaring independence was to secure the state. While many analysts focused on the larger geopolitical ramifications of the Soviet Union's collapse, Ukraine was concerned about having its borders recognised and preventing encroachments on its sovereignty and territory. History taught Ukraine's elites that without secure borders and military power statehood was impossible to maintain. In the past Ukraine was unable to maintain/secure its statehood because of invasions by neighbours. The two World Wars offer the most recent examples of Ukrainian governments failing to survive because of military attacks. The Central Rada of 1917, the Hetmanate of 1918 and the Ukrainian People's Republic of 1919 all fell when

foreign troops over-ran Ukraine. For Ukraine the First World War ended when Poland and the Soviet Union concluded the Treaty of Riga in 1921 dividing its territory between them. The 1941 attempts by the Organisation of Ukrainian Nationalists to create a Ukrainian state also failed when the Germans arrested the entire governments.

In 1991 the situation was different. Political changes occurred not as a result of warfare but through peaceful and diplomatic means. Ukraine's Western neighbours were not seeking to expand their territorial possessions but rather to secure their own borders and distance themselves from Moscow. An independent Ukraine furthered their foreign policy goals. Unlike the US and NATO, the former Warsaw Pact countries were interested in seeing the Soviet Union collapse and therefore supported Ukraine's bid for independence.

Poland and Hungary played the leading roles in assisting Ukraine develop an independent foreign policy by engaging in direct bilateral relations which bypassed the Soviet centre. Being careful not to antagonize Moscow openly, from summer 1990 Warsaw and Budapest gradually expanded their direct relations with Kyiv through communiques and trade agreements that remained within legal parameters of Soviet Ukraine's legislation. In June 1991 Hungary was among the first to open a consular mission in Ukraine.

After the December 1991 referendum results, Poland and Hungary were quick to formally recognise Ukraine's changed status, granting the new state international legitimacy. Poland was the first country to extend Ukraine diplomatic recognition and Hungary upgraded its Kyiv consulate to an embassy within two days.

However, both states were careful not to get too closely involved with Ukraine. They were interested in joining West European institutions, not creating a new regional arrangement that included Ukraine. Once Ukraine had fulfilled its function of destroying the USSR it was no longer of direct interest to the former Warsaw Pact states. Ukraine was not allowed to join the Visegrad Triangle. Created in January 1991 by Poland, Hungary and Czechoslovakia, this was an association to coordinate efforts at political and economic reform as a preparation to applying for EU and NATO membership. Ukraine was considered too far behind and a hinderance on the fast track to the "West." Friendly relations were maintained but after 1991 Ukraine was much less of a foreign policy priority that in had been earlier.

This changed by the mid 1990s, when former COMECON countries realised that their entry into the EU was taking longer than

hoped. The enthusiasm generated by the fall of communism did not translate into close economic relations with West European countries. Regional initiatives became more appealing and Ukraine started to be included. In 1996 it was admitted into the Central European Initiative along with Belarus, Albania, Bulgaria and Romania but at the time of this writing (summer 1998) Ukraine was still waiting at the doors of the Central and East European Free Trade Agreement (CEFTA).

Ukraine's relations with its Western neighbours offer reason for optimism in the region. Historically, particularly Poland and Ukraine have been enemies, fighting against each other as recently as World War II. Yet they have begun a new, cooperative chapter in their relations overcoming previous enmities.

The exception to this pattern was Romania. Romania was Ukraine's only Western neighbour that made territorial claims. Unlike the other Warsaw Pact states it did not adopt the pragmatic approach in its relations with Ukraine but instead chose to focus on historic factors dating back to the Molotov-Ribbentrop Pact of 1939. This changed only in 1997, when Romania realised that formally settling all border issues was a pre-condition for consideration in NATO membership.

Ukraine's other neighbours were within the USSR. They were also engaged in power struggles against the Soviet centre and therefore did not oppose Ukraine's steps towards pursuing an independent foreign policy. Unlike in other Soviet regions, particularly the Caucuses, there were no overt territorial disputes between Ukraine and its Soviet neighbours and therefore little danger existed of military conflict erupting between them. Rather, they negotiated inter-Republican bilateral treaties to create a new framework for their relations which by-passed the Soviet centre. During 1990 Ukraine signed nine such agreements with Azerbaijan, Belarus, Estonia, Georgia, Kazakhstan, Latvia, Russia, Turkmenestan and Uzbekistan. These agreements created the legal groundwork for relations after the Republics became independent states. The most important one was the Ukraine-Russia agreement signed by Boris Yeltsin and Ukraine's Leonid Kravchuk in Kyiv in November 1990. Both recognised each other's existing borders and agreed that they were inviolable. Agreements with all Republics were concluded before the December 1991 referendum.

In the south Turkey is Ukraine's neighbour across the Black Sea the only one who in 1991 was a NATO member. The two countries have developed friendly relations but Turkey has been careful to place its

relationship with Ukraine in a multi-lateral context of the Black Sea Cooperation Zone. Trade between the two countries has grown steadily.

Since 1991 Ukraine has faced two main challenges on its borders. Russia has repeatedly raised the issue of border revisions despite the November 1990 agreement. The first instance occurred on 27 August 1991, three days after Ukraine declared independence. Boris Yeltsin's press secretary issued a controversial statement that the border issue would have to be re-visited, but the statement was later denied. Between 1991 and 1997 Russia regularly questioned the validity of Ukraine's control of Crimea. In 1993 tensions rose to the point that Ukraine lodged a complaint with the United Nations Security Council which ruled in Ukraine's favour. This tension ended with the signing of the Friendship and Cooperation Treaty on 31 May 1997.

The other challenge was the outbreak of war on Ukraine's border with Moldova in May 1992. The Transdniestrian Republic attempted to break away from Kishinev and some of its leaders appealed to Ukraine for support. Ukraine stayed out of the conflict, refused to take sides, called for a cease-fire and peaceful resolution of the dispute. Unlike Russia's 14th Army, Ukraine did not allow itself to get dragged into a potentially destabilising situation. The war ended within months but tensions continued. In January 1996 Ukraine joined Russia and Moldova in signing a statement recognising Transdniestria as a constituent part of Moldova, but has refrained from getting involved in this situation.

Overall Ukraine has done well in legally securing its borders, an important pre-condition of statehood. The convergence of interests on the part of Ukraine and its neighbours contributed greatly to this, as did Ukraine's efforts at diplomacy even before becoming a state. Border disputes have often led to warfare in Europe and Ukraine has taken steps to minimise this risk by stating that it has no territorial claims on any of its neighbours and negotiating treaties to this effect with each of them. Such agreements do not always prevent the outbreak of hostilities but they diminish the danger of warfare by creating a legal framework for relations and peaceful mechanisms for resolving disputes before they escalate.

On the practical side the structure of the border regime Ukraine inherited was completely opposite to its security needs. Its western border was heavily fortified since it comprised a large section of the Soviet Union's western boundary whereas no troops were stationed on

its internal Soviet borders. In August 1991 when driving along the main highway that connects Kyiv and Moscow it was impossible to tell when the car had crossed into Russia since this border was not even demarcated. Therefore Ukraine inherited tight borders with states it does not consider a threat to its security while its longest and most vulnerable border with the state that does pose a potential threat to its security, Russia, did not physically exist. Ukraine has since constructed border points on main routes/entry points into Russia, Belarus and Moldova but the borders remain transparent.

The issue of borders remains a potential threat to Ukraine's security and possibly even statehood. Ukraine has chosen to focus on diplomatic tools to protect its borders since it is incapable of withstanding a direct military attack from Russia even if it were to heavily fortify the border between them.

ORGANISING MILITARY AND DEFENCE

Diplomatic efforts are often not enough to secure statehood. Ukraine had learned this history lesson and was very aware of the importance of military force to guarantee its security. When it began taking steps towards statehood with the Sovereignty Declaration of July 1990 it announced that it intended to create its own army. The very day Ukraine declared independence, on 24 August 1991, Parliamentarians drafted a motion to take control of troops stationed on Ukraine's territory. Strategic forces were to remain under joint command but Ukraine claimed control over all conventional forces and ownership of military hardware. Military formations on Ukrainian soil were subordinated to Parliament, plans were prepared to create a Defence Ministry and separate Armed Forces. Within weeks General Konstantyn Morozov was appointed Ukraine's first Defence Minister.

Outside observers interpreted these as aggressive moves. From Kyiv's perspective it was an issue of protecting their new state since the Moscow coup brought home the point to Ukraine's political leaders how vulnerable they were. On 19 August 1991 Ukraine's leader, Leonid Kravchuk, was woken up by a phone call informing him that General Varennikov had flown in from Moscow to enforce the coup in Ukraine. At the time all troops on Ukrainian soil were commanded from Moscow. Without taking control of the army Ukraine feared for its political freedom.

In creating an army, the first challenge in the autumn of 1991 was securing the loyalty of the officer corps. This was a delicate task since

Moscow tried to bloc Ukraine's attempts at splitting up the Red Army. At the time when Ukraine's government was asking officers on its territory to support them, Soviet officials in Moscow were issuing orders into Ukraine instructing commanders to disregard Kyiv's instructions. For a few weeks Ukraine's political elites held their breath, waiting to see whether the military would support them. Pressure eased when in September, Col. Aleksander Bugayov, an ethnic Russian commander of the 48th Soviet Army Division stationed in Bashkirovka, 60 km. outside the eastern city Kharkiv, pledged to support Kyiv. Others followed his lead and by mid-January 1992 approximately 80% of the officers had pledged a loyalty oath to Ukraine. Further efforts to Ukrainianise the army have been less successful. Many career officers resented the speedy promotion of politically loyal ethnic Ukrainians to high rank. Others felt the re-education programme smacked of the old Soviet political instruction. By 1994 both practices were revised.

The second immediate challenge was dealing with strategic forces which Ukraine kept under joint command. From Ukraine's perspective this meant allowing foreign troops on its soil for an interim period until nuclear weapons could be transferred out of the country. In the autumn of 1991 this caused tensions since the Soviet authorities refused to recognise Ukraine's position and continued to behave as if all of Ukraine was under their command, not just the strategic bases. There was also some difficulty in specifying which locations and troops were to be considered strategic since some military facilities contained both conventional and strategic weapons.

The Black Sea Fleet is the best know example of this problem. The fleet included nuclear submarines but most ships carried conventional weapons. Because of the presence of strategic arms Russia believed that the entire fleet should remain under joint control. Ukraine decided that it would take control over the non-strategic portions of the Black Sea Fleet. In the spirit of taking possession of all equipment and personnel on its territory Ukraine claimed ownership of the Black Sea Fleet, which is based on its territory and protects its coast. The ensuing dispute over ownership and control lasted until 1997.

Once the Ukrainian Armed Forces were established Ukraine decided to scale down the size of the military to match its needs and resources. In August 1991 there were an estimated 700,000 troops in Ukraine. This made it one of the largest standing armies in Europe and the size was growing as the Soviet Union withdrew military units from

Eastern Europe. Ukraine neither needed nor could afford such a large army. Plans were made to reduce the military to approximately 250,000, to bring it in line with West European standards. Unfortunately, downsizing the army has proven a difficult task given the economic crisis which has made jobs scarce and left few resources for re-training military personnel to enter the civilian workforce. By 1997 the armed forces had been reduced to 450,000 still short of the ultimate target. Some progress has been made in efforts to professionalize the army, beginning with the adoption of a Military Doctrine on 19 October 1993. This document states that the objectives of the Ukrainian army are defensive in nature, primarily aimed at thwarting the possibility of military threats through collective security.

The other issue was troop redeployment. Until 1991 troops in Ukraine were stationed to meet Soviet military and strategic interests. Ukraine was divided into three military districts, one on the Western border, the Carpathian military district, a second in the south to fend off NATO attacks via the Black Sea, the Odesa military district, and the third in Kyiv. No major ground force combat units were stationed in Eastern Ukraine along the border with Russia—the country that after 1991 became Ukraine's main military security concern. Steps have been taken to reorganise this structure by making the centrally located Kyiv military district the headquarters of Ukrainian Armed Forces and reorganizing the three existing districts into two: a northern and southern one. Little other reorganisation has taken place since Ukraine lack the resources.

A logistical difficulty Ukraine has faced since becoming a military power is supplying its armed forces with equipment. The structure of its military-defence production sector, inherited from the USSR, makes it dependent on Russia for spare parts. Since independence the combat readiness of Ukraine's military has declined since troops and officers are not well supplied, conscripts are not well trained and motivation levels are low. Draft dodging is widespread but the government has not been successful in seriously addressing this problem.

THE LARGER GEOPOLITICAL PICTURE: NUCLEAR POLICY

As important as securing its physical territory was the need to secure its position internationally. To accomplish this second aim Ukraine ended up resorting to nuclear blackmail. Before 1991 it was considered part of Russia or at least within Russia's sphere of influence. Ukraine's elites

wanted to move away from this externally designated place in international relations. They used the nuclear weapons on their territory as leverage to make their point. Ukraine was widely criticized internationally for this tactic but it was very effective and by mid-1993 the United States accepted the changed *status quo* and recognised Ukraine's security concerns. It brokered the Trilateral Ukraine-Russia-US Agreement on Nuclear Weapons, signed on 14 January 1994, which satisfied Ukraine sufficiently to part with nuclear weapons.

In retrospect it appears clear that Ukraine had no intention of becoming a nuclear power. It declared the aim of becoming a non-nuclear state in 1990 and by 1996 removed all nuclear weapons from its territory, becoming the first country in history to give up the powerful foreign policy instrument.

Tensions arose around the process of de-nuclearisation because Ukraine, Russia and the United States had conflicting perspectives on security. The US and Russia viewed security globally while Ukraine had a regional focus. America's priority was preventing nuclear proliferation and securing the implementation of the Strategic Arms Limitation Treaty (START) negotiated with Gorbachev shortly before the USSR fell apart. Russia wanted to preserve its role as a global superpower. Ukraine was most interested in securing its new state and preventing Russia from encroaching on its sovereignty. Tensions increased because Ukrainian leaders lacked experience in foreign policy and the United States lacked understanding of the Ukrainian-Russian dynamic. Ukrainians initially failed to grasp the complexities of nuclear politics or articulate their nuclear position clearly and Americans failed to recognise Ukraine's determination to remove itself from Russia's control.

When Ukraine declared independence the nuclear arsenal on its territory was the third largest in the world, larger than China, France and Britain's put together. It had 1512 warheads, 212 strategic carriers of which 176 were ICBMs, and 36 heavy bombers. Although Ukraine did not control these weapons, if it *had* decided to pursue nuclear power status and focused all its resources on gaining control it may have been in a position to become a major nuclear power.

This was what the US feared. They wanted the Soviet nuclear arsenal to remain in one pair of hands since one power was easier to deal with. Also, if Ukraine became a nuclear power this would open the door for others. In retrospect this analysis appears flawed since India and Pakistan exploded nuclear devices in 1998, two years after Ukraine gave up its weapons.

From Ukraine's perspective nuclear weapons were part of the Soviet experience that it wanted to get rid of. Chornobyl had turned public opinion anti-nuclear and de-nuclearisation was an important component of the pro-independence platform. Ukraine's political elites realised that international recognition of their statehood would depend on their honouring pre-independence treaties and agreements, particularly in areas of arms reduction and foreign debt. Perhaps most importantly, the weapons could not be used to increase security vis-a-vis Russia since the missiles targeted NATO countries and Ukraine had no control over the weapons on its territory since the button was in Moscow.

Ukraine renounced claims to nuclear weapons well before declaring independence, in the July 1990 Sovereignty Declaration. At the creation of the CIS it reiterated that all strategic forces in the former Soviet Union would remain under single command. A wrinkle first appeared in late December 1991 when Ukraine insisted that decisions on the Soviet nuclear arsenal be taken jointly by the leaders of the four new states that had inherited the weapons. Ukraine argued that it did not want to be in a position that as an independent country it could be held accountable for missiles launched from its territory by a foreign power. Russia had the capability to launch an attack on the United States using weapons stationed on Ukrainian soil.

When looking at the chronology of Ukraine's nuclear saga, it becomes evident that Ukraine's stance on nuclear weapons hardened when Russia began applying pressure on its independence. After beginning to hand over tactical weapons to Russia in January 1992 Ukraine halted the transfers when Russia began making claims on Crimea. Ukraine's Defence Minister Morozov announced that Ukraine was assuming administrative control over strategic weapons on its territory in April 1992, shortly after Russian Vice-President Aleksandr Rutskoi travelled to Crimea and called on the peninsula to secede from Ukraine.

The United States interpreted such moves as Ukraine backsliding on its promise to de-nuclearise whereas Ukraine was motivated by concerns that while it was giving up power, no assurances were forthcoming that its security interests were even recognised. It was giving away the most powerful weapons on the planet, to the country that posed a potential threat to its statehood and receiving nothing in return. Gradually it realised that in the process it was also subjecting itself to an economic loss by simply giving Russia valuable nuclear fuel in warheads that it

had contributed towards producing and maintaining. And it was picking up the tab for transfer costs while Russia received the bulk of US financial assistance for disarmament.

This produced a standoff with Ukraine increasingly demanding security guarantees and economic compensation before completing transfer of nuclear weapons from its territory and the US demanding that Ukraine de-nuclearise first. The standoff ended in January 1994 when the US, Russia and Ukraine signed a Trilateral Agreement in which the US agreed to act as a guarantor of Ukraine's security interests. This agreement signalled that the US recognised that the balance of power in the region had altered and it had a role to play in the search for long-term stability which included recognising Ukraine as a separate actor.

In hindsight it appears that despite its inexperience Ukraine succeeded in achieving its strategic objective which was to move out from Russia's shadow. One month after signing the Trilateral Agreement and ratifying the Nuclear Non-Proliferation Treaty it was the first post-Soviet state invited to join the NATO sponsored Partnership for Peace Programme. From 1994 onward Ukraine was no longer perceived as Russia's junior partner and its requests to join European institutions started being heard. The cost of this nuclear tactic was three years isolation from international financial assistance which slowed down economic reforms.

FOREIGN ECONOMIC RELATIONS

Ukraine began its life as an independent state with grand plans for economic growth outside the Soviet Union. Emboldened by the 1990 Deutshe Bank report which depicted it as a potential success story as well as its smooth political transition, Ukraine planned to reform its economy and lessen dependency on Russia. In January 1992 a legislation package was adopted on privatisation and preparations were made for introducing a separate currency. At the time it was called the most radical reform programme in the former Soviet Union. A priority was stemming the industrial decline which began in the Gorbachev era. With a significant portion of its industry being defence-related, a new Ministry of Defence Conversion was created to convert the military industrial sector to civilian production.

Securing energy supplies was another critical issue so Ukraine actively sought to develop relations with Middle East countries since it

feared that Russia might use energy as a tool to "strangle Ukraine's independence." Approximately 90% of Ukraine's oil and 70% of its natural gas was supplied by Russia and Turkmenestan—finding alternative sources was a main priority. A third priority was to diversify trade and seek out new partners including deepening bilateral ties with the other former Soviet Republics.

Many of these plans turned out to be unrealistic. The military conversion programme faltered early on when Ukraine failed to attract investors. Lacking knowledge of international finance Ukraine, and all post-Soviet countries, under-estimated the caution of investors. All foreign delegations were taken to view Ukraine's top of the line factories and although some were interested few felt that the political climate was stable enough to sign contracts. In 1992 Britain's Chancellor of the Exchequer, Norman Lamont, was taken to view the new Arsenal factory in Kyiv's suburbs, so new that parts of it were not even completed. He politely offered to speak to relevant parties in Britain. Seven years later the factory is still producing weapons.

The search for alternative energy supplies proved equally elusive. Ukraine almost pulled off the oil "deal of the century" with Iran but lack of finances and logistics got in the way. Five days after Ukraine's independence referendum on 6 December 1991 a government delegation flew to Baku to meet with Azrei and Iranian officials. There they signed a tripartite protocol of intent on cooperation in the field of oil and gas. Iran was going to supply Ukraine with oil and gas in exchange for petroleum products, chemicals, building materials, machinery, raw materials and agricultural produce. There were also rumours of a secret arms deal. The plan was to build a pipeline through Armenia and/or Georgia and then Iran would use Ukraine's pipelines to transport its oil to Western Europe, leaving Russia out of the picture. The deal unravelled when Ukraine could not come up with the necessary capital for the pipeline construction, and Turkey refused to increase tanker traffic through the Bosphorous so shipping dropped out as an option. Other alternatives were looked into but by 1994 the Ukrainian-Iranian deal was dead.

Efforts to develop new trading partners also got off to a slow start since Ukraine's non-competitive manufactured goods made it hard to break into competitive global trade markets. Western Europe has kept high barriers for agricultural produce and Ukraine has increasingly turned into an exporter of raw materials and arms. Unofficial sources claim that by 1997 approximately one fifth of Ukraine's foreign trade

was arms sales, competing with Russia for traditional Soviet clients. Many third world countries are seeking Ukraine as a new arms supplier to reduce their dependency on Russia. Arms sales continue since efforts at converting military industries were not successful and Ukraine needs to keep producing to survive. Despite attempts to diversify trade, Russia remains Ukraine's main trading partner and vice versa. A little know fact is that if energy was taken out of the statistics, Ukraine would enjoy a trade surplus with Russia. The volume of trade between the two has decreased as Ukraine has actively sought new markets, down 15% from 1996 to 1997 (in part because of trade wars). Eastern Europe, former Soviet states, the European Union, China and Turkey account for a growing portion of Ukraine's trade, much of which is in metals and agricultural produce (See Table 4.4). Civilian industrial production is sold mainly to third world countries since Ukraine's level of technological development is high compared to theirs. According to one source Ukraine is exporting services to less developed countries in areas such as tourism and transportation (Kulinich, 1995).

It is difficult to obtain accurate trade statistics for Ukraine because a portion of trade is of the barter type and bypasses official record keeping. It is safe to assume that Ukraine's volume of trade is actually much higher than official figures show. A good portion of it is low-level border trading, particularly with Turkey, Poland, Slovakia and Hungary since open borders have enabled people to raise their living standards through trade but many are not reporting or paying taxes on this informal trade.

Outside the former Soviet Union, the European Union had become Ukraine's largest trade partner. In 1996 the European Union exported 2.6 billion ECU worth of goods and imported 1.5 billion. The EU is also the largest investor in Ukraine. In 1996 it accounted for one third of all foreign investment, which is more than the United States and Russia combined.

Ukraine is also engaging in trade and financial relations with the Far East. China has become Ukraine's main export market after Russia and the EU, and for the time being Ukraine enjoys a trade surplus. Japan has become involved in Ukraine's financial sector and private Japanese banks have started providing Ukraine with credits. The Korean car manufacturer Daewoo has decided to turn around Ukraine's Zaporozhets' car factory and recently signed a deal in partnership with General Motors worth $1.3 billion.

BETWEEN EAST AND WEST: NATO AND THE CIS

Ukraine's foreign policy is driven by domestic interests but it has had wide reaching international consequences. As mentioned earlier, Ukraine's independence declaration was a key factor in the collapse of the USSR and the resulting geopolitical shift. Many analysts have focused on the dissolution of the Warsaw Pact and Russia's role in shaping the new international order while under-estimating Ukraine's role in this process. Without the Warsaw Pact countries the Soviet Union may have survived as a regional bloc, albeit in a diminished and revised form. Soviet power derived not only from geographic expanse but in large part from military strength and nuclear capability. Without the COMECON countries the USSR would have been weakened but the bipolar system would have survived if the Soviet Union had held together.

This was the general expectation when the Commonwealth of Independent States (CIS) was created on 8 December 1991. Certain features of the old order were expected to disappear. The Baltic states were not expected to remain in the new federation and the centralised command system was likely to have been replaced by a looser federal structure that some analysts compared to the European Union with nuclear weapons.

This scenario did not materialise because of Ukraine, to a large degree because it refused to join common political and defence structures with Russia. Ukraine viewed the CIS as a mechanism for a civilised divorce, "a bridge over chaos" and limited its participation to economic issues. Without Ukraine the CIS became a much smaller and less powerful bloc. When Ukraine left and took its portion of the army and nuclear weapons, the bipolar system fell apart. This decreased security in the region and globally. Since Ukraine played the key role in upsetting the old order it has an important role to play in the creation of a new one.

Ukraine's role in the geopolitical changes was initially underestimated for a number of reasons. For centuries its history and geographic location placed it in Russia's sphere of influence and Ukraine found it difficult to move away from this externally designated role. Ukraine's voice was often not heard since, unlike Poland or Hungary, it had no international profile or traditional allies to lobby its interests in the great power arena. When Foreign Minister Anatoliy Zlenko travelled to Washington in November 1990 to make Ukraine's case, high level US officials refused to meet with him. France

refused to allow Ukraine to take part in the 1990 CSCE meeting and when a Ukrainian delegation showed up anyway they were not granted official status.

Secondly, the path/mechanisms Ukraine used to leave the Soviet Union and resist integration into the CIS were couched in general and deliberately ambiguous terms to prevent a crackdown from Moscow. Maneovering space was limited since Ukraine was an integral part of the USSR, unlike the East European states was not separated from Moscow by borders or administrative structures. To outside observers unfamiliar with Ukraine it was initially not clear whether Ukraine was making a break or simply negotiating a better deal for itself in the existing structure. The Sovereignty Declaration of July 1990 was a blueprint for statehood, stating the intention to create a separate army and currency, but the term sovereignty itself was open to interpretation. When Ukraine adopted a neutrality stance it was intended as an "exit strategy" from the Soviet Union. Not all observers realised that by stating that it would not participate in armed conflicts, joint military blocs or allow foreign troops on its soil Ukraine was in effect removing itself from Moscow's control. At the time Ukraine was part of a military bloc, the Soviet Union, without the formal right to oppose central policy. The clear statements which were made amidst the ambiguous ones, such as the speech at the United Nations in 1990 where Ukraine's delegate stated that Ukraine was planning to integrate into European structures, were not heard as loudly as Ukraine's name mentioned in the Union Treaty negotiations.

Thirdly, the presence of a huge nuclear arsenal on Ukraine's territory made Western leaders reluctant to recognise its separateness for fear of nuclear proliferation and upsetting the bipolar security system. They believed that bipolarity had preserved global peace and stability for 45 years and wanted the system to continue. This is particularly true of the United States and explains the sentiments behind George Bush's ill timed and impolitic "Chicken Kyiv" speech.

Ukraine nevertheless pursued its own agenda. After leaving the USSR it found itself in the uncomfortable position between East and West, the CIS and NATO. Anyone who has played the board game RISK (Parker Bros.) can appreciate to what degree Ukraine sits on the border of Europe and Asia, vulnerable to influences from west, north/east and south. Historically this made it both a crossroad for trade and a battleground. Ukraine's second President Leonid Kuchma put this in its contemporary terms: "We do not want Ukraine to

become a buffer. Love from two sides can lead to a squeezing. At the same time, I do not want Ukraine to be a bridge, because many will trample on her."

This discomfort was eased at first by a "breathing space" that followed the USSR's implosion. Decision-makers in Moscow, Washington and Brussels were not prepared for how quickly things fell apart. Their first reaction was to try to stop the bipolar system from collapsing or at least slow things down. When this failed both sides began to regroup and this continued until the mid 1990s when both NATO and the CIS began reasserting themselves in East/Central Europe.

Ukraine has continued its neutrality policy as a means of diffusing its security dilemma: Ukraine perceives Russia to be the main threat to its statehood, but Russia is also Ukraine's main trading partner. The two share one of the longest common borders in the world and multi-dimensional ties. For example Ukraine cannot modernise its armed forces without cooperating with Russia since its military industrial complex remains integrated. Both states recognise their inter-dependence but differ in their perceptions of each other. Russia is prepared to recognise a degree of Ukrainian autonomy but considers it within its sphere of interests whereas Ukraine insists on being treated as a state and not a junior partner. Leonid Kravchuk, Ukraine's first President, noted that Ukraine and Russia "live on the same planet, live and be friends," but "on a new basis, new principles." These perspectives are difficult to reconcile but both states recognise the importance of pursuing stable relations.

Russia has tried to keep Ukraine within its orbit through the CIS. Despite Ukraine's refusal to join a common defence policy, Russia has continually tried to draw Ukraine into military alliance through individual agreements such as a common anti-aircraft defence. It has also tried to pressure Ukraine to refuse participation in NATO activities.

Ukraine, on the other hand, has been taking steps towards the Western alliance. Foreign Minister Hennadiy Udovenko has repeatedly said, "Our strategic goal is to fully integrate into European and transAtlantic structures and to play an important role in the economy of East and Central Europe." Unlike Russia, Ukraine does not consider NATO a threat to its security and in fact has been taking steps towards it. First it left the eastern bloc by declaring neutrality, then used nuclear weapons to draw US attention to its security concerns and get at least paper guarantees, and then began direct dealings with

NATO. In February 1994 Ukraine became the first post-Soviet state to join the US led Partnership for Peace programme, which was NATO's first foray into the region. As NATO began its eastern enlargement in 1997 a cooperation agreement was signed with Ukraine. Since 1994 joint military exercises have been held both in Ukraine and other NATO countries which show Ukraine's leanings to the West. In 1997, 228 joint exercised were conducted through the Partnership for Peace programme, 200 with NATO, 70 with the United Kingdom and only 10 were held jointly with Russia in that time.

NATO enlargement in 1997 brought Ukraine dual benefits: better relations with NATO and Russia. NATO initialled a cooperation agreement with Ukraine on 29 May, two days after the NATO-Russia agreement was signed. This provided a mechanism for closer institutional links. The actual accord was signed on 8 July 1997 at the meeting in Madrid. NATO's increased attention towards Ukraine helped convince Russia to improve relations with its neighbour. Two days after the NATO-Ukraine accord was initialled, Russia signed the long awaited Friendship and Cooperation Treaty with Ukraine and recognised its borders unconditionally. Previous treaties were worded "Ukraine within the USSR" and later "Ukraine as a member of the CIS." The May 1997 treaty recognised Ukraine as a separate political entity for the first time.

Strategic considerations are only one element of Ukraine's geopolitical situation. As important as moving out of Russia's sphere of military control have been efforts to become accepted as a European state. Institutionally this has been a challenge since the primary label of Europeanness seems to be membership in the European Union, something Ukraine is unlikely to achieve in the foreseeable future because of its economic weakness. However Ukraine succeeded in taking an important symbolic step in this direction when in 1995 it was admitted to the Council of Europe. Within the new country this was widely publicised as evidence that they had been accepted by other European countries. Unfortunately tensions arose in this relationship over Ukraine's death penalty policy. However, overall this affiliation has opened the door to deepening EU involvement in Ukraine in spheres of political and economic reform and more importantly trade. In February 1996 an Interim Trade Agreement between Ukraine and the European Union came into effect in which Ukraine was granted Most Favoured Nation status and the EU is now Ukraine's largest trading partner outside the former Soviet Union.

CONCLUSION

Future developments in the search for stability are impossible to predict. What is clear is that Ukraine's relations with Russia will play a key role in future stability or instability. So far Ukraine has managed a balancing act. It peacefully moved out from Russia's strategic control, used nuclear blackmail to convince the US of its security concerns and took the first steps towards integrating into the Western security and economic organisations. While doing this it has maintained stable if tensed relations with Russia and cooperation in the economic sphere. The nightmare scenario for Ukraine would be at some point in the future being forced to choose sides in a standoff between Russia and NATO. Ukraine has a potential role to play in mediating that relationship.

To date Ukraine's handling of its foreign policy has earned it high marks from security analysts—it has managed to achieve its goals peacefully. In the process it has contributed towards the process of re-conceptualising Europe and its security landscape. Before 1991 few would have included Ukraine in any definitions of Europe. By 1997 Ukraine was a member of the Council of Europe, trading with the EU and a friend of NATO. Cold War divisions of East and West have changed and the continent seems to be expanding.

Chapter 7

UKRAINIAN–RUSSIAN RELATIONS

Ukraine was propelled into the international spotlight not when it declared independence but when it claimed ownership of the nuclear weapons inherited from the Soviet period. This was not well received by much of the international community. The nuclear powers closed ranks, labelled Ukraine a pariah state and excluded it from international financial assistance. Security experts began writing more about the threat of nuclear proliferation. For Ukraine's part it was a deliberate and possibly desperate act to bring its power struggle with Russia into the international arena, since it felt that the United States and other major powers were refusing to take its security concerns seriously. Immediately after the collapse of the USSR, Ukraine and the other post-Soviet states were treated like Russia's satellites, despite the fact that they received formal diplomatic recognition. When they were unable to get their message across any other way, Ukraine's elites decided to play the nuclear card.

After a tense standoff, by 1993 the United States realised that Ukraine was serious about not planning to remain under Russia's control. A few high level state visits followed and the United States brokered a security treaty which made Ukraine comfortable enough to give up its claims to the nuclear weapons. The Trilateral Agreement on Nuclear Weapons was signed on 14 January 1994 by Ukraine, the United States and Russia. The United States agreed to act as guarantor of Ukraine's security interests and to provide it with economic aid. Russia agreed to recognise Ukraine's territorial integrity. Ukraine agreed to the complete removal of its strategic arsenal to Russia. Despite this agreement Ukrainian–Russian relations continued to be tense because Russia continued to delay formally recognising Ukraine's borders. The situation improved only in 1997, once again as a result of an external factor—NATO's move eastward. Within a week of NATO's enlargement announcement, Russia signed a Friendship and Cooperation Treaty on 31 May 1997, a document which had been ready for signing for years. Despite the apparent calm, tensions between Ukraine and Russia continue. The way in which they are ultimately resolved has implications not just for the two states but for the entire region and beyond. Russia remains the most powerful

country in the region and has the potential to be a stabilising or destabilising force. By declaring independence Ukraine pushed Russia back into its Federation boundaries and deprived it of empire. The Baltic countries and Georgia had tried to leave Russia's control but were not powerful enough to have any real impact apart from mobilising others. Once Ukraine left the others followed and short of using force there was not much Russia could do to stop them: which is why Ukraine immediately set up an army.

For Russia, losing Ukraine was particularly painful since it was considered part of the heartland. Russian historians constructed their foundation myth around Kyiv, which Russians affectionately call the "mother of Russian cities." When Ukraine declared itself to be *not* Russia it called into question what Russia was and caused an identity crisis in the former superpower's heartland.

UKRAINE AS RUSSIA'S FULCRUM

As with any global power, much of Russia's strength came from its control over vast territories and resources. Ukraine played a central role in the equation because of its geographic location, size, natural and human resources. Russia's emergence as a great European power followed its expansion into Ukrainian territory in the seventeenth and eighteenth centuries. Its recent weakening was in part the result of Ukraine's departure from its control.

Before extending its influence into Ukraine, Muscovy was a small, northern, land locked kingdom culturally isolated from the rest of Europe. Through Ukraine it extended its influence west and south, to Eastern Europe and the Black Sea. Ukraine's fertile soil and rich natural resources provided construction materials for the Russian empire. Culturally Ukrainians had a Europeanising influence on their neighbours to the north. Graduates from the Kyiv Mohyla Academy founded the first institution of higher learning in Russia, St. Petersburg University.

When the Bolsheviks came to power in 1917 they considered maintaining control over Ukraine so important that they were prepared to concede a fundamental point in their ideology, internationalism, and created a Ukrainian Republic. In the 1930s Ukraine was one of the main engines of Soviet industrialisation. After World War II it became the jumping off point for extending influence into Central Europe and an important security zone in the south for countering NATO influence through Turkey in the Black Sea.

Once Ukraine declared independence in 1991, nationalised the portion of the Soviet Army on its territory and claimed ownership of its resources, Russia could not hold the USSR together and lost its empire. There were many other factors involved in leading up to the break-up of the Soviet Union but Ukraine's departure tipped the balance and 15 new states appeared on the political map of Europe and Asia.

ATTEMPTS AT PREVENTING THE POWER SHIFT

Neither Russia nor the West were prepared for such a drastic shift in the balance of power and attempted, in different ways, to preserve the old *status quo*. Both hoped to maintain some sort of union or federation with Russia in control. The thinking was if Ukraine stayed under Russia's influence the others, apart from possibly the Baltics, would too.

For Russia losing control of Ukraine undermined its ability to retain the role of regional hegemon. When Ukraine asserted control over its territory and resources it reduced Russia's strategic influence by shifting its western border east, making it further away from Europe and cutting it off from the Black Sea ports which had historically been an invasion route into Russia. Ukraine also broke Russia's monopoly on economic patterns in the Soviet space by refusing to become part of the CIS economic union and charting its own economic course. Thirdly, Ukraine challenged Russia's identity. Since Russia had never developed a national identity outside the imperial context and constructed its foundation myth around the city of Kyiv, losing Ukraine questioned its historic legitimacy as a great power.

Russia never expected Ukraine to succeed in its bid for power and believed it could maintain control over the devolution of power which began during the Gorbachev era. In fact Yeltsin initially supported Ukraine's moves towards greater autonomy as a means of eliminating the role of the centre and undermining his political rival Gorbachev's authority. In November 1990 Yeltsin travelled to Kyiv to sign a bilateral treaty in which both parties agreed to respect each other's integrity. Once the USSR was eliminated Yeltsin expected Russia to retain its senior role in the newly created CIS. When this failed because Ukraine refused to sign the CIS charter, Russia began a campaign aimed at destabilising Ukraine and bringing it back to the Russian fold. A leaked 1992 letter by Yeltsin adviser Vladimir Lukin spelled out the strategy:

challenge its territorial integrity through Crimea, undermine it economically by stopping orders for industrial production and present it to the world as unstable.

Russia targeted Ukraine's weak spot, Crimea, making noises about territorial claims and trying to retain control of the Black Sea Fleet which was harboured in the city of Sevastopil. The Black Sea Fleet provided Russia with a convenient pretext for maintaining a military presence on Ukrainian territory and questioning its hold on the former Soviet military technology and hardware located there. Crimea was a way of raising the issue of borders, a *casus belli* in Eastern Europe. This turned into the biggest dispute between the two states, at times heating up to the point that the international community had to step in. In 1993 the United Nations Security Council issued a resolution instructing Russian Parliament to withdraw its claim on Sevastopil as a violation of Ukraine's territorial integrity. Part of the issue was driven by Russia's security interests in the Black Sea and was complicated by the fact that some of the fleet's vessels were armed with strategic weapons. Another complicating factor was the presence of Crimean Tatars who were returning to their ancestral homeland much to the distress of Russians who had settled there after Stalin deported them to Central Asia in 1944.

Russia also applied economic pressure. This began with restricting the supply of roubles into Ukraine (and the other former Republics) at the time when price liberalisation was introduced. Trade was also restricted with the CIS members who had not joined the common defence, political and economic structures. Ukraine's industrial production was vulnerable to Russia's pressure since a large portion of its heavy industry was focused on the Military Industrial Complex which was deliberately made interdependent by Soviet planners. By refusing to supply necessary parts and cancelling production orders, Russia was able to slow down that important sector of Ukraine's economy.

Energy became Russia's ultimate weapon. Ukraine is almost completely dependent on Russia for oil and gas. 70% of its natural gas and 90% of its oil comes from Russia and Turkmenestan, which uses Russia's pipelines. By restricting oil supplies Russia has the capacity to bring Ukraine's economy to a virtual standstill. This threat has been used repeatedly to force Ukraine's cooperation on other issues. Russia has regularly linked energy to Crimea and the Black Sea Fleet. However, energy is a two sided weapon, since Russia's pipelines to Western Europe run through Ukraine's territory. Ukraine has retaliated Russia's

threats to cut it off from energy by threatening to cut Russia off from its West European profits. This energy standoff has become one of the major issues between the two countries. In 1993 Russia began charging Ukraine world prices for oil and gas, which Ukraine can not afford to pay. Ukraine's supplies have been reduced to approximately one third of 1990 volumes. Even at this reduced rate, Ukraine has run up a huge debt to Russia, estimated at $8.8 billion US over six years. This debt was brought into the negotiations of the Ukraine-Russia Friendship Treaty in 1997. Russia was able to negotiate a 20 year lease of the Black Sea Fleet port facilities in Sevastopil in exchange for writing off part of Ukraine's energy debt.

Another tactic Russia has tried to use to influence Ukraine is through controlling information. Russia inherited the central Soviet telecommunications facilities that enable it to broadcast into all parts of Ukraine. Many residents of Ukraine were used to watching the central news from Moscow, and after Russia became a state it used this to present its perspective on events. Russian programmes were often of a higher quality than Ukrainian ones, partially because the stations were better funded and partially because they had better journalists. Ukrainian leaders often complained about Russia's information seige and at times even threw Russian journalists out of the country for presenting misinformation. The struggle over the airwaves continues to the present. Over time Ukrainian broadcasting has improved and latest polls are showing that most Ukrainians now consider Russian programmes to be foreign.

The larger context of Ukrainian–Russian relations was initially disadvantageous for Ukraine. The West viewed the implosion of the Soviet Union and the reduction of Russia's power as a threat to global security. Disarmament treaties, on both nuclear and conventional forces negotiated with Gorbachev, and the Soviet foreign debt were easier to manage with one political actor than many. There was also the fear of another Yugoslavia erupting with nuclear weapons. From a strategic perspective, the Western powers were convinced that bi-polarity was the optimal way to maintain international stability since it had prevented war on their territories for over 45 years. Therefore they wanted Russia to remain a superpower and regional hegemon to prevent the emergence of new threats to their security.

Towards this goal they attempted to protect Russia's influence by refusing to deal with the Newly Independent States directly and channelling their contact through Moscow. They set up diplomatic

representations in the new states but on the important issues of disarmament and the foreign debt they dealt only with Russia. This is what provoked Ukraine into claiming ownership over the nuclear weapons on its territory since Ukraine's policy-makers realised that their country was being marginalised. The industrialised Western countries responded by using foreign aid and access to international financial institutions as leverage to bring Ukraine to heel. Ukraine was labelled a pariah state and excluded from international assistance by the IMF and World Bank because it was using the weapons to express its security concerns and establish itself as a separate entity from Russia. The situation turned into a vicious circle.

Despite these various pressures, Ukraine refused to give up its independence. Through negotiations and a bit of blackmail it succeeded in convincing the United States that it was not planning to remain under Russia's control and was prepared to pay the cost of short-term economic hardship to secure its long-term freedom of action. It held out the spectre of nuclear proliferation to make the world listen to its security concerns.

By early 1993 the United States began to reconsider its policy toward Ukraine and started sending high-level negotiators to Kyiv. Ambassador-at-large Strobe Talbott arrived in May, followed by Defence Secretary Les Aspin in June. Ukrainian Defence Minister Morozov flew to Washington in July and in October State Secretary Warren Christopher came to the Ukrainian capital. One month later Ukrainian Parliament ratified the Nuclear Non-Proliferation Treaty but on the condition that its security and economic concerns would be addressed. Further negotiations led to the Trilateral Agreement on Nuclear Weapons which was signed on 14 January 1994. In that document the United States agreed to act as guarantor of Ukraine's security concerns vis-a-vis Russia and offered Ukraine financial assistance to complete de-nuclearisation. Through this process the United States recognised that Ukraine had become an actor in the geopolitics of the region and from January 1994 onwards the US has made Ukrainian stability part of its former Soviet Union policy.

Russia continued to stall on formally recognising Ukraine as an independent country until mid 1997, when NATO began expanding eastward. Two days after Ukraine initialled a cooperation agreement with NATO, Russian President Yeltsin flew to Kyiv and on 31 May 1997 signed the Friendship and Cooperation Treaty. The document

recognises Ukraine's territorial integrity and commits both sides to peaceful relations. It is a historic document for both sides.

FACTORS AFFECTING THE POWER STRUGGLE

Many different factors affected the Ukrainian–Russian power struggle in the years 1992–1997. The most important one was the presence of nuclear weapons on Ukrainian soil. Having the world's third largest nuclear arsenal on its territory, even without having operational control over it, gave Ukraine a strong bargaining tool in its bid for resisting continued Russian domination. It is very likely that the combined pressure of Russia and the Western countries would have eventually forced Ukraine into accepting a subordinate role to Russia had it not held out the spectre of nuclear proliferation as the consequence of its continued exclusion from power. Once the United States acknowledged Ukraine's separateness from Russia it was impossible to deny that a power shift had taken place.

A second factor was the behaviour of the other former Republics. Many of them followed Ukraine's lead in asserting a more independent role vis-a-vis Russia. Once Ukraine left the USSR everybody else did too. And when Ukraine refused to sign the CIS Charter in December 1991 it set the tone of dissent and only six members joined. After Ukraine claimed ownership of nuclear weapons so did Kazakhstan. Equally important was that Ukraine maintained friendly relations with all the former Republics and worked to establish new trade patterns which by-passed Moscow.

Conventional forces served as a deterrent preventing the power struggle from escalating to the use of force. Ukrainian leaders had read their history books and were very aware of the fact that Ukraine had lost its statehood in 1919 when it failed to protect itself from the Red Army invasion. One of the first things they did after declaring independence in 1991 was to create an army by nationalising the troops on their territory. Because Ukraine had been the Soviet front line with Europe it was heavily armed and had an estimated 700,000 troops which made it the second most powerful conventional force in Europe, after Russia. Once a large portion of the officer corps swore loyalty to Ukraine, military intervention became a less viable option for Russia.

Russia's internal weakness was another important factor. By 1993 the political leadership in Moscow was fighting off extremists in Parliament and engaged in a war with Chechnya. Consequently from 1993 onwards there was a noticeable de-escalation of tensions with

Ukraine, particularly over the issue of Crimea. With its attention absorbed by pressing matters elsewhere, Russia had less energy to expend on trying to pull Ukraine back into its orbit. These two events also had a significant impact on public opinion in Ukraine making the Kyiv government look better since it had managed to resolve disputes peacefully rather than allow things to deteriorate to violence.

Ukraine's political stability put it in a strong position to withstand Russian pressures. With the exception of the Communist Party all political forces in Ukraine remained united on the issue of resisting re-unification with Russia and preserving territorial integrity by refusing Russian claims on Crimea. An interesting example of this is President Leonid Kuchma, who campaigned on a platform of closer ties with Russia but once elected continued the policy of maintaining independence. One of the reasons Ukraine's politics have been so stable is because Russia is next door. Everybody is aware of the fact that should the political situation deteriorate even close to the point that Russia's did in the autumn of 1993, where the army was firing on the White House, Russia would have the perfect pretext to move into Ukraine to re-establish order and take control.

Paradoxically, Ukraine's local former KGB organs proved to play a decisive role behind the scenes. Much of the internal security apparatus remained in place when the Soviet Union collapsed but like the USSR it has splintered into 15 new units. Ukrainian KGB officials have been waging a power struggle parallel to the open one in politics, to protect their new turf. They are enjoying no longer taking orders from Moscow and using traditional tactics to resist encroachment of their new power. Former Ukrainian KGB chief Ievhen Marchuk was promoted to Ukraine's Prime Minister after he used the internal security network to successfully undermine the Russian-backed separatist forces in Crimea and paved the way for Ukraine to strengthen its position in the troublesome peninsula. Of all Ukraine's Premiers, he was the most effective in dealing with Russia on equal terms. In describing his approach to relations with Moscow, Marchuk told *Newsweek* in 1995, "Retro is good in art and fashion, not politics."

The economics sphere has been an important battle ground which has left serious scars on both sides. Ukraine seems to be withstanding the shocks and upheavals caused by altering the centralised patterns of the Soviet command system which concentrated all vectors of economic activity through Moscow. Despite the tremendous decline in many sectors of the economy, Ukraine has not disintegrated into chaos

the way Albania did following the failed voucher scheme, nor sought to improve its fortunes by re-joining Russia the way Belarus did. Russia's efforts to use oil and natural gas exports as a means to influence Ukraine have been only partially successful since Russian pipelines to Western Europe run through Ukrainian territory.

Ukraine's good relations with its other neighbours, particularly Poland, have also countered Russia's ability to exert pressure on it. Being right next door to the former Warsaw Pact countries which are moving towards integrating into West European institutions and having Turkey as a trading partner to the south has cushioned Ukraine's divorce from Russia. Unlike Chechnya or Tatarstan, Ukraine is not surrounded by Russia and can use its geographic location to its advantage. Ukraine's neighbours are very interested in friendly relations with Ukraine as a way of keeping the Russian threat farther away.

The information war has raised a number of sensitive issues, chief among them being freedom of speech and information. Russia's goal is to maintain the appearance that nothing has changed and the entire Soviet space is still their legitimate broadcast zone. It continues transmitting programming in the Russian language and presenting Moscow's perspective on the news. This is a very powerful tool since it reaches into every Ukrainian living room. What Ukraine has tried to do is improve the quality of its own broadcasting services and block anti-Ukrainian statements. The Santa Barbara crisis of autumn of 1995 was a good illustration of a battle in this war. The American soap opera was first aired on a Russian station that broadcasts into Ukraine. Soon many Ukrainians were addicted. A Ukrainian TV channel then also bought the rights to the series. With Parliament's permission it began broadcasting the Ukrainian translation over the Russian channel, blocking the Russian version and soon many viewers began complaining about forced Ukrainianisation. The Ukrainian station stopped broadcasting over the Russian but scheduled the programme more frequently than it was on the Russian station. Ukrainians promptly switched to the Ukrainian station to watch their programme every day instead of three times a week and no longer complained about the language issue.

CONSEQUENCES

To date there have been a number of consequences of Ukraine's power struggle with Russia. The global security balance has been altered, the political maps of Europe and Asia have been re-drawn, and economic decline in the former Soviet space has intensified.

The most far-reaching change was the collapse of the 45 year old bipolar system after Ukraine reduced Russia's strategic influence by refusing to remain in joint defence structures. It was not the ideological factor that ended the Cold War and brought about this change but rather Russia's losing control over the former Republics led by Ukraine. This has forced "the search for a new international order" in which Russia and the areas it formerly dominated are looking for new roles. Since Ukraine was central in destroying the old system it has a key role to play in creating the new one. This issue became more acute once NATO began its enlargement process and began including former Warsaw Pact countries into its membership. Russia has repeatedly stated that it will not tolerate the inclusion of its former Republics in the Western alliance and Ukraine's decision on the matter will have far reaching consequences. For the time being Ukraine is sticking to its policy of neutrality, trying to maintain good relations with both sides. It has repeatedly stated that unlike Russia it does not perceive NATO or the Western powers a threat to its security and became the first post-Soviet state to become a member of the US-led Partnership for Peace programme. It has been conducting joint military exercises with NATO and former socialist countries which at times has made Russia very nervous. One recent example was the summer 1997 NATO led "*Sea Breeze*" naval exercise in the Black Sea.

A regional consequence of Ukraine's activity has been the re-drawing of the map of Europe. Not only has this created work for geographers and atlas publishers but it has altered perceptions of the continent. Western countries formerly defined Europe as the countries not included in the Soviet bloc. When the Berlin Wall came down in 1989 the Eastern neighbours were welcomed back to the "European home" as a way of pushing Soviet influence further back. When the USSR collapsed and Ukraine refused the new label of CIS it forced it the reconsideration of countries like Moldova, Belarus, Estonia, Latvia, Lithuania, Russia and of course itself. Would they be included into European structures or would they remain in a region dominated by Russia in a region called Eurasia? Ukraine has been trying to portray itself as a European country oriented Westwards and not Eastward by pointing out that it has more in common with the Czech Republic and Italy than Uzbekistan.

Locally, the most important consequence of the Ukrainian–Russian power struggle has been the continuing and deepening economic crisis which is causing severe hardship for both populations. Although many

other factors are contributing to the continued decline, Ukraine's breaking away from the centralised command system was the most radical change which interrupted production and trade patterns. Since the Soviet system was deliberately designed to make the former Republics inter-dependent and placed Russia in control over the levers of the economy, Ukraine has suffered more disruption. It had to start from scratch creating its own money supply, institutions and negotiating trade deals while Russia inherited them from the USSR.

For Russia and Ukraine economics is the most important long-term issue since if their economies collapse it will not really matter whether France considers them to be European countries and neither will have the capacity to construct weapons so global security patterns will be irrelevant to them. Each country's ability to influence the other will be determined by how quickly and effectively they improve their economies.

LONG-TERM PROSPECTS

As mentioned at the beginning of the chapter, the power struggle between Ukraine and Russia is not over. In mid 1997 it entered a phase of calm after years of tensions. For the long-term there are a number of possible outcomes.

The Russia Federation could disintegrate as the non-Russian regions like Chechnya assert their independence. This would create a host of small and larger countries surrounded by Russia and possibly leading to the breaking away of Russia's eastern-most regions leaving Russia a medium sized European power without influence in the Far East. Once Russia lost control over Ukraine, which is culturally and linguistically similar, it has had increasing difficulties with legitimacy in retaining control of non-ethnic Russian areas. The use of force to prevent disintegration may not be successful as witnessed in Chechnya.

Alternatively Russia could turn to empire restoration as a way of shifting attention away from domestic economic problems and regaining international prestige. Certain political forces in Russia have been advocating such a policy it may find enough popular support if the economic situation does not improve. In a 1996 opinion poll conducted in Russia 74% of the respondents still did not consider Ukraine to be an independent country. If Russia decides to restore the empire Ukraine would likely be its first target. If it goes about it in traditional ways Ukraine will resist, and since both are heavily armed

with nuclear weapons on Russian soil the situation could turn into a global problem.

A third and more likely scenario is that Russia will use its economic size and strength, particularly in the energy sphere, to restore some form of influence over Ukraine. This was already successfully tried with the issue of Crimea. In May 1997 Ukraine agreed to lease the port of Sevastopil to Russia in exchange for relief of its energy debt. Russia had not succeeded in retaining its influence in Sevastopil through bullying but was able to purchase it because of Ukraine's energy dependency. Should such policies be implemented widely Russia would be in a strong position to regain its former strength and power over Ukraine.

Fourthly, Russia could seek friendly relations with Ukraine in the aim of joining forces to reverse the economic decline and regain some of its lost strategic influence. If the two can find a way of cooperating, their combined territory of 17,075,100 sq. km, population of 300 million and economic potential could become the next growth zone once market reforms take hold. They could ultimately develop a relationship similar to the one that exists between Canada and the US since there are many parallels in their situations. Both share a long border and are natural trading partners.

Finally, Russia could ignore Ukraine for the time being, get its own house in order and when it is economically strong enough, re-colonise Ukraine either economically or by force. This is consistent with the "Russia first" policy advocated within reform circles in Russia. Some Russian reformers like Nizhnyi Novgorod's former mayor and Deputy Prime Minister Borys Nemtsov have gone on the record as saying that Russia will soon own Ukraine. 80% of the foreign investment in Crimea by 1996 had come from Russia, much of it channelled through Cyprus.

CONCLUSION

Russia remains Ukraine's most important neighbour, in the words of Ukraine's first President Leonid Kravchuk, Ukraine's "number one question." The entire thrust of Ukraine's activities in recent years has been moving away from Russian domination and securing a role as an independent actor. In the first years of its independence Ukraine succeeded in convincing first the Western powers and later Russia that it was prepared to use any means at its disposal to protect its recent arrival on the international scene. Since Ukraine's gain was

Russia's loss the power struggle continues. While much of the focus on changes in the former Soviet Union have been on Moscow, it was Ukraine which upset the old power balance and therefore holds the key to the future stability in the region and beyond. At the time of this writing (summer1998) the final outcome of this power struggle was still an open question. Both stand to gain from friendly economic relations and continued democratisation. It is a widely held assertion that democracies do not go to war with each other. Germany and France ended centuries of warfare with each other after World War II. Ukraine and Russia now have the prospect of building a new kind of relationship, based on cooperation rather than coercion. For this to happen Russian political leaders must be prepared to fully recognise Ukraine's independence and Ukrainian elites must come to terms with the reality that they will always be influenced by Russia. Ideally the relationship would resemble the Canada-US one, where the two states are culturally similar and one is far more powerful than the other but they are allies and trading partners.

Chapter 8

CONCLUSION

The whys and hows of Ukrainian independence will continue to be discussed for years to come. At this point it is possible to make only a preliminary assessment of contemporary Ukraine, since much information is still unavailable. Individuals acting in the situation have yet to reveal their full stories and many documents remain hidden from public view.

Overall, Ukraine's elites seem to have done well in accomplishing their primary objective—securing and maintaining independence. The question remains, what kind of state will Ukraine eventually become? Independence was gained peacefully and therefore very little changing of the guard took place. Most people remained at their positions, including political and economic elites. In the short term this provided stability and continuity, however, it has slowed down the pace of economic reform, without which democracy is not sustainable in the long term. When looking at accomplishments since independence, or lack thereof, the important thing to keep in mind is the starting point in 1991.

The greatest changes have occurred in the political realm. Despite a legacy of totalitarianism, Ukraine is evolving into a democratic political system. Over a period of seven years it has introduced a multi-party political system, lifted restrictions on the media and adopted a new Constitution. This document separates executive and legislative powers and revises the system of local government. Legal reform has started as have efforts to govern according to the rule of law. The first real test of the democratic process came in 1994, when the first post-independence Parliamentary and Presidential elections were held. Both elections proceeded without disruption and political power changed hands peacefully. A new President was elected, the old one stepped aside. This pattern was repeated in the Parliamentary elections of 1998 when once again a peaceful power transition occurred. Prospects look hopeful that this process will continue. Unlike in Russia there has been no political violence in Ukraine and there seems no danger of the country following the Belarussian route.

A democratic system is in place and functioning but the democratisation of society is still in its early stages. Compared to the Soviet era, Ukraine has become an open society. People are not afraid to express themselves and take every opportunity to criticise their government. However, democratic structures are still evolving. Political parties remain weak. They suffer from general public apathy and distrust towards politicians. Most lack funds and organisational skills and are just learning to make coalitions. At the last count there were 38 political parties in Ukraine, covering the entire spectrum from left to centre to right, yet none enjoying broad popular support. After a few more elections their number will likely drop and the ones that remain will grow stronger.

Time is also needed for a truly independent media to develop. No longer controlled by the state, the media has made strides towards being objective and independent but does not yet have an influential role as government watchdog. Economic crisis slowed things down. Sky-rocketing paper costs have forced many newspapers to close. New television and radio stations have opened but are controlled by the Ukrainian and Russian oligarchies and are not fully accountable. Equally problematic was the mind-set of Soviet-era-trained journalists, many of whom lacked understanding of concepts such as investigative reporting, journalistic integrity or even basic news sense. These attitudes have been changing since independence. Ukraine's opening up to the world, the presence of foreign journalists in the country and the transmission of foreign news broadcasts into Ukraine have done much to improve the quality and objectivity of Ukraine's media. Citizens of Ukraine are gaining an ever-clearer picture of international events and the state of affairs in their own country.

Most realise that in Ukraine real political power continues to rest with the old *nomenclatura*, now commonly referred to as the party of power. Government positions are appointed, not elected, the Cabinet of Ministers list reads like a who's who of Soviet Ukraine. New faces from the democratic camp have generally not succeeded in obtaining high appointments, with a few notable exceptions like Serhii Holovaty, the Rukh deputy, who became Minister of Justice in 1996. Furthermore, the political process is only partially transparent and public accountability remains low as Members of Parliament continue to have the Soviet-era privilege of immunity and government officials use their positions of power to cover up corruption. Visible political

change has occurred in elected positions, since now any citizen of Ukraine can compete for public office and many have done so successfully. The greatest number of seats in the last two elections were taken by independent candidates.

Despite the fact that power continues to rest to a large degree in the same hands as before, Ukraine has been moving consistently towards democratic government. Other post-Soviet states have reverted to dictatorship, experienced political violence or war within their borders. Ukraine and the Baltic states are the only former Soviet Republics to have maintained peace and democracy.

On the economic front, changes have proceeded slowly. Part of the reason is that Ukraine's economy was in far worse shape before 1991 than many observers realised and Ukraine was excluded from international assistance until 1994 when it gave up claims to its nuclear weapons. For their part, Ukrainians under-estimated how difficult it would be to disengage from Soviet command structures and enter the global economy. Ukraine began its statehood with great expectations and radical economic reform plans. One month after the December 1991 referendum, it adopted legislation to begin privatisation, plans were made for securing alternative oil supplies from Iran and Ukraine used its first international credit, from Canada, to print its own currency. This initial momentum dissipated when the realities of trade inter-dependency with the former Soviet Union set in. Industrial output fell rapidly as established patterns of raw material supplies and markets began to unravel. Monetary crisis deepened when Russia began introducing price liberalisation without coordinating with Ukraine. Transfer payments went into chaos as Ukraine experienced a rouble shortage.

The power struggle between the efficient and inefficient sectors of Ukraine's economy is setting the tone for economic activity in the country. The minority of efficient enterprise directors and agricultural sector bosses lost their initial advantage gained through independence, and the majority, inefficient sector, which employs large parts of the workforce began putting the breaks on quick reform. This power struggle continues and has become very politicised since reforms will produce unemployment and social instability. Economic reform programmes have zigzagged as politicians bow to public pressure that opposes the closing down of large, inefficient state industry and collective farms. Pensions have not been substantially cut because the older citizens are a formidable force at the polls. In the meantime,

economic crisis deepens. Corruption grows and Ukraine is unable to attract large scale foreign investment. In the long-run the efficient sector of the economy is likely to win the power struggle and eliminate corruption in the process. Businesspeople are already learning that honest business practices lead to long-term profits. The question is how long will the struggle continue and how much damage will it do to the economy? The process could be speeded up if foreign investors worked with companies that have established a proven record of trustworthiness. Sectors that are likely to produce profit are agriculture, minerals and potentially space technology.

Ukraine is often compared to other East European countries. This is inaccurate because Poland, Hungary, the Czech Republic and others began from a different starting point. They were already national economies and had experience in decision-making and external relations. Furthermore, East European countries received large injections of foreign capital early on. The IMF gave Hungary, that has a population of 14 million, $1,114 million in credits by February 1991. Ukraine, with its 52 million people, received $700 million, and that only in 1994. Also, Eastern Europe was under communist rule for only 45 years. To get a better comparative perspective, Ukraine should be contrasted to other former Republics. The only ones to have done significantly better are the Baltic States, who again were Sovietised only after World War II whereas Ukraine experienced Soviet rule for 70 years.

With such a legacy, the greatest threat to Ukraine's newly gained statehood is a return to authoritarianism. The cost of peaceful political transition was that the economy is still controlled by the old oligarchy, a large part of which is uninterested or incapable of change. Continuing economic crisis, where a small handful of people are benefiting from the transition to a market economy while the majority is suffering, may eventually result in the emergence of a populist leader who gains support by promising a return to the stability and security of the past in exchange for democratic freedoms. This has already happened in Belarus and other former Soviet Republics. Ukraine has maintained social stability thus far but the state is too weak to ensure an acceptable standard of basic services and provisions. Despite the fact that government spends approximately one third of the national budget on pensions, many pensioners are living below the poverty line. As wage crises become a chronic problem the social fabric may start to unravel.

Externally, Ukraine's difficulty is finding a place. It has moved out of Russia's direct sphere of influence but has not yet been welcomed into Europe. Although now recognised as an independent actor in the international community, with its Foreign Minister elected to chair the United Nations General Assembly in 1997, Ukraine is not yet part of a regional grouping. In the current global environment where regionalism dominates, it is difficult to survive outside an economic or political grouping. Austria, which had long pursued neutrality, recently decided to join the European Union.

Ukraine has stated its desire to become part of European institutions but is aware that economically it is too under-developed to be considered for EU membership in the near future. A large portion of its trade continues to be with former Soviet states, and it remains involved in CIS economic structures. In terms of security, Ukraine is walking a fine line between NATO and the CIS. From the outset Ukraine has refused to become integrated in political or defence structures with Russia but it needs to remain on good terms with the CIS for economic reasons. Unlike Russia, Ukraine has repeatedly stated that it does not consider NATO a threat to its security. However, in pursuing relations with NATO Ukraine has had to be careful so as not to provoke a reaction from Russia. Ukraine's greatest accomplishments to date in foreign policy are: maintaining peaceful relations with all neighbours; convincing the United States to recognise its security concerns by offering guarantees in the Trilateral Agreement on Nuclear Weapons of January 1994; and forging institutional links with existing European structures such as the Council of Europe.

Russia remains Ukraine's "number one" question. It is the main threat to Ukraine's security and its main economic partner. The easiest way for Ukraine to lose its statehood is if an authoritarian expansionist regime comes to power in Russia. Conversely, economic recovery could be speeded up if relations between the two improved. To date Ukraine has succeeded in keeping relations with Russia on diplomatic terms and prevented the escalation of tensions to the point where force may be used. Domestically it has worked hard at maintaining stability since in other post-Soviet countries where unrest has broken out Russia has sent in troops to restore peace. Discriminatory policies have not been introduced against the Russian minority nor have elites been purged of ethnic Russians. The state has sought to retain legitimacy by keeping a laissez-faire policy

towards the domestic Russian question, making Ukrainian the official language but not cracking down on Russian-language usage.

Despite the often antagonistic public tone of Ukrainian-Russian relations, elites in Ukraine and Russia have more in common than appearances suggest. Leaders of both countries leaders are graduates from the same communist school, and although the external structures have changed they are able to conduct business and political negotiations because they come from a common background. Over time this will change, but for the initial transition period this has been very useful for both countries.

In its relations with Russia, Ukraine has benefited from its northern neighbour's current weakness. Since 1991 Russia has not had the capacity to force its will on Ukraine. This provided much a needed breathing space for the new country to consolidate its statehood. Even in the highly sensitive energy sector, Russia can use oil and gas as a political lever only to a point since its pipelines to Western Europe and profits run through Ukraine's territory. If Russia cuts off Ukraine it will also lose profits. Now that Belarus has entered into a union with Russia, there is the possibility of constructing a new pipeline through Belarus and bypass Ukraine, but this would be a costly venture. The long-term future of Ukrainian-Russian relations is difficult to predict. Both stand to gain from friendly relations and to a large degree this will depend on what happens in Russia's domestic politics.

For many Ukrainians, independence did not bring what they had hoped for. Living standards have continued to drop as economic crisis deepened. The elite has remained static and although democratic reforms have been introduced power remains in the hands of the old *nomenclatura*. Opposition politicians have not gained access to power and remain in the opposition. A handful of power brokers have shed their communist party badges and are getting enormously rich while the country teeters on the brink of economic disaster. For the intelligentsia, changes have not happened as quickly as hoped. After a surge of patriotic feelings around independence, attitudes towards things Ukrainian have been lukewarm. Russian continues to be the dominant language in the country, despite legislation than makes Ukrainian the official state language. National identity has been slow in reviving, since many people blame independence for their economic difficulties.

The mitigating factor is that Russia has not fared much better. Although living standards in Moscow are higher than in Kyiv, many of

Russia's regions face the same severe socio-economic problems Ukraine's regions do. Also, Ukraine has remained peaceful since becoming a state whereas Russia experienced political violence in October 1993 and a war in Chechnya. The Chechen war in particular consolidated pro-Ukrainian feelings. Despite complaining about their declining living standards, Ukrainians were very happy that they did not have to go fight, or send their children to fight. This was a very tangible benefit from independence. To maintain legitimacy Ukraine's government must keep pace with economic reforms in Russia and remain peaceful.

Ukraine's fundamental challenges and problems are no different from those of other industrialised states. Domestically Ukraine needs to reorganise its economy and social structure to meet the challenges of the information age. Externally, Ukraine seeks security, stability and power. All industrialised economies are facing a major power shift away from traditional patterns of wealth creation and distribution. Improvements in health care and modernisation have created aging populations, increased wealth concentration and growing disparities. Globalisation is a much talked about theme as international capital gains more power than governments.

The collapse of communism exposed the difficulties established market economies face in pursuing continued growth in face of social tensions. Well known financiers like George Soros and Jaques Attali have written about the weakness of democracy in face of the growing power of international market forces. It seems ironic that Ukraine and other post-communist states are being pressured to adopt political and economic models that are increasingly recognised not to be working adequately. International financial institutions like the International Monetary Fund and the World Bank are pressuring Ukraine to adopt strict market policies such as fiscal austerity which hve not produced the anticipated results of economic recovery in other countries, for example Brazil. Such policies are politically difficult for Ukraine to adopt since they could threaten the already fragile social stability in a country undergoing massive transformations. Instability in Ukraine would undermine regional stability and this would not further the interests of global security.

There are no easy solutions for achieving the long term goal of economic growth and social stability. Upon becoming independent Ukraine has entered the rapidly changing and volatile global economy. In many ways it is ill equipped to deal with the new set of rules it now

has to play by. On the positive side, it is no longer subjected to decisions made outside its borders by elites that do not put its interests first. Like its citizens, the new Ukrainian state now has both the opportunity and responsibility to make decisions and be held accountable for its own future.

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Index

aerospace industry,
  Soviet, in Ukraine, 7
  success in, 75
agriculture, 74
  and employment, 34, 74–76, 87
  and Party of Power, 57
  potential in, 140
  resources, 68
  Soviet era, 36, 74
  see also economics, environment, reform
Air Ukraine International, 79
Albania, 108, 131
armed forces,
  Ukrainian,
    creation of, 25, 49, 50, 55, 105, 119, 125
    historical significance, 25
    officer corps, loyalty of, 110–111
    re-organisation of, 111–112
    significance of, 129
    size, 42
    statement of intent to create, 5, 48, 53, 110
  Red Army,
    48th Division, 111
    gains control of Ukraine (1919), 19–20, 129
    in Ukraine 1991, 42
    portion nationalised, 125
    refuses to fire on crowd during 1991 coup, 46
    role during 1991 coup, 54
    Russia's attempts to keep together, 111
    Ukrainians in, 42
    withdrawal from Eastern Europe, 111–112
Armenia, 116
Arsenal Factory, 116
Asia, 70, 119, 125, 131
  trade with Ukraine, 77
Aspin, L., 128
Attali, J., 79, 143
Austro-Hungary (Hapsburg Empire),
  empire collapse, 3, 5, 47
  gains control of Ukrainian territory, 17
authoritarianism,
  in the USSR, 44, 51
  lack thereof, 44
  potential, 140
Azerbaijan, 108

Baku, 116
Baltics, the, 139, 140
  independence declarations, significance of, 48–49, 124
  not in CIS, 118
  separatist movements in, 8
  Soviet crackdown in, 53
Bashkirovka, 111
Belarus, 108, 132, 137, 140
  and bilateral treaty with Ukraine, 108
  and Central European Initiative, 108
  and CIS founding, 49
  and pipeline, 142
  and politics of history, 9, 17
  and re-unification, 131
  return to authoritarianism, 140
Belovezhskaya Pushcha, 106
Berlin Wall, 132
bipolarity, 127
  upset by independence, 3, 28, 106, 118, 132
  Western interests in, 7, 119, 120
Black Sea, 124
  as frontier, 7, 108
  coast, colonisation of, 11

Muscovy's influence spreads to, 16, 124
naval exercises in, 132
pollution in, 92
trade zone, 77, 108
Black Sea Fleet,
example of nuclear difficulties, 111
harboured off Crimea, 61
rental of port facilities, 127
Russians claims to, 26, 126
strategic value, 26, 125
Bolsheviks,
come to power, 124
inherit tsarist institutions, 31
in Ukraine, 19–20, 47
borders,
and NATO, 27
avoiding disputes, 105
Canada-US, 134
claims on, by Romania, 27
creation of, 21
Crimea, 62
Polish, Hungarian and Czech/Slovak attitudes, 27
priority in securing, 106–110
regime, inadequacy of, 109–110
Russian attitude, 6, 109, 123, 126
Ukraine affects Russia, 125
Ukraine in USSR, 42
Bosphorous, 116
Brezhnev, L., 2, 21, 32, 45, 48
Britain, 6, 76, 113, 116
Brzezinksi, Z.,
comment on significance of Ukraine's independence, 3, 106
budget, 69
Ukraine's Parliament takes control of, 36
Bugayov, A., 111
Bulgaria, 38, 108
Burakovsky, O., 50
bureaucrats, 33
impact on reform, 94
Bush, G.,
1991 visit to Kyiv, 4, 7, 105, 119
Byrnes, R., 9
Byzantine Empire, 11

Canada, 69, 134
credits from, 139
recognition by, 51
relations with US, 69, 135
Ukraine Partners in Health Programme, 91
capital stock, 36, 68, 74
Carpathian military district, 112
Catholic Church, *see Catholicism*
Catholicism,
history in Ukraine, 14–16
Ukrainian Catholic Church, 98–100
see also religion
Central European Free Trade Agreement (CEFTA), 77, 108
Central European Initiative, 108
Central Rada, 19–20, 25, 31, 106
Chechnya, 131, 133
different from Ukraine, 131
example of Russia's internal fragility, 26, 129
impact on Ukraine, 143
Chervona Ruta Festival, 101
China, 77, 78, 113, 117
Chornobyl, 35
clean-up cost, 92
effect on arable land, 74
energy policy, 35
impact on attitudes towards things nuclear, 114
impact on demographics, 85
impact on pro-independence attitudes, 2
Ministry of, 92
Chornovil, V., 46
leads oppositionist post-independence Rukh faction, 56
Christopher, W., 128
Clem, R., 84
Clinton, B.,
comment on Ukraine's history, 10
CNN, 79

Cold War, 28, 35, 106, 122, 132
COMECON, 107, 118
Commonwealth of Independent States (CIS), 70, 132, 141
  and NATO, 105
  begins to reassert itself, 120
  trade diversification, 70, 91
  Ukraine co-founder of, 40, 49, 106
  Ukraine's impact on, 118, 125–126
  Ukraine places strategic forces under joint command, 114
  Ukraine's refusal to integrate into, 8, 63, 106, 125, 129
communications, *see information, mass media*
Communist Party (CP),
  collapse, 42
  control over USSR, 38, 44–45
  in Crimea, 62
  legacy, 29
  monopoly ended, 43, 46
Communist Party of the Soviet Union (CPSU),
  role is USSR, 20–21, 45
Communist Party of Ukraine (CPU),
  banning of, 55, 56
  cooperation with opposition, 46, 63
  electoral victory (1994), 58
  electoral victory (1998), 60
  former members, 142
  holds power in Ukraine, 49
  in Crimea, 61
  institutional steps towards independence, 63
  re-configuration of power in *perestroika* era, 50, 52, 54–55
  re-legalisation, 58
  Soviet era structure, 45
  special health clinic, 91
  on independence, 130
Conference on Cooperation and Security in Europe (CSCE), 4, 119
Constitution,
  of Crimea, 62
  of Ukraine, 56, 59, 63, 99, 137
  of USSR, secession clause, 30, 44
Constitutional Agreement, 59
Constitutional Committee, 59
corruption, 64, 70, 73, 138, 140
Council of Europe, 105, 121, 122, 141
coup of August 1991,
  and public opinion, 46
  brings forces into collision, 43
  creates power vacuum, 48
  turning point for Ukraine, 5, 54, 110
coupon, *see monetary policy*
Crimea,
  1954 transfer, 21, 24
  affects federalism debate, 57
  and Constitution, 59, 62–63
  autonomy in Ukraine, 62
  exception to trends, 61
  foreign investment in, 134
  history of, 13, 18, 24–25
  linked to energy debt, 134
  Mosques re-built, 100
  politics in, 62
  politics of history, 20
  President of, 62
  regional player, 60
  Russian claims on, 109, 114, 126, 130
  water problems, 74
cultural intelligentsia,
  source of opposition, 51
  role in independence movement, 2, 101
cultural issues, 83–103
  and opposition, 51
  freedom, 100
  Soviet era, 39
Cyprus, 134
Czechoslovakia, 20, 27
  and Visegrad, 107
Czech Republic, 132, 140
  current attitudes towards Ukraine, 27, 76

Daewoo, 117
death penalty, 121

Declaration of Independence, *see independence*
Declaration of Sovereignty, *see Sovereignty Declaration*
defense, 110–112, 141
  and CIS, 118, 120, 126, 132, 141
  industry, 34–35
    conversion, 105, 115
  inheritance, 42
  statement of intent to become non-nuclear, 53
Defense Ministry, *see Ministry of Defense*
Democratic Platform,
  Ukrainian membership in, 52
democratisation,
  and Chornovil, 56
  and armed forces, 46
  as cause of USSR's collapse, 43, 46, 52
  evidence during 1998 election, 61
  process, 63–64, 138
  Ukraine-Russia relations, 135
demographics, 84–85
  and child support benefits, 94
Deutsches Bank,
report, 71, 115
diaspora,
  assistance to Catholic Church, 100
  Ukrainian, role in independence movement, 50–51
diplomacy, 12, 30, 109
diplomatic recognition, 31, 123, 127–28
  by Poland, 107
  by over 160 states, 40
  by US, 40
diplomatic missions,
  foreign,
    open in Ukraine, 4
  Ukrainian,
    at UN, 31
dissent movement, 4
  and history, 10
  and unemployment, 86
  in Soviet Ukraine, appearance, 21
  source of *glasnost* era opposition, 46, 51
division of power, 56, 59
Dnipro River, 11
Dnipropetrovs'k, 34, 59
  pollution in, 92
Donets'k, 34, 59
  pollution in, 92
Drach, I.,
  leader of Rukh, 2, 51, 101
  leads state-building faction post-independence, 56

Eastern Europe, 67, 70
  and borders, 126
  and geo-politics, 115
  Communist legacy, 140
  economic Union, 76
  history, 8
  investment, 70
  troop withdrawal from 111–112
  trade with, 117
economics, 67–81
  academic training in, 71
  and structural problems, 1, 34–36
  as battle ground, 130
  as factor of pro-independence movement, 1, 67
  assessment, 67
  command system, 29, 68, 133
  declining growth rates, 1, 36–37, 131, 132
  emerging market system, 70
  integration, 36
  interdependence, 133
  lack of understanding of, 71–72
  long-term goals, 70–71
  long-term prospects, 79
  performance, 69
  reform, 44, 139
  significance of Ukraine within USSR, 7, 36, 71
  short-term goals, 69–70
  underground, 68
  Ukrainian-Russian relations, 125–126, 135
  Western models, 71

education, 97–98
and military, 111
and women, 84
Law on, 98
Ministry of, 32, 97
Soviet system, 20, 21, 31, 33, 37, 38, 39, 97
system, reform of, 65, 72, 102
elections,
and independence, 46
1 December 1991, 5, 53
called early (1993), 57
March 1990, 52
Presidential (1994), 58, 137
Parliamentary (1994), 58, 137
Parliamentary (1998), 60–61
voter turnout, 61
elites,
Ukrainian,
and international recognition, 114
and military, 111
and nuclear policy, 112, 123
assume political power, 1, 10, 29
Communist, 48, 49, 50
economic, 67, 78, 79
ethnic composition, 50, 141
goals, 1, 65, 137
in 1991, 6
learn from history, 106
limitations, 29–30, 32, 49–50
power struggle, 80
recognise Russia's power, 135, 145
regional, 59
static, 142
support for independence, 5, 46, 50, 63
Soviet, 43, 45
employment, 85–89
communist era,
distribution, 31, 3437
full, central principle, 86
lack of unemployment, 38, 86
unemployment, illegal, 86
post-communist era
administrative leave, 87
and gender, 95
and paternalistic attitudes, 88
new opportunities, 102
re-training, 112
slowdown, 96
structural problems with, 86–87
unemployment,
benefits, 94
cause of hardship, 89
fear of, 85–86, 139
hidden, 86
perceptions of, 88
vulnerable groups, 103
energy,
changes during Soviet period, 2, 35
debt to Russia, 127, 134
dependency on Russia, 35, 75, 105, 134
impact on housing situation, 90
inefficient consumption, 35, 68–69, 75, 93
political tool, 116, 126
prices, 90
supplies, 71, 115
environment, 84, 92–93, 103
damage, 36, 68
impact on pro-independence attitudes, 2, 51
Estonia, 4, 85, 108, 132
Euro-centrism,
how views affected Ukraine, 4
Europe, 125, 131
'Breadbasket of', 10, 36
desire for integration with, 41, 70, 141
division of, 13
changed landscape, 27, 106, 132
re-conceptualisation of, 41, 122
European Bank for Reconstruction and Development (EBRD), 70
European Union, 77, 107, 141
Interim Trade Agreement with, 121
Most Favoured Nation status, 121
trade with, 117, 122

experience,
  lack of in international affairs, 32, 37, 41, 113
economic, 69, 71, 72

federalism, 48
  fear of, 57
feminism, *see gender*
Filaret, Metropolitan, 99
Filenko, V., 52, 57
Financial Times, 90
Flemish,
  similar situation as Ukrainians, 4
Fokin, V., 33, 34
foreign affairs, 105–122
  during 1920s, 48
  in Soviet era, 41
foreign investment, 64, 79, 105, 140
  caution of investors, 116
  EU, 117
  in Crimea, 134
France, 113, 118, 133, 135
Friendship and Cooperation Treaty (Ukraine-Russia), 109
  signing, 40–41, 121, 123, 126, 128

Garnett, S., 43
gathering the lands of Rus',
  by Volodymyr, 12
gender, 95–96
General Motors, 117
geography,
  impact on history, 10, 76
geo-politics,
  and Ukraine, 3, 11, 15, 112, 118, 121, 128
Georgia, 108, 116, 124
  separatist movement in, 8
  Soviet crackdown in, 53
Germany, 6, 135
  Kravchuk visit to, 53
glasnost',
  and information, 4
  and politics of history, 9
  impact on independence movement, 4
  in Ukraine, 51
  public opinion, 45
Gogol', N., 100
Gorbachev, M., 1
  and economic decline, 37, 115
  and power devolution, 36, 106, 126
  and public opinion, 43, 45
  and START, 113
  and Tatars, 25
and Union Treaty, 5, 40, 53, 106
  appeal to Ukrainians to stay, 32
  began change, 1, 63
  defeated by Yeltsin with Ukraine's help, 47, 125
  role in the politics of history, 10
  resignation of, 40
  slows pace of perestroika in Ukraine, 32, 51
  Ukraine's attitudes towards, 52
  Yeltsin opposes, 125
grass roots groups,
  electoral monitoring, 61
  opposition, 51
Great Britain *see Britain*
Greece, 77
Griniov, V., 50, 57, 63

Handelman, S., 73
health care, 37, 90–92, 103, 147
  and employment, 86
  and life expectancy, 84
Herodotus, 11
Hetmanate, 15, 16
history,
  and geography, 118
  as subject of study, 39, 97
  controversies, 21–25, 27
  impact on present, 8, 25–27, 106, 110, 129
  of Crimea, 61
  of culture, 100
  politics of, 3, 8–10
  sketch, of Ukraine, 10–21
Holovaty, S., 138
Hosking, G., 33

housing, 89–90
and employment, 86
and World War II, 21
cost, 93
crisis, 74
homelessness, not a problem in USSR, 38
impact of propiska, 89
reforms since independence, 90
source of discontent in USSR, 38, 89
Hrushevs'kyi, M.,
contemporary political significance of, 25
role in politics of history, 9
hryvnia, 65
design, 26
introduction of, 72
Hungary,
as different from Ukraine, 41, 79, 118, 140
attitudes towards Ukrainian independence, 27, 107
bilateral relations with Ukraine, 53, 117
current attitudes towards Ukraine, 76
Hurenko, S., 52, 54
Hurvits, E., 63

Iaroslav the Wise,
on hryvnia, 26
role in history, 11–12

identity,
in Ukraine, 9
after independence, 41, 142,
development of, 11–14, 19–20
during Kyivan'-Rus' period, 12
in Russia,
questioned, 7, 22, 26, 124, 125
independence,
and defense, 25, 110–112, 129
and minorities, 50, 62–62
and nuclear weapons, 113–114
and women, 96
consequences, 29, 44, 118, 143
consolidation of, 49, 58, 68, 134
Declaration of, 5, 30, 54, 55
demographics, 84–85
discussion of, 6, 27, 135, 137
economics, 1, 5, 34–36, 53, 67, 70, 76
foreign scepticism about, 4, 41
impact on culture, 101–102
international impact, 3, 8, 123, 124
mood on eve of, 2
political unity around, 47, 55, 130
referendum, 49, 106, 116
non-Ukrainian minority support for, 50, 63
vote results, 55
role of 1991 coup, 5
significance for Russia, 22, 26, 27, 124
Independent, The, 4
India, 113
industry, 74
and reform, 57, 86–87, 139
attempts at stemming decline, 115
in USSR, 7, 34–35, 74
military-industrial complex, 34, 74, 105, 115, 126
vulnerability, 126
see also aerospace industry
information,
age, challenge of, 69, 75, 143
as political tool, 2, 31–32, 79, 127, 131
communications network, importance of, 31–32
isolation broken, 53, 102
limited, on Ukraine, 4, 28
see also mass media
Inter-Continental Ballistic Missiles (ICBM),
number in Ukraine, 113
International Labour Organistation (ILO), 85, 92
International Monetary Fund (IMF), 70, 72, 77, 90, 128, 140, 143
Inter-Regional Bloc of Reforms, 59, 63
Iran, 106, 116, 139
Italy, 11, 132

Japan, 77, 117
Jews, 38
  as contemporary religious group, 99, 100
  history in Ukraine, 14, 17–18, 23
  in contemporary elites, 50, 63
Judaism, 99, 100

Kalynets', I., 96, 97
Karmazin, N. M.,
  role in politics of history, 8–9
Kaufmann, D., 68
Kazakhstan, 108, 129
Keenan, E. L., 22
KGB, 34, 45, 60, 130
Kharkiv, 20, 52, 57, 95, 111
Khmel'nyts'kyi, B.,
  history of, 15–17
  controversies, 23–24
Khrushchev, N.,
  impact on Ukraine, 45, 48
Komsomol,
  source of opposition, 51
Kravchuk, L., 26, 31, 25
  actions during and after coup, 54, 110
  and Union Treaty, 47, 54
  brings Rukh into political discourse, 51
  comment on Ukrainian-Russian relations, 120, 134
  defeated in 1994, 58–59
  elected Parliamentary speaker, 52
  elected President, 56
  initiates foreign relations, 5, 53
  pre-independence faction leader, 52
  post-independence faction leader, 56
  signs 1990 agreement with Russia, 108
  uses Party of Power as base, 57
Kuchma, L., 34, 65, 144
  and constitution, 59
  comment on bridge vs buffer, 119
  director of Pivden'mash, 88
  on Pension Fund, 95
  member of New Ukraine, 57
  new policies, 59
  on independence, 130
  power base, 88
  wins Presidential election (1994), 58–59, 130
Kulinich, N., 117
Kurds,
  similar situation as Ukrainians, 4
Kyiv,
  1240 destruction of, 12, 24
  attracting cultural figures and skilled labour, 19, 88
  living standards, 142
  military district, 112
  part of Russia's foundation myth, 7, 9, 124
  perceived as Russian city, 40
  political and information centre, 4, 32, 44, 48, 125
  relations with Moscow (1991), 47
  Rus' period in history, 11–13, 27
Kyiv-Mohyla Academy,
  founding of, 14
  impact on Russia, 17, 124
  re-opening of as university, 97–98
Kyiv Monastery of the Caves (Kyivo-Pechers'ka Lavra), 23, 25, 99

labour force, 68, 74
  hoarding of, 88
  lack of mobility, 87
  re-training, 88
  structural problems with, 87
Lamont, N., 116
language, 29, 51
  and culture, 39, 101
  and education, 39, 97, 98
  and mass media, 40, 131
  English, 102
  in 1920s, 21, 48
  official, 48, 142
  structural discrimination, 2, 17, 39–40
Latvia, 108, 132
Law on Local Self-government, 59
League of Nations, 20
legacies, 8, 12, 29–42, 83, 96, 103

legislation, 59, 65, 97, 98,
and language, 142
and social security, 94–95
Communist era, 29, 44
economic, 64, 88, 115, 139
in Kyivan Rus' era, 12, 26
Ukraine takes control of, 5, 53, 107
Lenin, V. I.,
on Ukraine in 1918, 6
Literaturna Ukraina, 101
Lithuania, 132
independence unrecognised, 7
Duchy of, 13–15
ranking in UN Development Index, 83
living standards, 37, 38, 75, 117
drop in, 2, 83, 95, 102, 142, 143
Lukianenko, L., 2
L'viv,
and education, 97
seat of Ukrainian Catholic Church, 100
water problems in, 1, 74

Marchuk, Ie., 34, 54, 55, 60, 130
Masol, V., 33, 34, 53
mass media,
and 1998 elections, 61
and Santa Barbara crisis, 131
as power tool, 20, 31, 34, 46, 55, 127
as tool of Russification, 40
change since independence, 64, 79, 137, 138
lack of foreign, in Ukraine, 51
role during 1991 coup in Ukraine, 54
role in broadcasting Parliamentary debates, 52–53
Soviet Ukrainian lower quality, 40
Ukraine accredits foreign journalists, 53
Mejlis, 62
Meshkov, Y., 62
Middle East, 70, 115
migration
Polish, 18
Russian, 18–19
Military Doctrine, 112
military-industrial complex, *see industry*
minerals, deposits, 7, 10, 17, 68, 140
Ministry of Defense,
creation of, 110
Ministry of Defense Conversion,
creation of, 115
Ministry of Foreign Affairs,
need to develop infrastructure, 41
Soviet era, 41
Ministry of Foreign Trade, 69
minorities, national,
19th century, 17–19
and referendum, 50
inclusion of, 63, 65, 141
in Crimea, 25
League of Nations, 20
Minsk, 106
Moldova, 38, 39, 98, 109, 110, 132
monetary policy, 2, 69, 72, 139
banking, 18, 64, 70
Central Bank, creation of, 5, 37, 53, 65, 67
coupon, introduction of, 5, 53
hryvnia, introduction of, 26, 28, 72, 115
integration in Soviet system, 36
intention to create separate currency, 53, 115, 119
inflation, 69, 72, 80, 88, 94
price liberalisation, 72, 126, 139
Mongols,
history in Ukraine, 12–14
Moroz, O., 52, 55
and Constitution, 59
leads Socialist Party, 56
Speaker of Parliament, 58
Morozov, K.,
and nuclear arms, 114, 128
appointed Defense Minister, 110
ethnicity, 50, 63
Moscow,
'emergency delegation' arrives from, 31
focus of Western attention, 5, 8, 127, 135
living standards in, 142

relation with Kyiv in 1991, 47
seat of CPSU, 45
Motyl, A., 15, 42
Muscovy, 16, 124
expansion into Ukraine, 12–16, 22
Muslims, 99

Nagorno-Karabakh, 25
Narodna Rada, 56
creation of, 52
National Bank of Ukraine (NBU), 65
creation of, 5, 36–37, 53, 69
see also monetary policy
national-democratic forces,
electoral defeat (1994), 58
National Democratic Party (NDP),
evolution of, 56
poor electoral performance (1998), 60
national ideas,
definition in civic terms, 63
origin, 19
revival in 1960s, 21
role in 1991 separatist movement, 2, 63
national minorities, *see minorities, national*
National Security Adviser, 59
natural resources,
depleted, 2
description, 7, 10, 48, 68, 124
Ukraine claims, 5, 79, 125
Nemtsov, B., 134
neutrality, 28, 105, 119, 120, 132
New Ukraine,
forms post-independence political centre, 57
nomenklatura, 34
privilege, 37, 38, 89, 91
retains power, 42, 138, 142
North America, 41, 70, 75, 91
North American Treaty Organisation (NATO), 118–121, 124
and Black Sea fleet, 7, 112, 124
and Turkey, 108
begins reasserting itself, 120
cooperation agreement with Russia, 121
cooperation agreement with Ukraine, 105, 121, 128
different from Warsaw Pact, 107
enlargement impact, 6, 27, 40, 41, 108, 121, 123, 128, 132
joint exercises, 121, 132
partnership agreement with Ukraine, 105, 115, 122
Partnership for Peace, 115, 121, 132
target of Ukraine's missiles, 114
Ukraine's perceptions of, 105, 118, 119, 120, 122, 128, 141
Norway, 75
nuclear arms,
Agreement of 1994, 113, 115, 123, 128, 141
and Black Sea Fleet, 7, 61, 111
and Sovereignty Declaration, 114
blackmail with, 105, 112, 122
claim of ownership, 49, 123
disarmament, cost, 115, 128
impact of, 119, 129
inherited, 42
intention to give up, 28, 53, 113, 114
production, 42, 88
public attitudes towards, 114
size of arsenal, 42, 113, 127
under joint control, 110, 111, 114
used as leverage, 113, 123
nuclear energy,
construction of plants, 35
fuel for plants, 105
see also Chornobyl
Nuclear Non-Proliferation Treaty, 115, 128
nuclear policy, 106, 112–115, 123, 128
nuclear proliferation,
fear of, 3, 113, 119, 123, 128, 129

Odesa,
mayor, 63
military district, 112
regionalism, 59, 60

water problems, 1, 74
Organisation of Ukrainian Nationalists (OUN), 20–21, 107
opposition movements, 4, 48, 50, 56, 142
and elections, 46, 52
and intelligentsia, 2, 101
and public opinion, 46, 64
appearance of, 51
Ottomans, 13

Pakistan, 113
Pale of Settlement, 17–18
Parliament, of Ukraine
and Constitution, 59
and Crimea, 62, 126
and defense, 25, 110, 128
and Union Treaty, 5, 48, 53, 54
and women, 96
continued member privilege, 138
current status, 56, 61, 65
Declaration of Independence, 54–55
Declaration of Sovereignty, 53
early elections called (1993), 57
elections, 58, 60, 137
fragmentation in, 58
grants Crimean autonomy, 62
on broadcasting, 131
steps towards independence, 5, 36, 46, 52, 56
stalemate, 57, 59, 60
Partnership for Peace Programme, *see NATO*
Party for Democratic Revival in Ukraine (PDVU), 56
Party of Economic Revival (Crimea), 62
Party of Power,
Kravchuk's power base, 57
Pavlychko, S., 96
Peasant Socialist Party, 60
pensions, old age,
government spending, 93, 94, 140
recipients, political force, 95, 102, 139
Soviet era, 86
perestroika,
as factor in opposition attitudes, 2
changes to employment, 86
impact on religion, 98
in Ukraine, 2, 51, 52
Poland,
and Treaty of Riga, 107
as different from Ukraine, 3–4, 41, 79, 118, 140
attitudes towards Ukrainian independence, 107, 108
bilateral relations with Ukraine, 53, 131
current attitudes towards Ukraine, 27, 76, 131
medieval control of Ukrainian territory, 13–17
minority in Ukraine, 18
politics of history, 8–9
trade with Ukraine, 117
see also, borders
political institutions, 60, 65
and Kuchma, 59
change in, 55–56, 59
inherited, 29, 32, 41
role in elite legitimacy, 30–31
Soviet era administrative units, 45, 47
Ukraine detaching from USSR, 6, 30
political parties,
and women, 96
as part of democratisation, 64
Communist, 46
emergence of, 56, 57
weak electoral performance (1994), 58
weakness of, 33, 58, 60, 138
President (of Ukraine), 31, 51, 65
early elections (1993), 57
post created, 5, 53, 55
second election (1994), 58, 137
status, 56, 57, 59, 60
strongest political force, 57
Presidential Representatives,
created by Kravchuk, 57
Prime Minister (of Ukraine), 34, 65
role of position, 60

private property,
codified on Constitution, 59
privatisation, 70, 78
housing, 90
legislation, 115, 139
propiska, 86, 87, 89
public opinion, 45–47
and August 1991 coup, 46
and independence declaration, 55
and independence referendum, 49
and nuclear issue, 114
competition for, 14, 52, 55
Gorbachev allows openly, 43, 45, 53
importance in Ukraine, 2, 47, 54, 64
in Constitutional debate, 59
on Ukraine, 9
post-independence, 130
role in democratisation, 64
Russian on Ukraine, 26
Pustovoitenko, V., 60

Red Army, *see armed forces*
referendum,
on Gorbachev's Union Treaty, 47, 53
on Ukrainian, independence, 2, 25, 27, 30, 32, 49, 50, 55, 63, 64, 106, 107
see also independence
reform,
political, 139, 142
agenda, 43, 50
and New Ukraine, 57
and Rukh, 56
divisive issue, 52, 55, 139, 142
local government, 59
economic, 143
1992 legislation, 115, 139
and European Union, 121
and Kuchma, 59
and social issues, 94–95
difficulties, 42, 57, 64, 115
divisive issue, 44, 58
impact of, 69, 72, 74, 89, 102–103
slow pace of, 34, 139
Reformists, 99
regionalism,
cooperation, 108
global trend, 141
fear of, 57
religion, 83, 98–100,
and identity, 13, 17
see also Catholicism
Republican Party of Crimea (RPK), 62
Republics (Soviet), 139, 140
alternative power sources, 8
and NATO, 132
bilateral agreements with, 108, 116
change in, 8
during Soviet era, 4, 29
isolation of, 4
trade with, 71, 115
two dimensional struggle in, 43, 46, 47, 63
Ukraine's impact on others, 3, 43, 48, 49, 106, 126, 129
RISK, 119
Romania, 20, 32, 38, 76, 98, 108
attitudes towards Ukraine, 27, 108
and Black Sea trade zone, 77
and CEFTA, 108
Rukh, 2, 61, 101
and Writers' Union, 101
Council of Nationalities, 50
electoral defeat (1994), 58
electoral recovery (1998), 60
emergence/creation of, 2, 50, 51
forms post-independence political right, 57
individual success, 138
post-independence divisions, 56
sets independence agenda, 63
Rus', *see Kyiv*
Russia, 123–135
14th Army in Moldova, 109
attitudes towards Ukraine's independence, 26, 123
and Black Sea Fleet, 26, 61, 111, 126, 127
and Black Sea trade zone, 77, 109

and energy, 35, 69, 90, 105, 116, 126, 131, 142
and NATO, 121
borders, 108–112, 120, 121, 123, 124, 126, 134
bilateral relations with Ukraine, 49, 53, 108, 125, 134
claims to Crimea, 21, 24, 26–27, 62, 109, 114, 126, 130
economic influence on Ukraine, 72, 76, 112, 134, 139
empire collapses, 5, 43, 47
expansion into Ukrainian territory, 16–17, 124
Friendship and Cooperation Treaty with Ukraine, 41, 109, 121, 123
foreign policy options, 133–134
foundation myth, 7, 17, 22, 26
identity, 26, 99, 124
importance in Ukraine, 47, 54, 64
imposes communism on others, 46
internal weakness, 129
in USSR, 44–45
main threat to Ukrainian statehood, 69, 105, 120
minority in Crimea, 61
minority in Ukraine, 18–19, 38, 50, 98, 141
political violence, 137, 139, 143
politics of history, 8–9, 21–25
relations with Ukraine, 69, 113, 123–135, 142
Russia first policy, 134
tensions over nuclear arms, 111, 112, 113, 114, 123
Ukraine's importance for, 3, 6–7, 48, 106, 124, 133
Ukraine's main trading partner, 117, 120, 134
Ukraine's 'number one question,' 141
Russian Orthodox Church, 23, 98–100
Russification,
and mass media, 40
as producing cultural inferiority, 39
by Stalin, 48
factor in opposition movement, 2, 10
presented as internationalisation, 37
Rutskoi, A., 62, 114

Sakharov, A., 46
samizdat, 101
Sea Breeze, 132
Sea Launch Consortium, 75
secession,
constitutional right, 30, 48
in Crimea, 62
right exercised, 49, 106
right not exercised, 45
security dilemma, 105, 120
Sevastopil', 62, 126, 127, 134
Shcherbyts'kyi, V.,
appointment, 21
retained until 1989, 32, 51, 63
removal, 46
Shelest, P., 21, 48
Shevchenko, T., 100, 101
Simferopil', 62
water problems, 1
Skoryk, L., 96
Slovakia, 76, 117
social issues, 83–103
social mobility, 38
social security, 93–95
foreign commentary on, 94
government spending, 94
Socialist Party of Ukraine, 56, 61, 65
frames left of political spectrum, 57
leader elected Parliamentary speaker, 58
Solzhenitsyn, A., 26
Soros, G., 79, 143
Sovereignty, Declaration of, 48
and nuclear policy, 114
evidence of cooperation in Ukraine, 46
intention to create army, 110
significance of, 53
step towards independence, 5, 46, 48, 119
voting results, 53

Stalin, J., 44
  as leader, 45
  role in politics of history, 10
State Committee on Cults, 100
Stock and Commodities Exchange, 69
St. Petersburg University, 124
Strategic Arms Limitations Treaty (START), 113
strategic forces, *see nuclear arms*
student movement,
  hunger strike, 53
Synagogue,
  re-opened in Kyiv, 100

Tajikistan,
  ranking in UN Development Index, 83
Talbott, S., 128
Tatars, 98, 99
  deported by Stalin, 25, 61
  history, 13, 18, 24–25, 61
  incorporated into Russian Empire, 24–25
  rebuilding Mosques, 100
  return to Crimea, 25, 62, 126
  support for Ukrainian independence, 63
  under Ottoman protectorate, 13
Tatarstan, 131
taxation, 68, 69, 73, 87
technology,
  compared to third world, 117
  lack of access to, 37
  need to purchase, 75, 91
  outdated, 35, 68, 75, 93
    pollution, contributing factor to, 93
  see also aerospace industry
Tkachenko, O., 60
trade, 10, 60, 69, 74, 81, 117
  and EU, 105, 121, 122
  disruption, 106
  growth, 70, 116, 129
  in arms, 77, 116–117
  lack of global, 71, 116
  new patterns, 70, 77, 78, 131, 133
  Russia main partner, 76, 117, 120, 133, 141
  with former Republics, 71, 107, 115, 141
  see also CEFTA
Transdniestrian Republic, 25, 109
transition,
  cause of hardship, 90, 91, 140
  economic, 75, 87
  incomplete, 42, 64
  of power, 58
  political, 30, 33
  shock of, 1, 91
  smooth, 33, 105, 115, 137, 140
travel,
  restrictions, 4
  restrictions lifted, 83, 100, 101
Treaty of Riga, 107
Trilateral Ukraine-Russia-US Agreement on Nuclear Weapons,
  signing of, 113, 115, 123, 128, 141
Turkey, 7, 77, 108, 116, 117, 124, 131
Turkmenestan, 108, 115, 126
Tymoshenko, Yu., 96

Udovenko, H., 120
Ukraine,
  1990 bilateral treaty with Russia, 125
  as enigma, 27–28
  ethnic composition in 19th century, 17–19
  Friendship Treaty with Russia, 40, 41, 121, 123, 126, 128
  importance to Russia/Soviet Union, 3, 6–7, 43, 48, 106, 124, 133
  international perceptions of, 3
  interpretations of history, 8–9
  political agenda, 44
  political stability, 130
  relations with Russia, 49, 69, 113, 123–135, 142

ranking in UN development Index, 83
refuses to be Russia's junior partner, 105
security dilemma, 105, 120
significance of independence, 124
size, 6
tensions over nuclear arms, 105, 112, 113, 122
treated as Russia's satellite, 40, 115, 123
Ukrainian Armed Forces, *see armed forces*
Ukrainian Autocephalous Orthodox Church, 99
Ukrainian Catholic Church, *see Catholicism*
Ukrainian Helsinki Monitoring Committee, 4
Ukrainian Insurgent Army (UPA), 20
Ukrainian National Bank *see National Bank of Ukraine*
Ukrainian Orthodox Church, 23, 98–100
Ukrainian People's Republic, 19, 106
Ukrainian Soviet Socialist Republic,
1990 treaty with RSFSR, 53
centre-periphery struggle, 48
creation of, 20, 47–48
political structure, 29–30
unemployment, *see employment*
Uniate Church, *see Catholicism*
Union of Soviet Socialist Republics (USSR), 43
divides Ukrainian territory (1921), 107
federal structure, 20, 29, 30, 44, 47
health care policy, 91
life expectancy in, 37, 84
Ministry of Culture, 100
ranking in UN Development Index, 83
Ukraine's influence on, 3, 6, 36, 48, 74, 118
unions, 20, 59, 75, 100, 101
Union Treaty, 119
and role of public opinion in Ukraine, 47
falters after Ukrainian independence, 48, 106
focus of international attention, 5, 119
focus of student opposition in Ukraine, 53
referendum on, 47, 53
Ukraine not planning to sign, 5, 40, 54
US and Western support for, 7
United Nations,
commentary on social security, 94
Development Index, 31, 83
Development Programme, 84
Fourth Conference on Women, 96
Security Council, and Crimea, 62, 109, 126
statistics on women's work hours, 95
Ukraine's seat, 29, 31, 41
Ukraine's speech at, 119
United States,
agrees to guarantee Ukraine's security, 113, 123, 128, 129, 141
and nuclear weapon, 113, 114
fears about Ukraine, 105, 113
foreign aid to Ukraine, 77–78
recognition of Ukraine's independence, 6, 40
refuses to meet Ukrainian delegation, 118
strategic interests, 6, 113, 119
University of the Kyiv-Mohyla Academy, *see Kyiv-Mohyla Academy*
Uzbekistan, 84, 108, 132

Varennikov, V., 54, 110
Vatican, the, 16, 100
Viets, S., 4
Visegrad Triangle, 107
Volodymyr (Vladimir) the Great,
on hryvnia, 26
role in history, 11–12

Warsaw Pact, 107, 108, 118, 131, 132
Western Europe, 70, 131
  economic structures, 75
  market barriers, 116
  market for oil, 116, 126
  military standards, 112
  population explosion, 14
Western Ukraine,
  democratic victory, 1990, 52
  centre of Ukrainian Catholicism, 99
  regional player, 60
women's issues, *see gender*
World Bank, 70, 128, 143
commentary on social security, 94
World War I, 106
  impact on present, 25, 107
  Ukrainian delegation at Paris Peace Conference, 41
  Ukrainian movement, strength of, 47
  Ukrainian state creation attempts, 5, 19–20
World War II, 106, 124, 135, 140
  Ukrainian losses, 10, 21
  Ukrainian state creation attempts, 6, 20–21
Writers' Union, Ukrainian, 101

Yeltsin, B., 106
  helped by Ukraine to defeat Gorbachev, 47
  opposes Gorbachev, 125
  press secretary makes border statement 1991, 109
  signs 1990 agreement with Ukraine, 108, 125, 128
Yugoslavia, 3, 127

Zaporozhets car factory, 117
Zhirinovs'kyi, V., 26
Zlenko, A., 118
Zvihil'skyi, I., 63

change without movement

Marta Dyczok

Ukraine has surprised many international observers. Few anticipated its declaration of independence in 1991 or determination to move out of Russia's shadow. This book redresses the continuing dearth of information on the country. Aimed at nonspecialists and specialists alike, it presents an overview of the main political, economic, foreign policy, social and cultural issues facing the new state and places them within their historical, regional and global framework. In contrast with the generally bleak picture that international media reports present, the book suggests that Ukraine has actually accomplished a great deal in a short time. In seven years, from 1991 to 1998, Ukraine went from being a little-known nation within a nondemocratic state to an internationally recognized independent country. In the process of doing so, it contributed to the geopolitical shift which occurred with the implosion of the Soviet Union. As such, it may be argued, Ukraine has a role to play in the development of the new international order.

Marta Dyczok is Assistant Professor of History and Political Science, University of Western Ontario, Canada. She completed her doctorate at Oxford University in 1995 and spent five years living and working in Ukraine. She is the author of *Political Pawns? The Grand Alliance and Ukrainian Refugees*.

Cover photograph courtesy of James Hill

ISBN 90-5823-025-2 Hardcover