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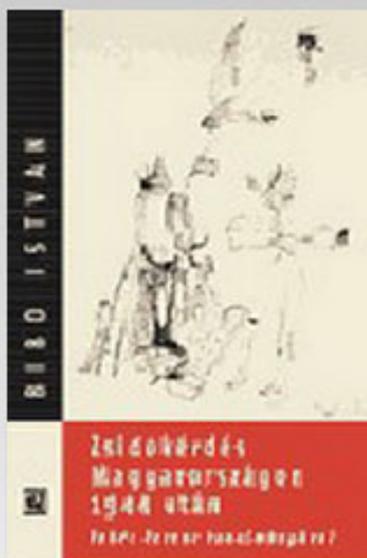
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THE IMPACT OF POLITICAL ELITE CONDUCT ON STATE REFORM: THE CASE OF UKRAINE

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Abstract

In the context of post-communist state transformation, this paper discusses prerequisites for the build-up of a strong and efficient state in Ukraine. The paper focuses on the impact of political elite on state reform and argues that political elite strength not contained by strong political institutions lies at the heart of the Ukrainian state reform problems. Thus, a necessary component of state reform has to be the change of post-communist political elite comportment. This analysis aims at demonstrating the necessity of an institutional reform connected to a serious change of political elite conduct, replacing personal power gains with responsibility and commitment. As showcases, the paper presents political elite struggles over central political powers and over the decentralization of central political powers to subnational levels. Thus, institutional ambiguities on the very conception of the Ukrainian state as a presidential or parliamentary state and the deep unclarity regarding the development of a decentralized or unitary state foster political instability and hinder the

subsequent formulation of efficient sector policies. In Ukraine, the structural transformation of the state will

only result in a build-up of state capacities with an existing all-elite consensus on the very conception of the Ukrainian state.

Introduction

In Ukraine political quarrels on the central state level – such as the run-up for national elections in 2007 and the subsequent government building process – have been observed closely. They have underlined that Ukraine is a primary example of the negative impact of political elite disunity: political conflict on the central level has delayed important political decisions and influenced state development negatively, such as in the case of the WTO accession. In Ukraine, political fragmentation has been the cause for political inconsistency and frequent changes of government; it has impeded structural reforms, such as administrative, fiscal and budget policy reform. The Orange Revolution did not bring political stability and consensus, and central governments have continued to be highly instable, disintegrating on average every year.¹

¹ Taras Kuzio, *Ukraine. State and Nation Building* (New York: Routledge, 1998). Taras Kuzio, “Oligarchs, Tapes and Oranges: Kuchmagate to the Orange Revolution,” *Journal of Communist Studies and Transition Politics* 23 (Jan. 2007): 30–56, and Kataryna Wolczuk “Catching up with

Political disunity at the central state level additionally generated significant freedom of action for regional elites. Regional developments were ambiguous: on the one hand they were not used for the sake of overall state development, but for individual advancement, proved impressively by both Yulia Tymoshenko and Viktor Janukovich. On the other hand, in Western Ukraine, regional developments significantly contributed to political mobilization finally leading to the 2004 Orange Revolution. As a result, regional political developments considerably influenced discussions on how to balance regional power ambitions with central politics. In this context, the decentralization of central decision-making capacities was propagated as a measure to enhance fiscal and economic capacities of the whole state, thus leading to overall state development and democracy.²

Political elite struggles, not only over the power of central political institutions, but also over efforts for political power decentralization are worthy of observation: Ukraine is one of the few post-Soviet Union successor states that has chosen to continue with democratization efforts and the

subnational strengthening of decision-making competence. In Ukraine, decentralization has signified mainly the strengthening of local government capacities and been generally understood as a measure to enhance efficiency and strength of post-communist administration, decision-making and policy implementation.³ Thus, Ukrainian state reform intended to include the build-up of competent structures of local (and regional) self-government, at the same time disempowering the central state administration.

This paper focuses on the elite impact on state reforms in Ukraine. First, it points to the necessary components of state reform and the role of functional state capacities. It discusses the explanatory power of state capacity concepts in explaining institutional reform and ways of state development and underlines the importance of including the impact of the political elite on state reform. Secondly, the paper outlines political elite conduct in Ukraine. It examines both political elite induced instability in regard to central political institutions and focuses on central political decisions that had a negative impact on regional reform and decentralization. The analysis closes with the insight that fundamental political elite consensus is necessary to

Europe? Constitutional Debates on the Territorial Administrative Model in Independent Ukraine," *Regional & Federal Studies* 12 (April 2002): 65–88.

² Nicole Gallina, *Staat, institutionelle Leistungsfähigkeit und staatlicher Wandel in der Ukraine* (State, institutional capacity and state reform in Ukraine) (Bern: Peter Lang Verlag, 2006).

³ Impressively outlined by the decentralization concept of the Leonid Kuchma presidency. The President of Ukraine, *Concept for State Regional Policy* (Kyiv: The President of Ukraine, 2001).

advance with the structural reform of the Ukrainian state.

This paper holds that political elite interest and institutional legacies have been decisive in impeding state reform in Ukraine. Political elite strength not contained by strong political institutions lies at the heart of the Ukrainian state reform problems. Thus, reform results considering the strengthening of central political institutions and the decentralization of central government powers were disappointing due to political elite quarrels and institutional ambiguities concerning the very conception of the Ukrainian state. Ultimately, this paper aims at demonstrating the necessity of an institutional reform that is connected to a serious change of political elite conduct replacing personal power gains with responsibility and commitment. Moreover, the structural transformation of single state institutions and policies will only succeed when they will be driven by an united elite. Thus, the crucial aspect of Ukrainian state reform will be the generation of an all-elite consensus on the necessity and conception of the overall state transformation.

Requirements for State Reform

The importance of strengthening the efficiency of a given state has to be regarded in the broader context of post-communist state reform, also termed as state building. Questions of state building have been important concerning the creation of a functioning

state, in particular in the context of post-communist transformations. Theoretical studies on state building generally focus on how institutions of a given state enforce power in an instable environment by creating new institutions and enforcing existing ones.⁴ State building has been further interpreted in the context of strengthening the capacities of a weak state or of a state that has to be rebuild in the aftermath of collapse.⁵ State building under these conditions signifies the institutionalization and reconstruction of state structures, for example, in the states of the former Soviet Union or former Yugoslavia.

The process of state building entails institutionalizing central state power in terms of government, parliament, and jurisdiction (also including police, tax administration, basic social security structures etc.). It further comprises the integration of peripheral regions in central state structures and the inclusion of parallel power structures, but also includes the challenge of turning informal structures into formal structures. State building can only succeed if a state has sufficient state power and authority, and is able to

⁴ Francis Fukuyama, *State Building, Governance and World Order in the Twenty-First Century* (London: Profile Books, 2004) and Verena Fritz, *State-building: A Comparative Study of Ukraine, Lithuania, Belarus, and Russia* (Budapest: Central European University Press, 2007).

⁵ Gallina, *State*, 37f.

enforce state power in a legitimate and institutional way.⁶

Moreover, institutional change and the build-up of a functioning state require clarity on the essential components of a state. These essential, i.e. minimal functions of a state can also be expressed as state capacities.⁷ They establish the basic components for a capable and efficient state. Theory so far has not established a standardized catalogue of state capacities to ensure the functioning of a state. State capacity is ultimately a question of the adequate use of political instruments.⁸ Those, however, should be used within strong institutions, and therefore, for post-communist countries state capacity requires the build-up of strong political institutions.

Researchers on state capacity hold that functional state capacities are fundamental to lay the ground for a functioning state.⁹ These build on strong institutions, such as an independent judiciary where the principle of rule of law is strongly embedded, or specialized administration with the ability to

implement politics. For Ukraine, Taras Kuzio et al. present a catalogue of state capacities drawing on functional state capacity criteria underlying coercive, extractive and control capacities.¹⁰ Implicitly, these authors count on the before-hand consolidation of the framework of a given political system – such as democracy, parliamentarism or federalism.

Here, the role of the political elite becomes important. The institutional framework of a given state has to be accepted by the political elite as those actors subsequently play a crucial role in the build up of the single state capacities, such as extractive or control capacities. Evans demonstrates the importance of political actors, i.e. political elite groups, and Kuzio et al. focus on the influence of both political elites and institutions for stimulating state development in Ukraine.¹¹ Higley/Lengyel and Grzymala-Busse/Jones L. underline the importance of elite unity and cooperation for the development of stable institutional structures – If elite fragmentation prevails it is almost impossible to build up stable institutional structures and consequently a functioning state.¹² Thus, in regard to

⁶ Gallina, *State*. Compare with Fritz, *State-building*.

⁷ World Bank, *World Development Report: The State in a Changing World* (New York: Oxford University Press, 1997).

⁸ Linda Weiss, *The Myth of the Powerless State. Governing the Economy in a Global Era* (Oxford: Polity Press, 1998), 15.

⁹ Anne M. Kjær, Ole H. Hansen, Thomsen Frølund, and Jens Peter, *Conceptualizing State Capacity*. (University of Aarhus: Political Science Papers, 2002).

¹⁰ Taras Kuzio, Robert S. Kravchuk, and Paul d'Anieri, eds., *State and Institution Building in Ukraine* (New York: St. Martin's Press, 1999), 8.

¹¹ Peter Evans, *Embedded Autonomy: States and Industrial Transformation* (Princeton: Princeton University Press, 1995) and Kuzio et al. *State*, chap. 1.

¹² Higley, John and György Lengyel, *Elites after State Socialism* (Lanham: Rowman and Littlefield, 2000) and Anna Grzymala-Busse and

state reform it is crucial to strengthen political institutions at the same time subordinating political elites under the respective institutional framework.¹³

In an environment of persisting informal structures, the institutionalization of state structures relies to a great part on the capability and the willingness of the respective political elite.¹⁴ If the power elite dominates political decisions to the detriment of overall state interests and state development – institutionalization will remain insufficient and state reform (and the build up of state capacities) will fail. Thus, driving institutional reform and strengthening state capacities needs political elite capacity in the form of elite unity, commitment and responsibility. Therefore, I will further concentrate on the impact of political elites on policy-formulation and implementation – and thus on the actor-based side of state reform.

The Political Elite Impact on Institutional Stability

Institutional shortcomings and their instrumentalization by the political elite are an important factor for state reform failure in post-communist countries. In

Pauline Jones Luong, “Reconceptualizing the State: Lessons from Post-Communism,” *Politics&Society* 30 (Dec. 2002): 529–554.

¹³ Gallina, *State*, 52 and Nicole Gallina, “Political Elites in East Central Europe: Paving the Way for Negative Europeanisation,” *Contemporary East European Studies* 2 (Dec. 2007): 75–91.

¹⁴ Valerie Bunce, *Subversive Institutions* (Cambridge: Cambridge University Press, 1999).

Ukraine institutional constraints hinder the establishment of efficient state structures.¹⁵ As a matter of insufficient institutionalization in post-Soviet countries, power networks have captured the central state level and concentrated on the support of their entourage and neglected state development. Here, political elites played a crucial role in undermining the building of a strong post-communist state.

Additionally in Ukraine, the implementation of concrete state capacity measures, for example, in the area of fiscal policy, has been strongly influenced by political elite quarrels on the very conception of the Ukrainian state. Here, the political power discussions have impeded consistent and efficient policy conception and implementation.¹⁶ Those discussions mostly concentrate on the power division between central political institutions.

In post-communist Ukraine, conflicts first centered around the communist legacies, the contradiction of the hierarchic Soviet system requiring strong hierarchic bodies and the newly established division of powers. These legacies and contradictions could be observed in the newly established, strong decision-making and supervisory bodies of the Ukrainian state president

¹⁵ Kuzio, *Ukraine*, chap. 1, Kuzio et al., *State*, and Gallina, *State*, chap. 4.

¹⁶ An exemplary case is Ukrainian budget policy. See the detailed discussion of Ukrainian budget capacities in Gallina, *State*, chap. 5.3.

and the National Security and Defence Council of Ukraine – and a parliament that, at the time of independence, had been highly underdeveloped and later could not develop to an agenda-setting and dynamic institution. Thus, important democratic political powers were insufficiently institutionalized while personalized institutions such as the state presidency profited and gained power.

Until the Orange Revolution and the subsequent amendments to the Ukrainian Constitution, the state president disposed of comparably strong instruments influencing the executive branch decisively, particularly under the President Leonid Kuchma (1994–2005). Among the power instruments of the president are notably the presidential administration and the National Security and Defense Council of Ukraine that consists of and controls the most important ministries, including the prime minister. On the central political level, the first years of post-communist politics were characterized by a power struggle between the former state president Leonid Kuchma and the parliament – turning from an institutional struggle to a highly personalized conflict between the president and selected political party leaders represented in parliament. Consequently, this struggle seriously damaged institutional relations impeding efficient policy formulation and driving political decisions to the presidential office and adjacent agencies. One of the examples of weak decision-making capacities was the

drafting of the Ukrainian Constitution¹⁷ that lasted for years until being finally enacted in 1996 – and was a startling example of the incompetence of Ukrainian political decision makers.¹⁸

With the 2004 constitutional amendments strengthening the prime minister's role, political conflicts were transferred to the level of state president – prime minister aggravating the problem of personalized politicizing and radically showing the dependence of policy-enforcement on personal relations, most vividly expressed in the struggles between the State President Viktor Yushchenko and the Prime Minister Yulia Tymoshenko (2005), and later Viktor Yanukovich (2006–2007) (examples were different perceptions on relations with Russia and Russian gas deliveries). In the end, the strengthening of the prime minister resulted in continuing political deadlock. The prime minister and the state president ended up in blocking each other, instead of enhancing state reform, namely budgetary or fiscal reforms.¹⁹

As a matter of institutional instability, Ukrainian policy-making on the central level has been highly instable since the

¹⁷ An overview is available at <http://www.rada.gov.ua/const/conengl.htm>.

¹⁸ Kataryna Wolczuk, *The Moulding of Ukraine: The Constitutional Process of State Formation* (Budapest: Central European University Press, 2001).

¹⁹ “Yushchenko Urges New Constitution,” *BBC News*, 9 February 2006. Available at <http://news.bbc.co.uk/2/hi/europe/4697576.stm>; Kuzio, “Oligarchs, Tapes and Oranges,” 30f.

independence of the country in 1991. Instability is most expressively demonstrated by the high number (18) of Ukrainian Prime Ministers and an average term of one year in office. The constitutional changes of 2004 so far have not led to a stabilization, as the terms in office of the subsequent Prime Ministers demonstrate: Yulia Tymoschenko (January 2005–September 2005), Yuriy Yekhanurov (September 2005–August 2006), Viktor Yanukovych (4 August 2006–December 2006), Yulia Tymoschenko (in office since December 2007). Those frequent changes were largely a consequence of political elite quarrels on the power distribution between the most important state institutions. Political elite fragmentation on those issues culminated in a resurgent quarrel on the Ukrainian Constitution that was passed in 1996. In fact, the constitution had some shortcomings, notably the proposed framework for an adequate decentralization process. However, the document was questioned in first place for its distribution of central powers as it aimed at facilitating the passing from a presidential to a parliamentary system, as favored by the Prime Minister Yulia Tymoshenko.²⁰

The example of Ukraine shows the instability of the political elite and its negative influence on state development. The fragmented elite has

²⁰ Internet Press Service of Yulia Tymoshenko, *New Parliament Will Make Alterations in Constitution* (Kyiv: Internet Press Service of Yulia Tymoshenko, 2007); available at www.tymoshenko.com.ua/eng/news/first/4694/

significantly impeded important political and economic reform – but most significant has been the failed central political reform. Government and political party instabilities have meant that, 17 years after independence, the country still has no firm conception of the Ukrainian state (parliamentarian or presidential, such as decentralized or centralized). The consequences are reduced policy-formulation and implementation capacities, such as in the budget formulating process. Thus, structural reforms were either delayed or drafted hastily according to the current political power constellations on the central political level. An example was the quickly compiled presentation of state development goals without the adequate implementation tools and programs in the last months of the Lenoid Kuchma presidency.²¹

Political Elite Impact on Subnational State Reform

In the case of Ukraine, political elites not only struggled over the division of political powers at the central political level, they hindered the transfer of political power to subnational levels in the form of decentralization. The power delegation to subnational levels has an important background in Ukraine – as the country faces considerable differences between its western and eastern part, and tended to regionalization after 1991 – an example was the Donbas-region due to regional elite pressure for economic

²¹ Gallina, *State*, chap. 4.

independence.²² Thus, the conception of a partial power transfer to the regional and local state levels became part of the Ukrainian state reform.

While one of the few topics of elite consensus has been the nondesirability of federalization, there has been considerable support for the decentralization of state structures, preferable to the local level. And, decentralization was perceived as an efficient instrument to combine certain freedoms for regional and local developments and ensure the unity of the Ukrainian state.²³ The intention of Ukrainian policy-makers to delegate responsibilities has been also driven by excessive demands (namely concerning social security) toward the central level. The following analysis shall make clear that political elite interests instrumentalizing institutional weaknesses have been the most decisive factors impeding effective decentralization legislation and enforcement (and the subsequent development of adequate sectoral policies).

In Ukraine, the decentralization of political power has been mainly understood as the strengthening of local

government, to a great extent ignoring the regional level. The Ukrainian Constitution of 1996 granted the right of local self-government,²⁴ but did not clearly codify central and subnational responsibilities (e.g. in local finance). The constitutional rights accorded to the subnational levels excluded mostly the regional level and concentrated on the local levels. Consequently, the specific Law on Local Government could not close the legal gaps of the Ukrainian Constitution, for example concerning interbudgetary relations, and had to concentrate on local duties leaving out regional competences largely. A particular problem was that the responsible had confused the terms local and regional in both documents, expressing the insecurity on the scope of the decentralization process, and the need for a separate concept on regional policy.²⁵

Another example for insufficient commitment and conception at the central level was the 1993 ratification of the European Charter of Local Self-Government which was ratified without having achieved an overall reform of the system of territorial government of the country – those reforms would have been incompatible with the constitutional requirement of a unitary country. Also in the context of the need for the legitimization of the European Charter, a reform of the self-

²² Kerstin Zimmer, “The Captured Region. Actors and Institutions in the Ukrainian Donbas,” in *The Making of Regions*, ed. Melanie Tatur (Wiesbaden: Verlag für Sozialwissenschaften 2002), 231–348.

²³ Gwendolyn Sasse, “The New Ukraine: A State of Regions,” in *Ethnicity and Territory in the Former Soviet Union: Regions in Conflict*, ed. Hughes, James and Gwendolyn Sasse (London: Frank Cass, 2002), 69–100.

²⁴ Article Seven of the 1996 Constitution of Ukraine states: “Local government is recognized and guaranteed in Ukraine”.

²⁵ Wolczuk, *Moulding* and Gallina, *State*.

government principles was drafted, but not implemented with the constitutional amendments of 2004. The serious shortcomings of the Ukrainian decentralization process were recognized at the highest political level, both by Prime Minister Viktor Yanukovich and Ukrainian President Viktor Yushchenko. While the first aimed at abolishing the principle of self-government, the second stated that the system of local government needed to be reformed parallel to the reform of the central government level.²⁶

However, independent regional structures have not been tolerated by the central political level, such as executive committees in district and oblast councils or an executive administration for the elected regional councils (that are subordinated under the state administration). Also, power delegation has brought conflict between the central political level and the intentions of regional governors to decide independently, and between the locally elected mayors and the regional administration that is subordinated under the central state administration. Moreover, the unclear distribution of responsibilities between the appointed regional governors, the elected regional council, and the regional executive has caused deadlock or political conflict. The centrally appointed governors actually dominate the elected councils

and decide on the distribution of local budgets. As a consequence of the inadequate decentralization provisions, the central state level not only causes frustrations on the subnational level – but within the local political elite and the citizens, it also loses control over political actors and resources, such as over regional governors and their budget distribution.²⁷

A power transfer accepted by all political levels would require the postulation of clearly defined goals and priorities. On a central political level, there is in fact a certain activity: proposals and presidential decrees have been widespread concerning decentralization of political powers and adherent regional policy problems; parliamentary groups have considered budgetary relations, local taxes or the municipal police, and also the reform of territorial administration.

Unfortunately, political outcome was low, and none of the serious proposals or guidelines was enacted. Thus, subnational political elites face the problem that regional policy programs and projects can be only be an approach to the desirable outcome – as the outcome in reality is not known. One example for such a document is the National Regional Policy Concept of

²⁶ “Ukraine's President Pressures for Self-Government Reform,” *forUm*, 8 December 2006; available at <http://eng.for-ua.com/news/2006/12/08/163956.html>

²⁷ Council of Europe Report, *Local Democracy in Ukraine* (Strasbourg: Council of Europe, 2004); available at www.cpp.org.ua/en/partners/149/551; see also Gallina, *State*, chap. 4.

Ukraine²⁸ that demonstrates the lack of central government consistency in overcoming territorial inequalities. In fact, there would be a crucial need for a reform of the Ukrainian administrative-territorial structure within a broader concept of regional policy – mainly to improve the efficiency of both decentralization measures and public administration (such as the example of Poland has proved).

The central political level has been the main hindering factor as political decision makers are not convinced of the necessity for power delegation measures – some elites were aware the country's possibilities would be insufficient for successful power decentralization, more were in favor of centralization and its advantages for containing central elite power. In this sense, regional governors utilized informal structures to overcome the weak formal framework for their own purposes and discredited political concepts attached to power delegation. Also, the constitutional requirement of a unitary state has worked against the formulation of a powerful and widely accepted concept.²⁹

As a matter of inadequate formal conception and political resistance at the central political level, the degree and form of decentralization and local self-government has not been solved yet

in Ukraine. Single programs have been implemented, but the main goals have not been achieved, such as the above speech of the Ukrainian State President Viktor Yushchenko underlines. Moreover, as government programs did not link central state reform and local state reform, the state faced additional problems of inefficient spending and double-tracking of reform measures (for example the state budget was drafted without paying attention to the given government program, and vice versa).³⁰

More seriously, in Ukraine the instable political situation impedes the drafting of long-term programs required for a serious implementation of guidelines for local and regional and public administration reform. This was underlined by the government led by Viktor Yanukovich (2006–2007) who aimed at abolishing local state administrations to regain control over local authorities. A part of his proposal was that amendments to the Law on Local Government should require the registration of bills within state departments of justice. This in fact showed not only his will to recentralize, but also his absolute ignorance to legal provisions (as the intended amendments would have required a change of the Law on Local Government). Ultimately, he risked the necessity of a long term implementation of self-government

²⁸ Bohdan Hawrylyshyn, *Regional Trends* (Kyiv: Center of Policy Studies, 2004); available at www.icps.com.ua/doc/rt_es_eng_200312_02.pdf.

²⁹ Gallina, *State*, chap. 5.

³⁰ Yulia Tymoshenko, “Ukrainian Breakthrough: For the people, not for politicians, draft Government Action Program,” *ICPS Newsletter* 393, 21 January 2008.

provisions for short term political gains.³¹

The government led by Yulia Tymoshenko (2007–) has insisted on a constitutional reform and aimed at a completely new constitution. Thus, the discussion around the political system again evolved to a highly politicized topic. And, the government proposed a public administration reform decentralizing the rights of regional administrations to the regional state level.³² Those proposals in fact cannot be called strong evidence for the will of a long range implementation of structural reforms. There was, however, one issue Prime Minister Yulia Tymoshenko rightly recognized, namely with her statement that the decentralization of power could not proceed without a (final) decision on a parliamentary or presidential political system.

Political Elite Struggles on the Structural Transformation of Ukraine – a Never Ending Story?

With the above statement Prime Minister Yulia Tymoshenko was aware of one important prerequisite for political power transfer: If the central political level could not prove competent in the execution of political powers and delegated them to

subordinated political levels, they would also most probably fail. Thus, in order to enforce sustainable state reform in Ukraine, first the central political system has to be stabilized, then, a decision has to be made on the degree of regionalization of the country, and only then, very single state capacity programs can be drafted and implemented efficiently. In the context of state reform, the case of Ukraine underlines the necessity of a stable institutional framework.

In Ukraine, the political elite still has not yet decided in whose hands – the prime ministers” or the state presidents” – political power should be concentrated. In her second term as Prime Minister, Yulia Tymoshenko seems to be very determined to induce a decision on this fundamental question. And in fact, in Ukraine, only a very determined structural transformation and strengthening of state institutions will guarantee an efficient budget formulation or tax extraction – and long-term state development. As political elite interests have dominated over institutional provisions after 1991, the crucial question for Ukraine will be who will lead the structural transformation, draft and implement the respective programs.

The case of Ukraine demonstrates that, foremost, the framework of a given political system has to be institutionalized and accepted by the political elite. Not until the capacities of the central state level are guaranteed; i.e. state autonomy including the

³¹ Serhiy Hrabovskyi, “Federalization or Feudalization,” *Ukrayinska Pravda*, 11 October 2006.

³² Yulia Kyseliova, “The Government Action Program: Practices and Possibilities,” *Ukrayinska Pravda* 18. January 2008.

codification of the most important pillars of a state, can other state structures and processes be institutionalized in a sustainable way. Only then will trust in the political system and social capital emerge.

The example of Ukraine proves how rocky the road is for post-Soviet Union countries to transform state institutions and the political elite. Here, one could also remark that states such as Ukraine rely on despotic powers, i.e. the focus on political elite power and neglect the conception and enforcement of concrete state development programs and the strengthening of the respective institutional tools. In Ukraine, elite dominance and the weight of despotic powers over political institutions has caused a deficient institutional transformation with the result that political institutions are not consolidated. The ongoing discussion on presidentialism and parliamentarism is indicative of the country's struggle to determine if it should belong to Eastern Europe (dominated by presidential political systems) or Western Europe (mainly characterized by parliamentarism).

When comparing the case of Ukraine to Central Eastern European countries, the observer notices a basic difference: while in Ukraine the framework of the political system is up to discussion and fundamental state capacities not guaranteed, CEE countries have consolidated the fundamental state capacities. If there are shortcomings, such as in the police and justice

branches, it is mainly due to the lack of democratic and independent mechanisms, such as independent anti-corruption courts challenging political corruption networks. Thus, in CEE countries, the fundamental capacities of the state are in place. In Ukraine, important steps for political system consolidation still have to be made – political elites must find a common language and accord whether the political system will be presidential or parliamentarian in nature and to which degree state structures and policies will be centralized. Only after those fundamental decisions are made, will other structural state reforms, such as restructuring the public administration or fiscal policy reforms make sense. Thus, the solution to Ukraine's state reform problems lies in the reform of its political elites, who must reach a consensus on the fundamental pillars of how the state should look.

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