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Ukraine at the Crossroad in Post-Communist Europe: Policymaking and the Role of Foreign Actors

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**Ukraine at the Crossroad in Post-Communist Europe: Policymaking and the Role of
Foreign Actors**

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Doctor Philosophy in Political Science**

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*To the Pat Tillman Foundation
for graciously sponsoring
this important research*

Introduction: Ukraine at a Crossroads

Ukraine, like many European countries, has experienced a complex history and occupies a unique geographic position that places it in a peculiar situation between its liberal future and communist past; it also finds itself tugged in two opposing directions by the gravitational forces of Russia and the West. The ongoing political struggles in Kyiv over reform, democratization, energy and foreign policy represent a battle taking place on a path between two distinct periods and two different places. Two and a half decades after independence, Ukrainians have reached a fork in the road, where they must confront difficult choices about their future.

Dissident Ukrainians began disrupting the Yanukovich regime with an ostensibly innocuous event. What started as a celebratory gathering on *Maidan Nezhamnosti* (Maidan Independence Square), supporting closer ties with the European Union (EU), climaxed in a violent struggle for political power over the country. A few thousand students first gathered on Maidan Square in downtown Kyiv on November 28th 2013, just before the Vilnius Summit, to show their support for the EU Association Agreement (AA).¹ Days before the meeting, however, Viktor Yanukovich had abruptly announced that he would not sign the accord, effectively suspending the negotiations. A small crowd soon protested Yanukovich's decision while evermore Ukrainians gathered in central Kyiv to demonstrate their displeasure. The government steadily increased pressure, to force the protesters to disperse, eventually resorting to violence. The *Berkut*, a group of nondescript, mercenary police hired directly by Yanukovich, used force in an attempt to breakup the gathering. Civilians

¹ Nadia Diuk, "Euromaidan: Ukraine's Self-Organizing Revolution," *World Affairs* (March/April 2014), <http://www.worldaffairsjournal.org/article/euromaidan-ukraine's-self-organizing-revolution>.

responded by appearing on the square in ever greater numbers, swelling to hundreds of thousands by December 1st.²

Russian officials used not only sticks but also carrots in persuading Yanukovych not to sign the AA. On December 17, 2013, the Russian government agreed to buy \$15 billion worth of Ukrainian bonds and reduced the price of natural gas shipped to Ukraine.³ This infusion of cash came at a critical time when roughly \$10 billion in bonds would mature in the coming months with little certainty that creditors would get paid.⁴ Moscow's lifeline acted as another instrument in deterring Yanukovych from signing the AA. Meanwhile, the violence in downtown Kyiv climaxed on February 20th when snipers on rooftops opened fired on protesters, killing fifty people.⁵ Two years later, pedestrians walking along Institustka Street still stop by small, makeshift memorials to those who died.

By February 22, 2014, Viktor Yanukovych had buckled under public pressure and fled the country.⁶ As the situation in Kyiv deteriorated, Russian soldiers and activists slowly and stealthily took over the Crimean Peninsula starting on February 28th.⁷ Nondescript Russian troops, many transported from the mainland to their base

² Diuk, "Euromaidan: Ukraine's Self-Organizing Revolution."

³ Diuk, "Euromaidan: Ukraine's Self-Organizing Revolution."

⁴ Vladimir Isachenkov and Maria Danilova, "Putin: Russia to buy \$15 billion in Ukraine bonds," *US-AToday* (December 17, 2013), <https://www.usatoday.com/story/news/world/2013/12/17/russia-ukraine-bonds-putin/4058059/>.

⁵ Damien Sharkov, "Ukraine has Found the Weapon Used in the 'Maidan Massacre.'" *Newsweek* (July 14, 2016), <http://www.newsweek.com/ukraine-claims-find-sniper-maidan-massacre-480406>.

⁶ Alexander Baunov, Balazs Jarabik and Alexander Golubov, "A Year After Maidan: Why did Viktor Yanukovych Flee After Signing the Agreement with the Opposition?" Carnegie Moscow Center (February 25, 2015), <http://carnegie.ru/commentary/?fa=59172>.

⁷ John Simpson, "Russia's Crimea Plan Detailed, Secret and Successful," BBC News (March 19, 2014), <http://www.bbc.com/news/world-europe-26644082>.

at Sevastopol, began seizing control of key transportation points. By March the Russian government had wrestled control of the peninsula away from Ukraine. Meanwhile, anti-government protests erupted in eastern Ukraine, condemning the EuroMaidan movement. Supported by Russian operatives and resources, eastern Ukrainians in the Donbas region formed a separatist movement, causing a civil war that is still frozen.⁸ Since independence in 1991, many Ukrainians have adopted a set of untenable goals: they want to seek prosperity through growing economic cooperation with western Europe, as well as to maintain stable relations with Russia, along with protecting the country's sovereignty against excessive foreign influence. By 2014 the Ukrainian government could no longer reconcile these conflicting goals. The disillusionment with the lack of economic prosperity, and the massive inequality between oligarchs and all other citizens, and the cultural divisions between Russian and Ukrainian identities, led to the political upheaval on the Maidan.⁹

Ukraine currently features as the main target of Russia's foreign policy calculus. Kyiv stands at the crossroad in post-communist Europe, at a critical point in space and time: its fate as a member of the West or Eurasia hangs in the balance. The Maidan Revolution, or EuroMaidan, highlights many concurrent processes in post-Soviet Europe, which include post-communist development, democratization and the reemergence of mercantilist energy politics. The conflict caused by EuroMaidan also signals a wider tension between Russia and the West, and Ukraine's role of a proxy battle space.

⁸ Damien Sharkov, "Putin Claims Russia 'Forced to Defend' Ukraine Separatists," *Newsweek* (October 12, 2016), <http://www.newsweek.com/putin-claims-russia-forced-defend-ukraine-separatists-509281>.

⁹ Leonid Grigoriev, Eugenia Buryak, and Alexander Golyashev, "The Transition of Ukraine's Economy: A Second Start?" *Problems of Economic Transition*, 58, 3 (2016): 256.

An examination of Ukraine's relationship with Western countries and Russia is significant for four core reasons. First, understanding the clash between these two countries can help to mitigate a much wider conflict on the European continent. No country has undertaken military intervention into a European country since the Soviet Union last invaded Czechoslovakia in 1968. Europeans have not witnessed a major conflict on their soil since the break-up of Yugoslavia in the 1990s. Russia's invasion and occupation of Crimea, along with its support for separatists in eastern Ukraine, signals a new era of instability in Europe.

Second, because most European states are also members of the North Atlantic Treaty Organization (NATO), any potential conflict between Russia and the EU would involve the US and further exacerbate the conflict. Despite attempting to "reset" US-Russian relations in 2009 to reconcile their respective conflicting security interests, any partnership seems more unlikely than since 1991.¹⁰ From disagreements over how to handle the civil war in Syria, to American accusations of Russian interference in the 2016 presidential election, US-Russian relations have moved to their lowest point since the end of the Cold War.

Third, analyzing Ukraine's democratization progress and the role that Russia has played thus far may hold answers for other post-Soviet states and countries transitioning from authoritarian regimes to democracies. Fifteen states emerged from the collapse of the Soviet Union in 1991, while seven other member states outside the USSR withdrew from the Warsaw Pact; their paths to democracy and economic pros-

¹⁰ For an explanation of the "reset" in relations, see an interview with one of its architects Michael McFaul, in Jason Breslow, "The Putin Factor: Russia, America and the Geopolitics of Ukraine." *Frontline*, Public Broadcasting Corporation (May 27, 2014), <http://www.pbs.org/wgbh/pages/frontline/foreign-affairs-defense/battle-for-ukraine/the-putin-factor-russia-america-and-the-geopolitics-of-ukraine/>

perity have been dramatically uneven. For example, Poland's gross domestic product (GDP) in 2014 was \$25,500, accompanied by a democracy ranking of #40 out of 167 countries; Ukraine registered a GDP per capita of \$8,300 and was ranked #92 in the same year.¹¹

Finally, a better understanding of Ukraine's post-1990 political development can hold answers as to how countries heavily dependent on foreign sources of energy might better manage their security and sovereignty issues. Ukraine remained reliant on Russian oil and natural gas imports until 2014. In 2013 Ukraine was importing over 50% of its natural gas for consumption.¹² By 2016, however, Ukraine was no longer receiving any oil or natural gas directly from Russia due to the conflict.¹³ If Ukraine achieves an independent energy future, other countries will be able to learn from this case to better secure their own needs. Energy independence mitigates the prospects of foreign powers using petroleum products as a weapon.

Although there is an extensive literature on post-Communist transition, little effort has been made to understand how *foreign actors* can spur or hinder democrati-

¹¹ *Poland and Ukraine* in the CIA WorldFactbook; "Democracy 2014," *The Economist* (2014), <http://www.sudestada.com.uy/Content/Articles/421a313a-d58f-462e-9b24-2504a37f6b56/Democracy-index-2014.pdf>; For a thorough analysis of transition in eastern Europe see *Problems of Post Communism*, with articles addressing specific issues and countries.

¹² The US Energy Information Administration, "Ukraine," <https://www.eia.gov/beta/international/analysis.cfm?iso=UKR>.

¹³ Dmitry Zaks, "Ukraine Slashes Gas Use as Subsidies Phased Out," *Yahoo News* (January 2, 2017), <https://www.yahoo.com/news/ukraine-slashes-gas-subsidies-phased-140817954.html>

zation.¹⁴ Recognizing the importance of energy politics in the region and the ways in which this might hinder democratization will provide scholars and policy-makers with insights into how growing competition over natural resources is likely to affect many political transitions throughout the world. The countries of Eastern Europe, for example, find themselves caught between the cultural and commercial interests of the West and the resurgent gravitational pull of the Russian Federation.

My core research question is: How do foreign powers, Western and Russian, influence Ukrainian politics? I contend that the ways in which the US and EU countries compete with Russian influence, affects Ukrainian political decisions greatly, depending on the policy area at stake. The core difference between Western and Russian approaches concerns their respective applications of hard versus soft power. As originally defined by Joseph Nye, “hard power” entails the use of military or economic instruments to influence foreign nation-states; “soft power,” in turn utilizes cultural and ideological sources to shape the policies of foreign countries.¹⁵ Western states use both hard power, funneling money to institutions, and various forms of soft power to promote democratic values; Russia utilizes hard power, targeting people, territory, en-

¹⁴ For a primer on Russia post-Soviet transition, see: Stephen Blank, Pavel Baev, and Ariel Cohen, *Perspectives on Russian Foreign Policy*, Strategic Studies Institute (Carlisle Barracks: U.S. Army War College, 2012); Russell Bova, "Political Dynamics of the Post-Communist Transition: A Comparative Perspective," *World Politics* 44 (1991): 113–138; Steven Burg, *War or Peace? Nationalism, Democracy, and American Foreign Policy in Post-Communist Europe* (New York: The Twentieth Century Fund, 1996); M. Steven Fish, *Democracy Derailed in Russia: The Failure of Open Politics* (New York: Cambridge University Press, 2005); Marshall I. Goldman, *Petrostate: Putin, Power, and the New Russia* (Oxford University Press, 2008); Jeffery Mankoff, *Russian Foreign Policy: The Return of Great Power Politics, Second Edition* (New York: Rowman and Littlefield Publishers Inc., 2012); Nicolai Petro and Alvin Rubinstein, *Russian Foreign Policy: From Empire to Nation-State* (New York: Longman, 1997); Richard Rose, "Is Russia Becoming a Normal Society?" *Demokratizatsiya* 16, (2008): 75-86; Richard Rose, "Postcommunism and the Problem of Trust," *Journal of Democracy* 5, 4 (1994): 18-30; Richard Sakwa, *Gorbachev and His Reforms, 1985-1990* (New Jersey: Simon and Schuster, 1991); Richard Sakwa, *The Crisis of Russian Democracy: The Dual State, Factionalism and the Medvedev Succession* (Cambridge: Cambridge University Press, 2011); Stephen White, *Russia's New Politics*. (Cambridge: Cambridge University Press, 2000).

¹⁵ Joseph Nye, *Soft Power: The Means To Success In World Politics* (Public Affairs, 2004): 5.

ergy sources and infrastructure, along with various soft power tools to influence a cynical political culture and to promote ethno-historical ties. The West targets institutions, both governmental and nongovernmental, by helping Ukraine to develop structures intended to produce sustainable, demonstrative results. Despite the gradual nature of this strategy, the effects are longer-term, securing the future. Russian officials, by contrast, target informal networks and specific agents, along with focusing on their historical and cultural ties to Ukraine from the past.

Since 2008 Russian foreign policy has continued to employ a “hard power” approach but with a slightly different twist than seen in previous decades. Rather than rely entirely on military forces that had deteriorated rapidly after the collapse of the Soviet Union to influence foreign powers, Russia began to capitalize on its oil reserves to chart a second path in power politics. By 2000 government and business leaders alike had come to recognize the utility of this national resource and the increasing role it played in foreign affairs. Vladimir Putin has harnessed its value for the needs of the state. Russia’s attitude towards Ukraine and its potential affiliation with the EU clearly mirrors this new approach.

As of 2014 Russia nonetheless appeared willing to use its military once again, albeit only in limited ways. The 2008 invasion of Georgia amounted to a brief incursion; since 2014 its intervention in Ukraine has thus far been limited to Crimea, Luhansk and Donetsk. Putin has little desire to instigate a large-scale war, but he does want to send a clear message to Western powers about his desire to maintain a strong, export-driven economy. What Western officials might conclude is that this economic strategy simultaneously represents his government’s greatest strength and its greatest

weakness. US policy-makers can do little to prevent further Russian aggression; but EU policy-makers, using economic instruments, can counter Putin's actions to a degree. Russia is engaging in certain areas and disengaging in other areas in order to maximize its benefits at the least cost.

As Moscow's instruments of hard power dull, it is forced to refocus its sights on soft power tactics. For example, many Russian-speaking media outlets in Ukraine are being used to actively campaign against the current government and its reforms. In this case, however, "its soft power is strongly associated with discourses of a shared *past* and with the common values, culture and history that arise from it."¹⁶ This soft power approach contrasts starkly with Western tactics in that both the EU and the US promote liberal values wedded to a potential *future* path for Ukraine.

I show that the distinct approaches used by foreign actors produces different policy outcomes. I interviewed Ukrainian policymakers, experts and activists, and provide extensive data concerning a wide range of policy areas. My conclusions reflect the current political situation in Ukraine, as a result of developments since independence in 1991.

Scope of the Study

This research project started as what I thought would be a straightforward effort to analyze how third party states are influenced by foreign entities. Once I laid out my plan for conducting fieldwork on this subject, I found myself aiming at "a moving target" in focusing on current public policy in Ukraine. My journey has taken many unexpected turns, although I still adhere to some of the basic notions I outlined

¹⁶ Alexander Bogomolov and Oleksandr Lytvynenko, "A Ghost in the Mirror: Russian Soft Power in Ukraine," *The Aims and Means of Russian Influence Abroad Series* (Chatham House, January 2012): 3.

initially; however over time I have developed a renewed appreciation for the Ukrainian perspective. For example, I assumed early on that energy politics was the underlying source of Russia's conflict with Ukraine and therefore its main motivation for its foreign intervention. Though energy remains an important aspect of national politics, the most important issue for Ukrainians is whether to follow the strategies of the past or to take risks in pursuing a new path towards the future. While the war over territory and energy plugs along, a more prominent war of ideas rages in the streets, halls and rooms of Ukrainians.

By the time I submit my dissertation, some of the information found herein may be obsolete. However, my hope is that such an investigation has not been undertaken in vain. One important aspect of my approach is to investigate what kind of *processes* have been at work and how they function within the international system. The following analysis is not so much about specific people and places but rather about the path dependency of policy inputs and outputs. Ultimately I am concerned with how political elites make decisions.

Research Dynamics

In this section I lay out a rough framework for studying foreign influences in modern Ukraine. This research is exploratory in nature, attempting to construct a framework for analyzing external influences on a third actor, in this case a post-Soviet country. I compare Western versus Russian approaches to influencing the policymaking process in Ukraine and the variable outcomes over three broad time periods. The "West," for purposes of this discussion, is defined as the United States (US) and European Union (EU) member states as well as their constituent international organiza-

tions (IGOs). This work stands as a case study, concerning Western institutions, agents and culture, contrasted with Russian approaches, in relation to Ukrainian foreign policy. Though I use the “West” as a unit of measurement, I fully acknowledge the complicated nature of such a unit, considering the disparate tools and policy goals deployed not only by the US and Europe but also among the various EU member states. The US tends to be more aggressive and often uses negative reinforcement, while the collective EU approach is more accommodating, using positive reinforcement.

In each chapter I briefly address Western versus Russian influence for the first two broad political time periods, including the crucial post-independence period from 1991 to 2004, and the critical post-Orange Revolution period from 2004 to the Maidan Revolution of 2013. My main focus in each chapter will center on the period from 2014 to the present, however. This last stage is marked by major political changes that, as I illustrate, redefined policymaking in Ukraine in various ways and altered how foreign countries attempted to influence the policy process.

My study does not attempt to determine the specific motivations of foreign institutions influencing Ukraine, which lie beyond the scope of this work. Understanding the foreign policy aims of the principle actors requires extensive fieldwork in particular countries, as well as interviews those policymakers to collect data on domestic sources of foreign policymaking. The focus here remains on *how* and at what *level* foreign influence attempts to shape specific policy outcomes in the country at issue here.

Two other important transitional processes in Ukraine indirectly addressed here include democratization and efforts to combat corruption. The politics behind these processes are only considered as they relate to broader policy process in Ukraine. Such concepts provide the context in which foreign actors seek to influence policy formulation in Kyiv but are not directly studied as a matter of primary analysis.

Theoretical Framework and Research Methodology

To investigate Russia's role in post-communist Europe and the motivations behind its aggressive actions involving Ukraine, I initially planned to apply and evaluate the usefulness of four different theoretical frameworks (or a combination thereof) that might best explain the Kremlin's goals: realism, new mercantilism, grand strategy, and diversionary policy. A core theory of international relations, *realism* assumes that power is finite and thus predicts that nation-states act in their own interests to acquire as much power as possible. In a zero-sum world, the more power one polity possesses, the less another entity can exercise. It is therefore the duty of any national leaders to constantly seek out opportunities to reduce the power of others. Realism can be applied at both the domestic and international levels of analysis. As one Ukrainian scholar told me, when I questioned him about his contacts in the government, "I do not deal with the current government. I will get involved again when the next government takes power." I discuss realism as a recurring theme, that is as an underlying motivation for Russian actions and thus as a fundamental contributor to cultural misunderstanding between the West and Russia.

Economic realism, mercantilism, or imperialism was initially posited but discredited by British philosopher Adam Smith in *The Wealth of Nations*. *Mercantilism*

proposes that imperial states can secure economic advantage by possessing and exploiting client states. Although Smith did not develop the theory of mercantilism as it is understood today, his strong critique of national economic systems in which states protect certain industries best explains the inherent advantages of government intervention in protecting markets.¹⁷ I posit that Moscow is protecting its foreign energy consumer market in Eastern Europe to benefit both the Russian economy and state revenues, insofar as the Russian state owns many of the country's oil and natural gas companies.

Some distinctions must be made, however, regarding the ways in which Russia's *new* mercantilism has been applied in the past and how the Kremlin is using it today. "Core states" such as Imperial Britain exploited peripheral states to "harvest" natural resources, then utilized their own manufacturing base to "add value" to finishing goods. This theory presumes that, over time, central states would benefit from the disadvantaged position of their clients. Russia's current strategy does not exclusively embrace this approach, because it is not directly extracting resources from Ukraine. Moscow does, however, view Ukraine as a client state, given its consumer market and geographic position, allowing it to serve as a conveyor belt for the delivery of Russian energy products to the wider European market. This arrangement usually affords a more stable security situation for the central state, insofar as it does not have to rely on independent countries for its resource needs. New mercantilism is important to Russian policy-makers because it provides the Kremlin with another "hard power" tactic for exerting influence beyond its use of military resources. I discuss mercantilist

¹⁷ Adam Smith, *The Wealth of Nations* (New York: Random House, 2000): 481.

motivations in greater detail in chapters three and four, addressing the economy and energy.

Another theory centers on the idea of a *grand strategy*. Before Mikhail Gorbachev came to power in 1985, international relations scholar Edward Luttwak had asserted that the chief aim of the Soviet leadership in intervening around the world at the time included a futile attempt to quickly stimulate the deteriorating economy.¹⁸ Invasions, such as Afghanistan in 1979, was militaristic approach, based on hard power principles. Luttwak hypothesized that there was an inverse relationship between ideology, on the one hand, and policing or standard of living, on the other.¹⁹ As Soviet ideology started to lose its relevance, the state began promising economic prosperity to the Russian public in order to maintain power. Putin has sought to revive this approach to stimulate economic growth.

Moscow's ultimate goal in invading Ukraine has been to raise the standard of living for average Russians. By securing higher living standards, Putin has successfully acquired broad popular support, which has allowed him to pursue a whole range of policies, from re-nationalizing important industries to jailing political opponents. Using foreign policy, specifically as an expansionary approach to secure better living conditions for Russian citizens, Putin aims to maintain his personal power. I address grand strategy framing primarily in chapters four and five.

Finally, a fourth theoretical school posits that Russian officials have adopted a *diversionary approach* to foreign policy. This approach, outlined by Lewis Coser and

¹⁸ Edward Luttwak, *The Grand Strategy of the Soviet Union* (St. Martin's Press, 1984).

¹⁹ Luttwak, *The Grand Strategy of the Soviet Union*, 68.

Georg Simmel in *The Functions of Social Conflict*, stresses the wider incentives that leaders, in particular, have for engaging in aggressive behaviors.²⁰ Political elites will execute military operations abroad in order to divert attention away from problems at home. Worried about the political backlash that could emerge from security challenges or economic recession, Russian policymakers seek to benefit by manufacturing conflict in the Near Abroad. Under this model of decision-making, President Putin is behaving aggressively towards a common enemy, identified as “the West,” in order to maintain popular support at home and to shift attention to issues that may not be as politically damaging to his own power base. I discuss the role of diversionary foreign policy in chapters two and five, addressing security and reform issues.

Having prepared to investigate these theories through interviews and secondary research, I recognized that reemerging conflict in Ukraine and tensions between the US and Russia would thwart my plans. Because of rising US-Russian tensions, conducting fieldwork in Russia seemed risky; indeed, it was made more difficult due to the Kremlin’s tightening policies on foreign research. Conditions in Ukraine also presented new problems, due to the unsettled conflict in Donbas. I was awarded a Boren Fellowship in 2015, but the Institute for International Education barred me from traveling to Russia or Ukraine. I was sent to Belarus for ten months instead for intensive Russian language training. Although I did not conduct formal research during that period, my experiences in Minsk reshaped my perceptions of post-communist Europe, causing me to re-adjust the thrust of my dissertation, from investigating the motives behind Russia’s foreign policy towards Ukraine, to explor-

²⁰ Lewis Coser, *The Functions of Social Conflict* (The Free Press, 1956).

ing the role of competing Western and Russian influences across post-communist Europe. I witnessed firsthand the tremendous influences exerted by foreign countries, such as American movies and Russian music, on Belarus and its people. After completing my language training in Minsk in June 2016 and aided with a generous grant from the Tillman Foundation, I set-out to examine how Western powers and Russia shape policies in Ukraine in September of that year.

The variables I sought to operationalize for my analysis of the policy process in Ukraine included institutions, agents, policies and culture. In the words of H. Rom Harre, *institutions* are, "...defined as an interlocking double-structure of persons-as-role-holders or office-bearers and the like, and of social practices involving both expressive and practical aims and outcomes."²¹ Institutions provide the structure in which political actors operate; these include but are not limited to the various offices of the Ukrainian state, political associations, non-governmental organizations, civil society groups and the media. I address the way in which policy is created, through both *de jure* and *de facto* bodies, as well as through formal and informal networks that define the Ukrainian policy process. I include the development of institutions since independence in 1991 and their basic composition since the EuroMaidan protests in 2014. These institutions include both governmental and nongovernmental bodies that influence mainstream politics.

Agency describes the relative strength of individuals within the political realm who are making decisions. Regardless of Ukrainian institutions or culture, persons possess a free will to act within the system and influence policy. In the words of soci-

²¹ H. Rom Harre, *Social being: A Theory for Social Psychology* (Oxford: Blackwell, 1979): 98.

ologist Georg Simmel, “Every social occurrence as such, consists of an interaction between individuals. In other words, each individual is at the same time an active and a passive agent in a transaction.”²² Among the important agents involved in policy-making, there are two broadly define groups, reflecting a generational divide. Ukraine is currently a battleground for the war of ideas between a conservative old guard, symbolized by politicians and civil servants who came of age during the Soviet Period and the Euro-Optimists, those who came of age in the post-Soviet Period.

Policies refer to the possible outcomes of decision-making, including laws, regulations, and agreements devised by both state and no-state actors. Although visible political actors in Ukraine may not always execute policies, their intended purpose can convey what the state desires, or what the state thinks its citizens or foreign states want from the Ukrainian government. I discuss, in particular, Western and Russian-backed policies that are directed towards Ukraine and the ways in which they influence national policymakers. I present a more detailed examination of the respective policies in each chapter devoted to the four core spheres.

The most diffuse variable but arguably the most influential one centers on the role of *culture* in the policy process, entailing knowledge, values and behaviors passed down to succeeding generations, which continue to shape policymaking. Political culture embodies and perpetuates a “particular pattern of orientations to political action.”²³ I specifically reference history, language, religion and ideology throughout

²² Georg Simmel, “Superiority and Subordination as Subject-Matter of Sociology,” *American Journal of Sociology* 2, 2 (1986): 169.

²³ Gabriel Almond, “Comparative Political Systems,” *The Journal of Politics* 18, 3 (1956): 396.

this dissertation to illustrate their influence not only within Ukraine but in the competing value systems of the West and Russia.

Interviewing and Sampling

Although I employ a mixed-methods approach in analyzing national policy-making, the methods that will best allow me to assess the dynamics of the Russian-Ukraine relationship are primarily qualitative in nature. Investigating the ways in which agents influence policy processes requires questioning representatives who are or have been directly involved in the policymaking process; they are well informed regarding specific issues, and thus best able to answer questions requiring open-ended responses. Mass opinion, as captured by surveys, allows for too much speculation, without providing sophisticated answers as to *how* the process is being influenced. Such scholars as Richard Rose conducted a great deal of survey research in Post-Soviet countries but these generally focused on mass attitudes regarding trust in political systems.²⁴ While elite responses do not always provide conclusive causal links between attempts at influence and policy outcomes, such answers do help researchers to target which foreign institutions or agents are active and which issues they are targeting to maximize their influence.

I approach the current political landscape in Ukraine as a case study, showing how foreign actors can influence a nation-state, particularly in post-communist Europe. In the words of John Gerring, "...the case study [is] an intensive study of a sin-

²⁴ For example, see: Richard Rose, "Postcommunism and the Problem of Trust," *Journal of Democracy* 5, 4 (1994): 18-30; Richard Rose, "Getting by without government: Everyday life in Russia," *Daedalus* 123, 3 (1994): 41-62.

gle unit for the purpose of understanding a larger class of similar units.”²⁵ Developing a case study requires an in-depth examination of specific events, as opposed to drawing on a large set of broader observations. Although a study limited to 31 interviews in a country of roughly 45 million citizens makes generalizing difficult, it does shed light on particular conditions at work in modern Ukraine. Case study methodology defines the parameters of certain cases but does not necessarily determine causation.²⁶ The case study identifies phenomena at the micro-level, often overlooked when scholars relentlessly pursue evidence of universally applicable theories. This modus operandi inherently focuses research projects on macro-level trends and relationships that might obscure a nuanced understanding of specific events or decisions.

Despite some skepticism towards case study methodology, authors such as Graham Allison, Robert Dahl and Aaron Wildavsky offer prominent examples, defining many political science phenomena.²⁷ Allison’s famous work, *Essence of Decision*, compares the decision-making processes in the US and the Soviet Union during the Cuban Missile Crisis, for example. Dahl’s work, examining pluralism in *Who Governs?*, documented the policy process in New Haven, Connecticut. Wildavsky used interviews to analyze the dynamics of fiscal policy in *The Politics of the Budgetary Process*. All of these cases highlighted the inner workings of policymaking in particular settings, challenging conventional wisdom of the time. Interviews with my re-

²⁵ John Gerring, “What is a Case Study and What is it Good For?” *American Political Science Review* 98, 2 (May 2004): 342.

²⁶ Gerring, “What is a Case Study and What is it Good For?”

²⁷ Gerring, “What is a Case Study and What is it Good For?” 341.

spondents provide rich illustrations of policy influences at work in Ukraine that other forms of data cannot.

Elite interview responses also highlight specific interpretations concerning policy decisions, which are naturally shaped by language, thought processes and emotions that influence decisions.²⁸ In-depth, elite interviewing provides an ideal platform for extracting important observations and rationalizations from those involved in decision-making. My respondents highlighted the reasons why they had either embraced, accepted or rejected various policies. Regardless of the outcome, my interview partners were able to explain the reasoning behind their own decisions and interpretations.

My core methodology in this study is, to a degree, interpretivist in nature. In contrast to a positivist approach, which claims that all political events can be verified through scientific inquiry, interpretivism acknowledges that the political environment has been socially constructed and therefore, cannot be completely understood by applying methods common to the natural sciences.²⁹ The interpretive method used here is unique to Ukraine, in that my questions relate to ongoing political events which cannot be “retested.”³⁰ Whether discussing the formal policymaking processes, addressing the ideas that motivate various decision-makers, or analyzing how language shapes thought, I have allowed my respondents to summarize their own accounts of political events, in order to interpret the political landscape. I interviewed elites re-

²⁸ Irving Seidman, *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences, Fourth Edition* (New York: Teachers College Columbia University, 2013): 26.

²⁹ Lisa Wedeen, *Interview Research in Political Science*, ed. Layna Mosley (New York: Cornell University Press, 2013): 17.

³⁰ Julia Lynch, *Interview Research in Political Science*, 40.

garding their experiences with foreign influences, allowing me to better understand underlying features of the Ukrainian political landscape. My point in interviewing core actors was to *evaluate*, not test hypotheses.³¹ Here, I identify the current influences on the Ukrainian policymaking process, focusing on how external factors shape internal dynamics.

Interviewing separates itself from other forms of inquiry in that it can more accurately identify variables in a political environment devoid of readily available datasets or shaped by opaque processes that an uninformed public cannot accurately identify. The interview questions revolve around the interviewees' personal knowledge of policy processes, allowing one to gather information based upon their experiences and the meaning they ascribe to their individual decisions.³² When my respondents strayed from their personal experiences into speculation, I guided them back to speaking in the first person.

Many respondents in my study readily recalled recent events, shedding light on certain policy outcomes and various ways in which foreign agents had influenced those policies. I sought to capture behaviors concerning specific actions, in the recent past.³³ Rather than amass data-sets or conduct major surveys with large numbers of observations, I pinpointed individual behaviors, enabling me to zoom in on particular

³¹ Seidman, *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences, Fourth Edition*, 27.

³² Seidman, *Interviewing as Qualitative Research: A Guide for Researchers in Education and the Social Sciences, Fourth Edition*, 38.

³³ Matthew Beckmann and Richard Hall, *Interview Research in Political Science*, 184.

cases and deeper process dynamics.³⁴ I wanted to understand Ukraine's place in post-communist Europe beyond the news headlines, both Western and Russian.

Because policymaking involves many direct and indirect variables (known and unknown), interviews with elites helps one to more accurately identify the most relevant factors. The problem of unknown variables plagues most survey research. Without working knowledge of the specific political culture, even a well designed survey can ask the wrong questions.³⁵ Interviewing Ukrainians, highly familiar with the political scene gave me a chance to discover new policy issues through discussion. I tried to avoid specific reform initiatives as a topic of conversation as other dissertations could treat this theme. I nonetheless quickly realized that anti-corruption, privatization and democratization processes affect all policy arenas. Foreign actors are playing an outsized role in shaping reform measures, directly influencing current policies. I therefore discuss reform initiatives at length in Chapter Two.

Interviews can also be used to determine causal directions more accurately. In this study I evaluate cause and effect relationships, as well as conditions in Ukrainian politics.³⁶ Although I followed countless media reports on the world-wide web and television airwaves, digested books and academic articles on current events prior to arriving in Ukraine, these shed little light on the day-to-day significance of such developments in the eyes of citizens living there. Scholars moreover use interviews for "process-tracing," which tracks the development of a policy.³⁷ Policy processes rarely

³⁴ Beckmann and Hall, *Interview Research in Political Science*, 185.

³⁵ Beth Leech, Frank Baumgartner, Jeffrey Berry, Marie Hojnacki and David Kimball, *Interview Research in Political Science*, 197.

³⁶ Mosley, *Interview Research in Political Science*, 10.

³⁷ Erik Bleich and Robert Pekkanen, *Interview Research in Political Science*, 95.

involve neat, linear, or analogous patterns across policy domains, nor are they treated equally by different institutions. Each policy is its own case and develops a dynamic of its own.

One of the greatest assets resulting from in-depth interviewing includes the ability to discover “privileged” information. Analysts often use this technique to gather background on the activities of government and non-governmental agencies that cannot be found in the public record.³⁸ This is a particularly acute problem in Ukraine, where the policy process is relatively opaque, due to a long history of authoritarian rule. Policymaking in Kyiv relies heavily on informal networks, consisting of members of the oligarchy (*oligarkhiya*). One respondent, a presidential aide, was able to recite specific phone conversations involving past Ukrainian presidents and prime ministers. In these conversations the formal power brokers were keenly aware of the various interests of the oligarchs. Interviewing elites also is the best method for examining the dynamics of lobbying.³⁹ Seventeen of my interviewees operated outside the Ukrainian government, advocating for various initiatives. These respondents elaborated on how *they* were able to influence government decisions, or how foreign actors, in turn shaped their lobbying efforts; no one maintained a comprehensive record of such activities.

To corroborate information gathered from my respondents, I utilize supplementary data from various sources, including media reports, academic literature, statistics from leading international agencies and think-tank papers. Because I am ad-

³⁸ Leech, Baumgartner, Berry, Hojnacki and Kimball. *Interview Research in Political Science*, 198.

³⁹ Leech, Baumgartner, Berry, Hojnacki and Kimball, *Interview Research in Political Science*, 200.

addressing four broad policy topics, a mixed-method approach is most appropriate.⁴⁰ I triangulate information by combining interview responses with publicly available data. This is particularly important with political elites who might have incentives to lie or evade directly answering questions.⁴¹

My sample included 31 political elites, who appeared to have intimate knowledge of policymaking in their respective policy spheres. Although not representative, this sample provides detailed information on specific policy issues, from experts or officials with personal experience.⁴² Many of my respondents had either lobbied the state themselves or had worked for the government and could therefore discuss how lobbying affected them. Analyzing lobbying and its effects requires a non-random sample.⁴³ Only those involved in the process can provide information valuable for deciphering the dynamics of influence at this level of analysis.

I selected a diverse group of potential discussion partners with regard to policy domains and in relation to governmental versus non-governmental experience. The diversity of the sample was intended to meliorate the problems associated with the small sample size.⁴⁴ My 31 interviewees included experts in the fields of defense, economics, education, energy, and anti-corruption initiatives (see Table 1). Among their ranks were eleven civil servants, three members of parliament, ten lobbyists, four policy analysts, two academics and one journalist. All but one of my respondents

⁴⁰ Cathie Jo Martin, *Interview Research in Political Science*, 104.

⁴¹ Mary Gallagher, *Interview Research in Political Science*, 181.

⁴² Mosley, *Interview Research in Political Science*, 26.

⁴³ Leech, Baumgartner, Berry, Hojnacki and Kimball, *Interview Research in Political Science*, 201.

⁴⁴ Mosley, *Interview Research in Political Science*, 34.

was a Ukrainian citizen. My strategy for recruiting potential interviewees relied on the “snowball” method approach, using the networks of respondents to connect to new interviewees. One advantage to non-random sampling is that experts can be selected on an ongoing basis, given the recommendations I collected after each interview, along with more information and a better understanding of the social landscape.⁴⁵ During my three months in Kyiv, from September to December 2016, I was able to acquire contact information for the next potential interviewee.

One drawback to this method is that recommendations of this nature can lead to an imbalance in the sample, saturating it with respondents who share similar experiences.⁴⁶ I was careful not to speak to the same type of respondent, in terms of organization, political party or other positional category. Many of the respondents self-identified as “Euro-Optimists,” the loosely defined group of policymakers, but not all, who rushed to power in 2014, pushing for closer relations with the EU.

⁴⁵ Lynch, *Interview Research in Political Science*, 49.

⁴⁶ Bleich and Pekkanen, *Interview Research in Political Science*, 94.

Table 1: Respondent Demographics

Civil Servants/ Politicians	Lobbyists/ Advocacy Groups	Academics/ Analysts/Journalists
14	10	7
11 CSs / 3MPs	—	2ACs / 4PAs / 1 J
3 - Economics 4 - Security 1 - Education 1 - Energy 5 - Other	2 - Anti-Corruption 3 - Democratization 3 - Humanitarian 2 - Environment	1 - Economics 1 - Education 1 - Security 4 - Other
Deputy Vice Speaker of the Rada, Former Aide to Yuschenko, Strategist for NISS, EU Official	Reanimation Package of Reforms, EuroMaidan SOS, GIZ, DixiGroup	Razumkov Center, Gromadskye, World Policy Institute

I also spoke with interview respondents situated at different levels in each organization. Interviewing respondents involved different stages of the decision-making process helps to provide a more comprehensive picture of the policy process.⁴⁷ For example, some interviewees were activists who had been directly involved in the 2014 protests on Maidan Square, while others had advised former Ukrainian presidents. In the words of Cathie Jo Martin, a political actor’s “experience is more multifaceted, casual relations are less easily revealed, and investigators may go up blind alleys...”.⁴⁸ Some of my respondents were able to discuss broader policy decisions at

⁴⁷ Martin, *Interview Research in Political Science*, 107.

⁴⁸ Martin, *Interview Research in Political Science*, 103.

the macro level, while others were able to elaborate on specific issues at the micro level.

I used a semi-structured approach to interviewing to allow for a degree of consistency and continuity in my conversations with each expert; this required a set of core questions to allow for a better comparison of their respective responses. Granting my discussion partners a wide degree of latitude in answering yielded two key results: 1) Their responses raised issues that I had not originally thought to examine; and 2) they could describe their experiences in greater detail, based upon different kinds of policy expertise and levels of responsibility within their respective organizations. The semi-structured approach to interviews allows one to extract a fair amount of information during a limited period of time. Because I tried to secure meetings with persons in responsible positions, many of whom had hectic schedules, I asked for a meeting, which lasted, on average, one hour. Semi-structured interviews are the most appropriate for political elites with limited time.⁴⁹

The purpose of elite interviews is to address questions about behavior, not preferences or attitudes.⁵⁰ Asking about concrete experiences offers a more precise measure of influence as it is not speculative. Though public opinion polling can shed light on the causes of political outcomes, it is a poor measure of how agents influence the policy process. My main purpose in interviewing is to understand motivation and rationality, not just from the insiders' perspective (politicians and civil servants) but also from outsiders (lobbyists and advocacy groups), assuming that outsiders possess

⁴⁹ Gallagher, *Interview Research in Political Science*, 179.

⁵⁰ Martin, *Interview Research in Political Science*, 110.

experiences that can shed light on how principle actors made decisions.⁵¹ I pushed my respondents to answer questions in terms of what they had observed and the rationale behind their decisions. Focusing questions on rationale fits well with semi-structured interviews, in that it is easier for most to answer open-ended questions as to *why* they behaved in a particular manner.

I developed five core questions involving Russia's shifting "security" priorities in Ukraine. These security interests, broadly defined, covered economic, strategic, cultural, ethnic, and ideological arenas. My study of Russian-Ukrainian relations was initially built on five research questions: 1) To what extent do Russia's interests in Ukraine rest with the protection of ethnic Russians? 2) Is Kyiv most concerned with Russian elements ensuring cultural identity in Eastern Ukraine? 3) What factors do Ukrainian officials see as vital to their security network in post-Communist Europe? 4) How do Ukrainians view their role in Russia's wider ideological foreign policy framework? 5) How does Kyiv envision its role in the Russian energy market, influencing its politics?

As my focus shifted from studying Russian motivations to analyzing ways in which Russia and the West influence Ukraine, I modified the five core questions to focus more on Ukrainian policies and a comparison of Russian versus Western influences and tactics. I moved from asking about multiple policy areas to focusing solely on the representative's area of expertise. Many of the respondents could speak to only one issue with authority, but their detailed knowledge based on personal experiences, revealed many issues that I had not thought to address.

⁵¹ Gallagher, *Interview Research in Political Science*, 173.

These questions allowed the respondent to speak from experience, rather than speculating about Moscow's aims. I wanted to maintain distinctions among policy areas while injecting language comparing foreign actors. I compare the approaches of Western and Russian actors in each major policy sphere: reform, the economy, energy, and security. I compiled a list of opening questions regarding these four main policy areas, comparing the Western versus Russian approaches (Appendix). I did not pose all of these questions in discussions, but I added more explicit questions during the meeting, based upon the respondents' answers.

Structure of this Dissertation

To demonstrate how Western states and Russian officials influence policymaking in Ukraine, I outline the basic principles in developing public policy (Chapter 1) in Kyiv, then divide the dissertation into four substantive chapters centering on: reform, the economy, energy, and defense, respectively. Within each chapter, I lay out the ways in which indirect forms of influence (for example, culture, public opinion and ideology) have influenced each policy sphere since Ukrainian independence.

Understanding policy formulation requires a discussion of Ukrainian institutions, basic policy processes and formal versus informal political networks. I initially hoped to avoid addressing specific reform measures, like democratization, privatization and anti-corruption activities, which amount to major topics in and of themselves. After starting my fieldwork I quickly realized that reform initiatives have infiltrated all aspects of the policy process and that foreign institutions remain highly influential in these areas of Ukrainian politics.

Within the economy and energy section I discuss how Ukraine developed an overwhelming dependence on Russian trade, particularly for oil and natural gas, allowing foreign actors to shape important energy policies. Since independence in 1991, policymakers have moreover struggled to privatize the various economic sectors, especially the banking sector. The chapter on trade analyzes the ways in which Western and Russian agents influence private and public organizations in banking.

The chapter on defense addresses military intervention and military support to particular groups, the role of cyber warfare and the ways in which Western and Russian actors are using current conflict in Ukraine to conduct a proxy war. Using published statistics and documentation of historical events from news outlets, I triangulate the data from my interviews to supplement the case study. When discussing culture I include policies addressing ethnicity, history, language and education. I talk about the ways in which foreign actors have altered the ideological war through information and ideas. This includes a discussion of the media, framing, socialization and the social construction of identity.

Chapter I - Policy Formulation

In order to understand the ways in which foreign actors influence the policy process in Kyiv, I present a cursory examination of modern Ukrainian politics. In the realm of domestic politics, scholars discuss Ukrainian political development, characterizing the state as weak, relying on a strong executive, weak institutions as a result of frequent constitutional changes, a lack of stable political parties, and a relatively strong judiciary that slowly weakened due to executive-legislative divisions. Mykola Riabchuk contends that the Soviet legacy maintained the informal politics among elites, a prevalent patronage system, and corruption, which undermined the state. These factors, coupled with a weak sense of national identity, prevented strong institutional structures from forming.⁵² As a result of weak institutional development and the *oligarkiya's* desire to consolidate their lobbying efforts on one office, Ukraine adopted a strong presidential system. According to Serhiy Kudelia successive presidents, starting with Leonid Kuchma in 1994, reinforced a system of “dysfunctional equilibrium” between the presidency and powerful oligarchs.⁵³

The lack of constitutional stability also contributed to institutional weakness, further encouraging presidents to assert their power over the legislature. As Oleh Protsyk posits, the country operated off of the 1978 Soviet Constitution until 1996, eventually settling on a semi-presidential system in order to vest power in a single office, versus relying on the Verkhovna Rada.⁵⁴ Within the Rada sustainable political parties

⁵² Taras Kuzio, “The Ukrainian Immobile State Two Decades After the Disintegration of the USSR,” *Communist and Post-Communist Studies*, 45 (2012): 413.

⁵³ Kuzio, “The Ukrainian Immobile State Two Decades After the Disintegration of the USSR,” 413.

⁵⁴ Oleh Protsyk, “Troubled Semi-Presidentialism: Stability of the Constitutional System and Cabinet in Ukraine,” *Europe-Asia Studies*, 55, 7 (2003): 1077.

failed to form, dissolving, merging, and developing primitive platforms in favor of supporting individual politicians. This lack of party development hindered democratization.⁵⁵ All of these features of Ukraine's early political development yielded a weak state, vis-a-vis the oligarch class, and complicated democratic reform.

The judiciary remained relatively strong throughout the 1990s but gradually weakened as executive-legislative disputes increased. After independence officials generally respected the rulings of the Constitutional Court but by the Orange Revolution in 2004 confidence in the court waned.⁵⁶ I address the lack of prosecuting crimes, particularly corruption, in the next chapter.

In the realm of foreign policy the principle question policymakers have dealt with centers on whether to pursue a Russian-friendly or Western-friendly approach. As Paul D'Anieri outlines, Kyiv has grappled with this binary question of a Russian versus a Western focused foreign policy since independence in 1991.⁵⁷ Initially, officials pursued a balanced approach, tending to favor Western cooperation on strategic issues while maintaining close economic ties to Russia. As Ukraine developed closer ties to the EU, this dual-track policy became untenable as economic interests of for-

⁵⁵ Kostyantyn Fedorenko, Olena Rybiy and Andreas Umland, "The Ukrainian Party System Before and After the 2013-2014 EuroMaidan," *Europe-Asia Studies*, 68, 4 (June 2016): 609-630; Lucan Way, "Authoritarian State Building and the Sources of Regime Competitiveness in the Fourth Wave: The Cases of Belarus, Moldova, Russia, and Ukraine," *World Politics*, 57, 2 (January 2005): 231-261.

⁵⁶ Trevor Brown and Charles Wise, "Constitutional Courts and Legislative-Executive Relations: The Case of Ukraine," *Political Science Quarterly*, 119, 1 (Spring 2004); Alexei Trochev, "Meddling with Justice Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine," *Demokratizatsiya* (2010): 122-147.

⁵⁷ Kuzio, "The Ukrainian Immobile State Two Decades After the Disintegration of the USSR," 413.

eign actors clashed and moving away from Moscow inflamed cultural tensions within the country along the East-West axis.⁵⁸

To best illustrate these developments I elaborate on four broad periods: First I outline the development of policy formulation process in Ukraine covering these stages: 1) from the collapse of the Soviet Union to independence in 1991; 2) from independence to the Orange Revolution in 2004 and; 3) from the Orange Revolution to the EuroMaidan protests in 2014. These three periods correspond with events, which altered Ukraine's path, both in terms of reform and its relations with foreign countries. After outlining domestic and international factors that shaped these time periods, I then describe the current political landscape in Kyiv, viewing policy formulation through the lens of four distinct variables: institutions, agents, policy and culture. Each shapes the policy process in different arenas, with foreign actors influencing these variables in different ways. This introduction to current events helps one to better understand the ways in which foreign actors influence policymaking. Ukraine has gradually democratized and moved away from Russia. Although this process has progressed in fits in starts, reform and building closer relations with Western countries have occurred in tandem.

The Collapse of the USSR and Ukrainian Independence: 1985 - 1991

I begin with how Ukraine transitioned from its status as a republic of the USSR to an independent state. By 1985 the USSR still appeared strong militarily but beneath this facade government officials managed an internally weak state. Although it remained a formidable foe to the US and western Europe, economic stagnation in

⁵⁸ Paul D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," *Communist and Post-Communist Studies*, 45 (2012): 447.

the early 1980s forced Soviet leaders to reexamine their policies. Between 1980-1985 average GDP growth stood at 0% and the standard of living for citizens declined, ranking 70th in the world by 1982.⁵⁹ Compared to the cyclical recessions, that free market economies often experience, the economic situation in the Soviet Union had been continuously deteriorating for decades; poor policies had created an unsustainable system. Edward Luttwak attributes the declining economy and mounting budget deficits to ambitious social welfare programs, like the generous pensions granted, under Leonid Brezhnev that Gorbachev inherited.⁶⁰ Unable to confront Soviet citizens, detailing the unfortunate situation, the state simply allowed the national budget to develop unchecked.

Key indicators like life expectancy and personal consumption showed that the Soviet living conditions for average citizens decreased during this period. Life expectancy at birth did not increase despite advancements in medical technology and universal healthcare. While male life expectancy in the US rose from 67 years to 71, and from 74 to 78 for females between 1970 and 1989, Russian life expectancy remained at 64 years for males and 73 for females during the same period.⁶¹ Soviet consumers were further deprived of modern convenience items. Between 1980 and 1987 the percentage of Americans owning a color television rose from 82 to 92, while in the USSR ownership rose from 10% in 1980 to 44% in 1989.⁶² Medical advances and

⁵⁹ Sakwa, *Gorbachev and His Reforms*, 22.

⁶⁰ Luttwak, *The Grand Strategy of the Soviet Union*, 69.

⁶¹ M. R. Darby, "U.S.A. and U.S.S.R.," *Economics and Statistics Administration State Committee on Statistics* (1991), <https://www.census.gov/population/international/files/USSR.pdf>, 8-1.

⁶² Darby, *Economics and Statistics Administration State Committee on Statistics*, 8-4.

information technology innovations seen in other parts of the world did not penetrate the Soviet Union's rigid economic system.

The Soviet state had enjoyed large revenues from extraction of petroleum products, especially oil, which buoyed spending on both domestic and foreign projects. Scholars such as Terry Karl investigated the relationship between highly oil dependent states and regime type. Coined the *resource curse*, she posited that economies relying on petroleum for a large portion of wealth creation, led to greater authoritarianism as political elites captured those resources to provide public goods without taxation and consolidate their power.⁶³ Brezhnev was able to ignore the budget imbalances of the Soviet Union as oil prices climbed from \$23 per barrel (adjusted for inflation according to the consumer price index) in 1964 to \$120 in 1980.⁶⁴

Scholars such as James Brown hypothesize that growing oil revenues also contributed to a more aggressive foreign policy. Termed *petromania*, Brown details how the Politburo abruptly changed course in its approach towards Afghanistan and decided to invade the country as prices climbed.⁶⁵ In 1979 prices jumped from \$54 per barrel to \$94, helping to fuel an aggressive foreign policy against the Afghan government.⁶⁶ By relying on a valuable natural resource, untethering expansionary policies from the constraints of labor productivity, the Soviet state wedded initiatives to the value of a single commodity.

⁶³ Mary Kaldor, Terry Karl, and Yahia Said, *Oil Wars* (London: Pluto Press, 2007): 2-3.

⁶⁴ Macrotrends, "Crude Oil Prices - 70 Year Historical Chart," (2018), <http://www.macrotrends.net/1369/crude-oil-price-history-chart>.

⁶⁵ James Brown, "Oil Fueled? The Soviet Invasion of Afghanistan," *Post-Soviet Affairs*, 29, 1 (2013): 86.

⁶⁶ Macrotrends, "Crude Oil Prices - 70 Year Historical Chart."

The high costs of the Soviet occupation of Afghanistan eventually weighed heavily on the state budget. Soviet forces had invaded Afghanistan in 1979 in an attempt to support a puppet communist government. Edward Luttwak estimates that the cost of keeping the Soviet military in Afghanistan for 1983 alone amounted to one-seventh of the USSR's entire GDP.⁶⁷ Policymakers in Moscow pursued a prolonged occupation strategy, not withdrawing the military until 1989, despite the prohibitive costs. The collapse of oil prices also forced the Politburo to reconsider spending priorities. By March, 1986 a barrel of oil sold for \$23, cutting deeply into the Soviet Union's revenue streams.⁶⁸ The nexus of unsustainable social programs and an aggressive foreign policy built upon the economic benefits of state-controlled natural resources collapsed, undermining the legitimacy of the post-1985 Soviet government. Later, Vladimir Putin would resurrect the "petro-state" model in the Russian Federation to consolidate his own power after 1999.⁶⁹

One reason for prolonging the costly occupation in Afghanistan was the importance of supporting communist regimes for maintaining the idea of spreading socialism. Though scholars acknowledge a decline in the ideological motivations behind Soviet policies by 1980, spreading communism still factored into the calculus of foreign policy planning.⁷⁰ The ideological component of Soviet foreign policy later shifted under the post-1991 Russian Federation to a focus on cultural and economic nationalism.

⁶⁷ Luttwak, *The Grand Strategy of the Soviet Union*, 111.

⁶⁸ Macrotrends, "Crude Oil Prices - 70 Year Historical Chart."

⁶⁹ Kaldor, Karl, and Said, *Oil Wars*, 131.

⁷⁰ Kolkowicz and Mickiewicz, *The Soviet Calculus of Nuclear War*, 22.

Mikhail Gorbachev became General Secretary of the Communist Party in 1985 and entered a personality driven state, with weak political institutions. According to Richard Sakwa, Soviet leaders did not hold a clear position within Moscow and had to wrestle power from other potential leaders, even after ascending to the highest office of the USSR. He contends, for example, that it took Leonid Brezhnev ten years after becoming General Secretary in 1964 to consolidate power.⁷¹ Gorbachev struggled to legitimize his authority while attempting to reform the economy. The lack of a stable institutional structure produced ineffective policies and perpetuated the need for authoritarian rule built around a small group of old party leaders. Highly centralized decision-making stifled dissenting views on how to fix systemic problems.

One factor that allowed the central government in Moscow to maintain power was the nature of mandated general trade among the USSR and its satellites involving raw materials.⁷² Reliance on fraternal states for certain natural resources and industries was vital to maintaining government budgets and the standard of living for average citizens. The Russian Republic provided vital energy resources while republics like Ukraine provided finished products for defense and chemicals. Moscow planted the seeds of new mercantilism before the collapse of the Union in 1991.

Gorbachev's initiatives, *glasnost* and *perestroika*, were intended not only to relax restrictions for all Soviet citizens but also on the various nationalities. As Alvin Rubenstein asserts, Gorbachev repealed previous "Russification" policies instituted under the Brezhnev Doctrine.⁷³ Glasnost, allowing greater individual freedoms and

⁷¹ Sakwa, *Gorbachev and His Reforms*, 11.

⁷² White, *Russia's New Politics*, 115.

⁷³ Alvin Rubenstein, *Soviet Foreign Policy Since WWII* (Boston: Little Brown, 1985): 97.

freer flow of information, led to Soviet republics like Ukraine resurrecting a dormant cultural identity. Gorbachev hoped that perestroika, restructuring of the economy to adopt some free market principles, would increase productivity.

Economic stagnation in the Ukrainian Soviet Federalist Socialist Republic (USFSR) coincided with an emerging nationalist movement. The head of the USFSR was Vladimir Shcherbitskii, known as an oppressive leader who had ruled Ukraine with an iron fist. When Gorbachev assumed power in the Kremlin Shcherbitskii only half-heartedly implemented Moscow's reforms as he desired to maintain his power base.⁷⁴ His refusal to fully implement economic reforms in Ukraine inhibited its ability to adapt commercially; at the same time it did nothing to mitigate nationalism under the new policies.

One of the first organizations to advocate nationalism after the advent of glasnost was the Ukrainian Writer's Union. This entity began publishing its own history under Soviet rule. From the purges of 1937-8 to the nuclear disaster at Chernobyl, writers exposed oppressive policies in a flood of publications through 1988.⁷⁵ In 1989 Russian historian Roy Medvedev published a book that exposed the devastation resulting from Soviet totalitarianism, including the government-sanctioned policies leading to the starvation of roughly five million Ukrainians between 1932-1933, during the Holodomor (*Golodomor*) under Stalin.⁷⁶ Revelations along these lines fueled the Ukrainian nationalist movement, as well as the discontent concerning Soviet citizens' material well-being. Public polls confirmed the growing dissatisfaction among

⁷⁴ Sakwa, *Gorbachev and His Reforms*, 14.

⁷⁵ Sakwa, *Gorbachev and His Reforms*, 250.

⁷⁶ Sakwa, *Gorbachev and His Reforms*, 93.

ethnic Ukrainians. The All Union Center for the Study of Public Opinion of Socio-Economic Problems found in 1989 that 63% of Russians felt that preserving the Soviet Union was essential, while only 30% of Ukrainians felt the same.⁷⁷ Russians, as the dominant ethnicity in the USSR supported maintaining union, while the Ukrainian minority did not.

Gorbachev shifted the Soviet Union's foreign policy approach along with his domestic reforms in 1985. Moscow's leaders began adopting a soft power strategy to maintain power abroad without relying on an expensive military to achieve its objectives. As Roman Kolkowicz and Ellen Mickiewicz asserted in 1986, a "peace offensive" of the late 1980s sought to obtain foreign policy goals with a lighter hand.⁷⁸ The effectiveness of this approach is debatable as was the extent to which the Kremlin utilized it. The USSR proposed agreements with the US on nuclear arms reductions but remained embroiled in the Afghan civil war. Seeing no end in sight to the Afghanistan conflict and looking to promote its image abroad, Soviet troops withdrew Afghanistan in 1989.

Despite the deteriorating economic situation in the wider USSR during this period, Ukraine possessed certain economic advantages. In the 1980s Ukraine had been a net exporter of energy, and also produced one-third of all military goods for the Union.⁷⁹ Moscow had designated Ukraine the industrial and agricultural powerhouse of the USSR; many decades of central planning had secured a robust infrastructure

⁷⁷ Sakwa, *Gorbachev and His Reforms*, 70.

⁷⁸ Kolkowicz and Mickiewicz, *The Soviet Calculus of Nuclear War*, 25.

⁷⁹ Paul D'Anieri, Robert Kravchuk and Taras Kuzio, *Politics and Society in Ukraine* (Boulder: Westview Press, 1999): 19.

and skilled labor force. By 1989 Ukraine accounted for 40% of all industrial output and 30% of all agricultural output in the Soviet Union.⁸⁰ Ukrainians had reason to be confident in their ability to become economically sustainable without the Russian Soviet Federative Socialist Republic (RSFSR).

One important obstacle to secession was its growing energy dependence on Russia, which became clear by 1989. The RSFSR's production of fossil fuel products was exponentially greater than Ukraine's. In 1989 the RSFSR produced 552 million metric tons of crude oil and 573 billion cubic meters of natural gas, compared to only five million metric tons and 28 billion cubic meters in Ukraine, respectively.⁸¹ The implications of their unequal energy relationship were not immediately evident, but two decades after independence this would lead to a reassertion of Russian influence over Ukraine.

The USSR was also experimenting with more "democratic" institutions. In March 1989 the first "competitive" elections were held for the Congress of People's Deputies (CPD).⁸² Not subject to democratic election, the Supreme Soviet retained most of the policy-making power, but the elections signaled the first step toward democracy.⁸³ Russian officials turned their attention inward as the domestic economic situation rapidly deteriorated, the Warsaw Pact disbanded, and Soviet republics began demanding more autonomy.

⁸⁰ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 91.

⁸¹ Darby, *Economics and Statistics Administration State Committee on Statistics*, 5-4.

⁸² White, *Russia's New Politics*, 34-5.

⁸³ White, *Russia's New Politics*, 35.

The dissolution of the Soviet Union progressed at a rapid pace after 1990. The Ukrainian nationalist organization, Rukh, brokered a deal with domestic Russian groups and Communists in Ukraine to form a united separatist front in 1990, with the understanding between Moscow and Kyiv that Kharkiv and Don'etsk, regions in Eastern Ukraine, would remain autonomous in a new Ukrainian state.⁸⁴ These two *oblasts* (provinces) fell within the natural boundaries of Ukraine but possessed large ethnic Russian populations. The dominant ethnicity remained Ukrainian, however. From 1988 to 1990, ethnic Ukrainians comprised 72% of the population, compared to 20% ethnic Russians.⁸⁵ By 1991 the Politburo in Moscow found it impossible to exert absolute power throughout the country; Russia and Ukraine became two separate states. Soviet citizens elected Boris Yeltsin to the newly created office of president in June 1991, effectively sharing power with Gorbachev. This dual power structure further destabilized political institutions and generated questions of legitimacy between the two leaders. The political and economic integration Russia and Ukraine had experienced during the Soviet period would persist into the 21st century.

Despite Gorbachev's litany of reforms, ranging from perestroika to glasnost, the USSR rapidly imploded so that by 1991 the political structure, the Communist Party, that had united the fifteen republics unraveled. Having only briefly existed from 1917 to 1921, Ukraine became an independent state again in 1991. On December 8, 1991 Russia, Belarus and Ukraine signed the Belavezha Accords, effectively granting Ukraine independence.⁸⁶ Its political and economic ties with Russia re-

⁸⁴ Sakwa, *Gorbachev and His Reforms*, 251.

⁸⁵ Sakwa, *Gorbachev and His Reforms*, 249.

⁸⁶ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*.

mained tight. As Russia rebuilt itself economically, its political influence over Ukraine would reemerge. Trade and domestic issues like “Shock Therapy” are discussed in more detail in chapter three.

Ukraine’s popular independence movement masked other cultural divisions within the country that persist today. The typical geographic division within the country includes a west versus east dimension. This division is rooted in cultural and historical institutional patterns left over from the European imperial era. As part of the Austro-Hungarian Empire, Western Ukraine had been given more autonomy, protecting some of its own political institutions and cultural traditions while experiencing the Enlightenment.⁸⁷ Under the yoke of the Russian Empire and later the Soviet Union, Eastern Ukraine had struggled to maintain some semblance of independence. This historical split intensified during the *Russification* of Ukraine under Brezhnev in the 1970s, shaping political attitudes within the country to this day. Kudelia contends that Moscow continues to leverage this division by convincing Ukrainians who identify as Russian to not embrace Western values and policies, particularly strategic agreements, that might bring Ukraine closer to Western countries.⁸⁸

“Power and Money are Their Ideology”: 1991 - 2004

Immediately following the 1991 dissolution of the Soviet Union, Russian and Ukrainian leaders began negotiating an institutionalized friendship that gave rise to

⁸⁷ Taras Kuzio, *Ukraine: Democratization, Corruption and the New Russian Imperialism* (Santa Barbara: Praeger, 2015), 49.

⁸⁸ Taras Kuzio, “The Ukrainian Immobile State Two Decades After the Disintegration of the USSR,” 414.

the Commonwealth of Independent States (CIS).⁸⁹ This arrangement recognized the close historical and cultural ties between the two countries. Despite its independence, the Russian Federation considered Ukraine one of its “Near Abroad” neighbors, a concept loosely defined as a nation-state geographically, culturally and ethnically close to Russia, as codified in the Belavezha Accords.⁹⁰ Russian policy-makers devoted considerable time and resources to influencing these “Near Abroad” states to ensure that Moscow could maintain some level of control over their policies. The first Russian foreign minister under Boris Yeltsin, Andrei Kozyrev, remarked that eighty percent of his time was spent on CIS issues in 1991.⁹¹ As a CIS member, Ukraine figured prominently in foreign affairs as the largest post-Soviet state outside of Russia. What started as a security concern in keeping Ukraine as a buffer zone along its border, however, gradually evolved into an economic one that Russia would strongly protect.

Despite the tight institutional ties the two countries shared, Ukrainians started to resurrect their national identity, developing a sense of cultural identity, breaking through the legacy of Russification. Mykola Riabchuk sees the “Slavic unity” narratives as less entrenched in Ukraine, compared to Belarus, as Russian cultural traditions have had to compete more with Ukrainian identity.⁹² Experiencing brief nationalists movements, like the Organization of Ukrainian Nationalists (OUN) formed in

⁸⁹ Nicholai Petro and Alvin Rubinstein, *Russian Foreign Policy: From Empire to Nation-State* (New York: Longman, 1997): 10.

⁹⁰ Petro and Rubinstein, *Russian Foreign Policy: From Empire to Nation-State*, 12.

⁹¹ Petro and Rubinstein, *Russian Foreign Policy: From Empire to Nation-State*, 99.

⁹² Taras Kuzio, “The Ukrainian Immobile State Two Decades After the Disintegration of the USSR,” 414.

1929, Ukrainians had struggled to exercise their cultural traditions, namely the use of the Ukrainian language, with complete autonomy.⁹³ Ukraine is essentially a bilingual country, having developed over centuries. The indigenous language was used in the more autonomous western region, while Russian enjoyed wide usage in eastern regions, due to centuries of promotion first under the Russian Empire then later under the Soviet Union. The widespread use of Russian in Ukraine provides Moscow a special avenue for influencing public opinion. According to a 2012 survey, 50% of those polled considered Ukrainian their native tongue while 29% for Russian and 20% reported that Ukrainian and Russian were equally their mother language.⁹⁴ A legacy of Soviet times, many newspapers and broadcast television outlets remained Russian-speaking after independence.

The language issue is complex but there are two general dimensions of its use that are influential in analyzing its effect on politics. First is its importance in relation to the political culture and, second, its relevance to debates about culture and education policies. Though language itself is an important component of national identity, policies concerning the status of Russian and whether the central government supports Russian instruction are highly politicized. Many of my interview partners preferred to speak in English, as opposed to Russian, since I do not know Ukrainian. When I asked my first interviewee if they would like to speak Russian, their response was: “My native language is Ukrainian.” The use of one language or the other is a salient issue for some Ukrainians. As a current member of the Rada noted, Ukraine had be-

⁹³ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 13.

⁹⁴ Rating, “The Language Question, The Results of Recent Research in 2012,” Sociological Group (25 May 2012), http://ratinggroup.ua/en/research/ukraine/yazykovoy_vopros_rezultaty_poslednih_issledovaniy_2012.html.

gun re-establishing its own identity only in the last 25 years.⁹⁵ The revival of Ukrainian identity took many forms, including a focus on ethnicity, using the national language, reviving religion, rediscovering their own history and deciding whether Ukraine should align itself with either Europe or Eurasia.

The main focus of cultural division lies with language and religion. Before the collapse of the USSR, only 12% of Ukrainian schools taught the Ukrainian language.⁹⁶ After 1991, however, the government attempted to reverse this trend by reintroducing language instruction in schools. Russian separatists in the east now claim that such policies are impeding their right to use Russian. Furthermore, various religious denominations continually vied for influence. The Soviet government had forcibly merged the Ukrainian Catholic, or Uniate Church, with the Ukrainian Orthodox Church in 1946.⁹⁷ Ethnic Russians in the east predominantly adhere to Russian Orthodoxy, led by the Moscow Patriarchate, while Ukrainians in the west profess Catholicism.⁹⁸ These divisions continue to persist as the proportion of adherents for each runs along geographic lines.

Political elites hoped to develop the organs of government by reforming former Soviet institutions. Ukraine's main legislative body, the *Verkhovna Rada* (Supreme Council), consists of a parliament with proportional representation; the

⁹⁵ Interview with Respondent 12, November 9, 2016.

⁹⁶ Sakwa, *Gorbachev and His Reforms*, 249.

⁹⁷ Sakwa, *Gorbachev and His Reforms*, 222.

⁹⁸ Ukrainian Research Institute, Interactive Map "Ukraine: Revolution of Dignity," Harvard University, (2014), <http://harvard-cga.maps.arcgis.com/apps/webappviewer/index.html?id=5c2c743e132f4b048293d3e3adc075fc>.

number of Peoples' Deputies, has fluctuated from 400 to 450.⁹⁹ Since Ukraine's independence political parties have emerged to represent various interests within the Rada but have not been sustainable and they have lacked a clear, ideological platform. Kostyantyn Fedorenko, Olena Rybiy and Andreas Umland attribute this issue to politicians' inability to represent broad social interests and lack of transparency in campaign financing, leading to fleeting commitments and allowing for oligarchs to "buy" candidates.¹⁰⁰

In his comparative study of post-Communist countries, Lucan Way observed that Ukraine did possess important democratic features during the 1990s, but a weak state. Despite a lack of civil society, strong state institutions, and democratic leadership, the political system maintained a competitive party environment, but the causes were a political culture of "anti-incumbency" and a fragmented oligarchy, which forced political elites to compete.¹⁰¹

The Rada also experienced several changes by way of constitutional amendments. Between 1991 and 2007 citizens voted for Peoples' Deputies under a majoritarian representation system based on regions, to a mixed system, then to a proportional representation system by a party's percentage of the popular vote. These constitutional changes did little to stabilize the number parties nor their platforms.¹⁰²

⁹⁹ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 124.

¹⁰⁰ Fedorenko, Rybiy and Umland, "The Ukrainian Party System Before and After the 2013-2014 EuroMaidan," 610.

¹⁰¹ Way, "Authoritarian State Building and the Sources of Regime Competitiveness in the Fourth Wave: The Cases of Belarus, Moldova, Russia, and Ukraine," 232-233.

¹⁰² Fedorenko, Rybiy and Umland, "The Ukrainian Party System Before and After the 2013-2014 EuroMaidan," 610.

Finally, the judicial branch started developing as an independent institution, similar to that of other democracies. These included the Supreme Court of Ukraine, the highest court of appeal, as well as the Constitutional Court, specifically tasked with resolving disputes between the branches of government, and various lower courts.¹⁰³ Throughout the 1990s the Constitutional Court helped to resolve dispute between the legislative and executive branches. The Court ruled in favor of both branches in various cases, generally devoid of outside interference and obtaining respect for their rulings.¹⁰⁴

Ukraine's new state apparatus initially relied on a highly centralized, vertical power structure. Although weak in certain respects, the central government in Kyiv controlled many aspects of local governance, most importantly tax collection.¹⁰⁵ Ukrainians democratic reform efforts slowed as progressive, formal measures began to clash with the entrenched interests of informal decision-making networks. Informal networks of oligarchs continued to exert disproportionate influence over the policy process.¹⁰⁶

A powerful legacy of the USSR state apparatus in Ukraine assumed the form of an elite class, highly resistant to change. During the Soviet period, a loosely defined group of well-connected Communist Party members, known as the *nomenklatura*, led the country. These prominent party officials ran the machinery of gov-

¹⁰³ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 101.

¹⁰⁴ Brown and Wise, "Constitutional Courts and Legislative-Executive Relations: The Case of Ukraine," 168.

¹⁰⁵ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 102.

¹⁰⁶ Interview with Respondent 28, October 5, 2016.

ernment not as an official body but as an informal group of elites.¹⁰⁷ Members of this informal group enjoyed special privileges, including luxury goods and unrestricted travel to Western countries, which average citizens did not enjoy. The locus of power shifted not according to office but by the agent. After Ukrainian independence, the actors who had once belonged to this group transferred their authority to the highest levels of the new “democratic” regime and business posts. As one of my respondents (an academic and policy consultant) noted, in the post-Soviet space there exists a wide gap between, “formal versus informal institutions.”¹⁰⁸ The Soviet *nomenklatura* transformed itself into the *oligarkhiya* that still dominates public and private policy-making.

One of the defining characteristics of the *oligarkhiya* is its lack of a guiding ideology since the discrediting of socialism. As the earlier respondent continued, “power and money are their [oligarchs’] ideology.”¹⁰⁹ Communism had guided previous generations of political elites in Ukraine, even if at times only half-heartedly, buttressing consensus and providing a sense of mission. In the newly independent Ukraine the lack of a founding economic narrative left the ruling class with little to navigate their interests. As sectors rapidly privatized, crony capitalism quickly developed as the new oligarchs had the means to bribe and buy the largest firms. The oligarchs squabbled over the country’s natural resources and industries, securing as much political authority as possible to compete against one another with little interest in promoting economic prosperity for the nation.

¹⁰⁷ Catherine Danks, *Politics Russia* (New York: Pearson, Longman, 2009): 6.

¹⁰⁸ Interview with Respondent 28, October 5, 2016.

¹⁰⁹ Interview with Respondent 28, October 5, 2016.

The influence of the oligarchs poisoned the development of purposeful political parties. A defining trait of any democracy includes the existence of parties, with clear platforms, capable of aggregating the diverging interests of voters. Economic elites in Ukraine stunted the growth of viable political factions by buying off candidates and sitting members of the Rada.¹¹⁰ One of my interviewees, a current member of parliament (MP), recalled how oligarchs funded campaigns of Communist Party members, holdovers from the Soviet regime, in order to implement their personal agendas.¹¹¹ As long as political factions serve the narrow interests of only the super-rich, they can not present citizens with clear policy alternatives, undermining democratic processes.

Ukraine's efforts to democratize also faced the challenges of maintaining its sovereignty against its "Big Brother," the Russian Federation. Moscow persistently pushed for a more integrated economy among the CIS members through trade agreements. Political elites in Russia attempted to maintain hegemony over Ukraine. Leonid Kuchma, Ukraine's second president, initially pursued a foreign policy of neutrality; in 1994, he attempted to strengthen relations with both the US and Russia concurrently by denuclearizing the country with the help of Washington, while maintaining close trade relations with Moscow.¹¹² Nuclear disarmament and US interest in using Ukraine as a bulwark against Russia in the region convinced Kyiv to gradually

¹¹⁰ Taras Kuzio, "Impediments to the Emergence of Political Parties in Ukraine," *Politics*, 34, 4 (2014): 309–323.

¹¹¹ Interview with Respondent 12, November 9, 2016.

¹¹² D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 206.

prefer American influence from far away, over Moscow's domination from nearby.¹¹³ Reacting to Ukraine's success in charting a divergent path on security policy, Russian leaders lobbied extensively to form a free trade area.¹¹⁴ This strategy proved untenable: Ukraine consistently found itself having to choose between Western overtures on strategic issues or coordinating with Russia on economic issues, particularly energy. Although certain CIS accords relaxed trade restrictions on energy, agricultural, defense, and chemical products, Ukrainians sought greater distance between themselves and the much larger, overbearing Russian Federation.

Russia's failure to retain full control over Ukraine coincided with its own drift back towards authoritarianism. The initial enthusiasm that had accompanied the break-up of the USSR and the prospect of a democratic regime in 1991 soon faded. As Nicholai Petro and Alvin Rubenstein observed, the movement towards greater democracy after 1991 started to stall in 1993 with Yeltsin's storming of the Russian White House, then again in 1995 as foreign policy decision-making was centralized. In March 1995 his presidential decree shifted a considerable amount of power to the Minister of Foreign Affairs.¹¹⁵ Part of the explanation for Russia's return to authoritarianism owes to the chaotic situation in which many communities found themselves. In 1995 crime hit its highest levels since accurate record keeping.¹¹⁶ Average citizens

¹¹³ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 221.

¹¹⁴ Gorshenin Institute, "Ukraine Should Wait for Russia to Join the WTO-Experts," (March 26, 2012), http://gorshenin.eu/news/136_ukraine_should_wait_for_russia.html.

¹¹⁵ Petro and Rubenstein, *Russian Foreign Policy: From Empire to Nation-State*, 98.

¹¹⁶ White, *Russia's New Politics*, 160.

wanted order and politicians took advantage by intervening more in everyday life. Political events in Ukraine mirrored those in Russia as reform efforts stalled.

Violent and organized crime ballooned in the midst of transition, affecting average citizens and the power game among oligarchs. Although reliable statistics are scant, Ukraine's Deputy Chief of National Police, Viacheslav Abroskin, claimed in January 2018 that authorities recorded 4,529 murders in 1997, one of the most violent years on record.¹¹⁷ Corruption also spiked in the form of economic crimes: One study found that all forms of theft climbed from 35,723 recorded cases in 1990 to 65,724 in 1999.¹¹⁸ The crime throughout the country added to the instability from economic decline.

During the early 1990s, Western countries remained supportive of reforms, and protecting Ukraine's sovereignty but engaged little with Kyiv or Moscow concerning security or economic integration. After Ukrainian independence, the US approached the post-Soviet space with lukewarm resolve. In 1991, President George W.H. Bush delivered his now infamous "Chicken Kyiv Speech," (a reference to a popular Ukrainian dish) promoting Ukrainian independence but cautioning against extreme nationalism, which many saw as a weak American response to nationalist movements.¹¹⁹ In December 1991 Ukraine held a nation-wide referendum on the question of independence. A majority of voters supported independence in every re-

¹¹⁷ Viacheslav Abroskin, "Police deny current crime rate in Ukraine as in raging 1990s," UNIAN (January 12, 2018), <https://www.unian.info/society/2342212-police-deny-current-crime-rate-in-ukraine-as-in-raging-1990s.html>.

¹¹⁸ Alexander Kalman, "Organized Economic Crime and Corruption in Ukraine: The Problem of Countermeasures," *Trends in Organized Crime*, 6, 3/4 (2001): 68-69.

¹¹⁹ "After the Summit; Excerpts From Bush's Ukraine Speech: Working 'for the Good of Both of Us'," *The New York Times* (August 2, 1991), <http://www.nytimes.com/1991/08/02/world/after-summit-excerpts-bush-s-ukraine-speech-working-for-good-both-us.html?pagewanted=all>

gion, although the Eastern oblasts and Crimea had weaker support.¹²⁰ The US quickly recognized the results of the December referendum that confirmed independence.

Western Europe also supported independence and democratization of the former communist countries. However, countries like Germany and France did not devise a unified policy towards countries like Ukraine until the formation of the EU. Ukrainian policymakers quickly indicated a desire to join the EU. Although the EU did not consider Ukrainian admission at the time, the Rada issued a proclamation in 1993, declaring its intention to join the EU eventually.¹²¹ Ukrainian officials then explored policies to bring its economy into line with European standards.

One important agent who pursued a Western-friendly foreign policy was Viktor Yushchenko, who was at the time the Governor of the National Bank of Ukraine (NBU). One of my interviewees, a long-time aid to Yushchenko and later an MP, recalled how they had both worked on Ukrainian accession to the International Monetary Fund (IMF) and the World Trade Organization (WTO). The Central Bank established offices to devise policies that complied with Western finance norms in an attempt to reform Ukraine and leverage international influence.¹²² Reform-minded policymakers thought conforming to Western institutions would be a way to further their own progressive agenda.

¹²⁰ Chrystyna Lalpychak, "INDEPENDENCE: Over 90% vote yes in referendum; Kravchuk elected president of Ukraine," *The Ukrainian Weekly*, Kyiv Press Bureau, 59, 49 (December 8, 1991), <http://www.ukrweekly.com/old/archive/1991/499101.shtml>.

¹²¹ Ukrainian Ministry of Foreign Affairs, "Ukraine-EU Relations," <http://ukraine-eu.mfa.gov.ua/en/ukraine-eu/relations>.

¹²² Interview with Respondent 6, October 12, 2016.

The US and the EU started adopting diverging roles in dealing with Ukraine during this period. The US tended to exert more influence when addressing security issues, whereas the EU focused on economic policies. The US government worked to help former Soviet states secure their nuclear arsenals after 1991, for example, to mitigate the prospect of unprotected nuclear weapons on the black market. By 1994 US officials had successfully negotiated with Ukraine, the Russian Federation, the United Kingdom, Belarus and Kazakhstan to have Ukraine relinquish its nuclear weapons, codified in the Budapest Memorandum.¹²³ Though hailed as a diplomatic victory in reducing the number of countries possessing nuclear weapons, the agreement proved difficult to enforce as the signatories of the Budapest Memorandum gradually broke their promises.

One core element of the accord included assurances from Moscow that it would recognize and respect the territorial boundaries of Ukraine. Russia reneged on this promise in 2014 with the invasion of Crimea. Russian officials, and even some Westerners, note that the Budapest Memo was not binding. At one conference I attended in Kyiv, the British Ambassador to Ukraine, Judith Gough, stressed that the Budapest Memo had not been a legally binding document; Russia refused to attend subsequent meetings concerning its implementation.¹²⁴ The lack of engagement on the part of both the US and Russia led to the breakdown of security assurances for Ukraine.

¹²³ Greg Myre, "What If Ukraine Still Had Nuclear Weapons?" *National Public Radio* (March 10, 2014), <http://www.npr.org/sections/parallels/2014/03/10/288572756/what-if-ukraine-still-had-nuclear-weapons>.

¹²⁴ Judith Gough, Public Debate at Premier Palace, Kyiv, "What is After the Budapest Memorandum?" December 5, 2016.

The EU, alternatively, worked to affiliate former Soviet states into its economic union. Ukrainian and EU officials agreed to a Partnership and Cooperation Agreement (PCA) in 1994, outlining a special relationship to promote political and economic reforms. A key feature of the PCA included provisions for easing trade and investment terms between the two entities.¹²⁵ This division of labor between the EU and US persisted, as described in more detail in chapters three and five, respectively.

Attempting to balance relations with the Russian Federation and Western governments, Ukrainian policymakers addressed issues concerning domestic state institutions, namely the division of powers between the President, Cabinet of Ministers and the Rada. In 1996 the Rada ratified a new constitution, better defining the main organs of the state and clarifying many jurisdictional issues. The first president of Ukraine, Leonid Kravchuk, managed a dual executive structure, whereby he and the prime minister oversaw the various ministries, which were not well-defined.¹²⁶ Kravchuk's successor, Leonid Kuchma, who was elected in 1994, consolidated power specifically asserting more direct control over the ministries. Chief among them was the nature of power sharing between the Rada and the President, often obscured by contradictory legal principles. Policymakers ratified a "semi-strong presidential" system whereby a popularly elected president directed the ministers. Kuchma's efforts were codified in the 1996 constitution, which made the cabinet accountable to both the President and

¹²⁵ "Partnership and Cooperation Agreements (PCAs): Russia, Eastern Europe, the Southern Caucasus and Central Asia," EUR-Lex, <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=URISERV%3Ar17002>.

¹²⁶ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 113.

the Rada.¹²⁷ To ensure greater loyalty, he also secured the authority to appoint all cabinet heads and deputy ministers.¹²⁸

Before President Kuchma, the executive had little power to direct economic policy, a vital area that was still transforming from a centrally planned system to a privatized one. Kuchma took advantage of his new authority over ministries related to economic activity and began issuing policies directly to cabinet officials.¹²⁹ The oligarchs welcomed consolidation of power within the presidency. For them a stronger president could stem the chaos of a fragmented Rada and allow them to concentrate their lobbying efforts on one office as opposed to hundreds of Peoples' Deputies.¹³⁰

Kuchma also strengthened the presidency by bypassing the legislative process entirely and enacting decrees, a practice first implemented by precedent under Kravchuk and formalized as a constitutional power of the president in 1996. Leonid Kravchuk issued roughly 600 presidential decrees in 1992, rising to greater than 1,500 by 1999 under Kuchma, with a decreasing proportion representing ceremonial acts.¹³¹ The constitutional reforms went beyond drawing clear lines between the branches by significantly strengthening the presidency. This enhanced power directly benefited

¹²⁷ Oleh Protsyk, "Constitutional Politics and Presidential Power in Kuchma's Ukraine," *Problems of Post-Communism*, 52, 5 (September/October 2005): 25.

¹²⁸ Serhiy Kudelia, "If Tomorrow Comes: Power Balance and Time Horizons in Ukraine's Constitutional Politics," *Demokratizatsiya*, 21, 2 (March 2013): 159.

¹²⁹ Kudelia, "If Tomorrow Comes: Power Balance and Time Horizons in Ukraine's Constitutional Politics," 159.

¹³⁰ Kudelia, "If Tomorrow Comes: Power Balance and Time Horizons in Ukraine's Constitutional Politics," 166.

¹³¹ Protsyk, "Constitutional Politics and Presidential Power in Kuchma's Ukraine," 28-29.

President Kuchma, a former *nomenklatura* insider.¹³² The growing frequency of decrees also pointed to the dysfunction of the Rada as a legislative body.

In the late 1990s Ukraine slowly moved away from Russia and towards the West concerning its national security policies. Since independence Kyiv and Moscow had disputed who should exercise control over the Black Sea Fleet and its surrounding port. In 1997, Ukrainian officials struck a deal with the Kremlin, dividing the fleet and establishing a leasing agreement over Sevastopol port access. In the same year Ukrainian leaders started negotiations with NATO over closer strategic relations.¹³³ By clearly dividing assets with Russia and opening discussions with the Atlantic alliance, Ukraine strengthened its position against Moscow and signaled a desire to align its security interests with the West.

From 1991 to 2000 Ukraine struggled to strengthen a political system independent of Russia. Its first two leaders, Leonid Kravchuk, then Leonid Kuchma, operated semi-authoritarian regimes but pursued inconsistent foreign policies, siding with either the Russian Federation or the West whenever the situation proved advantageous.¹³⁴ Generally, Ukrainian leaders followed Moscow's lead due to the economic benefits inherent in their relationship, particularly the trade in energy, which Ukraine depended. Eventually Ukrainian leaders found that they could no longer pursue a "dual foreign policy track," leveraging Russian and Western support at opportune times.

¹³² Interview with Respondent 6, October 12, 2016.

¹³³ Roman Wolczuk, *Ukraine's Foreign and Security Policy 1991-2000* (New York: Routledge Curzon, 2003): 32-34.

¹³⁴ British Broadcasting Corporation, "Ukraine: Timeline," (May 8, 2012), <http://news.bbc.co.uk/2/hi/europe/1107869.stm>.

Despite constitutional reforms, Ukraine began sliding back into authoritarianism by the late 1990s. Because of weak institutions and a political culture less experienced with representative democracy, a small group of powerful elites, many connected to the former Soviet regime, reasserted dominance. A prime target for the Kuchma regime centered on controlling independent media. One journalist recollected that beginning in 2000, the government started monitoring media and curbed “alternative points of view.”¹³⁵ President Kuchma attempted to steer public attention away from corruption by controlling the narrative of political events. For example, Kuchma used intelligence services to spy on MPs in order to blackmail them, demanding their loyalty on crucial votes in the Rada.¹³⁶ Ukrainian citizens struggled with many of the same regressive policies as their counterparts in Russia under Vladimir Putin.

During the 1990s Ukrainians continued to develop their sense of identity. Without the pressure of Russification policies pushed from Moscow, a renewed interest in Ukrainian culture produced a wave of literature in the national language, amounting to roughly half of all consumed print media by 1997.¹³⁷ By 2001, 77% of Ukrainian citizens identified themselves as Ukrainian, while 17% identified as Russian.¹³⁸ Though not a major change from 1991, five percent more Ukrainians defined themselves in terms of national origin than had been the case ten years earlier.¹³⁹ The division between Ukrainian and Russian cultures, however, remained hazy. The

¹³⁵ Interview with Respondent 27, September 30, 2016.

¹³⁶ Way, “Authoritarian State Building and the Sources of Regime Competitiveness in the Fourth Wave: The Cases of Belarus, Moldova, Russia, and Ukraine,” 249.

¹³⁷ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 58.

¹³⁸ CIA WorldFactbook, “Ukraine,” 2015.

¹³⁹ Sakwa, *Gorbachev and His Reforms*, 249.

blurred lines between these two Slavic identities is rooted not only in their close historical connections but also in Ukraine's decision to embrace a multicultural society, compared to an exclusionary identity.¹⁴⁰ Being Ukrainian did not require completely rejecting elements of Russian identity, or visa versa. Roughly two thirds of Ukrainians fluently speak both languages, using both in conversation.¹⁴¹ Eventually Kyiv's approach to identity and culture would clash with Moscow's foreign policy of leveraging Russian identity abroad.

Ukraine's relations with Russia chilled considerably following the turmoil of the Orange Revolution. Beginning in 2000 Moscow started losing an avenue of influence over Kyiv as Leonid Kuchma faced growing criticism from the media and opposition leaders for his role in the murder of a journalist, Georgiy Gongadze. The Gongadze scandal convinced Kuchma not to seek reelection as president, leaving the 2004 election open to a wide range of contenders.¹⁴² With 24 candidates competing in the first round, two prominent politicians, Viktor Yanukovich and Viktor Yushchenko, led the popular vote, but neither secured a majority.¹⁴³ Many considered Yanukovich the more conservative, Russian-oriented politician, while Yushchenko was seen as more progressive and Western-oriented. The inability of either to attain a majority forced a run-off election the following month. By the time polls closed on November 21, 2004 Yanukovich had been declared the winner, but many Yushchenko support-

¹⁴⁰ Kuzio, *Ukraine: Democratization, Corruption and the New Russian Imperialism*, 49.

¹⁴¹ Mykola Riabchuk, "Ukraine's 'Muddling Through': National Identity and Post-Communist Transition," *Communist and Post-Communist Studies*, 45 (2012), 443.

¹⁴² Kudelia, "If Tomorrow Comes: Power Balance and Time Horizons in Ukraine's Constitutional Politics," 168.

¹⁴³ Steven Pifer, "European Mediators and Ukraine's Orange Revolution," *Problems Of Post-Communism* 54, 6 (2007): 28.

ers began questioning the validity of the election results.¹⁴⁴ Rioting ensued across the country, with the largest protests occurring in Kyiv. Eventually Viktor Yanukovych, supported by Russian officials, conceded and the Rada initiated a second election. Within eighteen days of the initial run-off, a new election took place: Yushchenko was declared the winner, with 52% of the vote.¹⁴⁵ As a pro-Western politician seeking to strengthen ties with the EU and NATO, Yushchenko, overtly shifted Ukraine's foreign policy away from Russia.

The Orange Revolution signaled a definitive break with the Kremlin, reasserting an independent Ukrainian foreign policy and refocusing reform measures on corruption. Larive and Kanet note that elites in Russia viewed the revolution in Ukraine as a sign of significant decline in its own influence.¹⁴⁶ While 1998 witnessed an abrupt shift in Russia's foreign policy strategy away from cooperating with the West, 2004 provided Ukraine an opportunity to shake off Russian domination.

"Break with the Soviet Past": 2004 - 2014

An interviewee, who had worked closely with Viktor Yushchenko, had asked the new president a typical question about what his administration's mission entailed: "What would you like to achieve?" President Yushchenko's response defined both his domestic and foreign affairs agenda: "Break with the Soviet Past."¹⁴⁷ This statement meant that domestically Ukraine needed to reform its institutions to root out the cor-

¹⁴⁴ Pifer, "European Mediators and Ukraine's Orange Revolution," 29.

¹⁴⁵ Pifer, "European Mediators and Ukraine's Orange Revolution," 34.

¹⁴⁶ Maxime Larive and Roger Kanet, "The Return to Europe and the Rise of EU-Russian Ideological Differences," *The Whitehead Journal of Diplomacy and International Relations* 14, 1 (Winter/Spring 2013): 128.

¹⁴⁷ Interview with Respondent 6, October 12, 2016.

rupt agents who had maintained power since the collapse of communism. Breaking with the past also meant carving out a new path internationally, away from Russia.

After Yushchenko assumed the presidency in 2005, the key players included Yulia Tymoshenko, of the party Fatherland (*Batkivschyna*), confirmed as Prime Minister, and Petro Poroshenko, appointed as Secretary of the Security and Defense Council. Although Orange Revolution activists were hopeful that these agents genuinely wanted reform, they all hailed from the ruling class and thus derived their power and wealth from the oligarkhiya. This alliance soon collapsed, due to infighting and corruption. In 2006 Yushchenko dismissed his government and appointed his former rival, Viktor Yanukovych, as Prime Minister.¹⁴⁸ By allying with Yanukovych and the Party of the Regions (*Partiya Regionov*), Yushchenko brought a pro-Russian politician into the government. This move made breaking with the Soviet past all the more difficult.

Plans for economic integration with the West continued, however. Starting in 2007, the EU and Ukrainian officials began discussions on tightening their relationship, eventually leading to a Deep and Comprehensive Free Trade Area (DCFTA) agreement.¹⁴⁹ Despite the media focus on the evolving security relationship between Ukraine and the West involving NATO, economic relationships proved the ultimate

¹⁴⁸ “Ukraine: Yanukovych Confirmed As Prime Minister,” Radio Free Europe/Radio Liberty (August 4, 2006), <http://www.rferl.org/a/1070340.html>.

¹⁴⁹ European Commission, “EU-Ukraine Deep and Comprehensive Free Trade Area,” (April 2013), https://trade.ec.europa.eu/doclib/docs/2013/april/tradoc_150981.pdf.

threat to the Kremlin. NATO members floated the idea of Ukrainian membership, but neither side made a serious attempt at strategic integration.¹⁵⁰

Yushchenko and his party, Our Ukraine (*Nasha Ukrayina*) were plagued by constant turmoil and infighting among the oligarchs hindering reform initiatives. One respondent claimed that President Putin pushed for a government divided between Yushchenko and her, pitting the two against each other through side deals. Although there is no clear evidence of this, he noted that around this time the Russian government had abruptly dismissed a legal case against Tymoshenko, after which Putin finalized an agreement with Tymoshenko concerning Russian energy imports.¹⁵¹ Leveraging Ukraine's dependence on Russian energy imports and informal connections outside the formal public policy channels, the Kremlin continued to exert tremendous influence on Kyiv.

Yushchenko's frustration with the ruling class continued; between 2007 and 2010 he tried multiple times to dissolve the Rada and force general elections. In 2007 he once again appointed Tymoshenko prime minister.¹⁵² By 2009 the ruling coalition was gridlocked once more; the government called for new elections in 2010. The three main contenders for the presidency were Yushchenko, Yanukovich and Tymoshenko.

¹⁵⁰ BBC News, "Bush to Back Ukraine's NATO Hopes," BBC (April 1, 2008), <http://news.bbc.co.uk/1/hi/world/europe/7322830.stm>; UNIAN Information Agency, "Ukraine Asks to Join NATO Membership Action Plan," UNIAN (January 16, 2008), <https://www.unian.info/world/89447-ukraine-asks-to-join-nato-membership-action-plan.html>.

¹⁵¹ Interview with Respondent 6, October 12, 2016.

¹⁵² Faith Karimi, "Yulia Tymoshenko walks out of prison, and back into Ukrainian politics," CNN (February 23, 2014), <http://www.cnn.com/2014/02/23/world/europe/ukraine-yulia-tymoshenko-profile/>.

Yushchenko and Yanukovych remained pro-Western and pro-Russian, respectively, but Tymoshenko was the wild card. She professed neutrality concerning foreign policy while colluding with the Party of the Regions to amend the constitution and limit presidential power. As a Yushchenko insider noted, Tymoshenko betted against Yushchenko and allied with Yanukovych in order to gain a supermajority in the Rada and to amend the Constitution, so that the president would be elected by Rada.¹⁵³ Tymoshenko and Yanukovych presumed that this would not only get them elected but also secure their reelections in the future. Both drew on Kremlin support; Tymoshenko cited Putin's popularity among Russians to bolster her image on the campaign trail.¹⁵⁴

Yanukovych became the "anti-Orange" movement candidate, blasting Yushchenko for the slow pace of reforms, allowing for too much Western influence. As one interviewee stated, Yanukovych used Russian speaking news media and the Moscow Patriarchate to appeal to eastern Ukrainians.¹⁵⁵ His two-pronged strategy, blaming the country's political and economic difficulties on Yushchenko, while appealing to a Russian nationalism, secured his victory. Ukrainian voters wanted an alternative, and Yanukovych represented something different.

Another major factor contributing to political turmoil was party instability. After Ukrainian independence, political parties offered vague platforms and rapidly shifting allegiances; they emerged and collapsed, or merged with other parties that rarely presented a clear set of choices to voters. From 2002 to 2012, the Rada includ-

¹⁵³ Interview with Respondent 6, October 12, 2016.

¹⁵⁴ Interview with Respondent 6, October 12, 2016.

¹⁵⁵ Interview with Respondent 14, September 16, 2016.

ed eleven different parties. Some changed names by dropping generic titles to embrace personalities; Batkivschyna became “Bloc of Yulia Tymoshenko,” for example. Others collapsed, like the once popular Our Ukraine, declining from 24% to 1% of the popular vote, along with many unaffiliated MPs.¹⁵⁶ Highlighting Yanukovich’s 2010 presidential victory, one respondent observed that the parties opposing him had no discernible platforms.¹⁵⁷ Oligarchs, ambitious politicians and Russian officials took advantage of weak, confusing party identifications to promote more personality-centered factions.

The Yanukovich regime reverted to former policies and strategies, pursuing a dual-track foreign policy and tightening trade relations with Russia. He returned to using more informal networks, relying on oligarchs for guidance and approval.¹⁵⁸ Some of these networks led to the Kremlin, given Russia’s economic stake in Ukraine. One political consultant contended that Russia had directly supported Yanukovich financially, funneling money and his political campaign in return for advantageous trade policies.¹⁵⁹ Russian officials also worked to influence Ukrainian oligarchs by offering favorable credit terms, backed by an economic boom fueled by high energy demand. The EU and US, on the other hand, made statements denouncing what they saw in Ukraine, proving a weak weapon against Putin’s strategy.¹⁶⁰

¹⁵⁶ Sarah Whitmore, “Political Party Development in Ukraine,” Government and Social Development Research Center: Australia (September 25, 2014): 6-7.

¹⁵⁷ Interview with Respondent 26, September 29, 2016.

¹⁵⁸ Interview with Respondent 28, October 5, 2016.

¹⁵⁹ Interview with Respondent 12, November 9, 2016.

¹⁶⁰ Interview with Respondent 14, September 16, 2016.

Yanukovych's foreign policy refocused efforts to move back towards Moscow. A respondent working on EU integration recalled how when Yanukovych assumed office, he and his party lacked foreign policy experience and did not build professional ties with EU members.¹⁶¹ The president and his cadre of civil servants in the ministries often sent mixed messages regarding relations towards the West and Russia. Officials in Kyiv continued to work on EU integration, implementing requirements in the Association Agreement (AA) while working on separate economic trade agreements with Russia. Yanukovich thought he could pursue a Kuchma-style, dual-track foreign policy.¹⁶² Ukrainian policymakers professed strong but ambiguous cultural ties to Russia during this period, while desiring the economic benefits of integrating more closely with the EU. In the words of one respondent, "Before [Maidan], it was difficult to understand our relations with Russia."¹⁶³ Policymakers' last attempt at a dual-track foreign policy met the reality that the policy alternatives were now mutually exclusive as the AA and DCFTA directly threatened the economic interests of Russia and Ukrainian oligarchs.

During Yanukovych's tenure as president, Western capitals noted Kyiv's movement back towards Russia but did little to stop the regression as they had little political will to intervene. A media expert remarked that before the EuroMaidan protests, the West had "little to no interest in Ukraine."¹⁶⁴ When asked to compare the Orange Revolution and the EuroMaidan protests ten years later, he noted that Western

¹⁶¹ Interview with Respondent 8, October 25, 2016.

¹⁶² Interview with Respondent 8, October 25, 2016.

¹⁶³ Interview with Respondent 11, December 2, 2016.

¹⁶⁴ Interview with Respondent 27, September 30, 2016.

states had not been “as committed” to the Orange Revolution, since the former had only been an election.¹⁶⁵ By contrast, the latter led to more fundamental changes in Ukraine’s institutional framework. Ironically, the EuroMaidan protests resembled more of a revolution than the former. The second revolt caught the attention of the EU and US, and resulted in a more sustained effort to influence policies in Kyiv.

The EuroMaidan protests followed an anti-climatic path. In hindsight, observers saw Ukraine’s move towards greater cooperation with the EU as a clear threat to Russia’s influence, but at the time many policymakers did not recognize Moscow’s potential reaction. Kremlin officials working on economic policy initially expressed no concern over the AA but their position shifted dramatically in 2013 once Ukrainian and EU officials expected Yanukovich to sign the agreement at the Vilnius Summit. One of my interviewees suspected that Russian officials had not thought much about the agreement’s potential implications as they did not seriously consider that Ukraine would meet the requirements of the two agreements.¹⁶⁶ When President Yanukovich appeared ready to sign the AA, Kremlin officials panicked.

Russia took swift action against Ukraine in order to convince policymakers in Kyiv that aligning more closely with the EU in an economic pact would incur major costs. Kremlin officials threatened to impose thirteen trade restrictions, while promising more favorable energy prices and loan forgiveness.¹⁶⁷ Although Putin’s exact demands were not made public, sanctions on certain imports from Ukraine leading up to Vilnius shed light on what Yanukovich confronted. Starting in August, 2013 Russia

¹⁶⁵ Interview with Respondent 27, September 30, 2016.

¹⁶⁶ Interview with Respondent 4, September 28, 2016.

¹⁶⁷ Interview with Respondent 4, September 28, 2016.

began barring imports of steel and agricultural products, which directly affected Ukrainian oligarchs.¹⁶⁸ Moscow employed a confusing foreign policy strategy consisting of both “carrots and sticks.” According to an EU official working in Kyiv, Russia’s abrupt policy shift and aggressive behavior towards economic sectors sensitive to oligarchs, caught EU representatives completely off-guard.¹⁶⁹ Brussels quickly scrambled to provide compensatory economic measures to counter Russia. Once again playing Western countries against Russia to extract economic advantages, the Yanukovich regime asked for more financial aid from the EU. Ukrainian officials exaggerated the projected economic losses of Russian sanctions to gain the most favorable terms.¹⁷⁰ Meanwhile, tensions rose in Kyiv as average Ukrainians awaited the Vilnius Summit.

President Yanukovich decided at the eleventh hour not to sign the AA at the Vilnius Summit on November 27, 2013. When Chancellor Angela Merkel scolded Yanukovich for unexpectedly abandoning the deal, he claimed that Putin’s pressures on Ukraine had been too great to resist.¹⁷¹ Ukraine’s retreat surprised the EU delegation in Kyiv. As one EU official recounted, relations with Yanukovich chilled dramatically after he refused to sign the AA, then worsened when violence erupted on the Maidan.¹⁷²

¹⁶⁸ “How the EU Lost Ukraine,” *Der Spiegel*, November 25, 2013. <http://www.spiegel.de/international/europe/how-the-eu-lost-to-russia-in-negotiations-over-ukraine-trade-deal-a-935476-2.html>.

¹⁶⁹ Interview with Respondent 4, September 28, 2016.

¹⁷⁰ Interview with Respondent 4, September 28, 2016.

¹⁷¹ Ian Traynor and Oksana Grytsenko, “Ukraine Aligns with Moscow as EU Summit Fails,” *The Guardian* (November 28, 2013), <https://www.theguardian.com/world/2013/nov/29/ukraine-yanukovich-moscow-eu-summit>.

¹⁷² Interview with Respondent 4, September 28, 2016.

Yanukovych began ordering law enforcement and Berkut mercenaries to disperse the protestors on November 31, which further enflamed tensions and caused demonstrators to call for his resignation.¹⁷³ Before this point activist leaders had demanded only that the Prime Minister, Mykola Azarov, and his government resign. Neither side relented and on January 16, 2014 the Verkhovna Rada passed a measure restricting freedom of assembly, further inciting protestors.¹⁷⁴ An activist working on human rights issues, recalled that during EuroMaidan, the government used the prohibition on assembly to arrest people. Potentially a target for its liberal agenda, her organization used a flag in the window of her office building everyday to signal to workers whether the building was safe to enter.¹⁷⁵

Relations between Brussels and Moscow deteriorated further as the Yanukovych administration battled Ukrainian protestors in the streets. Officers in both camps began to distrust one another, unlike any previous cooling of relations. One EU press officer had maintained some direct contact with his counterpart at the Russian embassy before EuroMaidan, but their communications ended during the renewed protests; he suspects this was because the Kremlin had directed Russian representatives to cut their ties.¹⁷⁶ This blackout continued: my respondent no longer knows anyone personally at the Russian embassy.

¹⁷³ Yuriy Shveda and Joung Ho Park, "Ukraine's Revolution of Dignity: The Dynamics of EuroMaidan," *Journal of Eurasian Studies*, 7 (2017): 87.

¹⁷⁴ Shveda and Park, "Ukraine's Revolution of Dignity: The Dynamics of EuroMaidan," 88.

¹⁷⁵ Interview with Respondent 15, September 21, 2016.

¹⁷⁶ Interview with Respondent 28, October 5, 2016.

Media institutions also played a crucial role in raising awareness of events in Kyiv, to Western audiences. The Vilnius Summit triggered more interest among EU elites, but it was the eruption of EuroMaidan in 2013 and the use of force against protesters that sparked greater interest among the Western public.¹⁷⁷ From February 18 to 21, state forces killed at least 88 protestors, solidifying the dissidents' cause against the ruling government.¹⁷⁸ President Yanukovich's unwillingness to relent, even after security forces employed violence, increased protestors anger, forcing him to flee to Russia without an official resignation. Once again, a revolution presented Ukrainians with an opportunity to reorient their society. Kyiv's relations with the West and Russia changed dramatically, however. The following section describes the political landscape after EuroMaidan and the ways in which Ukrainian policymakers have reoriented their foreign relations.

Hope and Disillusionment Post-EuroMaidan: 2014 - Present

By February 2014 Ukrainians found themselves in a leaderless state, confronting a civil war pitting predominantly pro-Yanukovich, pro-Russian areas of Eastern Ukraine, opposed to the EuroMaidan movement against pro-Western activists. On February 28, 2014 Russian troops began capturing strategic points in Crimea from their base in Sevastopol in order to secure the peninsula. By March 2014 Russia had occupied and claimed the entire territory as part of its sovereign domain.¹⁷⁹ Facing great internal and external pressures, Ukrainian policymakers scrambled to reform a

¹⁷⁷ Interview with Respondent 27, September 30, 2016.

¹⁷⁸ Shveda and Park, "Ukraine's Revolution of Dignity: The Dynamics of EuroMaidan," 88.

¹⁷⁹ John Simpson, "Russia's Crimea Plan Detailed, Secret and Successful," British Broadcasting Corporation, (March 19, 2014), <http://www.bbc.com/news/world-europe-26644082>.

functioning government with popular support, while trying to devise policies to wage war.

Russian Invasion of Crimea



Source: "Ukraine Crisis in Maps," *BBC News* (February 18, 2015), <http://www.bbc.com/news/world-europe-27308526>.

This section addresses the ways in which culture, institutions, and agents have affected policies. With regard to culture, I discuss the role of language, religion, European versus Eurasian identity, and generational effects. Institutions center on state organs, political parties, the media, civil society associations, and educational bodies. When discussing agency, I highlight key players inside and outside government,

namely, current politicians and oligarchs. I conclude with an outline of policy issues relevant to modern Ukrainian politics.

Here I illustrate the ways in which Russia and Western states have sought to influence the policy process. Foreign actors exert influence in two general ways: directly, typically through *hard* means, and indirectly, through *soft* means. Hard power includes the use of force, (i.e. Russia's invasion of Crimea), as well as major economic levers, like trade sanctions. Soft power, on the other hand, seeks to influence actors through cultural factors and values. Russian officials refer to their shared Slavic history and language to persuade Ukrainians, while the West promotes liberal democratic and economic values.

Political Culture

The cultural aspects of Ukrainian life that influence's politics and the connection to Russia extend back to the founding of Kyivan Rus, which exceeds the scope of my treatment here. Among the most relevant cultural factors shaping politics today in Ukraine is the role of language (Russian and Ukrainian) as vehicles for spreading ideas. I discuss religion, to a lesser extent, as another avenue for exerting power. Language and religion fall into a broader identity debate for modern Ukrainians over whether to identify themselves as more *European* or *Eurasian*. Finally I discuss demographics and the ways in which generational divides are fueling a new political culture.

Contemporary Ukraine is culturally divided along an East-West axis. Eastern Ukraine, including Donbas, is in open revolt against the current government, because it identifies with Russian culture. Russia has exerted influence over this area of

Ukraine since at least the 17th century, intensifying at times, as occurred during “rus-sification” under the Brezhnev doctrine. The Western region identifies more closely with Ukraine, fostered by a degree of autonomy it experienced under the Austro-Hun-garian Empire.

Language use roughly mirrors this geographic divide, but language does not directly translate into identity. Modern Ukraine has become a multicultural, multilin-gual country. Some citizens speak exclusively Russian in Donbas but do not support the separatist movement. As my communications expert observed, language is “not a big problem,” but political opportunists have nonetheless politicized language. Ukrainians easily speak Russian but identify as Ukrainian and do not see “Putin as their protector.”¹⁸⁰ By September 2014, one poll found that 75% of Ukrainians held an unfavorable view of Putin.¹⁸¹ Some citizens in Donbas, however, contended that the Ukrainian government has at times suppressed the Russian language. In particular, Eastern Ukrainians are concerned with the diminishing status of Russian in official correspondence and ensuring that Russian is taught in public schools.

Language use in Ukraine is a poor predictor of identity. Despite the fact that 78% of citizens describe themselves as Ukrainian, roughly half of residents regularly use Russian.¹⁸² Using Russian daily is not seen as incompatible with Ukrainian iden-tity.¹⁸³ The Ukrainian language is enjoying a revival of sorts. One study from Sep-

¹⁸⁰ Interview with Respondent 27, September 30, 2016.

¹⁸¹ Taras Kuzio, “Competing Nationalisms, EuroMaidan, and the Russian-Ukrainian Conflict.” *Studies in Ethnicity and Nationalism*, 15, 1 (2015): 165.

¹⁸² Volodymyr Kulyk, “The Age Factor in Language Practices and Attitudes: Continuity and Change in Ukraine’s Bilingualism,” *Nationalities Papers*, 43, 2 (2015): 286-287.

¹⁸³ Volodymyr Kulyk, “National Identity in Ukraine: Impact of EuroMaidan and the War,” *Europe-Asia Studies*, 68, 4 (2016): 600.

tember 2014 found that 35% of focus group respondents improved their view of the Ukrainian language while 4% in the same groups improved their views on Russian.¹⁸⁴ A common theme among my respondents was that language is still an important feature of Ukrainian culture. When asked how culture might have changed since Euro-Maidan, interviewees stated that in many respects the Ukrainian “language [has become] the most important aspect of culture.”¹⁸⁵ The use of Russian is not the main issue but it does play a crucial role as an *avenue* for Kremlin efforts to exert its influence.

Religion plays a marginalized role in Ukrainian politics, but it nonetheless presents another channel for Russian influence. After 1991 the Russian government dropped atheism as the state ideology; since then Kremlin officials have endorsed the privileged role of the Russian Orthodox Church.¹⁸⁶ Many adherents live in parts of Eastern Ukraine; the Ukrainian Orthodox Church shares a long history with the Moscow Patriarchate, which fears that the current conflict could split adherents in eastern Ukraine from their congregation.¹⁸⁷

Though different patriarchates exist within Eastern Orthodoxy, the Russian, Ukrainian and even to some extent the Ukrainian Catholic churches, are part of an indistinguishable family. Many Ukrainians do not see any difference between these groups for any practical purposes, but claim that Russian Orthodox priests are using

¹⁸⁴ Kulyk, “National Identity in Ukraine: Impact of EuroMaidan and the War,” 599.

¹⁸⁵ Interview with Respondent 1, September 15, 2016.

¹⁸⁶ Tom Heneghan, “Religious tensions deepen Ukraine splits - Russian Orthodox official,” Reuters (May 16, 2014), <http://www.reuters.com/article/2014/05/16/usukraine-crisis-church-idUSBREA4F0HE20140516>.

¹⁸⁷ Heneghan, “Religious tensions deepen Ukraine splits - Russian Orthodox official,” 2014.

their moral authority to impose a pro-Russian position.¹⁸⁸ Clergy often advocate for peace, essentially conceding the annexation of Crimea and the frozen conflict in Donbas.

Cultural tensions in Ukraine revolve around the competing notions of European versus Eurasian identity. President Putin claims that the Russian Federation has intervened to protect ethnic Russians.¹⁸⁹ Moscow's invasion of Crimea and support of separatism in Donbas created a Ukrainian "threat," despite the fact that Russian officials concurrently claim to want stronger bonds with their Slavic neighbors. As one respondent put it, the invasion of Crimea was a "litmus test" for Ukrainian identity; as another stated, their identity, "was awakened."¹⁹⁰ In one study self-described identification with Ukrainian increased from 2012 to 2014, especially in the central and western regions.¹⁹¹

Gradually, "Ukrainian-ess" became synonymous with European identity.¹⁹² Whether this feeling is tied to the two competing historical narratives along the West-East axis, or stronger EU relations is at present up for debate, but the feeling among those I interviewed is that the EuroMaidan Revolution and Russian aggression solidified Ukraine's ties to *Europe's* identity. In one survey, those who claimed that "Ukraine's future lies within the European Union," 91% held a positive attitude to-

¹⁸⁸ Interview with Respondent 1, September 15, 2016.

¹⁸⁹ Kathy Lally and Will Englund, "Putin Says He Reserves Right to Protect Russians in Ukraine," *The Washington Post* (Washington D.C., 4 March 2014), http://www.washingtonpost.com/world/putin-reserves-the-right-to-use-force-in-ukraine/2014/03/04/92d4ca70-a389-11e3-a5fa-55f0c77bf39c_story.html.

¹⁹⁰ Interview with Respondents 2, September 16, 2016 and 15, September 21, 2016.

¹⁹¹ Kulyk, "National Identity in Ukraine: Impact of EuroMaidan and the War," 595.

¹⁹² Interview with Respondent 2, September 16, 2016.

wards the EuroMaidan protests.¹⁹³ When asked as to what had changed since independence, a young Ukrainian stated that “a pro-Ukrainian and European identity is now formed.”¹⁹⁴ She personally always possessed such an identity but now considers such an attitude more mainstream.

Generational Effects

During my time in Kyiv, I observed a marked difference between the older generation, socialized during the Soviet Period, and younger citizens, socialized in, a more open Ukraine. The Soviet generation is patriotic but does not draw a clear distinction between Ukrainian and Russian identities, whereas the younger generation more strongly identifies with being Ukrainian. A poll conducted in 2014 among respondents aged 14 to 35 found that 91% identified as Ukrainian, compared to only 6% who described themselves as Russian.¹⁹⁵ This generation has translated independence as charting a new path, away from its former Soviet neighbor.

Many new Rada members from this generation see Ukraine as a European country. A common term used to describe these new leaders, “Euro-Optimists,” pits them against the older generation. A member of the Rada, a self-described *Euro-Optimist*, caucuses with young, reform-minded politicians with Western experience from many different political parties. This loosely defined group quickly coalesced after the EuroMaidan Revolution and generally conflicts with the older generation.¹⁹⁶ As a re-

¹⁹³ Kulyk, “National Identity in Ukraine: Impact of EuroMaidan and the War,” 603.

¹⁹⁴ Interview with Respondent 1, September 15, 2016.

¹⁹⁵ Inna Volosevych, Sergey Gerasymchuk, and Tetiana Kostiuchenko, “Youth of Ukraine - 2015,” United Nations - Ukraine, Kyiv (2015), https://www.gfk.com/fileadmin/user_upload/dyna_content/UA/Molod_Ukraine_2015_EN.pdf.

¹⁹⁶ Interview with Respondent 9, October 27, 2016.

sult, some Ukrainians perceive the new government as less neo-Soviet and thus more Ukrainian.¹⁹⁷

Institutions

The Ukrainian state relies on three main branches of government: 1) the legislature or the *Verkhovna Rada*, populated by Peoples' Deputies; 2) a strong executive including the president, and a prime minister, who leads the Cabinet of Ministers; and 3) the two highest courts: the Supreme and Constitutional Courts. The authority of state institutions remains relatively weak in comparison to the loosely defined *oligarkhiya*. There is an unwritten rule requiring the oligarchs to share power through official positions, maintaining a balance of power among competing factions.¹⁹⁸ For example, President Poroshenko, an oligarch who made his fortune in the confectionary industry, has consolidated power among a "presidential clan" that supports him.¹⁹⁹ These fragile alliances shift with moving political winds.

Both the West and Russia understand these dynamics well but approach the various clans of the *oligarkhiya* in dramatically different ways. Russian officials want to maintain these informal power arrangements to extract pro-Kremlin policy outcomes. The West wants to destroy such power structures because they undermine transparent policymaking. Realizing the slow pace of reforms, Western governments use various oligarchs, like supporting Petro Poroshenko, at different times to achieve short-term progress, while maintaining channels of communication with marginalized clans, like the "Family" of Viktor Yanukovich, who may retake power in the

¹⁹⁷ Interview with Respondent 15, September 21, 2016.

¹⁹⁸ Interview with Respondent 28, October 5, 2016.

¹⁹⁹ Interview with Respondent 28, October 5, 2016.

future.²⁰⁰ After President Yanukovich fled, Western influence over the new government produced tangible, institutional reforms as I discuss in the next chapter. For roughly 10 to 18 months afterwards, reformers and Western officials saw a window of opportunity for dismantling entrenched structures of corruption. However, the “hidden policy making structure” of the oligarkhiya is reemerging and, “institutions are not working.” The current policy process operates but it is “not ‘public’ policy.”²⁰¹

The judiciary faces two main challenges: the weakening of the Constitutional Court to resolve intergovernmental disputes and the Prosecutor General’s lack of enforcement. As Alexei Trochev concluded, the Court’s power has eroded since the Orange Revolution, primarily as a result of opposition parties supporting rulings.²⁰² Successive Prosecutor Generals, an appointed position of the President, purposely let cases against oligarchs and high-ranking officials die. Taras Kuzio attributes this behavior to the privatization of the office, whereby prosecutors extract bribes for sitting on potential cases.²⁰³ Chapter Two discusses corruption within the Prosecutor’s office in more detail.

Political Parties

Political parties in Ukraine have always possessed weak ideological platforms and remain highly unstable. As in other post-Soviet states, parties tend to revolve more around their leaders, using a personality driven approach rather than substantive

²⁰⁰ Interview with Respondent 28, October 5, 2016.

²⁰¹ Interview with Respondent 2, September 16, 2016.

²⁰² Trochev, “Meddling with Justice Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine,” 122.

²⁰³ Kuzio, “Crime, Politics and Business in 1990s Ukraine,” 201.

issues. In Ukraine candidates generally appeal to voters through use of language, the region they are from and their stance on foreign policy, specifically whether they are pro-Russian or pro-Western.²⁰⁴ The now defunct Party of the Regions, for example, galvanized a segment of the Ukrainian population around a populist message and Russian identity. The party supported Yanukovich throughout his political career, deeply rooted in friendly ties to Moscow; it subsidized lower class workers (particularly in Eastern Ukraine) and resisted democratic reforms.²⁰⁵ With the Russian invasion of Crimea and its continued support for rebels in Donbas, the Party of the Regions' position on relations with Russia proved untenable, and the party collapsed.

The current anti-reform faction includes many members from the defunct Party of the Regions. Reform opponents target poorer people who desire stability, employing populist rhetoric by advocating the “reasonable power” (*razumniya sila*) of government, claiming that little can be done to reform government, which is highly effective at attracting the disillusioned.²⁰⁶ Rather than criticize specific reform measures, leaders primarily aligned with the Opposition Bloc (*Opozitsiniy Blok*) regard reforms as too stressful and lament the passing of a more “stable” past. Some scholars see the Party of the Regions as a direct descendent of the Communist Party, not ideologically but as a vehicle for populist nostalgia of the past, while protecting the interests of oligarchs.²⁰⁷

²⁰⁴ Fedorenko, Rybiy and Andreas Umland, “The Ukrainian Party System Before and After the 2013-2014 EuroMaidan,” 612.

²⁰⁵ Fedorenko, Rybiy and Andreas Umland, “The Ukrainian Party System Before and After the 2013-2014 EuroMaidan,” 622.

²⁰⁶ Interview with Respondent 20, October 5, 2016.

²⁰⁷ Fedorenko, Rybiy and Andreas Umland, “The Ukrainian Party System Before and After the 2013-2014 EuroMaidan,” 625.

Though a clear pro-Russian bloc in the Rada no longer exists, opposition members remain silent on foreign policy issues related to the Kremlin, despite continued military occupation. When the issue of Russia arises in the Rada, deputies remain mute or make unclear statements.²⁰⁸ Some suspect that various oligarchs with Russian business interests, like Dmytro Firtash, financially support their political operations.²⁰⁹ Anti-reformers have adopted a strategy of “wait and see” until average Ukrainians lose enthusiasm for reform, presenting an opportunity to retake power. Similar to the Party of the Regions’ strategy of waiting after the Orange Revolution to take power, the opposition has focused on exploiting criticism of the current government, distracting public attention for its lack of progress.²¹⁰

The instability of political parties have made it challenging for voters to choose candidates who will reliably represent their interests. Only one party, *Batkivschyna*, returned to the Rada in 2014 from the 2012 election. The new parties included Popular Front (*Popularniy Front*), Poroshenko’s Bloc (*Blok Poroshenka*), Ukrainian Democratic Alliance for Reform (*Ukraininskiy Demokratichniy Alyans za Reformi*), the Opposition Bloc (*Oppositsniy Blok*), Self-Reliance (*Samopovich*), and the Radical Party (*Radikalniya Partiya*).²¹¹ Without consistent choices, voters lack trust in candidates’ party affiliation.

²⁰⁸ Interview with Respondent 14, September 16, 2016.

²⁰⁹ Interview with Respondent 14, September 16, 2016.

²¹⁰ Interview with Respondent 14, September 16, 2016.

²¹¹ Fedorenko, Rybiy and Andreas Umland, “The Ukrainian Party System Before and After the 2013-2014 EuroMaidan,” 618-619.

The composition of the Rada has changed many times since independence but after EuroMaidan attitudes towards foreign policy changed significantly. Many camps in the Rada agree on certain policies and disagree on others, but no factions publicly support a pro-Russian foreign policy.²¹² Whereas in previous periods deputies debated the benefits of aligning either with Western countries or Russia, now members are either pro-Western or silent on the issue. Most groups are publicly pro-EU, but many of my respondents fear that Moscow still secretly influences some MPs (“Trojan Horses”).²¹³ Walking around the streets of Kyiv, one sight that struck me was the presence of the EU flag alongside the Ukrainian flag in front of each government building, despite Ukraine’s non-member status.

Civil Society

EuroMaidan also reinvigorated civil society in Ukraine. The flight of many older politicians and renewed fear of popular discord led the government to concede to many NGO demands. These demands included transparency, anti-corruption initiatives, addressing inequality, foreign energy reliance, and environmentalism, which will be discussed in the subsequent chapters. Western governments rushed to provide support to civil society organizations (CSOs) and pressured the new government to consider CSO demands. Many of my interview partners joined the growing civil society movement at this time. For example, one had been a commercial lawyer during the Yankovych period but joined the EuroMaidan protests, then switched to human rights law in order to work on civil liberty cases.²¹⁴ Another participated in the

²¹² Interview with Respondent 27, September 30, 2016.

²¹³ Interview with Respondent 1 and 14, September 15, 2016.

²¹⁴ Interview with Respondent 20, October 5, 2016.

protests and helped to maintain a database of lawyers willing to provide legal advice and defense for activists.²¹⁵

Among the hundreds of NGOs currently operating in Ukraine, the most powerful group is the umbrella organization, Reanimation Package of Reforms (*Rianimatsiya Pakyyet Reformiy* - RPR), which united 66 CSOs and set legislative goals for the Rada.²¹⁶ Unlike the deterioration of civil society after the Orange Revolution in 2004, the RPR coordinated efforts and laid out a coherent mission that leveraged Western influence to produce institutional reforms. The primary donors consist of four main sources: the US Agency for International Development (USAID), the EU, the United Nations Development Programs (UNDP) and the Open Society Foundation.²¹⁷ In contrast to the West's brief, weak intervention in 2004, the EU and US sent a clear message to both Ukrainian and the Russian governments after EuroMaidan that civil society must be protected and developed.

Among the respondents who worked for NGOs, none could recall any major domestic donors, nor any money coming from Russia. This is a double-edged sword; Russia's position has been weakened, as it possesses little leverage over Ukrainian NGOs; but these same NGOs are also at the mercy of Western funding. When asked if they worked with any Russian officials or private organizations, none could recall

²¹⁵ Interview with Respondent 15, September 21, 2016.

²¹⁶ The Organization for Economic Cooperation and Development, "Fighting Corruption in Eastern Europe and Central Asia: Anti-corruption reforms in Ukraine," Report (2017), http://www.oecd.org/corruption/acn/ACN-Ukraine-Round-4-Monitoring-Report-ENG.pdf?TSPD_101_R0=1350d9b8b76549541329036874a0b677w9300000000000000ac3d1663fff-f00000000000000000000000000000005a8daee2000be0b866, 21; Interview with Respondent 1, September 15, 2016.

²¹⁷ Organization for Cooperation and Security in Europe, Special Monitoring Mission to Ukraine, "Thematic Report: Civil Society and the Crisis in Ukraine," (March 4, 2015), <http://www.osce.org/ukraine-smm/141046?download=true>.

even simple communications. The only exceptions involved cases where CSOs needed to coordinate the protection of internally displaced persons (IDPs) or to rescue Ukrainian prisoners from occupied territory. One interviewee's organization was working with a Russian ombudsman to retrieve Nadiya Savchenko, a Ukrainian held captive by the Russian government.²¹⁸ Civil society associations in Ukraine are analyzed more extensively in Chapter Two, regarding their role in democratic reforms and combating corruption.

Agency

Although many pre-Maidan officials remain in power, the political landscape changed significantly after EuroMaidan. While some agents did not return to politics, many new leaders rose to prominence. The three key players in formal positions of authority who took power after EuroMaidan were President Petro Poroshenko, Prime Minister Arseniy Yatsenyuk (replaced in 2016 by Volodymyr Groysman) and the Minister of Internal Affairs, Arsen Avakov. These three players not only hold the most powerful state offices but they also share power as leaders of their own clans, using their informal networks along with their offices to maintain a balance of power.²¹⁹ All of these agents have sworn to taking a pro-Western position, at least publicly.

The current legislature also differs markedly from past convocations: Over 50% of the 423 deputies elected to the Rada in 2014, were under 45 years old.²²⁰ The new, younger generation of politicians, less familiar with Soviet political culture, see

²¹⁸ Interview with Respondent 9, October 27, 2016.

²¹⁹ Interview with Respondent 28, October 5, 2016.

²²⁰ Verkhovna Rada of Ukraine, "Peoples' Deputies of Ukraine," (May 12, 2017), http://w1.c1.rada.gov.ua/pls/site2/p_deputat_list.

their future lying with European community who promote the distinctiveness of Ukrainian culture. Key reform leaders include Sergeiy Leshchenko, Anna Gopko, and Mustafa Nayyem. However, a few of my respondents suspect that Russia is supporting some members of the Opposition Bloc through personal contacts and funneling money.²²¹

My interview partners included members of a new generation of civil servants, who were socialized in an independent Ukraine under more progressive institutions. Civil society groups have cut ties with Russians, using domestic and Western resources for support.²²² I provide the professional background on each interviewee in subsequent chapters.

The oligarkhiya, however, still maintains a tight grip on key politicians and institutions. Besides those who continue to hold office, another small group works outside government, constantly pushing its agendas and competing among itself for power and money. Observers do not fully know the inner workings of the oligarkhiya, and its history is complex, but for the purposes of this study I focus on the main business players. Since 2014 the most influential oligarchs not holding political office include Ihor Kolomoyskyi, Dmytro Firtash (currently in exile in Austria) and Rinat Akhmetov.²²³ Their allegiances to other oligarchs and politicians are unstable and

²²¹ Interview with Respondent 1, September 15, 2016.

²²² Interview with Respondent 9, October 27, 2016.

²²³ Wojciech Konończuk, "Keystone of the System: Old and New Oligarchs in Ukraine," *Center for Eastern Studies* (16), https://www.osw.waw.pl/sites/default/files/pw_59_ang_keystone_system_net_0.pdf.

changes with the political winds. As one respondent noted, there is an “unmanageability of elites and it’s growing.”²²⁴

Policies

Post-EuroMaidan developments forced policymakers to address a diverse slate of policy issues. This study highlights the issues subject to foreign-actor influence that were important to my respondents. In Chapter Two I discuss reform policies in Ukraine and the vastly different roles that Western states and Russia play. Most reform policies revolve around democratization and combating corruption. Chapter Three addresses economic policy, to include privatization, foreign trade, finance, science and education. Chapter Four analyzes the paramount role of energy in Ukrainian politics. The legacy of Soviet energy interdependence, coupled with two further decades of heavy reliance on Russian fossil fuel imports, produced a readily available weapon for Moscow to exploit. War has led Ukrainian elites to reshape the energy-industry landscape, as they deal with massive corruption, push for energy independence and promote environmentally sound policies.

Chapter Five examines the most pressing issue facing Ukrainians: security and defense. The highest priority for political elites in Ukraine is their defense against Russian invasion and the frozen conflict in Donbas. Western and Russian leaders use various instruments to influence the conflict, which Ukraine sees as a new proxy war between the two sides. I also analyze how Kremlin officials exploit information technologies, opening up an unconventional war front, with which Ukrainian policymak-

²²⁴ Interview with Respondent 28, October 5, 2016.

ers are scrambling to deal. The cyber and information wars occurring in Ukraine offer a preview of future conflicts for other nation-states.

Chapter Two -

Transforming the Soviet System: The Fight for Reform in Ukraine

As Ukraine struggled to separate its political system from that of the Kremlin, many activists inside and outside government realized the importance of achieving broader domestic reforms. Transitioning from a Soviet state to an independent, liberal democracy required undertaking major institutional reforms and rooting out corrupt agents, clinging to power based on their previous positions in the USSR. Reform was not limited to a specific policy arena, but has affected all policy spheres. Democratization and anti-corruption efforts throughout the country constitute domestic issues, yet foreign governments have played an outsized role in shaping the course of these reforms.

Balazs Jarabik and Mikhail Minakov see the fight against corruption as intertwined with the strength of the central government. Despite the growth of civil society and reform of institutions after EuroMaidan, corruption still “erodes state legitimacy” in Ukraine.²²⁵ For policymakers to effectively govern, citizens must attain some level of trust in the system.

A root of Ukraine’s corruption culture lies in political elites’ inability to bolster their power against the corrupt *oligarkhiya*. Serhiy Kudelia contends that Ukrainian politicians cannot provide enough patronage to citizens, nor a coherent ideology to maintain power, allowing oligarchs leverage to exploit the policy process.²²⁶ Unlike

²²⁵ Balazs Jarabik and Mikhail Minakov, “Ukraine’s Hybrid State,” Report, Carnegie Endowment for International Peace (April 22, 2016).

²²⁶ Kuzio, “The Ukrainian Immobile State Two Decades After the Disintegration of the USSR,” 414.

Putin's ability to use the vast energy resources of Russia to derive his power, the state has been unable to effectively protect the public interest against oligarchs.

The *oligarkhiya* is the main obstacle to reform as they leverage their informal networks in influencing policymaking to its advantage. Heiko Pleines states that a core group of oligarchs emerged in the 1990s and has consistently exerted pressure since 2000.²²⁷ Despite changes in the officeholders and constantly shifting political parties, oligarchs have outlasted these formally elected agents to remain in power.

Another important element to reform is the revival of Ukrainian culture. Taras Kuzio sees the strengthening of Ukrainian nationalism as affecting democratization. He uses the case of the Orange Revolution in 2004, especially the activism in Western Ukraine against election fraud, as a case illustrating the positive correlation between a stronger sense of "civic nationalism" and democracy building.²²⁸ As citizens more clearly identify with a national, civic culture and utilize certain culture elements like language, they mobilize for protests against what they see as corrupt state actions.

One source of the corruption is the legacy of a high crime rate since the collapse of the USSR. Although precise crime statistics do not exist, Taras Kuzio posits that high criminal activity during the early 1990s, particularly in Donbas and Crimea, helped lead to the culture of corruption today and that these two areas produced the most powerful oligarchs as a result.²²⁹ By not addressing the crime wave of the 1990s, policymakers allowed informal networks to exercise effective control over sectors of

²²⁷ Heiko Pleines, "Oligarchs and Politics in Ukraine," *Demokratizatsiya*, 24, 1 (Winter 2016): 105.

²²⁸ Taras Kuzio, "Nationalism, Identity and Civil Society in Ukraine: Understanding the Orange Revolution," *Communist and Post-Communist Studies*, 43 (2010): 285.

²²⁹ Kuzio, "Crime, Politics and Business in 1990s Ukraine," 195.

the economy and geographic regions, a legacy that continued through the EuroMaidan period.

Another major element of corruption lies within the ranks of law enforcement. Bohdan Harasymiw posits that the legacy of the Soviet police force, and the inability to reform it, has led to persistent issues with corruption.²³⁰ Holdover law enforcement officials have resisted changes and a bribery culture continues to pose problems for effective policing.

The oligarkhiya is a direct target of foreign actors trying to influence events in Ukraine, as they are seen as key agents, generally blocking democratization. Western initiatives, building civil society and requiring reforms as conditions of financial assistance, directly threaten Ukraine's elites, members of what some scholars term the "neo-Soviet" class.²³¹ This class serves their own interests first, then the interests of Moscow, and by extension resisting Western influence.

Western countries push the current Ukrainian government to adopt human rights' reform, embodied in civil liberties and civil rights initiatives, in order to build state capacity. Russia focuses on security and economic issues, generally raising fears about adverse consequences of moving closer to the EU and US.²³² Moscow utilizes the oligarchs to further its interests, concurrently maintaining corrupt networks to spread discontent among Ukrainian citizens. This two-pronged strategy undermines reform efforts from both the top and bottom of the political structure.

²³⁰ Bohdan Harasymiw, "Policing, Democratization and Political Leadership in Postcommunist Ukraine," *Canadian Journal of Political Science*, 36, 2 (June 2003): 320.

²³¹ Kuzio, "The Ukrainian Immobile State Two Decades After the Disintegration of the USSR," 414.

²³² Kuzio, "The Ukrainian Immobile State Two Decades After the Disintegration of the USSR," 414.

The following chapter concentrates on the competing uses of hard and soft power in Ukraine's reform movement, focusing on democratization and the role of specific anti-corruption initiatives. Democratization concerns the liberalization of politics, loosening restrictions on society and developing responsive institutions. Anti-corruption efforts target illegal activities that undermine democratization efforts, propagated by an entrenched bribery culture. I contend that Moscow has used both hard power and soft power to undermine these reform efforts. The West has relied on financial aid to bolster civil society groups and a new generation, along with institutional capacity, to further reform initiatives. I address privatization, i.e., the liberalization of the economic sphere, in Chapters Three and Four.

First I outline the history of reforms in Ukraine from 1991 to 2014, then focus on reform initiatives from 2014 to 2016. I consider the ways in which the two competing foreign actors, the West and Russia, influenced reform policies. Finally I conclude with some thoughts about Ukraine's future and relations with the West and Russia.

Ukrainian Reforms from 1991 - 2014

When the Soviet Union collapsed in 1991, Ukrainians not only welcomed their independent state but also a chance to reform a stagnant political-economic order inherited from the USSR. The euphoria quickly dissipated as elites set about the actual tasks of restructuring the economy. Ukrainian citizens experienced a hyper-inflating currency, high unemployment, work without pay and the loss of a protected, internal Soviet market. Among the many political and economic problems of this period, three broad reform trends stand out: 1) Contrary to expectations Ukrainian reform policies

barely changed the institutions, agents or culture; 2) political elites in Kyiv directed those reforms from the top-down; and 3) the Russian Federation maintained greater foreign influence over the policy process than in any other country.

From the outset, Ukrainian leaders struggled to build strong democratic institutions and an independent, market-based economy. The main constitutional debate centered on the centralization of power and the independence of the judiciary. Ukrainians had inherited a highly centralized political system as a result of their Soviet subordination. Power emanated top-down from Kyiv, leaving little authority to states (*oblasti*) and districts (*raionyi*).²³³ The high degree of centralization, particularly regarding fiscal matters, precluded local governments from making decisions and allowed elites to maintain their privileged position in Kyiv. Another major constitutional question concerned presidential powers, which would not be settled until the ratification of a new constitution in 1996, establishing a semi-presidential system.²³⁴

Another legacy of the system included the well-connected Communist Party members who quickly appropriated key industries, allowing them to acquire quasi-monopolies. The main business sectors oligarchs targeted for take over were heavy industries, which relied on foreign export markets (metals, chemicals, and arms manufacturing) and financial institutions.²³⁵ In the process many oligarchs accumulated immense wealth, and economic power over policymakers in Kyiv. They often maintained power by fostering “war, corruption and a black market” (“*Voyna, koruptsiya, i*

²³³ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 102.

²³⁴ D'Anieri, Kravchuk and Kuzio, *Politics and Society in Ukraine*, 98.

²³⁵ Pleines, “Oligarchs and Politics in Ukraine,” 112.

kontrobanda”).²³⁶ By using their massive wealth and keeping their dealings hidden away from public scrutiny, they could hold reform hostage. The first constitution took five years to promulgate, finally superseding the obsolete Soviet version. Democratic institutions were created only after appeasing the five major political parties, which were heavily supported by the *oligarkhiya* at the time.²³⁷

Ukrainians also sought to redefine their identity, separating themselves from Russian culture. The government implemented policies to promote the Ukrainian language as the language of record for state activities and the main language of instruction in schools.²³⁸ Activists met stiff resistance from a complex legacy of entrenched and sometimes competing values. According to Alexander Bogomolov: “As a newly independent state, Ukraine has relied on three key myths...the ethno-national one – a state that embodies the historical aspirations of the Ukrainian people; the liberal-democratic one – a state that protects the liberty of all citizens, irrespective of nationality; and the European one – a state that is an inalienable part of European civilization.”²³⁹ In terms of “ethno-national” culture, Russia possessed a clear advantage, influencing Ukrainians through references to a shared Slavic history and culture. Moscow’s soft power generally targets people who already identify as Russians to strengthen their sense of identity. This is in contrast to the Western mode of soft power, which promotes inclusion of various groups.²⁴⁰

²³⁶ Interview with Respondent 29, 27 October 2016.

²³⁷ Nadia Diuk, “Sovereignty and Uncertainty in Ukraine,” *Journal of Democracy*, 12, 4 (2001).

²³⁸ Kulyk, “The Age Factor in Language Practices and Attitudes: Continuity and Change in Ukraine’s Bilingualism,” 284.

²³⁹ Bogomolov and Lytvynenko, “A Ghost in the Mirror: Russian Soft Power in Ukraine,” 3.

²⁴⁰ Bogomolov and Lytvynenko, “A Ghost in the Mirror: Russian Soft Power in Ukraine,” 16.

Western influence over democratization and anti-corruption measures remained superficial in the 1990s. Various aid programs to help the transition also set reform conditions. One example was the 1992 US Freedom Support Act (FSA), which promoted free market and democratic reforms in former Soviet countries, extending \$410 million in aid and a \$12 billion increase in IMF funding.²⁴¹ Such initiatives opened the door to influencing Ukrainian policymaking but did not ultimately change the corrupt political and economic environment.

Democratic and anticorruption reforms stalled during the 1990s as a result of the oligarchic resistance and supporting agents in Russia. The vast majority of agents occupying formal and informal positions, remained unscathed by anti-corruption probes. By law, high ranking state officials (MPs, Ministers, and the President) were immune from criminal prosecution while few oligarchs were convicted of crimes in Ukraine before 2010.²⁴² The main vehicle for ensuring a pliant prosecutor's office was to place surrogates of oligarchs in key prosecutor positions.²⁴³ Prosecutors and judges, many of them Soviet holdovers, refused to charge and convict oligarchs. One successful case, however, includes the conviction of the former Prime Minister Pavlo Lazaryenko. The US government detained and charged Lazaryenko with money laundering, wire fraud and extortion in 1999.²⁴⁴ The Ukrainian government had been

²⁴¹ George H.W. Bush, "Statement on Signing the FREEDOM Support Act," *The American Presidency Project* (24 October 1992), <http://www.presidency.ucsb.edu/ws/?pid=21658>

²⁴² Trochev, "Meddling with Justice Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine," 127; Pleines, "Oligarchs and Politics in Ukraine," 117.

²⁴³ Kuzio, "Crime, Politics and Business in 1990s Ukraine," 195-210.

²⁴⁴ Interview with Respondent 6, 12 October 2016.

unable to arrest and charge him, due to corruption throughout the judicial system. Such efforts, however, did not fundamentally end endemic corruption in Kyiv.

In 2004 Ukrainians saw an opportunity to further reforms with the election of President Viktor Yushchenko. After his election Freedom House rated Ukraine as “Free,” in contrast to “Partly Free” under Kuchma.²⁴⁵ A close aide of the newly elected President, noted that when he asked the new Ukrainian leader what he wanted to accomplish while in office, Yushchenko replied: “de-Sovietizing the government.”²⁴⁶ His response highlighted the desire to reform politics and maintain distance from the Kremlin.

Another defining feature of the Orange Revolution included the reawakening of civil society groups. New non-governmental organizations (NGOs) aggregated the interests of average Ukrainians, who had previously possessed few forums to compete with the oligarkhiya. Groups like the Committee of Voters of Ukraine challenged the results of the 2004 election, forcing a second round of voting.²⁴⁷ Another respondent started working for the Center for Civil Liberties around this time, hoping to educate Ukrainians on their voting rights and freedom of expression rights. She often conducted workshops in public forums to raise awareness concerning civil liberties without interference from government officials.²⁴⁸ Organizations like this in the past, be-

²⁴⁵ Pleines, “Oligarchs and Politics in Ukraine,” 111.

²⁴⁶ Interview with Respondent 6, 12 October 2016.

²⁴⁷ Adrian Karatnycky, “Ukraine’s Orange Revolution,” *Foreign Affairs* (March/April 2005), <http://www.global.wisc.edu/peace/readings/supplemental-johnson-orange.pdf>.

²⁴⁸ Interview with Respondent 20, 5 October 2016.

fore the Orange Revolution, would have received far more scrutiny from government officials.

Western countries welcomed the new Yushchenko regime with open arms. A current member of the Rada claimed that policymakers in Kyiv noticed that the US government had a renewed interest in Ukraine, providing tremendous support to President Yushchenko.²⁴⁹ Washington sought to push Kyiv's foreign policy away from the Kremlin. A principle initiative during this period was the Threshold Agreement, approved by the US government in December 2006, providing \$45 million to aid anti-corruption efforts.²⁵⁰ American officials targeted Ukrainian civil society groups as the main vehicle for producing reforms by funding those NGOs directly.

Ruling class members reasserted their influence and reverted to squabbling among themselves, vying for power. The main clans who ruled Ukraine were tied to four oligarchs: Yanukovich, Rinat Akhmentov, Dmitri Firtash, and Igor Kolomoyski.²⁵¹ Less powerful but still prominent oligarchs included Petro Poroshenko and Yulia Tymoshenko. Yushchenko brought these two into his government in an attempt to recruit powerful people who might also be amiable to reforms. In 2005 a tripartite ruling coalition emerged among President Yushchenko, Prime Minister Tymoshenko, and Secretary of the National Security and Defense Council, Petro Poroshenko.²⁵²

²⁴⁹ Interview with Respondent 12, 9 November 2016.

²⁵⁰ U.S. Government, "Ukraine Threshold Program," *Millennium Challenge Corporation*, <https://www.mcc.gov/where-we-work/program/ukraine-threshold-program>.

²⁵¹ Konończuk, "Keystone of the System: Old and New Oligarchs in Ukraine."

²⁵² Taras Kuzio, "Yushchenko versus Tymoshenko: Why Ukraine's National Democrats Are Divided," *Demokratizatsiya*, 21, 2 (Spring 2013): 224.

A former Yushchenko aide described how the US government had worked feverishly to maintain the fragile balance between the competing factions in Kyiv. Yushchenko became more frustrated over conflicts with the government of Prime Minister Yulia Tymoshenko concerning energy policy and anti-corruption initiatives. According to one interviewee, Tymoshenko's Fatherland party (*Batkivshchyna*) played a major role in blocking reforms and undermining Western influence for various reasons; chief among them privatizing the energy sector, a longtime ally of the "gas lobby."²⁵³ As their disagreements spilled over in public, their fragile alliance crumbled. When President Yushchenko called for Tymoshenko's resignation in 2005, the US Embassy called Yushchenko to apply pressure to not dissolve the government. Yushchenko informed the US Ambassador that an informal deal had been made between himself and Tymoshenko, staving off political chaos.²⁵⁴

Hoping to promote anti-corruption efforts by strengthening NGOs, the US government applied direct pressure to particularly corrupt officials. The aide claimed that the US government had possessed incriminating evidence against Yulia Tymoshenko, which it threatened to leak if she were not compliant.²⁵⁵ American foreign policy consisted of a two-pronged strategy: promoting reforms by bolstering civil society, and acting as an international law enforcement agency by targeting specific, corrupt agents.

²⁵³ Interview with Respondent 12, 9 November 2016; Whitmore, "Political Party Development in Ukraine," 4.

²⁵⁴ Interview with Respondent 6, 12 October 2016.

²⁵⁵ Interview with Respondent 6, 12 October 2016.

When discussing the collapse of post-Orange Revolution reforms, one official lamented how the high hopes of Ukrainians had dwindled once Yushchenko started issuing more presidential decrees and reviving “dualism in executive power,” emulating his predecessor, President Kuchma.²⁵⁶ As he called for more resignations and issued more decrees, Yushchenko’s popular support waned. At one point he appointed Viktor Yanukovich as Prime Minister only to force his resignation and reappoint Tymoshenko.²⁵⁷

Reform optimism faded as elites fought over control of the government. Surveys showed that civil society membership declined steadily by 2009.²⁵⁸ By 2010 popular support for Yushchenko had deteriorated, so his chances of securing reelection that year appeared bleak. Again he faced Viktor Yanukovich, leading the Party of the Regions (*Partiya Regionov*), a pro-Russian faction with strong support from eastern Ukraine. Yanukovich won the 2010 election, while Yushchenko publicly admonished Yulia Tymoshenko.²⁵⁹ His term in office led to rampant corruption. For example, some estimates claim that \$70-100 billion was embezzled from the state treasury from 2010 to 2014.²⁶⁰

²⁵⁶ Interview with Respondent 12, 9 November 2016.

²⁵⁷ Gregory Feifer, “Unloved But Unbowed, Ukraine's Viktor Yushchenko Leaves Office,” *Radio Free Europe/Radio Liberty* (February 24, 2010), https://www.rferl.org/a/Unloved_But_Unbowed_Ukraines_Viktor_Yushchenko_Leaves_Office/1967436.html; Whitmore, “Political Party Development in Ukraine,” 7.

²⁵⁸ Yuriy Bilan and Svitlana Bilan, “The Formation of Civil Society in Ukraine after the Orange Revolution,” *Economics & Sociology*, 4, 1 (2011), 83.

²⁵⁹ British Broadcasting Corporation, “Ukraine: Timeline.”

²⁶⁰ Kuzio, “Crime, Politics and Business in 1990s Ukraine,” 196.

Reform initiatives stalled again as the Kremlin reasserted influence over officials in Kyiv. Putin saw Yanukovich as a pliable agent in Kyiv, and helped the Party of the Regions to persuade Ukrainians that Yushchenko and his policies were a tool of Western meddling.²⁶¹ By the end of 2012, the Yanukovich regime had jailed key political opponents, including Yulia Tymoshenko and the Minister of Internal Affairs, Yuriy Lutsenko, both for abuse of office.²⁶² Almost immediately the US government began pressuring Yanukovich to release them, to encourage political competition. The US Senate Foreign Relations Committee even passed a resolution calling for the unconditional release of Tymoshenko.²⁶³

Foreign governments and private entities funneled money and providing technical expertise to such groups, in an attempt to further their own interests. The Russian government used some of these organizations, like *Ukrainskyi Vybir* (Ukrainian Choice), to cultivate more Russian-friendly attitudes among Ukrainian citizens.²⁶⁴ The Kremlin slowly reasserted influence after the 2004 revolution that competed with other reform CSOs.

While President Yanukovich struggled to maintain power, he also faced a narrowing foreign policy path. His “dual-track” strategy, pursuing friendlier relations with both the West and Russia (employed by former President Kuchma) cracked under the competing interests of the two foreign actors. He also continued to use the

²⁶¹ Kuzio, “Crime, Politics and Business in 1990s Ukraine,” 208; Whitmore, “Political Party Development in Ukraine,” 5.

²⁶² British Broadcasting Corporation, “Ukraine President Viktor Yanukovich pardons Yulia Tymoshenko allies,” (8 April 2013), <http://www.bbc.com/news/world-europe-22061269>.

²⁶³ Valeriy Chaly, “The U.S. Senate Resolution Makes Sanctions Against Yanukovich a Real Option,” Razumkov Center (25 September 2012), http://old.razumkov.org.ua/eng/expert.php?news_id=3671.

²⁶⁴ Bogomolov and Lytvynenko, “A Ghost in the Mirror: Russian Soft Power in Ukraine,” 7.

crime ring developed in eastern Ukraine to intimidate political opponents through 2013-2014.²⁶⁵ The November 29, 2013 deadline for reforms laid out in the EU's AA approached, and the timetable soon forced Yanukovich to decide on whether to choose a closer economic relationship with the EU or the Russian Federation. After he decided not to sign the AA at the Vilnius Summit, his support plummeted, leading him to flee the country. Ukrainian protesters set the stage for a new wave of reformers, committed to breaking the vicious progression-regression cycle.

A New Wave: Reforms from 2014 - 2016

After the EuroMaidan protests, average Ukrainians became far more involved in reforming the political landscape, adopting a grassroots approach to democratization and rooting out corruption. Two defining characteristics of the post-EuroMaidan movement included a "bottom-up" strategy and more sustained engagement from the West. Russia's invasion of Ukraine produced an unintended consequence: a common, foreign enemy galvanized Ukrainian society. Western governments made a concerted effort to penetrate Ukrainian society through sustained aid to civil society groups. After many failed attempts at reforming the political system up to 2014, disparate groups among the fractious elite class coalesced to address reform out of necessity.

Before 2014, almost no political officials had talked to media outlets; sometimes they completely ignored journalists. With oligarchs owning many of the major television channels, news outlets avoided hard questions directed at friendly politicians.²⁶⁶ According to one study, oligarchs controlled 83% of Ukraine's television

²⁶⁵ Kuzio, "Crime, Politics and Business in 1990s Ukraine," 196.

²⁶⁶ Jarabik and Minakov, "Ukraine's Hybrid State"; Pleines, "Oligarchs and Politics in Ukraine," 108.

market.²⁶⁷ As one interviewee observed about the ruling elite before the protests, “they thought they were safe.”²⁶⁸ Politicians had little incentive to democratize institutions and enforce civil liberties, to avoid confrontation with corrupt oligarchs.

After EuroMaidan the ruling elites could no longer ignore citizens’ frustration and the markings of a stronger civil society. A critical vehicle for maintaining corrupt practices, an entrenched bribery culture weakened, while rent-seeking became decentralized, forcing oligarchs to target lower levels of government (i.e. *raioni* and *oblasti*).²⁶⁹ The reform movement has focused on increasing transparency, building an independent judiciary, decentralizing power, promoting individual rights, and dismantling corrupt business networks, particularly in energy and heavy industry. The greatest manifestation of grassroots demands for reform is the Reanimation Package of Reforms (*Rianimatsiya Pakyet Ryeformi* - RPR). RPR, formed in March 2014, consists of almost 66 different NGO’s, focused on governmental reforms, based on a pragmatic legislative agenda.²⁷⁰ This umbrella organization became a leading force for change post-EuroMaidan.

Western powers took advantage of the new political landscape to further democratic and anti-corruption reforms. A diverse group of entities, consisting of the US government, the EU, individual EU members states, and various Western NGOs, viewed Ukrainian civil society as the main catalyst for achieving reform. The EU, for

²⁶⁷ Konończuk, “Keystone of the System: Old and New Oligarchs in Ukraine,” 88.

²⁶⁸ Interview with Respondent 29, 27 October 2016.

²⁶⁹ Balazs Jarabik. “Reform and Resistance: Ukraine’s Selective State.” *New Eastern Europe* (20 January 2016), <http://www.neweasterneurope.eu/articles-and-commentary/1867-reform-and-resistance-ukraine-s-selective-state>.

²⁷⁰ Interview with Respondent 26, 29 September 2016.

example, has desired a “restoration of governance” in Ukraine, aiming to build regional capacity, to combat the rebels (*povstanski*) in Donbas.²⁷¹ Rather than simply use force against the insurgency, the EU saw strong reforms as an incentive for average citizens to pull their support from separatists.

US officials also took a keen interest in Kyiv, devoting time and resources to keeping pressure on policymakers to adopt reforms. One interviewee with intimate knowledge of the current Ukrainian administration maintained that former Vice President Joe Biden was very influential in pushing President Poroshenko on anti-corruption measures, placing calls a few times a week.²⁷² Western countries have used Kyiv’s reliance on many aid programs to push for lasting reforms in the judiciary, law enforcement agencies, and the civil service.

The reform movement in Ukraine has met many obstacles, however. The greatest threat to progress is the ongoing conflict with Russia over Crimea and the separatists in Donbas. Balazs Jarabik writes:

As Russia reacted to the EuroMaidan Revolution with the drastic step of annexing Crimea and aiding the armed resistance in Donbas, Ukraine was stretched between reforms and war. Key political and judicial reforms were hijacked with the emergence of the Donbas war, which has become the unfortunate legacy of the protracted Maidan saga. Thus, the reforms have suffered from half-hearted measures...²⁷³

Western leaders recognize the importance of reform as the main guarantee of Ukrainian independence. As the former US Ambassador Geoffrey Pyatt told one of

²⁷¹ Sergei Solodkyi, Institute of World Policy Holds Discussion on “EU Interventions in Ukraine’s Conflict Settlement,” at Kyiv-Mohyla Academy, Kyiv (7 September 2016).

²⁷² Interview with Respondent 6, 12 October 2016.

²⁷³ Jarabik. “Reform and Resistance: Ukraine’s Selective State.”

my respondents when discussing a plan on how to combat foreign intervention: “It’s not Russian tanks but corruption,” which threatens their sovereignty.²⁷⁴

The following paragraphs detail my conversations with Ukrainian policymakers and advocates in Kyiv concerning the reform movement and the ways in which foreign actors have influenced those efforts. First, I discuss the grassroots nature of most recent reforms; next I focus on election policies, decentralization, rule-making, human rights and transparency initiatives. Each respondent illustrates the ways in which the policy process works in their respective arenas, and the extent to which foreign entities influence their work.

Grassroots Reform

One policy analyst working at a private think tank that produced progress reports on the criminal justice system and election reforms expressed moderate optimism; he claimed that the Ukrainian government was making serious progress but that the reforms are slow and sometimes cause negative, unintended consequences.²⁷⁵ A few initiatives he highlighted concerned law enforcement, more transparent elections and a decentralization of power, away from Kyiv. Since the 1990s many Ukrainians saw the police as helping the rise of “gangster capitalism,” by taking bribes and oligarchic patronage.²⁷⁶ A US government’s program to reform the police department in Kyiv, received positive feedback from the public, in his experience. Many felt that law enforcement had become more professional and less corrupt with

²⁷⁴ Interview with Respondent 6, 12 October 2016.

²⁷⁵ Interview with Respondent 26, 29 September 2016.

²⁷⁶ Harasymiw, “Policing, Democratization and Political Leadership in Postcommunist Ukraine,” 320.

the aid of American funding and technical expertise.²⁷⁷ A 2016 poll found that 60% of Kyiv residents approved of the job local police were doing.²⁷⁸

Another area in which corruption was rampant involved voter manipulation. Oligarchs and their subordinates often bought party members and paid voters. Though specific data is difficult ascertain, the oligarch's practice of buying candidates has existed since the 1990s and continued throughout the 2000s.²⁷⁹ Increased enforcement has now reduced the impact of such practices.²⁸⁰ This respondent's NGO pushed for better election monitoring, and had secured funding from Western governments for more election monitors by lobbying their diplomats. During the 2014 general election, foreign, independent election monitors reported that no candidates misused public funds for their campaigns.²⁸¹

Discussing the general ways in which civil society is now different after Euromaidan, he noted the direct role of NGO pressure on government. Many advocacy groups stress to policymakers the importance of public buy-in and not serving the narrow interest of oligarchs.²⁸² These groups have used the requirements of international agreements to their advantage. As civil society groups started to lose influence over the national government in 2015, activists directly alerted EU and US officials,

²⁷⁷ Interview with Respondent 26, 29 September 2016.

²⁷⁸ Center for Insights in Survey Research, "Ukrainian Municipal Survey," International Republican Institute, Washington DC (2016), http://www.iri.org/sites/default/files/wysiwyg/municipal_poll_2016_-_public_release.pdf.

²⁷⁹ Pleines, "Oligarchs and Politics in Ukraine," 120-122.

²⁸⁰ Interview with Respondent 26, 29 September 2016.

²⁸¹ Weekend Edition Sunday, "Oligarchs Still Hold Sway In Ukraine Elections," NPR (October 26, 2016), <http://www.npr.org/2014/10/26/359065273/oligarchs-still-hold-sway-in-ukraine-elections>.

²⁸² Interview with Respondent 26, 29 September 2016.

prompting Western governments to threaten policymakers. When President Poroshenko appointed a prosecutor general, Viktor Shokin, in 2015, Western governments applied pressure, and Shokin resigned within a few months of serving.²⁸³

A more contentious issue centers on decentralization. Reformers wanted to dismantle Ukraine's strict vertical power structure in order to distribute authority more equally among the oblasts and raions.²⁸⁴ Western countries have encouraged such measures, but the concepts of "decentralization" and "federalization" are often misunderstood, and sometimes used by critics to block progress. Opposition and pro-Russian groups sometimes manipulate the definition of decentralization to mean that certain "autonomous" regions such as Crimea should be independent.²⁸⁵

Citing remaining obstacles to reform, the analyst mentioned a growing feeling of public fatigue and lack of consensus. By 2014, the government and the RPR specified 62 areas for reform, but only 16 reform spheres have seen serious progress.²⁸⁶ Some of these initiatives include the creation of NABU, a transparent procurement system (Prozorro), and ensuring consumers pay the market price for gas.²⁸⁷ Draft laws are still fought over within parties, among old rivals from past regimes; the govern-

²⁸³ Interview with Respondent 26, 29 September 2016; Radio Free Europe/Radio Liberty, "Biden Commends Poroshenko For Anticorruption Efforts," (February 19, 2016), <https://www.rferl.org/a/us-vp-biden-commends-poroshenko-for-ukrainian-anticorruption-efforts/27561327.html>.

²⁸⁴ Jarabik and Minakov, "Ukraine's Hybrid State"; Harasymiw, "Policing, Democratization and Political Leadership in Postcommunist Ukraine," 327.

²⁸⁵ Interview with Respondent 26, 29 September 2016.

²⁸⁶ Interview with Respondent 26, 29 September 2016.

²⁸⁷ Reanimation Package of Reforms, "Achievements of the RPR Coalition Members," <http://rpr.org.ua/en/achievements/>.

ment has moreover failed to effectively articulate reforms to the public.²⁸⁸ By not properly understanding decentralization reforms, citizens do not pressure their deputies to pass such measures. These shortcomings feed a growing skepticism towards the political system, feeding populism.²⁸⁹ According to one poll, Ukrainian respondents gave the government an average of 1.99 on a scale of 1 through 10, making it the least trusted government on the European continent.²⁹⁰

This respondent concluded on a positive note, however. He felt that fellow Ukrainians were optimistic about overall security, institutional reform, and the promotion of Western values.²⁹¹ When asked about effective tools for combating a possible slide back towards corruption, he mentioned public demand through voting, the strength of civil society, and international pressure.²⁹² He reiterated a recurring theme in many of my conversations: the sentiment that Ukraine's independence depends ultimately on Ukrainians, but that Western pressure is welcome, as long as it bolsters democratic institutions. The specific instruments Western entities use the most effectively are NGO funding and providing technical advice.

Another interview with an NGO representative involved discussing changes in election law. She had started her career in the early 2000s by working with the Reforms and Order Party (*Partiya Reformy i Poryadok*), focusing mainly on market liberalization. The political party landscape in Ukraine is notoriously unstable; when her

²⁸⁸ Interview with Respondent 26, 29 September 2016.

²⁸⁹ Interview with Respondent 26, 29 September 2016.

²⁹⁰ Shveda and Park, "Ukraine's Revolution of Dignity: The Dynamics of EuroMaidan," 85.

²⁹¹ Interview with Respondent 26, 29 September 2016.

²⁹² Interview with Respondent 26, 29 September 2016.

party merged with Batkivshchyna, she left to work for an advocacy group. Now she pushes for legislative initiatives concerning party financing and stabilizing election rules. Election laws in Ukraine have frequently changed since 1991 and government officials have only once (in 2003) reviewed their own enforcement of election processes.²⁹³ Her group has advocated for election reform e.g., the strengthening of monitoring, while raising awareness about corruption in the Central Election Commission. The Commissioners have not been reelected, which should occur every three years as required by law, nor were there always external observers to oversee elections.²⁹⁴

Shifting to the influence of foreign entities on her work, she addressed both Russian and Western initiatives. Public organizations like the US Agency for International Development (USAID) fund many of her group's projects; she likewise receives technical advice from EU member states on how to better formulate party platforms and discourse on reforms.²⁹⁵ Western interest in such organizations remained low until 2014, before EuroMaidan when the government had ignored many NGOs. Beginning in 2014 through 2016, US aid totaled \$373 million, whereas between 2014 and 2017 the EU granted 1.1 billion euros in assistance, not to include loans.²⁹⁶

During the protests, the Yanukovich administration targeted the main organizers and characterized key leaders as “civic activists” and placing their names on a list

²⁹³ Fedorenko, Rybiy and Umland, “The Ukrainian Party System Before and After the 2013-2014 EuroMaidan,” 617.

²⁹⁴ Interview with Respondent 17, 27 September 2016.

²⁹⁵ Interview with Respondent 17, 27 September 2016.

²⁹⁶ USAID, “U.S. Foreign Aid by Country: Ukraine,” (December 12, 2017), https://explorer.usaid.gov/cd/UKR?implementing_agency_id=1 ; EU, “European Civil Protection and Humanitarian Aid Operations,” (February 27, 2018), https://ec.europa.eu/echo/where/europe/ukraine_en.

as enemies of both Ukraine and Russia. My respondent personally knew many workers from the protests who had been put on this list; they were subsequently denied the right to travel to Russia and Belarus.²⁹⁷ Russian officials still target Ukrainians active in civil society groups, seen as a threat to the Kremlin's influence.

Turning to obstacles to reform, she mentioned problems with the judiciary and decentralization. Reformers see the courts as the most difficult sphere to improve, in so far as many judges are holdovers of a corrupt system. Since independence presidents, MPs and oligarchs frequently bribed judges to sway their decisions.²⁹⁸ Judgeships are also often used as a way to reward political loyalists after each election. One initiative attempted to create a "head advisory board" to monitor the decisions of judges, but so far the board members have been fairly unresponsive to corruption charges.²⁹⁹ Russian officials and oligarchs subvert decentralization reform, albeit in different ways. President Putin has condemned decentralization through the Russian-speaking media, which is still consumed by many Ukrainians.³⁰⁰

We concluded our conversation with a discussion of the most important tools used by Western groups to influence NGOs in her policy sphere. She contended that Western funding remained the most vital instrument but criticized Western governments for not imposing enough requirements on the Ukrainian government, in order to receive financial assistance. She believes that Western attention to corruption has

²⁹⁷ Interview with Respondent 17, 27 September 2016.

²⁹⁸ Trochev, "Meddling with Justice Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine," 131-138.

²⁹⁹ Interview with Respondent 17, 27 September 2016.

³⁰⁰ Interview with Respondent 17, 27 September 2016.

forced the Ukrainian government to become accountable. Furthermore, she hopes to see more educational exchange programs between Ukrainians and the West, particularly within the EU; these help to advance a more liberal political culture through personal interactions.³⁰¹

Another interviewee worked for a civil society group which tracks the financial activities of politicians, in an effort to stem corruption. Sometimes her organization investigates and sends evidence directly to lawyers and media outlets that are looking into potential abuses of power.³⁰² Her NGO, in coordination with others, has developed a database for tracking the assets, both domestic and foreign, of elected officials and ensuring that their information matches their respective asset filings, formally known as an “eDeclaration.”³⁰³ An eDeclaration states the wealth of each deputy, with an itemization of assets, which they are required to file by law. The system applied to roughly 300,000 government officials and was required for Ukraine to receive \$1.6 billion in loans from the IMF and visa-free travel privileges to the EU.³⁰⁴ Her organization also tracks government procurement contracts to prevent fraud and embezzlement of public funds. Various politicians since independence have used infrastructure projects as a prime target for embezzling public funds.³⁰⁵ Her group worked with Western governments and IGOs on medicine procurement, which by

³⁰¹ Interview with Respondent 17, 27 September 2016.

³⁰² Interview with Respondent 21, 10 October 2016.

³⁰³ Interview with Respondent 21, 10 October 2016.

³⁰⁴ Rasmussen Global, “Electronic Asset Declaration System Goes Live in Ukraine – A New Stage In The Fight Against Corruption,” (February 28, 2018), <https://rasmussenglobal.com/media/electronic-asset-declaration-system-goes-live-ukraine-new-stage-fight-corruption>.

³⁰⁵ Aslund, “Oligarchs, Corruption, and European Integration,” 66.

2016 saved the government 40%, totaling \$12.6 million, from before the program existed.³⁰⁶

Activists had created this group in 2012 and lobbied MPs during the Yanukovich years for anti-corruption measures, but they had made little progress by 2014. Since EuroMaidan, they have helped to push 21 anti-corruption bills through the Rada; one created the National Anti-Corruption Bureau of Ukraine (NABU).³⁰⁷ Her organization also uses the media to publicize regressive bills that may undermine reforms. One campaign worked with television news, *KyivPost* and *Ukrainian Pravda*, to expose draft legislation that had proposed to end the eDeclaration system. The group had activists protest and wear shirts that read: “What the F**K.”³⁰⁸

Her organization relied on Western support for funding, and lobbying. The Dutch government, USAID, and private donors are their chief financial contributors.³⁰⁹ Some funds go directly towards specific programs to strengthen anti-corruption investigations. For example, the US funded a polygraph system in Kyiv to screen local police detectives, which the US had supported since 1999.³¹⁰ When a Ukrainian prosecutor threatened her group, after it had started investigating specific

³⁰⁶ Interview with Respondent 21, 10 October 2016; The United Nations Development Program, “Procurement Support Services to the Ministry of Health of Ukraine: Project Summary,” Report (February 5, 2018), http://www.ua.undp.org/content/ukraine/en/home/operations/projects/democratic_governance/Medicine_procurement.html.

³⁰⁷ Interview with Respondent 21, 10 October 2016.

³⁰⁸ Interview with Respondent 21, 10 October 2016.

³⁰⁹ Interview with Respondent 21, 10 October 2016.

³¹⁰ Interview with Respondent 21, 10 October 2016; Andres Durbak, “Officers from Ukraine undergo polygraph training in the U.S.,” *The Ukraine Weekly* (March 14, 1999), <http://www.ukrweekly.com/old/archive/1999/119919.shtml>.

politicians, the US Embassy pressured officials to drop the charges.³¹¹ Western agencies often act as a third party between the state and NGOs in order to ensure the enforcement of reforms.

Decentralization

Another NGO representative works for an organization that serves the German government in Ukraine, ensuring the implementation of decentralization measures. Her NGO provides a nation-wide training program, educating local politicians and civil servants on how to run their state and local governments. Her group deals mostly with the Ukrainian central government and the EU in order to coordinate planning for empowering oblasts and raions.³¹² The most important feature of decentralization concerns taxation. In 2015 the Rada passed a law allowing lower-level governments the ability to collect taxes and develop their own budgets.³¹³ Prior to 2015 small villages (*gromadi*) would have to lobby the Rada to secure funds for simple public works projects, such as road maintenance.³¹⁴ Some local governments attained the authority to tax and spend by meeting certain provisions, namely consolidating with other villages in order to reach sustainability (*spramozhniy*).³¹⁵ These towns now use a competitive bidding process for contracts, undermining corrupt officials and businesses.

³¹¹ Interview with Respondent 21, 10 October 2016.

³¹² Interview with Respondent 16, 22 September 2016.

³¹³ Balasz Jarabik and Yulia Yesmukhanova, "Ukraine's Slow Struggle for Decentralization," Carnegie Endowment for International Peace (March 08, 2017), <http://carnegieendowment.org/2017/03/08/ukraine-s-slow-struggle-for-decentralization-pub-68219>.

³¹⁴ Interview with Respondent 16, 22 September 2016.

³¹⁵ Interview with Respondent 16, 22 September 2016.

My interviewee's organization moreover targets the entrenched bribery culture in public finance. Her colleagues push local government officials to adopt transparent fiscal policies through training sessions on public accounting.³¹⁶ This NGO also has to communicate properly what decentralization means for citizens. As mentioned earlier, opposition groups often manipulate the concept of decentralization. Ukrainian Choice advocates the establishment of redundant institutions (new institutions with the same mission as existing bodies) as a way to "decentralize" the current political system while other groups raise fears that the President's ability to choose prefects is further *centralization*.³¹⁷ An oligarch, Viktor Medvedchuk, primarily funded this group. The language that Ukrainian Choice uses promotes duplicative institutions that are more "accountable to the people," and that current officials are "all corrupt!"³¹⁸

As to the ways in which foreign countries influence her policy area, she noted the stark differences between the Western and Russian approaches. She mentioned, first, that Russian-speaking television is more popular than Ukrainian media, particularly entertainment. Because many Ukrainians maintain personal ties to Russians, the Kremlin emphasizes the concept of a common culture between the two countries and that EuroMaidan was a Western-orchestrated coup.³¹⁹ Western countries employ a hard power approach, using military support and channeling money through the IMF, USAID, the World Bank and the EU Delegation; but there are soft power elements as

³¹⁶ Interview with Respondent 16, 22 September 2016.

³¹⁷ Jarabik and Yesmukhanova, "Ukraine's Slow Struggle for Decentralization."

³¹⁸ Interview with Respondent 16, 22 September 2016.

³¹⁹ Interview with Respondent 16, 22 September 2016; Kuzio, "Competing Nationalisms, EuroMaidan, and the Russian-Ukrainian Conflict," 159.

well. The EU has established a visa-free regime with Ukraine, likely to increase the cultural influence of Western Europe. It also sends technical experts from both the EU and US to advise the decentralization process.³²⁰ When pressed on why visa-free travel was so important, she observed that Ukrainians want access to the West.

A different respondent who worked on decentralization, helped communities to *amalgamate*: a process by which towns and villages consolidate in order to gain more autonomy from the central government. Traversing the country and visiting various towns to hold workshops, she had noticed the difference between eastern and western groups. While most west Ukrainian towns responded well to the idea of decentralization, cities like Odessa, Kherson, Donyetsk and Luhansk were not receptive.³²¹ Many residents of these areas were cynical towards disseminating more power to the local level, after decades of experiencing a highly vertical power structure under the Soviet system. They suspected that such a change, would lead to Kyiv abandoning their interests. As Taras Kuzio has hypothesized, Russian identity is a continuation of Soviet identity, which the Kremlin leverages for its agenda.³²² Though Moscow played little direct role in these negative attitudes, she suspected that the Russian-speaking media had shaped the population's attitudes. According to one survey, residents in eastern oblasts consumed Russian television news sources between 11-29%, depending on the oblast versus 4-7% in Western/Central Ukraine.³²³ The

³²⁰ Interview with Respondent 16, 22 September 2016.

³²¹ Interview with Respondent 17, 27 September 2016.

³²² Kuzio, "Competing Nationalisms, EuroMaidan, and the Russian-Ukrainian Conflict," 159.

³²³ Internews, "Media Consumption in Ukraine 2017," USAID (September 2017): 15, https://www.internews.org/sites/default/files/2017-09/USAID_UMedia_AnnualMediaConsumptionSurvey_2017_-_FULL_eng.pdf.

Western raions, however, directly supported her organization's democratization efforts. Its funding came almost exclusively from the US and European governments.³²⁴

Rule-Making

Members of the Rada were also inclined to see foreign agents as trying to corrupt the rule-making process. One MP reported that the Kremlin invests in roughly 100 pro-Russian politicians, many of whom serve in the Opposition Bloc (*Opozitsniy Blok*) and Fatherland.³²⁵ These politicians, in turn, support a pro-Russian agenda (although they do not state this publicly) and oligarchic business interests. Complementing direct funding to MPs, Russian money finances "experts" and NGOs who broadcast their views through various media outlets as part of Moscow's "hybrid war" with Kyiv, calling nationalist groups "fascist."³²⁶

Another MP accused her peers of similar tactics. She suspected many former members of the Party of the Regions, marginalized after 2014, of taking Russian money and copying laws from the Russian Duma in drafting Ukrainian legislation.³²⁷ This contrasts with the Western approach, whose money and support is not funneled directly to politicians. She emphasized that European and American officials provide technical advice to NABU and specific programs like the eDeclaration system, which requires public officials to disclose their finances. Most important for reform, however, are the talks "behind closed doors," as when Vice President Joe Biden pushed

³²⁴ Interview with Respondent 17, 27 September 2016.

³²⁵ Interview with Respondent 12, 9 November 2016.

³²⁶ Interview with Respondent 12, 9 November 2016; Kuzio, "Competing Nationalisms, EuroMaidan, and the Russian-Ukrainian Conflict," 159.

³²⁷ Interview with Respondent 9, 27 October 2016.

President Poroshenko to fire Viktor Shokin, with the support of many reformist MPs.³²⁸

Starting in 2014 Western governments also helped to reform the Ukrainian civil service. Kyiv has hired and trained a new generation of government workers, for which the EU provided 104 million euros, both for supplementary pay and to hire experts providing technical advice.³²⁹ One requirement for European aid bars civil servants from being official members of a political party. Such measures ensure the apolitical nature of institutions. A former civil servant who now works for an NGO advising the government stressed the ways in which Moscow tries to undermine reform efforts. Typically, agents and pro-Russian media outlets target reform politicians and try to expose their potentially unethical behavior.³³⁰ By undermining their credibility, the Kremlin hoped to taint their policy positions. A recent case involves a reform-minded deputy, Sergei Leshchenko. Media outlets tried to portray Leshchenko as a corrupt, wealthy politician because he bought a high-rise apartment in downtown Kyiv.³³¹ Leshchenko acquired the apartment by way of his wife, but the story persists as a “scandal” despite the fact that oligarchs ruling the country live in far greater luxury.

³²⁸ Interview with Respondent 9, 27 October 2016; Radio Free Europe/Radio Liberty, “Biden Commends Poroshenko For Anticorruption Efforts.”

³²⁹ Interview with Respondent 9, 27 October 2016; EU, “EU provides €104m to support Ukraine's public administration reform,” European Union, External Action Press Release (December 22, 2016), https://eeas.europa.eu/headquarters/headquarters-homepage/18096/eu-provides-eu104m-support-ukraines-public-administration-reform_en.

³³⁰ Interview with Respondent 1, 15 September 2016.

³³¹ Mark Pfeife, “Ukraine Is Going to Be a Big Problem for the Next U.S. President,” *Foreign Policy* (October 7, 2016), <http://foreignpolicy.com/2016/10/07/ukraine-is-going-to-be-a-big-problem-for-the-next-u-s-president/>.

Human Rights

The domain experiencing the greatest increase in activity since 2014 centers on human rights. During the Yanukovych period, the government either discouraged NGOs from working on civil rights and liberties issues. Following Moscow's agenda, Ukrainian officials focused on economic issues, ignoring social issues.³³² Although all of the respondents who worked in this field described many challenges in liberalizing political institutions and culture, they reported significant progress over the past two years. One Ukrainian, with whom I spoke, advocates for people with disabilities, the LGBT community, women's rights, children and internally displaced persons (IDPs). Before EuroMaidan, her organization met with government officials for symbolic photo opportunity sessions, along with other civil society groups. She lamented that many rights issues were ignored by the Yanukovych regime, with one official from the Ministry of Foreign Affairs publicly admitting in 2011: "I don't care about human rights."³³³ After 2014, however, the government became more responsive to her group and others in the human rights arena. She engaged in little direct lobbying with one notable exception - her involvement in policies concerning employment anti-discrimination. Her organization reviews current labor laws (*trudoviy kodeks*) and draft legislation to ensure that provisions meet the requirements mandated by the AA.³³⁴

Human rights groups advocate for legislation that meets the conditions of Western governments because they receive much of their funding from Western entities. Some funds come from the US government and EU member states but there are

³³² Kuzio, "The Ukrainian Immobile State Two Decades After the Disintegration of the USSR," 414.

³³³ Interview with Respondent 18, 3 October 2016.

³³⁴ Interview with Respondent 18, 3 October 2016.

also private donors, like Elton John, who is active in LGBT issues.³³⁵ My respondent believes that EU civil society groups are particularly influential in aiding Ukrainian groups, while similar Russian groups have no influence.³³⁶ She draws on EU financial support to pressure politicians in Kyiv. When certain human rights standards in the AA are not met, her group and others notify EU officials, what one report termed an “NGO-crazy.”³³⁷ In December 2014, the Ministry of Foreign Affairs held another meeting with civil society groups but under new leadership; this time officials were responsive to their demands.³³⁸

One major obstacle to human rights reform centers on the implementation of the Rome Statute (1998), the treaty establishing the International Criminal Court of which Ukraine is not a member. The main point of contention for policymakers is Article 9, Section 3, which addresses jurisdiction, and whether human rights provisions apply to the conflict areas in Ukraine. My respondent suspects that the current government is concerned that foreign prosecutors will try potential Ukrainian war criminals in Donbas and Crimea.³³⁹ In her estimation, the biggest obstacles to reform include the entrenched oligarkhiya and a lack of “stability” throughout the country.

Another representative from the human rights advocacy community offered measured responses. Although she claimed that the political environment was “better than [under] Yanukovich,” the environment was “still part of the old order,” and

³³⁵ Interview with Respondent 18, 3 October 2016.

³³⁶ Interview with Respondent 18, 3 October 2016.

³³⁷ Mridula Ghosh, “In Search of Sustainability: Civil Society in Ukraine,” Study, Friedrich-Ebert-Stiftung (June 2014): 9, <http://library.fes.de/pdf-files/id-moe/10862.pdf>.

³³⁸ Interview with Respondent 18, 3 October 2016.

³³⁹ Interview with Respondent 18, 3 October 2016.

“still, the same elites are in power.”³⁴⁰ Her organization’s main focus lies with civil liberty protection and monitoring law enforcement agencies to ensure they do not abuse their power. Developing a more professional and less corrupt police force has been an issue since independence.³⁴¹ Although she does not directly defend citizens in court, her NGO maintains a list of human rights’ lawyers, documents human rights violations, monitors court cases, analyzes legislation and lobbies policymakers for greater citizen protection. Unfortunately, her relations with the government since the organization’s founding in 2007 have been inconsistent, in that at times law enforcement agents have been responsive while at other times unresponsive.³⁴² Civil society groups had been more influential after EuroMaidan; they were able to leverage a weak government and develop strong cooperation among similar interest groups. Since the government has regrouped her organization has leveraged Western support.³⁴³

EU member states and private individuals like George Soros provide funding to her organization, but it has been infrequent. She contends that civil society groups remain too reliant on foreign donors and Ukrainian volunteers; the groups “need institutional support” from sustainable sources.³⁴⁴ When asked which tools had proved most effective in influencing reform measures, she repeated the sentiment of others: Western countries should continue to focus on Ukraine’s political reforms, garner

³⁴⁰ Interview with Respondent 20, 5 October 2016.

³⁴¹ Harasymiw, “Policing, Democratization and Political Leadership in Postcommunist Ukraine.”

³⁴² Interview with Respondent 20, 5 October 2016.

³⁴³ Interview with Respondent 20, 5 October 2016.

³⁴⁴ Interview with Respondent 20, 5 October 2016.

public support through local programs, and show Ukrainians how countries can transition to liberal democracy.³⁴⁵ Most importantly, she cited Ukraine's failure to ratify the Rome statute as a major block to human rights reform.³⁴⁶ She chided France and Germany for considering amnesty for potential human rights violators in Crimea and Donbas as a negotiated element of the Minsk II agreement (the latest ceasefire agreement for the conflict in Donbas, signed by Ukraine, Russia, France, and Germany in 2015).

This discussion partner outlined the tactics employed by the Kremlin, in order to block reforms. She has seen some MPs introduce draft laws from Russia, who she suspected of receiving money from Kremlin officials.³⁴⁷ There is evidence to show that financial institutions have funneled money directly to politicians (in violation of Ukrainian law) to sway their decisions.³⁴⁸ Besides their influence on rule-making, she noted that Ukrainians have even elected some Russian agents to local offices. In 2015 two anti-reform candidates and former members of the security services closely tied to Russia (*Siliya Lyudye*) won seats in the city of Mariupol, possibly supported by a pro-Russian oligarch, Rinat Akhmetov.³⁴⁹

Ukrainian policymakers have had to deal with a large number of internally displaced persons (IDPs) who moved after the invasion of Crimea and rebellion in

³⁴⁵ Interview with Respondent 20, 5 October 2016.

³⁴⁶ Interview with Respondent 20, 5 October 2016.

³⁴⁷ Interview with Respondent 20, 5 October 2016.

³⁴⁸ Whitmore, "Political Party Development in Ukraine," 3.

³⁴⁹ Interview with Respondent 20, 5 October 2016; Yuras Karmanau, "AP Looks at Ukraine's Elections, Cites IRI Poll," International Republican Institute (October 25, 2015), <http://www.iri.org/resource/ap-looks-ukraine's-elections-cites-iri-poll>.

Donbas. One activist who now works on veterans' issues first became involved by helping IDPs. She helped link human rights lawyers to possible defendants and ensured that public officials followed the Rome Statute.³⁵⁰ When questioned regarding foreign actors influence on her operations, she noted that she sometimes grants interviews with Western media to pressure Ukrainian politicians. Since September 2014, Western countries have provided financial support for her NGO's operations.³⁵¹ Russia, however, seems to ignore the issue of human rights altogether.

Yet another civil society leader has consulted for many different NGOs, ranging from military volunteers to environmental activists, helping to connect similar groups and secure funding. She sees NGOs as relying primarily on domestic funding but encourages international donations as well from the US, EU, UN and Russia.³⁵² She repeated the claim that the current government is somewhat afraid of NGOs and their ability to leverage Western pressure.³⁵³

Overall, she reports that the Ukrainian government does not constrain NGOs, but it is also true that many policymakers do not enthusiastically support their efforts. Her assessment is that since many of her groups possess little financial benefits for elected officials, most MPs do not invest much time with such organizations. Ministers and MPs will demonstrate symbolic support through speeches and public events,

³⁵⁰ Interview with Respondent 24, 9 November 2016.

³⁵¹ Interview with Respondent 24, 9 November 2016.

³⁵² Interview with Respondent 23, 1 November 2016.

³⁵³ Interview with Respondent 23, 1 November 2016.

for example picking up trash with volunteers; so far they have not provided direct funding.³⁵⁴

Western organizations had helped her network of NGOs in three key ways. First the US and EU governments managed to convince policymakers that NGOs do conduct important work and that social projects are not simply “volunteer” work. Second, average Ukrainians are “exhausted from the Maidan protests and the war, so they are willing to work for very little.”³⁵⁵ To make these initiatives sustainable, however, civil society groups need to secure stable sources of funding and to provide livable salaries. The West also aids in providing NGOs infrastructure, such as free work space, phone, and internet services.³⁵⁶ Most importantly, she notes Ukrainian NGOs borrow ideas from the US and EU. She elaborated on how Ukrainian environmental groups have modeled their projects and marketing on similar groups in the Baltic States.³⁵⁷

Some Ukrainian NGOs are still working on establishing transparency among themselves in order to track flows of money. By law, all NGOs that receive public funds must register with the “eData” system (launched in 2015); roughly 50% of the NGOs have already done so.³⁵⁸ Journalists frequently use the eData site to monitor groups and ensure that NGOs receiving tax-payer money are non-profit and legitimately acting in the public interest. Western countries contribute to such efforts in

³⁵⁴ Interview with Respondent 23, 1 November 2016.

³⁵⁵ Interview with Respondent 23, 1 November 2016.

³⁵⁶ Interview with Respondent 23, 1 November 2016.

³⁵⁷ Interview with Respondent 23, 1 November 2016.

³⁵⁸ Interview with Respondent 15, 21 September 2016.

multiple ways. The eData site is modeled after a similar EU program, “Open Europe.” The US sends trainers to educate NGOs on proper accounting, auditing and marketing practices.³⁵⁹

Conclusion

The EuroMaidan Revolution breathed new life into democratic reforms that had stalled in Ukraine, buttressed by a robust civil society and Western support. Many challenges remain, given domestic obstacles like interference from oligarchs, who have amassed tremendous wealth and power over time; add to this their parochial infighting, eroding elite consensus and a corrupt judiciary. One political consultant elaborated on the extent to which corruption infiltrates the highest offices in Kyiv. Dmytro Firtash, now in exile in Austria, has been the primary financial backer of Prime Minister Yatsenyuk. President Poroshenko, an oligarch himself, has forged an uneasy alliance with oligarch Arsen Avakov, Minister of Internal Affairs. My interviewee contends that voters did not really decide the the 2014 election; instead oligarchs in Austria did.³⁶⁰

The judiciary, both judges and prosecutors, remain a bastion of rampant corruption. All oligarchs want to undermine NABU as it represents the greatest threat to their hold on power and money.³⁶¹ Judges are constantly facing pressure from oligarchs and other government officials in making their decisions.³⁶² Corruption is so

³⁵⁹ Interview with Respondent 15, 21 September 2016.

³⁶⁰ Interview with Respondent 28, 5 October 2016.

³⁶¹ Interview with Respondent 28, 5 October 2016.

³⁶² Trochev, “Meddling with Justice Competitive Politics, Impunity, and Distrusted Courts in Post-Orange Ukraine,” 136-139.

blatant that court rulings often do not even match their opinions (*“sledushchyi znachenie”*).³⁶³ Despite damning evidence against corrupt officials and organizations, judges consistently fail to convict them. In one case the ruling of a judge, Artur Yemelianov, was so suspect that the Ukrainians High Council of Justice suspended him in 2017.³⁶⁴ One way some government officials try to stop anti-corruption measures is by suppressing investigative journalism. Prosecutors threaten critical media outlets with charges of “anti-Ukrainian” speech or even government takeover.³⁶⁵ There is also the added pressure of not criticizing the government during war. As one respondent observed, peer pressure to be “patriotic” prevents more open discussion about democratization.³⁶⁶

Western countries have devised a multi-pronged strategy for fostering reforms: they provide financial aid directly to NGOs and to the Ukrainian government but withholding those funds from Kyiv, if it does not abide by certain conditions. The US, EU and EU members states constantly communicate with CSOs to ensure that the politicians are responsive to their needs. This may require the government to create formal institutions like NABU or to push Poroshenko to remove corrupt agents. The West’s soft power also influences the mission of many NGOs. Civil society in Ukraine wants the elected officials to adopt policies that mirror Western standards, especially in the areas of anti-corruption and human rights. NGOs are pushing the

³⁶³ Interview with Respondent 28, 5 October 2016.

³⁶⁴ Natalia Zinets, “Fighting Corruption, Ukraine Starts to Judge its Judges,” *Reuters* (May 25, 2017), <http://www.reuters.com/article/us-ukraine-corruption-insight/fighting-corruption-ukraine-starts-to-judge-its-judges-idUSKBN18L0HC>.

³⁶⁵ Interview with Respondent 28, 5 October 2016.

³⁶⁶ Interview with Respondent 28, 5 October 2016.

Rada to endorse liberal values that lead to more transparency, less corruption, and more legal protections for citizens.

Russia has maintained a few effective channels of control. “Local elites, who support Russia, hide their loyalty,” but they “support Putin and unification.”³⁶⁷ In such locations in the east and south of the country, local officials discourage CSOs and their actions to mobilize democratic participation. Moscow is catalyzing constant turmoil, inciting public dissatisfaction.³⁶⁸ The Kremlin is pushing a “let’s wait and see” approach, hoping that the reform movement will lose steam, providing an opportunity to reassert its power.

All the persons I interviewed agreed that Western financial and technical support to civil society groups was the most important tool for positively influencing democratic reforms in Ukraine. Many want Western governments to apply more pressure in order to break up the oligarkhiya. Some CSOs want the West to support political “outsiders” not connected to the oligarkhiya for the highest government offices, unlike how they did with Poroshenko and Yatsenyuk.³⁶⁹ Diminishing the concentration of wealth and power provides a window of opportunity for establishing lasting change with new agents. NGOs in Ukraine moreover, recognize the importance of information as the greatest weapon against corruption.

One of my interview partners lamented that reforms after EuroMaidan were once again too slow to take root. He sees dissatisfaction growing and contends that the most critical period for engineering change occurred within six months after

³⁶⁷ Interview with Respondent 28, 5 October 2016.

³⁶⁸ Interview with Respondent 31, 7 November 2016.

³⁶⁹ Interview with Respondent 28, 5 October 2016.

Maidan.³⁷⁰ Many of my respondents were optimistic but keenly aware of their democracy's fragility. In the words of one MP: "We don't need another revolution, we need reform."³⁷¹ As another MP of the Rada declared: "Ukraine cannot keep repeating the first phase of reform."³⁷²

³⁷⁰ Interview with Respondent 31, 7 November 2016.

³⁷¹ Interview with Respondent 9, 27 October 2016.

³⁷² Interview with Respondent 13, 29 November 2016.

Chapter Three - Ukrainian Policymaking and the Economy

Russia has long viewed Ukraine as an economic pawn operating within its wider economic system. The Kremlin's new mercantilist approach, protecting consumer and select industrial markets, is rooted in its zero-sum mentality towards economics. Rather than embracing the concept of growing wealth for all parties in an economic relationship, Moscow insiders see the loss of Ukraine as a loss for their personal economic interests. The chief benefactors of Russia's privileged economic position, at least until 2014, were the two countries' oligarchic classes. As a form of hard power, Moscow relied on existing business relationships and the Soviet legacy of a closed economic system.

Corruption has been the greatest obstacle to economic development in Ukraine since 1991.³⁷³ As Anders Aslund noted, Ukraine is unique in the post-Soviet space as the disparity between political freedom and corruption is acute. Despite rating relatively well in terms of political freedoms (scoring 3 on the Freedom House Index), but still scored only 27 out of 100 in terms of corruption (according to Transparency International's Corruption Perceptions Index).³⁷⁴

Corrupt economic activity relies on the persistent use of informal networks. A historical legacy of the Soviet Union, citizens had no experience with institutions regulating free economic activity and weak rule of law. This lack of expertise benefited

³⁷³ Pekka Sutela, "The Underachiever: Ukraine's Economy Since 1991," Paper, The Carnegie Endowment for International Peace (March 9, 2012); Leonid Grigoriev, Eugenia Buryak, and Alexander Golyashev, "The Transition of Ukraine's Economy: A Second Start?" *Problems of Economic Transition*, 58, 3 (2016); Anders Aslund, "The Three Regions of the Old Soviet Bloc," *Journal of Democracy*, 28, 1 (January 2017); Anders Aslund, "Oligarchs, Corruption, and European Integration," *Journal of Democracy*, 25, 3 (July 2014).

³⁷⁴ Aslund, "The Three Regions of the Old Soviet Bloc," 90.

Communist Party insiders as they took control of the country's heavy industries with little competition.³⁷⁵ As Andres Aslund posits, the “informal institutions” developed by the *oligarkhiya* has led to “endemic corruption.”³⁷⁶

The extent of corruption and high level of inequality led to households using informal networks to survive. One study by John Round, Colin Williams, and Peter Rodgers concluded that average Ukrainians regularly conduct business through the black market as a necessity.³⁷⁷ Economic activity in the home avoided government regulation, taxation, and perpetuated the bribery culture.

The Ukrainian government did little to orchestrate a transition to a market economy by not building effective regulatory institutions and implementing inconsistent policies. Leonid Grigoriev, Eugenia Buryak, and Alexander Golyashev claim that economic development in Ukraine has relied too heavily on election cycles, political upheavals, and the lack of consensus regarding policies among elites.³⁷⁸ As formal institutions failed to develop, informal networks filled the void.

Another core problem with Ukraine's economic development regards a lack of diversification. Since 1991 the country has relied on on a few key industries for its export market: mining, metallurgy, and chemicals, which are controlled by oligarchs except for the agricultural sector.³⁷⁹ These “heavy industries” were established during

³⁷⁵ Aslund, “The Three Regions of the Old Soviet Bloc,” 89.

³⁷⁶ Aslund, “Oligarchs, Corruption, and European Integration,” 64.

³⁷⁷ John Round, Colin C. Williams, and Peter Rodgers, “Everyday Tactics and Spaces of Power: the Role of Informal Economies in post-Soviet Ukraine,” *Social & Cultural Geography*, 9, 2 (March 2008): 171.

³⁷⁸ Grigoriev, Buryak, and Golyashev, “The Transition of Ukraine's Economy: A Second Start?” 258.

³⁷⁹ Sutela, “The Underachiever: Ukraine's Economy Since 1991.”

the Soviet period and became the primary target for former *nomemklatura* members to secure monopolies during privatization. Oligarchs have also controlled a large portion of the media sector, which has become vital to exercising influence over public opinion. As I discuss later in this chapter, this instrument has pressured policymakers to resist economic reform. Agriculture, information technology, and retail sectors however, remain fairly competitive.³⁸⁰

The lack of foreign competition, except Russia, has led to an insulated market run by Ukrainian oligarchs and heavily influenced by Moscow. The mining, metallurgy and chemical sectors are critical to the the *oligarkhiya's* power base, which long pushed Kyiv for lucrative energy deals with Moscow, as their industries rely on cheap petroleum products.³⁸¹ The concentration of heavy industries in Eastern Ukraine has also led to the differing values between the Eastern and Western regions. Sarah Birch contends that Eastern Ukraine's historical experience with intensive Soviet industrialization and its continued reliance on these sectors, has led to residents there desiring closer economic ties with Russia.³⁸²

After the invasion of Crimea, Ukraine's already fragile economy contracted severely. GDP stood at 0% growth in 2013, then decreased 16% from 2014 through 2015.³⁸³ The challenges of fighting a war in Donbas and pushing for reforms in Kyiv added economic pressure to policymakers. Ukraine has been one of the most vulnera-

³⁸⁰ Aslund, "Oligarchs, Corruption, and European Integration," 64.

³⁸¹ Sutela, "The Underachiever: Ukraine's Economy Since 1991."

³⁸² Sarah Birch, "Interpreting the Regional Effect in Ukrainian Politics," *Europe-Asia Studies*, 52, 6 (September 2000): 1017.

³⁸³ The World Bank, "Ukraine Economic Update – April 2017," (April 4, 2017), <http://www.worldbank.org/en/country/ukraine/publication/economic-update-spring-2017>.

ble countries to economic crises, both from the East and the West.³⁸⁴ The political elites in Kyiv have been charged with addressing such challenges while deciding their economic policy path: Their choices consisted of maintaining a strong relationship with Russia or move towards the West.

The *oligarkhiya* and foreign influence from Russia undermined reforms and ultimately pushed Ukrainians towards the West. From independence to the EuroMaidan protests in 2014, the ruling class pursued a “dual-track” foreign policy, sometimes by playing Russia against the West. However, by the time President Yanukovich dealt with this question at the Vilnius Summit, Ukraine could no longer placate both its desire to develop economic ties with the EU and maintain relations with Moscow. At this juncture Kyiv needed to make a clear choice.

Western countries pushed for opening Ukraine’s market. Using the Association Agreement (AA) and Deep and Comprehensive Free Trade Area (DCFTA) agreement as tools, the EU raised Kyiv’s economic prospects but with specific requirements, aiming to strengthen the weak institutional structures that had long plagued its economy. The agreements address three core areas of integration, along with corresponding reforms: 1) strengthening institutions to enforce economic regulations, 2) privatizing industries in order to allow competition, and 3) adopting sustainable fiscal and monetary policies. The requirements in both of these areas imply the weakening of the *oligarkhiya* and its undue influence over the policy process.

The goal of the DCFTA was to reduce import and export duties between the two economic zones to almost zero. Certain agricultural and industrial products were

³⁸⁴ Anders Aslund in: Andrew Wilson, *Ukraine Crisis: What it Means for the West* (Yale University Press, 2014), 27.

to receive some protection, but Ukraine agreed to reduce import tariffs by 99.1%; the EU reduced its tariffs by 98.1%.³⁸⁵ Chapters two through fifteen, except chapter seven, of the agreement outline the requirements and enforcement of standards. By allowing Ukraine greater access to the EU market, Brussels demanded that Kyiv dismantle monopolies in the heavy industry and energy sectors, while abiding by European business practices. Chapter seven establishes rules for the movement of capital.

Table. DCFTA Provisions

Chapter I	Chapter II	Chapter III	Chapter IV
Market Access for Goods	Trade Remedies	Technical barriers to trade	Sanitary and Phytosanitary Measures
Chapter V	Chapter VI	Chapter VII	Chapter VIII
Customs and trade facilitation	Establishment, trade in service and electronic commerce	Current payments and movement of capital	Public procurement
Chapter IX	Chapter X	Chapter XI	Chapter XII
Intellectual property	Competition	Trade-related energy	Transparency
Chapter XIII	Chapter XIV	Chapter XV	
Trade and sustainable development	Dispute settlement	Mediation mechanism	

Source: European Commission, "EU-Ukraine Deep and Comprehensive Free Trade Area," Europa (2016), 2. https://eeas.europa.eu/sites/eeas/files/tradoc_150981.pdf.

³⁸⁵ European Commission, "EU-Ukraine Deep and Comprehensive Free Trade Area," *Europa* (2016): 2, https://eeas.europa.eu/sites/eeas/files/tradoc_150981.pdf.

The final area, education and science, saw the West's use of soft power as an instrument for shaping Ukraine's longterm investment in its own economy. Increased access to Western academic institutions for researchers and students would expose participants to more diverse perspectives and prospects for the future. This comes at a critical time as countries across the globe are still transitioning from a manufacturing economy to an information one. Policymakers in Kyiv are increasingly adopting Western education standards voluntarily.

This chapter begins by outlining the development of the Ukrainian economy from 1991 to 2014. I highlight the highly integrated nature of Ukrainian and Russian economic relations, foreign trade, finance, media, science and education. Energy politics is treated separately in Chapter IV because it represents both an economic and security issue for Ukraine and therefore deserves more detailed analysis.

From Exuberance to Reality: Building an Independent Ukrainian Economy, 1991 to 2014

After independence Ukraine, like many fellow post-Soviet states, saw its economy collapse. Moscow officials could no longer maintain budget deficits, which started around 1980, ballooning to \$59 billion in 1988.³⁸⁶ An inflexible economic system could not innovate nor borrow large amounts from foreign creditors. The sustained deficits over a ten year period, coupled with the drop in petroleum and natural gas prices that had buttressed the socialist welfare state, broke the Soviet economy.³⁸⁷

³⁸⁶ Vincent J. Schodolski, "Soviets Have Had Deficit For 10 Years," *Chicago Tribune* (November 2, 1988), http://articles.chicagotribune.com/1988-11-02/news/8802120336_1_billion-deficit-budget-deficit-finance-minister-boris-gostev.

³⁸⁷ Greg Ip, "For Russia, Oil Collapse Has Soviet Echoes," *The Wall Street Journal* (September 2, 2015), <https://www.wsj.com/articles/for-russia-oil-collapse-has-soviet-echoes-1441215966?mg=prod/accounts-wsj>.

The centrally planned system, upon which producers and consumers relied upon daily to make economic decisions, ceased to exist. Former Communist Party insiders quickly filled the vacuum where institutions once stood to guide commercial activities. Ukraine followed the example of the Russian Federation in privatizing its industries through what Western advisers, the most prominent being Jeffrey Sachs, termed “shock therapy.”³⁸⁸ Advocates of “shock therapy” reasoned that rapid privatization of state industries, through stock sales to average citizens, would equitably divide up firms. Despite policymakers intentions to reform the economy, liberalization did not provide immediate benefits to a majority of Ukrainians. Neither Ukraine nor Russia had experience with a market system, complicating the process of privatization. Former *nomenklatura* members used their privileged positions in the government to buy up cheap shares of the countries largest industries from desperate workers, who were looking to turn a quick profit to survive in a collapsing economy. Between 1990 and 1995 GDP decreased from \$81.4 billion to \$48.2 billion.³⁸⁹ The economic hardships forced households to adapt by working outside formal economic networks. A shadow economy emerged where production and consumption evaded government regulations and taxes.³⁹⁰

³⁸⁸ Jeffrey Sachs, “Shock Therapy in Poland: Perspectives of Five Years,” *The Tanner Lectures on Human Values* (April 6 and 7, 1994), http://tannerlectures.utah.edu/_documents/a-to-z/s/sachs95.pdf.

³⁸⁹ Worldbank, “Ukraine.”

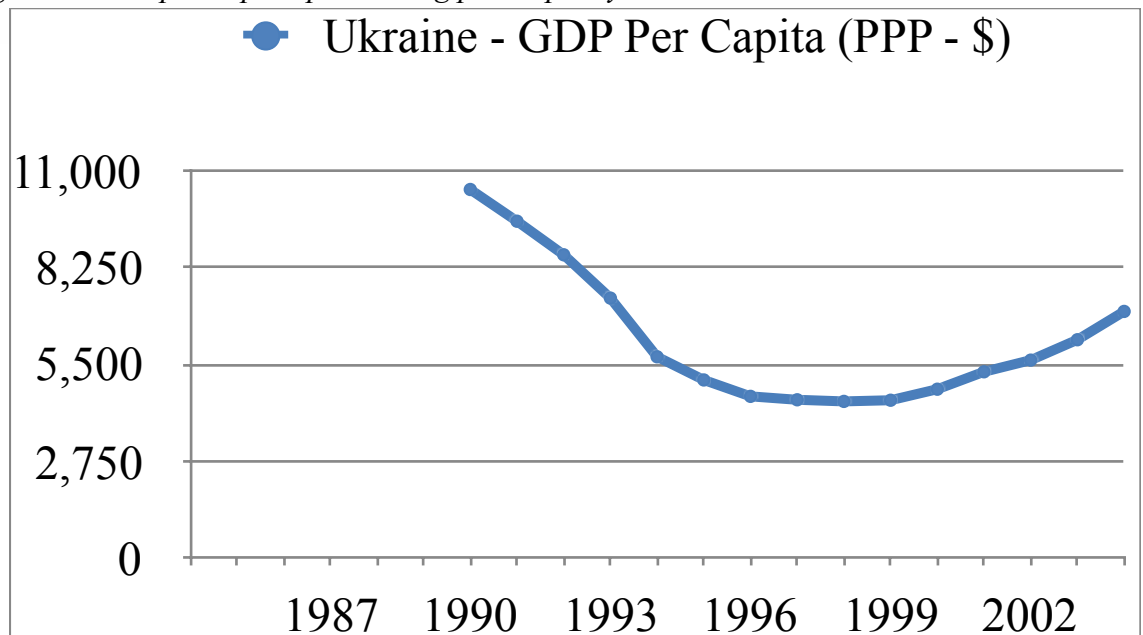
³⁹⁰ D’Anieri et. al., *Politics and Society in Ukraine*, 172.

Figure 1. GDP in constant 2010 dollars.



Source: Worldbank, "Ukraine." <https://data.worldbank.org/country/ukraine>.

Figure 2. GDP per capita, purchasing power parity in constant 2011 dollars.



Source: Worldbank, "Ukraine." <https://data.worldbank.org/country/ukraine>.

As Steven Burg notes, Russia and Ukraine were unique in post-Communist Europe as the two countries that had the least experience with capitalism.³⁹¹ Economic planners had tightly controlled the agricultural and arms manufacturing sectors. In particular this would later invite massive corruption as weak policies and institutions

³⁹¹ Burg, 182.

could not regulate business activity. Like the “crony capitalism” witnessed in Russia, a handful of political insiders exploited their positions during the economic transition in order to seize control of the country’s largest industries in manufacturing, mining, telecommunications, and energy.

After the Soviet collapse in 1991 Boris Yeltsin and his allies maintained the center of political power in Russia for almost a decade. Ukraine experienced two different executive administrations, first managed by Leonid Kravchuk from 1991 until 1994, the second by Leonid Kuchma.³⁹² From 1991 to 2000 both countries witnessed rapidly deteriorating economic conditions. Russia’s GDP declined from \$800 billion in 1991 to \$567 billion by 2000, while the Ukrainian GDP dropped from \$125 billion to \$59 billion in the same period.³⁹³ As aggregate demand dropped precipitously, incomes shrank and unemployment rose (Figure 2 & 3).³⁹⁴ The onset of the 2000s would witness the recovery of Russia’s economy, primarily due to rising petroleum prices, but not Ukraine’s.

Meanwhile Kyiv struggled with rampant inflation. After forming its own Central Bank in 1991 and printing its own currency in 1992 (*karbovenets*), the inflation rate hit 10,000% by 1993. To address hyperinflation, the National Bank of Ukraine (NBU) issued a new currency in 1996 (*gryvnia*). The NBU did not institute any major reform policies concerning finance; rather the gryvnia simply truncated decimal points. The introduction of a new currency paid off as inflation slowed to 10% by

³⁹² D’Anieri et al, 1991.

³⁹³ World Bank, “Russia: Data,” 2014. <http://data.worldbank.org/country/russian-federation>.

³⁹⁴ Worldbank, “Ukraine: Data,” 2017. <https://data.worldbank.org/country/ukraine>.

1997.³⁹⁵ The hryvnia helped to curb hyperinflation but it did not address the underlying economic problem: the state's practice of printing too much money to pay for public programs.³⁹⁶ Monetary and fiscal policies did little to mitigate the continuing decline in economic output. Between 1991 and 1997, GDP decreased by 68%, while industrial output decreased by 52% and capital investment decreased by 72%.³⁹⁷ Ukraine's economic deterioration mirrored many of the developments in Russia.

In 1994 Kyiv indicated its desire to move closer to the EU in hopes of stimulating trade. That year EU officials and Ukrainians signed the Partnership and Cooperation Agreement (PCA), which established a framework for promoting "...trade and investment and harmonious economic relations...a basis for mutually advantageous economic, social, financial, civil scientific technological and cultural cooperation, and to support Ukrainian efforts to consolidate its democracy and to develop its economy and to complete the transition into a market economy."³⁹⁸ Although Ukrainian businesses continued to rely heavily on networks and markets in Russia, the Rada sent signals to Moscow that it was willing to move towards the West.

Despite efforts by some reformers to liberalize markets, policymakers ran into persistent problems implementing laws. Ukrainian oligarchs and semi-monopolistic industries wanted to maintain their privileged position. President Kuchma attempted

³⁹⁵ James Dean, "Ukraine: Europe's Forgotten Economy," *Challenge*, 43, 6 (2000): 105.

³⁹⁶ Marta Kolomayets, "Ukraine Launches Monetary Reform, Hryvnia to be put into Circulation," *Ukraine Weekly*, Kyiv Press Bureau (September 1, 1996), <http://www.ukrweekly.com/old/archive/1996/359601.shtml>.

³⁹⁷ D'Anieri et al, 92.

³⁹⁸ The European Union, "Partnership and Cooperation Agreement between the European Communities and their Member States, and Ukraine," Europa, European External Action Service (1994), <http://ec.europa.eu/world/agreements/prepareCreateTreatiesWorkspace/treatiesGeneralData.do?step=0&redirect=true&treatyId=217>.

reforms by bringing budget deficits under control in 1994, stabilizing the currency, and privatizing more industries, which met with immediate opposition in the Rada.³⁹⁹ Oligarchs, along with Russian officials, blocked progress in order to maintain their privileged positions within Ukraine.

Correcting fiscal imbalances required reforms involving both public spending and revenue streams. To cut spending and reduce the influence of civil servants who blocked the implementation of reforms, Kuchma laid off 20% of government employees in 1996.⁴⁰⁰ On the revenue side, the central government's greatest challenge rested with increasing the tax base. Marginal rates were relatively high, but households and firms alike took advantage of an extensive number of exemptions, along with outright tax evasion, keeping roughly half of the economy from being taxed.⁴⁰¹ The government did the economy a greater disservice by not adopting counter-cyclical fiscal policies. When the economy contracted by 3.2% in 1997, Kuchma instituted further spending cuts, reducing the deficit to 2.5% of GDP.⁴⁰²

One way President Kuchma addressed inflation was to target unsustainable wage increases. Policymakers in Kyiv often instituted price and wage controls, a legacy of the Soviet system, rather than focus on the underlying causes of inflation. Before the introduction of the hryvnya in 1996, Kuchma had pushed legislation to cap wages in order to slow inflation. Instead of enacting such laws, the Rada did the op-

³⁹⁹ D'Anieri et. al., 195.

⁴⁰⁰ D'Anieri et. al., 200.

⁴⁰¹ D'Anieri et. al., 200.

⁴⁰² D'Anieri et. al., 202.

posite, raising the minimum wage, injecting another 600 trillion karbovanets into circulation.⁴⁰³

After a fierce debate over privatization, officials approved exemptions for 6,147 firms, protecting existing monopolies.⁴⁰⁴ Another government action that undermined privatization was the creation of financial-industrial groups (FIGs), which were meant to integrate firms and potential creditors, by having them collaborate with the respective state ministries.⁴⁰⁵ These entities reinforced the the control of the *oligarkhiya* over business, exacerbating conflicts of interest between ministers and business owners, and opening channels of influence for Russia. By 1997 “...the World Economic Forum ranked Ukraine 52d out of 53 countries in terms of overall competitiveness.”⁴⁰⁶ Steps toward integration with the EU meant that business leaders would be forced to open key sectors of the economy, notably metallurgy, mining, energy, and banking.

The Ukrainian economy would eventually hit a new low point in 2000. As the 1997 Financial Crisis spread throughout Eastern Europe, GDP dropped from \$50 billion to \$31 billion by 2000.⁴⁰⁷ This was the Ukrainian economy’s lowest annual GDP since independence. The financial crisis stemmed from a collapse of the Thai currency. Until 1997 the Thai government had pegged its currency (the baht) to the US dollar. As its sovereign debt increased and payments to service its foreign debt increased,

⁴⁰³ D’Anieri et. al., 198.

⁴⁰⁴ D’Anieri et. al., 196.

⁴⁰⁵ D’Anieri et. al., 196-7.

⁴⁰⁶ Dean, “Ukraine: Europe’s Forgotten Economy.”

⁴⁰⁷ The World Bank, “Ukraine - GDP (chart),” (2017). <http://data.worldbank.org/country/ukraine>.

its central bank floated its currency. Slowly the financial crisis spread to Eurasia; Ukrainian officials, which borrowed heavily from Asian countries, raised interest rates and reserve requirements to stabilize the exchange rate of the hryvnya.⁴⁰⁸ This move allowed Ukraine to continue making payments on foreign debt, protecting its credit.

Ukraine's slow, three-year recovery brought efforts to diversify its markets, both at home and abroad. In 1997 it had conducted roughly half its trade with CIS countries; the largest EU trading partner, Germany, only accounted for 3.8% of the Ukrainian export market.⁴⁰⁹ The EU and Ukraine conducted two consecutive summits in Kyiv (1997) then Vienna (1998), to strengthen commitments to integration. Ukraine declared its desire to become an associate of the EU at the latter of the two summits.⁴¹⁰ One former official who became a private consultant on economic issues, claimed that the post financial crisis period provided impetus to increase ties with the EU. By 1998, not only had the general crisis hit Ukraine, a country once considered the breadbasket of Europe became a net food importer.⁴¹¹ "Since 1998 you see the competing integration forces," Russia versus the EU, at work in Ukraine.⁴¹²

Western actors chose to use public channels for credit and investment, such as the World Bank and IMF, as opposed to the Russian approach, which favored informal and private networks. During the 1990s Ukraine received the third largest aid

⁴⁰⁸ John Odling-Smee, "How Has the Asian Crisis Affected Other Regions? Countries of the Former Soviet Union," *Finance and Development*, The International Monetary Fund, 33, 3 (September 1998).

⁴⁰⁹ D'Anieri et. al., 174.

⁴¹⁰ "EU-Ukraine Summits: 16 Years of Wheel-Spinning," *The Ukrainian Week* (February 28, 2013), <http://ukrainianweek.com/Politics/73494>.

⁴¹¹ Dean, "Ukraine: Europe's Forgotten Economy."

⁴¹² Interview with Respondent 31, November 7, 2016.

package from the US, valued at \$166 million, in exchange for continuing economic reforms.⁴¹³ The *oligarkhiya* held a strong interest in maintaining business ties to Russia, since its economic livelihood relied on mirroring the Russian economic system.⁴¹⁴ First, Vadym Hetman, then Viktor Yushchenko, headed the NBU during the 1990s. In addition to stabilizing the currency, both worked to attract foreign investment, particularly from the West. Though the policies were successful at first, eventually Western banks lost interest in the Ukrainian market in so far as they were barred from establishing branch banks; Russian investors enjoyed an easier permit process.⁴¹⁵ Oligarchs pushed such policies in order to discourage European influence. During the first decade of independence, the personal relationships forged between the US and NBU staff helped modernize the economy. In contrast to other ministries, the NBU was not dominated by former Soviet officials and, therefore, policymakers there approached monetary policy with a far more liberal orientation.⁴¹⁶

Western and Russian agents leveraged the Ukrainian banking sector hoping to influence Kyiv's politics. The two sides employed different approaches to providing credit to private groups as well as to the government. Western institutions and international financial institutions (IFIs) contributed a much larger proportion of foreign direct investment (FDI) than did Russian groups. For example, by 1994 the US accounted for 22% of inflows while while Russia accounted only for 7%.⁴¹⁷ Despite the

⁴¹³ Dean, "Ukraine: Europe's Forgotten Economy."

⁴¹⁴ Dean, "Ukraine: Europe's Forgotten Economy."

⁴¹⁵ Interview with Respondent 2, September 16, 2016.

⁴¹⁶ Interview with Respondent 6, October 12, 2016.

⁴¹⁷ Barbara Peitsch, "Investment in Ukraine," *The OECD Observer*, Organization for Economic Cooperation and Development, Paris 204 (February/March 1997): 30-32.

significant trade flow between Russia and Ukraine, especially in relation to energy products, relatively little capital passed between the two countries. This relationship gradually changed when Russian oligarchs began to funnel money to Ukraine through banks in Cyprus, using it as a tax haven.⁴¹⁸

Another component of the Ukrainian economy concerned the effectiveness of the public school system's need to produce a skilled workforce. Educational funding posed a major challenge to policymakers as deficits mounted during the 1990s. Although teachers earned on average \$30 per month, the average Ukrainian student outperformed the average American student in the fields of math and science.⁴¹⁹ With such little emphasis placed on education funding, politicians jeopardized the future of the country's economic prosperity.

By 2000, the two countries' economies had started to deviate from one another. Russia's new president, Vladimir Putin, consolidated his power, partially reigning in businesses to serve the needs of the state. Ukrainian oligarchs continued to confront Kuchma, promoting fissures to ensure a weak state. From 2001 to the global financial crisis of 2008, Ukraine's economy boomed but the chief benefactors were the oligarchs, as they leveraged cheap Russian petroleum products to fuel their energy-intensive industries.⁴²⁰

Vladimir Putin was elected President in 2000, after a short stint as acting president following Yeltsin's surprise resignation in 1999. The Russian economy slowly

⁴¹⁸ Mehmet Ogutcu and Jaroslav Kinach, "Ukraine: A miracle in waiting?" *The OECD Observer*, Organization for Economic Cooperation and Development, Paris 234 (October 2002): 29.

⁴¹⁹ Dean, "Ukraine: Europe's Forgotten Economy."

⁴²⁰ Sutela, "The Underachiever: Ukraine's Economy Since 1991," 2012.

began to recover after years of stagnation. From 2000 to 2010 its GDP rose from \$567 billion to \$909 billion.⁴²¹ Putin consolidated power in Moscow by curbing the influence of oligarchs. A famous case involved the government takeover of energy giant Yukos in 2003. Prosecutors in Moscow charged the company's leaders with tax evasion, an effective tool for legally undercutting unfriendly business elites. After convicting Mikhail Khodorkovsky and Platon Lebedev, Putin nationalized the company, sending a signal to other oligarchs who might try to challenge Putin.⁴²² In retrospect, 2000 served as a turning point for the Russian economy. Ukraine experienced some recovery during the same period, but it was not as rapid as that seen in Russia. Ukrainian GDP increased from \$59 billion in 2000 to \$90 billion in 2010.⁴²³ Despite recessions, triggered by the 2008 financial crisis, their respective economies finished the decade with significantly higher levels of output.

At the outset of the new millennium, Leonid Kuchma had indicated a desire for greater integration with EU but the Orange Revolution of 2004 unraveled those plans. Towards the end of Kuchma period, officials at the NBU looked for ways to stimulate economic growth and integrate into the global economy, calling in experts from various IFIs. Officials at the IMF provided many recommendations to the Kuchma regime, but they were consistently rejected for political reasons.⁴²⁴ Oligarchs lobbied against structural reforms to maintain the existing order, despite receptive civ-

⁴²¹ World Bank.

⁴²² Christopher Williams, "Yukos Oil Battle Flares up 13 Years after Putin's Kremlin Crushed Critic Khodorkovsky," *The Telegraph* (May 21, 2016), <http://www.telegraph.co.uk/business/2016/05/21/yukos-oil-battle-flares-up-13-years-after-putins-kremlin-crushed/>.

⁴²³ World Bank.

⁴²⁴ Interview with Respondent 32, December 6, 2016.

il servants who generally favored IMF proposals. The Orange Revolution and the election of Viktor Yushchenko reoriented the financial sector. Whereas before 2004 the banking sector had been closed to foreign competition, President Yushchenko opened the financial sector to more competition and foreign investments, particularly vis-a-vis Europe and Russia. Officials at the NBU welcomed foreign investment, but observed that the participating Russian banks were still state or partially state-owned.⁴²⁵ This allowed the Kremlin to invest in various strategic initiatives, involving defense contractors, infrastructure, and the energy sector.

Not all sectors were open for business, however. One civil servant, who had worked with EU members to find areas for growth, understood that certain markets, including energy, mining, metallurgy, and chemicals, were “off-limits” to foreign competition.⁴²⁶ The high expectations among Western businesses regarding potentially lucrative investments gradually declined once many firms ran into issues with bureaucratic procedures and an unfamiliar environment. Kyiv struggled to enact reforms that mirrored Western standards for open competition. The greatest obstacle to attracting new trade and investment was the weak rule of law. European companies feared that the government would institute ad hoc regulatory changes, diminishing the returns on their business operations after firms had already invested capital.⁴²⁷

Yushchenko moved to intensify ties with Western governments more aggressively than his predecessors had. On January 13, 2005, the European Parliament voted to recognize that Ukraine had made progress towards human rights and democratiza-

⁴²⁵ Interview with Respondent 32, December 6, 2016.

⁴²⁶ Interview with Respondent 8, October 25, 2016.

⁴²⁷ Interview with Respondent 8, October 25, 2016.

tion.⁴²⁸ Though such pronouncements remained symbolic, the new President welcomed these EU overtures. Ukraine's dual-track policy in the economic realm began to break-down, however, as Yushchenko pushed for closer ties with the West.

Once Yushchenko pushed for reforms in 2004, foreign investment increased rapidly. Net FDI inflows as a percentage of GDP increased from 1.8 in 2003 to 5.2% in 2007.⁴²⁹ Kyiv also pursued liberalizing policies to meet the requirements for WTO accession in 2008.⁴³⁰ Once the 2008 financial crisis hit the IMF began imposing new "good standards," but the financial industry resisted due to the "vested interests of oligarchs."⁴³¹ The NBU's reliance on fixed exchange rates since 1991 not only insulated the economy but also invited corruption from the ruling politicians. Elected officials had no incentive to adopt liberal reforms that would allow the market to determine the price of the hryvnya. From 2009 to 2014 "the bank [NBU] behaved as a financial agency of the family,"⁴³² referring to President Yanukovich and his clan. NBU Governor Igor Sorkin was "a part of the family" and acted as a "personal financier for the president."⁴³³

Following Yushchenko's friendly relations with the EU and US, President Yanukovich, advocating a pro-Russian foreign policy, reverted to closer ties with

⁴²⁸ The EU Parliament, "P6_TA(2005)0009, Results of Ukraine elections," Europa [http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P6-
TA-2005-0009+0+DOC+PDF+V0//EN](http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+TA+P6-
TA-2005-0009+0+DOC+PDF+V0//EN).

⁴²⁹ World Bank, "Ukraine: Foreign Direct Investment," [https://data.worldbank.org/indicator/
BX.KLT.DINV.WD.GD.ZS](https://data.worldbank.org/indicator/BX.KLT.DINV.WD.GD.ZS).

⁴³⁰ World Trade Organization (WTO), "Ukraine, Member Information," (2017), [https://www.wto.org/
english/thewto_e/countries_e/ukraine_e.htm](https://www.wto.org/english/thewto_e/countries_e/ukraine_e.htm).

⁴³¹ Interview with Respondent 32, December 6, 2016.

⁴³² Interview with Respondent 32, December 6, 2016.

⁴³³ Interview with Respondent 32, December 6, 2016.

Russia. The overall trade picture affirmed the strong link between the Ukrainian and Russian economies. As of 2011, Ukraine ranked fourth as an importer of Russian merchandise, primarily energy products; it was the third biggest exporter to Russia.⁴³⁴ That same year the WTO reported that Russia was the largest importer and exporter of merchandise to Ukraine.⁴³⁵ Reliance on Russia proved a serious obstacle to liberalizing and integrating with Western economies.

Figure 4. Top Five Trading Partners by Market Share: 2000 - 2010.

Country	2000		2005		2010	
	Exports (% share)	Imports (% share)	Exports	Imports	Exports	Imports
Russia	23.96	41.65	21.88	35.55	26.12	36.55
Turkey	5.96	—	5.92	—	5.88	—
US	4.92	—	—	—	—	—
Germany	4.87	7.66	3.75	9.36	—	7.58
Italy	4.42	—	5.54	—	4.69	—
Turmenistan	—	6.78	—	7.41	—	—
Belarus	—	4.31	—	—	3.69	4.23
France	—	3.56	—	—	—	—
Poland	—	—	2.95	3.89	3.48	4.59
China	—	—	—	5.01	—	7.74

Source: "Ukraine Trade Statistics," World Integrated Trade System (WITS). <http://wits.worldbank.org/CountryProfile/en/UKR>.

Russian investors captured more of the financial market through intermediaries, especially banks based in Cyprus. By the end of 2011, capital flows from Cyprus accounted for \$14.5 billion in investment, 28% of all inflows to Ukraine dat-

⁴³⁴ World Trade Organization, "Trade Profile: Russian Federation."

⁴³⁵ World Trade Organization, "Trade Profile: Ukraine."

ing back to 1991; many analysts acknowledge that Cypriot banks acted as middlemen for foreign investors.⁴³⁶ Many were likely Russian, but prior to 2013 there were no accurate data for the Cypriot banking sector. Direct Russian funding totaled \$3.6 billion over the same period.⁴³⁷ It is difficult to determine which sectors of the economy Russian investors were targeting, in so far as the State Statistics Service of Ukraine, by law, does not publish the official numbers. Officials also do not publish data on the agricultural, mining, chemical, and electricity sectors.⁴³⁸

In 2012, members of the Rada sought to regulate the banking sector along Western European lines. One MP (elected that year) who served on the Committee of Finance Policy and Banking helped to draft legislation to develop an e-commerce system, similar to that of EU members.⁴³⁹ Despite Russian business interests and Yanukovich's friendly attitude towards Moscow, the push against further Russian integration continued. MPs knew the future of Ukraine's economy would lie in Western integration, motivating them to adopt European standards sooner rather than later.

President Yanukovich made it a point to hire many Russians citizens and business leaders with Russian ties for his administration.⁴⁴⁰ Because oligarchs and politicians on both sides of the border benefited from Moscow's privileged position, they had less incentive to listen to growing discontent among the citizenry. Pursuing

⁴³⁶ James Hydzik, "Sources of FDI: Ukraine - Beyond the Boundaries," *Foreign Direct Investment*, London (October/November 2012).

⁴³⁷ Hydzik, "Sources of FDI: Ukraine - Beyond the Boundaries."

⁴³⁸ State Statistics Service of Ukraine, "Direct investment (equity capital) from Ukraine countries, by type of economic activity," <http://ukrstat.gov.ua/>.

⁴³⁹ Interview with Respondent 13, November 29, 2016.

⁴⁴⁰ Interview with Respondent 26, September 29, 2016.

contradictory approaches, Yanukovych proceeded with closer EU ties, attending the Vilnius Summit in summer 2013 to sign the AA. Oligarchs became nervous about the potential costs of the AA and DCFTA to their business interests.⁴⁴¹ Competition from the West could threaten their quasi-monopolies.

As the date of signing approached, Putin threatened to halt trade with Ukraine if Yanukovych followed through with the EU agreement.⁴⁴² On August 14, 2013, Russian Customs began stopping shipments from Ukraine, which unexpectedly reversed course and refused to sign the AA, catching policymakers off guard.⁴⁴³ The dual-track foreign policy approach could no longer work as the interests of citizens and oligarchs clashed, setting the stage for civil unrest and the demise of the Yanukovych regime.

Ukrainian Economic Policymaking from 2014 to 2016

Heading the post-EuroMaidan government, Prime Minister Yatsenyuk signed the AA on 21 March 2014, then the newly elected President Poroshenko signed the DCFTA on 27 June 2014.⁴⁴⁴ This shift set Kyiv on a clearer foreign policy path, towards Western countries and away from Moscow. Closer association with the EU became easier when policymakers were freed from the faulty assumption that Ukraine

⁴⁴¹ Interview with Respondent 8, October 25, 2016.

⁴⁴² Interview with Respondent 31, November 7, 2016.

⁴⁴³ Interview with Respondent 8, October 25, 2016; Interfax-Ukraine, "Russia sets off trade war to prevent Ukraine from signing agreement with EU, says UDAR," *KyivPost* (August 14, 2013), <https://www.kyivpost.com/article/content/ukraine-politics/russia-sets-off-trade-war-to-prevent-ukraine-from-signing-agreement-with-eu-says-udar-328366.html>.

⁴⁴⁴ The European Union, "EU-Ukraine Association Agreement," Europa. https://eeas.europa.eu/sites/eeas/files/071215_eu-ukraine_association_agreement.pdf; The European Union, "The trade part of the EU-Ukraine Association Agreement becomes operational on 1 January 2016," The European Commission (December 31, 2015), <http://trade.ec.europa.eu/doclib/press/index.cfm?id=1425>.

could pursue closer ties with the West and Russia simultaneously.⁴⁴⁵ Meeting the terms of the agreements with the EU still proved difficult. The DCFTA required not only policy and institutional changes but also a “change in culture,” normalizing free market principles throughout the state bureaucracy.⁴⁴⁶ The following sections address three broad areas of economic policy—trade, finance, media, and education—examining the ways in which each is influenced by foreign actors.

Shifting Trade Preferences

Russia relies on Ukraine as a large consumer market for its goods. The Kremlin knew that the AA would mean “military and political influence would be lost for Russia,” through its economic lever.⁴⁴⁷ After Poroshenko had signed the agreement, Russia invaded Crimea, signaling to Kyiv that it would not concede its leading trading position easily. Despite its intervention and support for the separatists in Donbas, the ties between the two economies remained strong. In 2015 Russia was still Ukraine’s top trading partner, consuming 12.66% of its exported goods and providing 19.9% of its imports.⁴⁴⁸

Policymakers in Kyiv and Moscow also cut many personal ties. Ukrainian officials felt that Russia was acting like an “imperial” power, reminiscent of the Soviet past.⁴⁴⁹ Once officials on both sides realized that they could not maintain their previ-

⁴⁴⁵ Interview with Respondent 8, October 25, 2016.

⁴⁴⁶ Interview with Respondent 8, October 25, 2016.

⁴⁴⁷ Interview with Respondent 11, November 2, 2016.

⁴⁴⁸ World Bank, “Ukraine Trade Summary 2015 Data,” World Integrated Trade Solution (2017), http://wits.worldbank.org/about_wits.html.

⁴⁴⁹ Interview with Respondent 31, November 7, 2016; Kuzio, *Ukraine: Democratization, Corruption and the New Russian Imperialism*, 49.

ous arrangement, discussions over repairing trade relations ceased. The Kremlin began harassing Russian policymakers and academics representing a “pro-Ukrainian” viewpoint to pressure them into silence.⁴⁵⁰ Despite its significant trade interests in Ukraine, Moscow lost influence over the actual trade arrangements.

Ukraine struggled to find new export markets for its goods. Despite closer relations with the EU, Western Europe still had a limited demand for its goods, except agricultural products, in finished materials like metals and chemicals due to competition from higher quality brands.⁴⁵¹ In 2015 Italy was its largest EU import partner, but the value of Ukrainian goods amounted to merely 5% of its entire export market.⁴⁵² EU requirements also weighed heavily on policymakers. As one MP stated: “We want business partners, not parents.”⁴⁵³ Until Ukraine enforced the DCFTA, policymakers and oligarchs had little reason to change their economic policies. Western influence not only promised another export market but a force for liberal reforms.

Liberalization remained a major obstacle to increasing trade with the EU after the DCFTA signing. The communist legacy and the slow pace of reform had complicated cultural perceptions of basic market principles. One persistent problem was the concept of personal ownership.⁴⁵⁴ When Western institutions pushed for privatization, the rapid dismantling of the Soviet system and an immediate concentration of wealth

⁴⁵⁰ Interview with Respondent 31, November 7, 2016.

⁴⁵¹ Interview with Respondent 13, November 29, 2016.

⁴⁵² World Bank, “Ukraine Trade Summary 2015 Data,” World Integrated Trade Solution (2017). http://wits.worldbank.org/about_wits.html.

⁴⁵³ Interview with Respondent 13, November 29, 2016.

⁴⁵⁴ Mary Martin, Institute of World Policy Holds Discussion on “EU Interventions in Ukraine’s Conflict Settlement,” at Kyiv-Mohyla Academy, Kyiv (September 7, 2016).

among a small group of oligarchs distorted public perceptions of capitalism. The EU attempted to further integrate Ukraine into a wider European economy while changing mass opinion on free market economics.

Finance and Banking

The post-EuroMaidan era also ushered in a wave of finance reforms. Facing the prospect of sovereign debt default, complications from a fixed currency, and recession, the NBU governor, Stepan Kubiv, became “a crisis manager.”⁴⁵⁵ From 2013 to 2015 the debt to GDP ratio ballooned from 37% to 70% while the economy contracted a further 16% from 2014 to 2016.⁴⁵⁶ As the government struggled to pay its bills, it moved to secure more loans from IFIs, to stimulate economic growth. With heavy backing from Western countries, the IMF offered a \$300 billion loan but also set financial reform requirements, with the EU and US embassies monitoring enforcement.⁴⁵⁷ One requirement creditors imposed was the adoption of a floating currency. The value of the hryvnia inflated, exchanging on foreign currency markets at 8.2 per US dollar at the beginning of 2014, then spiking up to 28 per US dollar in February 2015.⁴⁵⁸ Foreign currency reserves decreased rapidly but the NBU stopped behaving as a “private bank for the treasury.”⁴⁵⁹ Although the ensuing inflation

⁴⁵⁵ Interview with Respondent 32, December 6, 2016.

⁴⁵⁶ World Bank, “Central Government Debt, Total (%of GDP),” <https://data.worldbank.org/indicator/GC.DOD.TOTL.GD.ZS?locations=UA>; “Ukraine Trade Summary 2015 Data,” World Integrated Trade Solution (2017). <http://wits.worldbank.org/countryprofile/en/country/UKR/startyear/2011/endyear/2015/indicator/NY-GDP-MKTP-KD-ZG>.

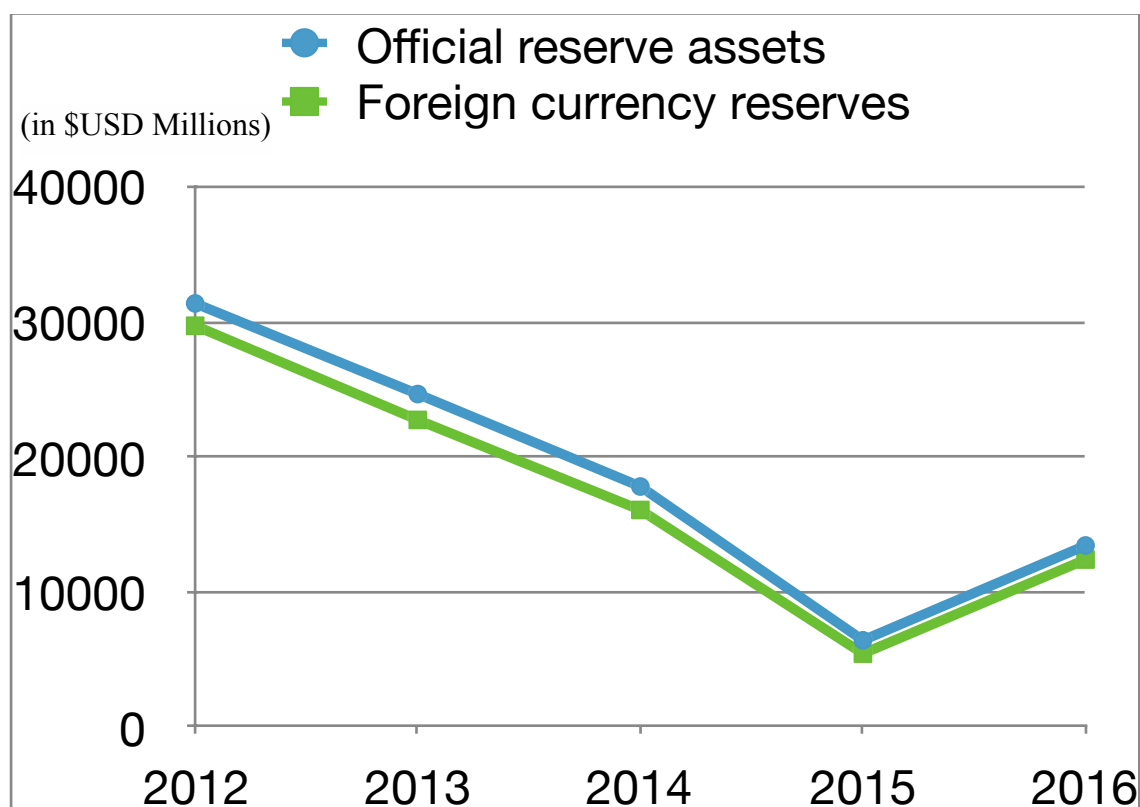
⁴⁵⁷ Interview with Respondent 4, September 28, 2016.

⁴⁵⁸ Bloomberg Markets, “USDUAH Spot Exchange Rate,” (October 10, 2017), <https://www.bloomberg.com/quote/USDUAH:CUR>.

⁴⁵⁹ Interview with Respondent 32, December 6, 2016.

strained an already weak economy, Kyiv had made an important move to integrate into the Western financial system.

Figure 5. Sovereign Asset Reserves: 2012 - 2016.



Source: National Bank of Ukraine, "International Reserves," https://bank.gov.ua/control/en/publish/category?cat_id=7693073.

Western countries sent technical experts to advise the implementation of financial reforms. Poland and Sweden, in particular, provided guidance to the NBU; officials had no further contact with Russian representatives.⁴⁶⁰ This mode of Western influence was to ensure proper enforcement of loan conditions through a form of soft power, i.e., establishing personal relations between officials. Policymakers in both the

⁴⁶⁰ Interview with Respondent 32, December 6, 2016.

Rada and the executive branch sought advice from the EU Commission and permanent EU mission in Kyiv (EU Delegation).⁴⁶¹

As of 2014 European private banks renewed their efforts to invest in the Ukrainian economy. Although Russian money funneled through Cyprus remained the largest source of FDI, accounting for 30%, the second largest contributor was Germany, at 12%, followed by the Netherlands at 11%, and then Russia at 6%.⁴⁶² The banking sector faced many challenges, but EU businesses saw potential for growth. Ukraine's policies concerning the financial sector became more "friendly" towards the EU, turning away from Russian capital.⁴⁶³ By forcing more transparency and reducing the stake that other Russian industries had in Ukraine, regulators provided FDI incentives to the West. The NBU worked quickly in "cleaning up the banking system, especially better auditing and addressing solvency," in order to implement "best practices" from Western institutions.⁴⁶⁴

Western countries gained major leverage in the financial realm, given its capacity to freeze the financial assets of individuals. American intelligence agencies and the US Treasury Department worked with their Ukrainian counterparts to freeze the offshore accounts of corrupt officials.⁴⁶⁵ For example, Between 2014 and 2016 the US

⁴⁶¹ Interview with Respondent 9, October 27, 2016.

⁴⁶² Robert Kirchner, Vitaliy Kravchuk, and Julian Ries, "Foreign Direct Investment in Ukraine: Past, Present, and Future," German Advisory Group, Institute for Economic Research and Policy Consulting (2015).

⁴⁶³ Interview with Respondent 2, September 16, 2016.

⁴⁶⁴ Interview with Respondent 32, December 6, 2016.

⁴⁶⁵ Interview with Respondent 6, October 12, 2016.

froze \$820 million in assets from Ukraine's richest oligarch, Rinat Akhmetov.⁴⁶⁶ Oligarchs and politicians found it harder to embezzle funds or to commit fraud by hiding their assets abroad. This instrument also provides the US a potential way of influencing future officials who may seek to revert course on reforms.⁴⁶⁷

The Media Sector

The Soviet collapse did not bring a definitive end to all ideological struggles; instead it introduced a new type of ideological struggle in Ukraine. People no longer debated the merits of communism versus capitalism but rather authoritarianism versus democracy. Once exposed to competitive elections, the Ukrainian Communist Party faded from existence; it attained 86 of 450 seats in the Rada in 1994 but held no seats by 2014.⁴⁶⁸ The focus of political decision-making shifted to the oligarkhiya.

As reformers in Ukraine struggled to build democratic institutions, elites used their control of the media to further their own interests. Television remains the primary source of news for Ukrainians: 82% reported watching within the last thirty days, much higher than any other source.⁴⁶⁹ The five main television channels are all owned by oligarchs, who hold major business interests in other sectors. These channels include *1+1*, *Inter*, *5 Kanal*, *ICT* and *STB*.⁴⁷⁰ Domination of the media landscape by a

⁴⁶⁶ Roman Olearchyk, "Court freezes \$820m of Ukrainian oligarch's assets," *Financial Times* (January 6, 2018), <https://www.ft.com/content/1a92bacc-f155-11e7-ac08-07c3086a2625>.

⁴⁶⁷ Interview with Respondent 28, October 5, 2016.

⁴⁶⁸ Inter-Parliamentary Union, "Ukraine: Verkhovna Rada," http://www.ipu.org/parline-e/reports/2331_arc.htm.

⁴⁶⁹ Olena Makarenko, "Ukraine makes progress in media freedom, but oligarchs still run the show," *Euromaidan Press* (21 December 2016), <http://euromaidanpress.com/2016/12/21/ukraine-makes-steps-forward-in-media-transparency-but-oligarchs-still-run-the-show/>.

⁴⁷⁰ "Contemporary Media Use in Ukraine," Gallup (June 2014), <https://www.bbg.gov/wp-content/media/2014/06/Ukraine-research-brief.pdf>.

small group allows for the possibility of distorted information based upon material interests. In particular, Moscow used this avenue to propagate its message. Although Russian produced media are now banned in Ukraine, some illegally watch it and Ukrainian television stations are sometimes used to broadcast a pro-Russian message.

The Kremlin utilizes the Russian language to exert soft power. Although the role of language was a matter of debate concerning policy, its use as an official language and support for Russian in education, it is used as a path of influence in public discourse. Moscow taps into the shared Slavic history of the two countries to compete with the Western narrative. Though difficult to measure, Russia's "public diplomacy" initiatives before 2014 were marginally effective, bolstering Moscow's position in Eastern Ukraine.⁴⁷¹

Russia targets diaspora populations like those in Donbas, promoting the Russian language and culture, but in ways that severely limits its appeal to outside groups.⁴⁷² Media outlets portray the EU and US interfering with Kyiv's affairs, suggesting that the EuroMaidan protests were actually an elaborate regime change operation engineered by Western capitals.

One key difference between the Russian and Western narratives is that Western countries promote democratic and free market values that a growing number of Ukrainians embrace. As Anders Aslund contends, personal freedom and economic freedom share a positive relationship in post-Soviet countries, Ukraine being an out-

⁴⁷¹ Valentina Feklyunina. "Soft Power and Identity: Russia, Ukraine and the 'Russian world(s)'," *European Journal of International Relations* 22, 4 (2016).

⁴⁷² Thomas Just, "Promoting Russia Abroad: Russia's Post-Cold War National Identity and Public Diplomacy," *The Journal of International Communication* 22, 1 (2016).

lier with relative political rights yet little market freedom.⁴⁷³ Liberal values of the West directly challenge the geopolitical history of the post-Soviet space. Encouraging the development of democratic institutions and privatizing the Ukrainian economy undermines the Kremlin's privileged position in influencing the policy process. Adopting a "coercive" approach, which uses military force, Moscow hoped to force Ukrainians back into its sphere of influence.⁴⁷⁴ At the heart of this debate lies the question as to whether Ukraine's future is headed towards economic and political liberalism or stuck on its traditional path. Countries like the US also use soft power as a vehicle for promoting liberal values, not simply culture itself.

Not only do Russian media sources spread misinformation, they also influence public opinion in more subtle ways. They cast doubt on true events, equate the problems of the current government with those of past governments, and suggest that Ukraine's future is not part of an expandable game but only a zero-sum.⁴⁷⁵ One prominent example of how Russian produced media distorted debate about the war itself entailed the initial denial that Russian troops had invaded Crimea. Eventually the Russian government admitted its involvement but Western countries and organizations hesitated to respond. Some Ukrainian policymakers criticized the West for its delayed reaction, but this was precisely due to information gathering and

⁴⁷³ Aslund, "The Three Regions of the Old Soviet Bloc," 90.

⁴⁷⁴ Victoria Hudson, "'Forced to Friendship'? Russian (Mis-)Understandings of Soft Power and the Implications for Audience Attraction in Ukraine," *Politics* 35, 3-4 (2015): 330.

⁴⁷⁵ Alexander Sergunin and Leonid Karabeshkin, "Understanding Russia's Soft Power Strategy," *Politics* 35 (2015): 347-363.

verification.⁴⁷⁶ Because Western countries wanted to accurately understand the events, their reaction was slow.

Russian language affects discourse as a medium of exchange, not necessarily as policy itself. One respondent noted, half of Ukrainian army speaks Russian, when “modern Ukraine is based on territory, not ethnicity.”⁴⁷⁷ Ukrainians increasingly identify themselves as a multicultural society, with multiple languages. Post-EuroMaidan language policies are primarily concerned with the location of media production, not the language itself.⁴⁷⁸

The Russian government uses broadcast news outlets and the Internet as primary vehicles for shaping public opinion. In contrast to previous conflicts in the 1990s, during which the Yeltsin regime allowed almost unfettered media coverage, Putin had tightened control over the press to manipulate war information by 2008.⁴⁷⁹ During previous conflicts, military officials had difficulty filtering information to the media, but by the time of the Russo-Georgian War agents had learned how to use media to convey Russian’s as heroes. Studies show that Russian citizens who watch state-controlled media, overwhelming support the party of Vladimir Putin, United

⁴⁷⁶ Interview with Respondent 27, 30 September 2016.

⁴⁷⁷ Oleksii Haran, “The political consequences of Euromaidan.” Panel Discussion at National University Kyiv-Mohyla Academy in Kyiv (20 October 2016).

⁴⁷⁸ Interview with Respondent 27, 30 September 2016.

⁴⁷⁹ Thomas, “The Bear Went Through the Mountain: Russia Appraises its Five-Day War in South Ossetia,” 32.

Russia.⁴⁸⁰ During the Soviet period Russian television and music aided Russification.⁴⁸¹

The Kremlin hoped to recreate the propaganda machine in Ukraine during and after the EuroMaidan protests. Although the Ukrainian government has banned Russian produced media since 2014, Russian news sources still possess considerable influence. As one policy analyst observed, Russian speaking media are still popular, chiefly due to the wealth of Russian entertainment.⁴⁸² Ukrainian audiences typically relied on Russian movies and television series, leaving Ukrainian-speaking media struggling to compete. Policymakers also suspect that Ukrainian oligarchs opposing Poroshenko, Yatsenyuk and later Groysman, used funds from Russia to undermine the post-Maidan governments.

Some of the largest media outlets produced in Ukraine are owned by oligarchs who propagate pro-Russian views.⁴⁸³ funded by Russian agents. These include the newspaper *Today (Sevodnya)*, which has the largest circulation, and popular television channels like *Vesti* and *Inter*.⁴⁸⁴ *Vesti*, for example, often labeled the EuroMaidan protesters “rebels.”⁴⁸⁵ *Inter*, which is partly owned by pro-Russian oligarch Dmytro Firtash and some Russian citizens, typically promotes pro-Russian discourse and the

⁴⁸⁰ Regina Smyth and Sarah Oates, “Mind the Gaps: Media Use and Mass Action in Russia,” *Europe-Asia Studies* 67, 2 (2015).

⁴⁸¹ Interview with Respondent 1, 15 September 2016.

⁴⁸² Interview with Respondent 26, 29 September 2016.

⁴⁸³ Natalya Ryabinska, “Media Capture in Post-Communist Ukraine: Actors, Methods and Conditions,” *Problems of Post-Communism*, 62, 1 (March/April 2014).

⁴⁸⁴ Interview with Respondent 19, 7 October 2016.

⁴⁸⁵ Interview with Respondent 5, 29 September 2016.

Opposition Bloc in the Rada.⁴⁸⁶ A common strategy used by these news outlets is not to overtly propagate Moscow's agenda, but rather to distract the Ukrainian public with "scandals" concerning politicians and to equate the current government with past governments that were arguably more corrupt and more subject to foreign influence. One prominent example involves media outlets unfriendly to *EuroOptimists* revealing the luxury apartments of current members of the Rada or exposing how slowly the bureaucracy still operates.⁴⁸⁷ Such scandals ignore larger corruption problems in the country attributed to oligarchs, as well as the progress made by the new government.

Another avenue for influence includes the Internet. Reformers traditionally saw increased access to information as a tool to promote democratization. Putin realized the utility of web-based news in furthering Russia's agenda, regardless of any liberal ideals.⁴⁸⁸ Although Kyiv blocked Russian produced broadcast media, Ukrainians can still access Russian news sites via the Internet.⁴⁸⁹ This is a growing problem as Internet news becomes more popular. By 2014 roughly half of Ukrainians were receiving their news from websites, overtaking radio and print platforms.⁴⁹⁰ Devoid of journalistic ethics and editorial scrutiny, websites can easily publish misinformation with an agenda. A common tactic of pro-Russian sites includes using "bots" (applications that automatically produce web content without human direction) to dis-

⁴⁸⁶ Interview with Respondent 9 on 27 October 2016, 27 on 30 September 2016, and 5 on 29 September 2016.

⁴⁸⁷ Interview with Respondent 27, 30 September 2016.

⁴⁸⁸ Sarah Oates, "Glasnost 2.0," *Demokratizatsiya* 22, 2 (2014).

⁴⁸⁹ Interview with Respondent 27, 30 September 2016.

⁴⁹⁰ "Contemporary Media Use in Ukraine," Gallup (June 2014), <https://www.bbg.gov/wp-content/media/2014/06/Ukraine-research-brief.pdf>.

seminate information, in order to embarrass pro-Ukrainian, pro-Western and pro-reform politicians.⁴⁹¹

Russian media are particularly skillful at targeting specific groups already cynical about Ukraine's current situation and anti-Western rhetoric. These groups include the older generation which identifies with the Soviet past, vulnerable groups like the disabled and elderly who have lost government benefits over time, and, finally, ethnic Russians who reside primarily in Donbas.⁴⁹² As long as media outlets pursue a narrative stressing deteriorating conditions and Western support for a weaker, more corrupt Ukraine, then the Kremlin can continue to drive a wedge between a progressive and regressive-minded society, regardless of the metrics.

Another Kremlin strategy, typical of post-Soviet regimes, centers on terrorizing journalists who are critical of the Kremlin. The most famous case after EuroMaidan occurred on July 20, 2016 with the assassination of Belarusian-Russian journalist Pavel Sheremet, in exile in Kyiv, who was critical of Putin and the ruling class in Russia.⁴⁹³ After he fled to Ukraine, the Kremlin wanted to make an example of him, not only murdering him but ensuring that he was executed on Kyiv's busiest street, *vulitsya Khreshchatik*. As one journalist relayed to me, the Sheremet incident was a warning to Russian journalists who have moved to Ukraine, of whom she knows many.⁴⁹⁴

⁴⁹¹ Interview with Respondent 28, 5 October 2016.

⁴⁹² Interview with Respondent 1, 15 September 2016.

⁴⁹³ Alec Luhn, "Car Bomb Kills Pioneering Journalist Pavel Sheremet in Kiev," *The Guardian* (20 July 2016), <https://www.theguardian.com/world/2016/jul/20/ukraine-journalist-pavel-sheremet-killed-kiev-car-bombing>.

⁴⁹⁴ Interview with Respondent 27, 30 September 2016.

The Kremlin manipulates discourse in other, more subtle ways. One example includes confusing the public about reform policies in order to fragment Ukrainian society. In an attempt to democratize the political system, Ukraine has implemented policies to *decentralize* power, giving more authority to oblast and local governments. Separatist sympathizers have misappropriated this concept to suggest that Donbas should receive more *autonomy*.⁴⁹⁵ Moscow wants a more autonomous Donbas in the hopes that it will continue to disrupt Ukraine's political progress.

The injection of misinformation and manipulative frames has also infected personal relationships between Russians and Ukrainians. A key vehicle for distributing misinformation includes social media, where anyone with access to the Internet can perpetuate false claims.⁴⁹⁶ The narrative of Russian media has so greatly distorted facts that once close friends and family on both sides of the border can no longer speak to one another. One of my interviewees reported having tried to have a conversation with a close friend from Russia, who claimed with certainty that President Poroshenko was using US contractors like Blackwater to fight in Donbas, a completely unsubstantiated claim.⁴⁹⁷ By spreading misinformation and specifically targeting the US, Russian media hopes to strike fear into the Ukrainians public that Americans are actually invading the country, not Russian troops. Another respondent has family members from Russia, but they can no longer talk about politics, especially about

⁴⁹⁵ Interview with Respondent 28, 5 October 2016.

⁴⁹⁶ Ulises Mejias and Nikolai Vokuev, "Disinformation and the Media: The Case of Russia and Ukraine," *Media, Culture and Society*, 39, 7 (2017).

⁴⁹⁷ Interview with Respondent 5, 29 September 2016; VSquare, "The dogs of war, the dogs of disinformation," *StopFake News* (December 4, 2017), <https://www.stopfake.org/en/the-dogs-of-war-the-dogs-of-disinformation/>.

President Putin. Typically their Russian counterparts end discussions with statements like: “but you don't understand Russia,” or “not everything you hear is true.”⁴⁹⁸ Russians who often visited Ukraine before the war now rarely do. Ukrainians now have different perceptions of Russians.⁴⁹⁹

Another popular frame that Moscow uses is that “Ukraine is a nonexistent actor.”⁵⁰⁰ Russian media engage in historical revisionism, claiming that Ukraine is not really a country with its own history and culture. By delegitimizing Ukraine as a nation-state, the Kremlin undermines Kyiv’s contemporary territorial claims.

Russia’s assertion that Ukraine is not a real country also complicates the narrative concerning Russo-Ukrainian relations. While the Kremlin exerts soft power promoting their common cultural roots, it simultaneously dismisses Ukrainian culture as fake or weak.⁵⁰¹ This frame is effective but illogical in that it extolls the virtue of solidarity while insisting on Kyiv’s subservience to Moscow.

The information war’s most debilitating side effect is insurmountable cynicism. Media outlets have spread so much misinformation that few people trust the news. Without the ability to agree on certain facts, public discourse deteriorates. Analysts studying political events do not get news from mainstream sources like televi-

⁴⁹⁸ Interview with Respondent 17, 27 September 2016.

⁴⁹⁹ Interview with Respondent 17, 27 September 2016.

⁵⁰⁰ Interview with Respondent 27, 30 September 2016.

⁵⁰¹ Bogomolov and Lytvynenko, “A Ghost in the Mirror: Russian Soft Power in Ukraine,” 4.

sion or newspapers, rather many turn to websites.⁵⁰² As one of my interviewees said, “no one trusts any media.”⁵⁰³

The Russian Orthodox Church also manipulates debate by ostensibly promoting peace, with a popular slogan used by the Opposition Bloc: “End the War, let’s have peace!”⁵⁰⁴ The intention is to convince people that the costs of war are too great, in order to extract a favorable resolution for Moscow. The Kremlin sees a prolonged frozen conflict as a victory because it weakens the popularity of pro-Western policymakers in Kyiv, slows further integration with the EU, and bars Ukraine from any possible NATO membership.

Kyiv immediately implemented measures to combat Moscow’s information war. After EuroMaidan, the country shifted to building a nationalist, reform, anti-Russian and pro-Western movement.⁵⁰⁵ Although the Orange Revolution forced Ukrainian policymakers to reconsider their close relationship to Russia, it did not fundamentally change Kyiv’s foreign policy approach. After the invasion of Crimea and Donbas, however, Ukrainians reevaluated the costs of Moscow’s influence. Considering Belarus’ close relationship to the Kremlin, along with Transnistria, Ukrainians suddenly felt themselves surrounded by a 6,000 kilometer threat-zone, radically altering public discourse.⁵⁰⁶

⁵⁰² Interview with Respondent 17, 27 September 2016.

⁵⁰³ Interview with Respondent 29, 27 October 2016.

⁵⁰⁴ Interview with Respondent 2, 16 September 2016.

⁵⁰⁵ Interview with Respondent 12, 9 November 2016.

⁵⁰⁶ Interview with Respondent 12, 9 November 2016.

To fight a war on the fake news front, Ukrainian policymakers created their own Ministry of Information.⁵⁰⁷ Its mission is to expose unreliable sources and correct misinformation. One tool the government uses is a post-Maidan law that can revoke permits for broadcast television and radio stations, for employing “anti-Ukrainian speech.” There are freedom of the press implications inherent in the law, but the government had not revoked any major permits by 2016.⁵⁰⁸ Private organizations are doing most of the heavy lifting, however.

Ukrainian media outlets, journalists and civil society groups are starting their own networks to combat misinformation. Ukrainian audio media are becoming more popular. One internet-based outlet, “The Public” (*Gromadskye*), began covering the events during and after Maidan in November 2013 with articles and livestream video.⁵⁰⁹ The majority of its funds come from public and private donors in the West.⁵¹⁰ Media outlets like this do not rely on the oligarchy or on the hidden agendas of politicians who are allied with one of the powerful oligarchs.

One organization, StopFake, developed as a result of the overwhelming flood of false news stories. University students and faculty started StopFake to serve as a fact checking resources for media consumers.⁵¹¹ Many journalists, both freelance and those affiliated with new agencies, began contributing to StopFake articles. One organization member went to meetings with EU representatives to explain the importance

⁵⁰⁷ Interview with Respondent 9, 27 October 2016.

⁵⁰⁸ Interview with Respondent 5, 29 September 2016.

⁵⁰⁹ Interview with Respondent 29, 27 October 2016.

⁵¹⁰ Hromadskye, “Financial Report: 3rd Quarter 2016,” <https://hromadske.ua/finreports/3Q%202016%20Fin%20report%20-%20UKR.pdf>.

⁵¹¹ Interview with Respondent 27, 30 September 2016.

of the information war in Ukraine and to elaborate on how Russian media manipulate the news.⁵¹² By countering false news reports and coordinating with Western organizations, NGOs hoped to mitigate Russian soft power effects. In the words of one respondent: “Media, civil society, and NGOs hold back rolling into a communist system, and international funding helps.”⁵¹³

The information war has produced positive results for the Ukrainian government. In polls from 2016 measuring Ukrainians’ trust in the news, only 3% trust Russian media sources, while 62% trust Ukrainian outlets.⁵¹⁴ As a result, Ukrainians now rely on Ukrainian produced media far more than on Russian news. By 2016 80% received news from Ukrainian television, and 52% used Ukrainian websites, versus 5% and 10%, respectively, taken from Russian outlets.⁵¹⁵ Ukrainians also prefer to consume Ukrainian language news. Lack of money still constrains organizations that desire to produce Ukrainian language media.⁵¹⁶ Another factor includes organizations not wanting to appear to suppress the Russian language. If outlets completely eliminate Russian speaking programs, then critics might label them “Nazis,” a term with tremendous negative connotation in light of Ukraine’s WWII experiences.⁵¹⁷

This is not to say that all Ukrainian media are accurate. As one experienced journalist relayed, there is pressure within Ukraine to report on current events more

⁵¹² Interview with Respondent 27, 30 September 2016.

⁵¹³ Interview with Respondent 27, 30 September 2016.

⁵¹⁴ Interview with Respondent 27, 30 September 2016.

⁵¹⁵ Wayne Sharpe, “The State of Media in Ukraine: the Internews Annual Survey,” *Internews* (3 October 2016), <https://www.internews.org/story/state-media-ukraine-internews-annual-survey>.

⁵¹⁶ Interview with Respondent 27, 30 September 2016.

⁵¹⁷ Interview with Respondent 15, 21 September 2016.

positively. For example, officials blocked a journalist covering a story about prisons in Kharkiv, run by the Ministry of Defense, stating that her coverage was “unpatriotic.”⁵¹⁸ When her colleagues began covering President Poroshenko’s possible involvement in the now infamous “Panama Papers” scandal, government officials pressured journalists not to release the story in order to protect the war effort (“*slava-ukrainia*”).⁵¹⁹ Other media outlets practice “self-regulation” not showing certain shows or films that appear anti-Ukrainian.⁵²⁰

Sometimes the Ukrainian government uses media reports to further its own agenda. For example, officials strategically select certain information from OSCE monitoring reports to paint separatists as the ones always starting skirmishes in Donbas.⁵²¹ Though both sides initiate conflict in the cease-fire zone, Kyiv always blames the Russian-supported rebels.

Another factor complicating the media landscape involves competing domestic forces that vie for power, regardless of foreign influence. For example, people in President Poroshenko’s camp target members of other political parties. Surrogates of Poroshenko leak information to the media to discredit potential threats to his administration.⁵²² The misinformation and competing interests produce a complex, confusing

⁵¹⁸ Interview with Respondent 29, 27 October 2016.

⁵¹⁹ Interview with Respondent 29, 27 October 2016.

⁵²⁰ Interview with Respondent 27, 30 September 2016.

⁵²¹ Interview with Respondent 10, 28 October 2016.

⁵²² Interview with Respondent 28, 5 October 2016.

media environment. As one political consultant explained, he cannot rely on media for his analysis, but speaks directly to key players.⁵²³

The Western influence on the information war includes both direct intervention as a source for countering misinformation and indirect, supporting Ukrainian media outlets. Before the EuroMaidan, protests Western media displayed very little interest in Ukraine but by the Vilnius Summit many EU-based outlets started covering events in Kyiv.⁵²⁴ The ensuing protests in Kyiv sparked attention from Western media. One of my contacts helped Western journalists who were arriving daily to cover the rapidly escalating situation.⁵²⁵ Western media outlets highlighted the Russian invasion of Crimea.

After Moscow seized Crimea, American and European organizations shifted their focus to the Donbas conflict. The Kremlin could no longer steer a distorted narrative in the face of competing Ukrainian and Western reporting. Traditional outlets like the *New York Times* and the *Washington Post* sent reporters, as did the growing internet-based outlets. While the traditional outlets sent only one reporter each, websites like *Buzzfeed* and *Mashable* were sending four journalists.⁵²⁶ Their reporting provided critical information to policymakers and the public alike about the state of the war, while Ukrainian news organizations scrambled to cope with the unexpected invasion.

Education and the Academy

⁵²³ Interview with Respondent 28, 5 October 2016.

⁵²⁴ Interview with Respondent 29, 27 October 2016.

⁵²⁵ Interview with Respondent 29, 27 October 2016.

⁵²⁶ Interview with Respondent 27, 30 September 2016.

The EuroMaidan protests highlighted the ways in which the education and scientific landscape needed reform. Anders Aslund sees the education of elites abroad, in liberal democracies, as an antidote to the slow pace of reforms.⁵²⁷ Scholars, particularly in the social sciences and humanities, began shifting their focus from economic to political issues, like the “occupation of Ukraine,” and strengthening “civil society.”⁵²⁸ During the Yanukovych years, the National Academy of Sciences (NAS) concentrated on the “modernization” of the educational system and improving the economy, with little regard for social issues. Russian and Ukrainian businesses wanted a well-skilled workforce to power their respective industries, but they neglected the importance of research related to civics.⁵²⁹ Under the influence of Soviet policies, academic institutions had emphasized the natural sciences in education, to the detriment of social science education.

A major obstacle to reform remains the slow pace at which senior academics adopt newer methods. After years of neglect during due to political upheaval, policymakers are realizing the importance of focusing resources on education for sustained economic growth.⁵³⁰ Curricular and administrative decisions remain highly centralized; some older academics possess privileged positions, despite their lack of research. The “current system benefits certain people but is not results-based.”⁵³¹ Many

⁵²⁷ Aslund, “The Three Regions of the Old Soviet Bloc,” 99; Aslund, “Oligarchs, Corruption, and European Integration,” 70.

⁵²⁸ Interview with Respondent 3, September 19, 2016.

⁵²⁹ Interview with Respondent 3, September 19, 2016.

⁵³⁰ Sutela, “The Underachiever: Ukraine's Economy Since 1991.”

⁵³¹ Interview with Respondent 3, September 19, 2016; Ararat L. Osipian, “Corruption and Reform in Higher Education in Ukraine,” *Canadian and International Education / Education canadienne et internationale*, 38, 2, Article 8 (2009).

of the “old guard” remained in prominent positions without the desire to change policies. To institute reforms mirroring the EU educational system, the new government appointed a 97 year-old chemist, Boris Yegenovich Paton. Though a well-respected academic in his field, he was not considered a champion of progressive policies.⁵³² Strict labor law makes firing scholars difficult, leading one respondent to state: “There needs to be a revolution of management.”⁵³³

Ukrainian scholars, active collaboration with Russian academics has also dramatically decreased. Though not completely banned, the Ukrainian Ministry of Education and Science discourages collaboration with Russia.⁵³⁴ The war has forced many scholars to reevaluate their relationships with their Russian counterparts. Some are worried about Russian institutions possibly manipulating research, or working with a former “boss,” alluding to Moscow’s attitude during and after the Soviet period.⁵³⁵

The academic community is slowly moving toward intensified relations with the West. Before 2014 the government had already sought a more “European” system based on Bologna criteria, but the events of that year accelerated closer relations.⁵³⁶ Ukrainian scholars acknowledge that the higher level of corruption in Russia versus Western countries.⁵³⁷ The number of students studying abroad has steadily increased,

⁵³² Interview with Respondent 7, October 20, 2016.

⁵³³ Interview with Respondent 3, September 19, 2016.

⁵³⁴ Interview with Respondent 3, September 19, 2016.

⁵³⁵ Interview with Respondent 3, September 19, 2016.

⁵³⁶ Interview with Respondent 5, September 29, 2016.

⁵³⁷ Osipian, “Corruption and Reform in Higher Education in Ukraine,” 108.

with the two largest recipient countries being Poland and Germany.⁵³⁸ Educations in the West are growing in popularity, and more scholars and students read academic literature in Western European languages, particularly English.⁵³⁹ In addition to these ties to many EU member states, the US remains an influential foreign actor due to its investments in “down-to-Earth” and “practical” research projects, like the Fulbright Program.⁵⁴⁰ Ukrainian academics are gravitating towards more research collaboration with Western institutions. President Poroshenko codified this by mandating that professors pursue foreign research at Western institutions.⁵⁴¹ This is not to say that Western influence is always welcome. Some older professors resent the new standards and “want to avoid scrutiny that comes with the Western system.”⁵⁴²

Policy think tanks have received a boost from Western support. One particular group, CEDOS, which analyzes educational issues and publishes policy reports, relies almost exclusively on EU and US donors, including the Charles Mott Foundation, the National Endowment for Democracy, and funding from the governments of Sweden, Latvia, the US and the Czech Republic.⁵⁴³ Yanukovych’s staff often ignored the recommendations of such think tanks. After IFIs and Western states provided Ukraine much needed funding, the government was forced to take NGOs more seriously.⁵⁴⁴

⁵³⁸ Oleksandra Slobodian and Yegor Stadny, “Ukrainian Students Abroad: How Many and Why?” CEDOS (December 13, 2016), <https://cedos.org.ua/en/osvita/ukrainski-studenty-za-kordonom-skilky-ta-chomu>.

⁵³⁹ Interview with Respondent 3, September 19, 2016.

⁵⁴⁰ Interview with Respondent 3, September 19, 2016.

⁵⁴¹ Interview with Respondent 5, September 29, 2016.

⁵⁴² Interview with Respondent 18, October 3, 2016.

⁵⁴³ Interview with Respondent 25, October 31, 2016.

⁵⁴⁴ Interview with Respondent 25, October 31, 2016.

Along with the hard power of aid to the Ukrainian government, Western soft power rests with encouraging more students and teachers to seek educational opportunities in Europe, rather than in the traditional post-Soviet countries. The number of Ukrainian students studying abroad jumped from 27,000 in 2009 to almost 60,000 in 2015, with almost all the growth attributed Western institutions.⁵⁴⁵

The greatest foreign influence on educational policy comes in the form of policymakers' exposure to Western curricula. Many of my respondents had pursued educations abroad before taking on public policy roles. Ten of 31 had received degrees from Western institutions. Three MPs also reported working constantly with colleagues who attended universities in EU states or in North America. These degrees made them attractive for recruitment into politics.⁵⁴⁶ The same group would have been limited to fraternal-socialist countries during the Soviet period; expanded educational opportunities leads to more diverse perspectives within the decision-making process.

Conclusion

Since 1991 Moscow has employed a mercantilist approach to economic foreign affairs, to leverage informal networks and business interests forged during the Soviet era. Russia has tried to steer Ukraine's economy away from the rest of Europe, using instruments, which relied on outside "channels."⁵⁴⁷

⁵⁴⁵ Slobodian and Stadny, "Ukrainian Students Abroad: How Many and Why?"

⁵⁴⁶ Interview with Respondent 9, October 27, 2016.

⁵⁴⁷ Interview with Respondent 31, November 7, 2016, Interview with Respondent 20, October 5, 2016 and Respondent 8, October 25, 2016.

The EU and US, by contrast, used explicit policies and institutional reforms to open Ukrainian markets by requiring liberalization and reforming the finance sector. Another area, not explicitly addressed in either the AA or DCFTA but vital to Ukraine's longterm economic prosperity, concerns increased educational and scientific connections. Western hard instruments included requirements laid out in the AA and DCFTA and conditionality of loans to service sovereign debt. Influencing educational institutions entailed a soft power approach. For some policymakers, EU "pressure" is welcome.⁵⁴⁸

Major reforms after 2014 provided hope for better economic conditions. Many obstacles remain, however: The oligarchs still resist liberalization and opening their respective industries to European competition.⁵⁴⁹ The flip side of international competition is the need to stimulate demand for Ukrainian goods. Demand growth would likely boost employment prospects for Ukrainians.⁵⁵⁰ Policymakers moreover have to consider the increasing "demographic trap." Currently there is no strategy for dealing with the growing number of pensioners and a decreasing number of workers.⁵⁵¹

The post-Maidan government made decisive moves towards normalizing the finance sector, starting with Central Bank reforms in 2014. From this point on, the hryvnia became a floating currency, requiring officials to focus more on stabilizing its value. The NBU started adopting European standards and restricting the influence of Russian money, flowing primarily through Cypriot banks. The West influenced this

⁵⁴⁸ Interview with Respondent 14, September 16, 2016.

⁵⁴⁹ Interview with Respondent 14, September 16, 2016.

⁵⁵⁰ Interview with Respondent 14, September 16, 2016.

⁵⁵¹ Interview with Respondent 2, September 16, 2016.

process by offering critical lines of credit, mandating requirements, and by advising bankers on European standards, to allow for better integration of the financial system. The US pushed for loans through the IMF with specific conditions, which acted as one prominent vehicle for these reforms.⁵⁵²

The largest, sustained effort for building a sustainable, independent economy lies with educational investment. Though often the least discussed sector, policymakers must appreciate the value of education and research programs. The soft power wielded by Western institutions through exchange programs for students and faculty offers new development prospects for Ukrainians.⁵⁵³ Many problems remain, such as the resistance to reforms stemming from the older generation (*stariya administratsiya*) and the centralization of decision-making (*poryadok gosudarstva*).

Despite weakening Russian hegemony and support from Western institutions, Ukrainians are still struggling to rebuild their economy. With decreasing output, continued inflation, and mounting debts, many ask: “Where is the light at the end of the tunnel?”⁵⁵⁴ Securing a prosperous economic future is the key to making political progress. It is arguably the main reason for the dramatic shift in foreign policy, beginning with the protests of 2013-2014. Average Ukrainians claim that they have not seen “much change since the Yanukovich period; “They do “not just want rhetoric but real changes in the way of life.”⁵⁵⁵ Kyiv’s greatest roadblock to attaining political

⁵⁵² Interview with Respondent 2, September 16, 2016.

⁵⁵³ Interview with Respondent 7, October 20, 2016.

⁵⁵⁴ Interview with Respondent 8, October 25, 2016.

⁵⁵⁵ Interview with Respondent 31, November 7, 2016.

and economic sovereignty remains Ukraine's energy independence, discussed in the following chapter.

Chapter IV - Ukraine's Achilles Heel: The Energy Sector

Energy is an essential resource for any nation-state, preferably attained from domestic and a diverse array of sources. Since independence this has continued to be the most vulnerable element of Ukraine's sovereignty. In 1987 the Ukrainian SSR had been the second largest producer of energy within the USSR, generating power from the three known sources of fossil fuels at the time: oil, natural gas, and coal. The country produced 192 million tons of coal, 3.56 billion cubic meters of natural gas, and 110,000 barrels of oil a day.⁵⁵⁶ By 1991, however, Ukraine had become heavily dependent on foreign energy sources, primarily in the form of oil and natural gas from Russia. Realizing its outsized stake in Ukraine's energy sector, Moscow leveraged its position by extracting political favors in exchange for lucrative contracts.

The Kremlin employed this position as a form of economic hard power, rooted in a new mercantilist approach. Scholars such as Jefferey Mankoff and Adnan Vatansever have postulated that Russia's aggressive foreign policy is the result of a desire to protect core economic sectors, especially energy. Mankoff posits that the Kremlin has a major interest in protecting the energy sector from competition as Putin brought much of this industry under state control, during his his tenure as president.⁵⁵⁷ Vatansever contends that Russia's desire to expand their energy exports to new markets is a major driver of their larger foreign policy strategy, which is to stimulate its economy

⁵⁵⁶ The Central Intelligence Agency, "Soviet Energy Data - Resource Handbook," Washington DC (May 1990): 5, https://www.cia.gov/library/readingroom/docs/DOC_0000292332.pdf.

⁵⁵⁷ Jefferey Mankoff, "Russian Foreign Policy and the United States After Putin," *Problems of Post-Communism* 55, 4, (2008): 47.

through energy profits.⁵⁵⁸ The case of Ukraine is unique in some regards as the country is highly dependent on imports from Russia and the domestic energy sector is characterized as a monopoly run by oligarchs. Margarita Balmaceda observed the ways in which Ukraine's dependency on Russian energy products has had a direct influence on domestic issues, such as the agreement over the Black Sea Fleet in Sevastopol.⁵⁵⁹ Anders Aslund claims that energy, along with metallurgy and mining, is one of the most closed markets in Ukraine, dominated by oligarchs with little competition.⁵⁶⁰

There is a fundamental difference, however, between the mercantilism criticized by Adam Smith in 1776 and Russia's post-socialist economic policies of today. Smith's explanation of mercantilism in the eighteenth century described the harvesting of natural resources from colonies to feed the emerging industries of Europe, while forcing colonies to buy manufactured products from the "homeland" by imposing a ban on foreign trade.⁵⁶¹ The Kremlin attempted to impose a similar ban on foreign trade in Ukraine, without claiming direct control over the country through a *new* mercantilism.

By losing business ties to Ukraine's energy firms, through loyal oligarchs, Moscow risks losing a major consumer market, a thoroughfare to other markets in southern Europe, and a lever to influencing Ukrainian elites. For example, in 2007

⁵⁵⁸ Adnan Vatansever, "Russia's Oil Exports: Economic Rationale versus Strategic Gains," *Carnegie Papers* 116, (December 2012): 1.

⁵⁵⁹ Margarita Balmaceda, "Gas, Oil and the Linkages between Domestic and Foreign Policies: The Case of Ukraine," *Europe-Asia Studies*, 50, 2 (March, 1998): 260.

⁵⁶⁰ Aslund, "Oligarchs, Corruption, and European Integration," 65.

⁵⁶¹ Smith, *The Wealth of Nations*, 481.

Russia provided the majority of natural gas needs of Slovakia (98%), Bulgaria (92%), the Czech Republic (77%), and Ukraine (66%).⁵⁶² Western countries are promoting Ukrainian energy independence through efficiency and diversification, in order to reduce Russian influence and the prospect of deepening conflict on the continent, along with protecting their own energy security which relies heavily on Russia.

This chapter outlines the history of economic relations between Ukraine, the EU and Russia through two time periods: from independence to the Orange Revolution, then from the Orange Revolution to the EuroMaidan protests. After describing relevant events from 1991 to 2014, I focus on economic relationships, surrounding energy from 2014 to 2016. Finally I conclude with some thoughts about Ukraine's future, regarding its economic situation and relations with the West.

Maintaining the Soviet Networks: Ukrainian Energy Relations from 1991 - 2004

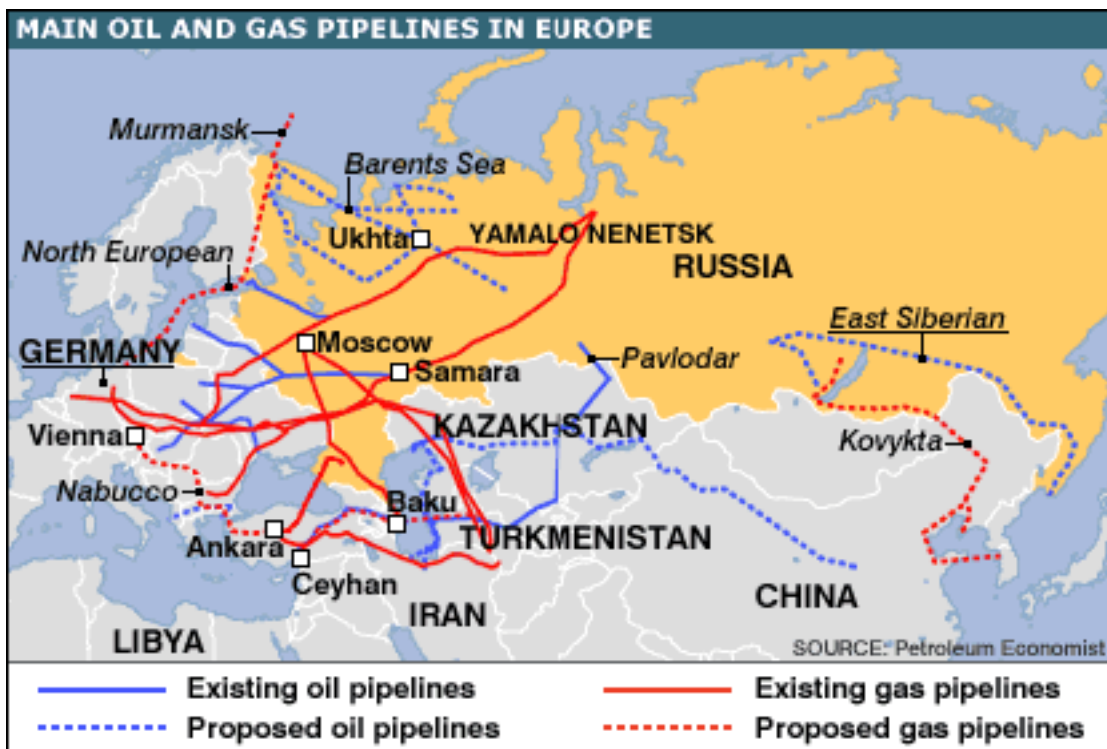
Following the collapse of the Soviet Union, Ukrainian elites set about the difficult task of restructuring the economy. As detailed in the previous chapter, citizens experienced the brunt of a hyper-inflating currency, high unemployment, laborers working without pay, budget shortfalls, and the loss of a protected market within the former USSR. Moscow continued to run the energy market in its Near Abroad to elicit favorable political and economic relations.

Infrastructure proved another major hurdle for developing Ukrainian energy independence. Under the Soviet system, the network of oil and natural gas pipelines, rail and truck routes had run from extraction sites in Russia to, and through Ukraine,

⁵⁶² Commission of the European Communities, "Regulation of the European Parliament and of the Council concerning measures to safeguard security of gas supply and repealing Directive 2004/67/EC," Commission Staff Working Document (July 16, 2009): 63-76, <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=SEC:2009:0978:FIN:EN:PDF>.

supplying fellow Soviet and Warsaw Pact states. The most extensive network of Russian owned pipelines runs through Ukraine. Downline countries include Moldova, Romania, Bulgaria, Slovakia, the Czech Republic, Austria, Italy. and Germany (See Figure 1). To protect these vital markets, leaders in the Kremlin employed a mercantilist approach to economic foreign affairs.

Figure 1. Russian Oil Pipeline Routes in Europe



Source: BBC, "Russia: Key Facts," British Broadcasting Corporation. <http://news.bbc.co.uk/2/shared/spl/hi/guides/456900/456974/html/nn4page1.stm>.

Another lever the Kremlin used involves the nuclear energy industry. Ukraine is almost completely dependent on Russia for uranium.⁵⁶³ In 2016 this sector account-

⁵⁶³ Interview with Respondent 19, 7 October 2016.

ed for 23% of the nation's energy consumption, operating 15 reactors.⁵⁶⁴ These nuclear plants rely on foreign uranium deposits to maintain its operations.

Ukrainian leaders struggled to build an independent, market-based economy. The newly “independent” economy faced many challenges, beginning with the need to privatize a former state-owned and operated system that controlled all means of production and distribution; they also had to address rampant corruption. The *oligarkhiya* undermined both sets of reforms. From 1991 to 2014 the ruling class pursued a “dual-track” foreign policy, sometimes benefitting greatly from playing Russia against the West; by the time President Yanukovich dealt with this question at the Vilnius Summit, Ukraine could no longer maintain this approach.

After the collapse of the Soviet Union and subsequent economic decline, Yeltsin shifted Moscow's policy focus away from maintaining its Cold War military dominance to seeking new economic opportunities. Writing in 1997, Nikolai Petro and Alvin Rubinstein posited that Russian officials began to realize the utility of oil in influencing Near Abroad states.⁵⁶⁵ Since the military could no longer be relied upon to influence foreign governments, natural resources had to be deployed to achieve such goals. Between 1998 and 2007, energy exports accounted for a growing share of total Russian exports, from 37% to 61%.⁵⁶⁶

Ukraine attempted to establish an independent energy strategy, by diversifying its sources and moving closer to the EU. In 1994 officials signed the Partnership and

⁵⁶⁴ U.S. Energy Information Agency, “Ukraine,” Analysis (January 1, 2017), <https://www.eia.gov/beta/international/analysis.cfm?iso=UKR>.

⁵⁶⁵ Petro and Rubinstein, *Russian Foreign Policy: From Empire to Nation-State*, 113.

⁵⁶⁶ Oliker, *Russian Foreign Policy: Sources and Implications*, 48.

Cooperation Agreement (PCA), establishing a more liberal trade regime between the two entities based on the General Agreement on Tariffs and Trade (GATT) and a timetable for establishing a free trade area.⁵⁶⁷ However, officials in the Kremlin had different plans for Ukraine. An economic analyst providing advice to the Ukrainian government at the time noted, “It was understood that we [Ukraine] would not take unilateral steps” towards economic integration with the EU.⁵⁶⁸ Russian policymakers closely watched any move Ukraine made towards Western economies.

The Kuchma government worked to reform the energy sector by modernizing and privatizing the system. The government had long provided subsidies for coal mining and coal energy plants to oligarchs.⁵⁶⁹ In 1996, on the recommendation of the IMF and World Bank, his government began reforming the coal industry by cutting state subsidies, shutting down coal power plants mainly located in the East.⁵⁷⁰ This move put miners out of work and triggered resentment in the Donbas region for liberalization policies.⁵⁷¹ Ensuing unemployment in eastern Ukraine formed one of the main tenets of the platform for the Party of the Regions (*Partiya Regionov*), which promised to put miners back to work.

As Russian officials began reevaluating their strategy, Ukrainian domestic politics opened the government to Russian exploitation. In 1995 Kuchma oversaw the

⁵⁶⁷ “Partnership and Cooperation Agreements (PCAs): Russia, Eastern Europe, the Southern Caucasus and Central Asia,” EUR-Lex, http://trade.ec.europa.eu/doclib/docs/2003/october/tradoc_111612.pdf.

⁵⁶⁸ Interview with Respondent 31, 7 November 2016.

⁵⁶⁹ Aslund, “Oligarchs, Corruption, and European Integration,” 65.

⁵⁷⁰ Vitalii Atanasov, “Undermined: how the state is selling out Ukraine’s coal workers,” *openDemocracy* (December 19, 2016), <https://www.opendemocracy.net/od-russia/vitalii-atanasov/faded-glory-ukraines-miners>.

⁵⁷¹ Interview with Respondent 19, 7 October 2016.

selling of state-owned oil and gas industries, which granted a monopoly to a few firms, chief among them EuralTransGas (ETG), RusUkrEnergo, and OstChem, forming what scholars called the “Gas Lobby.”⁵⁷² Ukraine’s lack of regulatory structure encouraged massive corruption within the petroleum sector. As Yuriy M. Shcherbak, Ukrainian Ambassador to the US under Kuchma, reported in 1997, the Rada voted against privatizing the energy sector, allowing only a few market actors to control the oil industry.⁵⁷³ The oil and natural gas industries also derive rents from the government in the form of subsidies, which Anders Aslund contends leads directly to corruption.⁵⁷⁴ One prominent case of corruption involved the sitting Prime Minister in 1997, Pavlo Lazarenko, who illegally secured a monopoly over gas-import firms, which led to a Rada investigation and his resignation that year.⁵⁷⁵

In 1997, Ukraine began the application process for admission to NATO. Policymakers saw Russia as a growing threat to its security and desired the benefits of closer military ties with the West. A permanent NATO liaison post opened in Kyiv.⁵⁷⁶ This move sent a signal to the Kremlin that Ukrainian leaders were willing to strengthen their security interests with Western countries, to the detriment of Russia.

⁵⁷² Whitmore, “Political Party Development in Ukraine,” 4; Pleines, “Oligarchs and Politics in Ukraine,” 112.

⁵⁷³ Newal Agnihotri, “Ukraine: Industry and Economy,” *Presidents and Prime Ministers*, 6, 6 (1997): 14.

⁵⁷⁴ Aslund, “Oligarchs, Corruption, and European Integration,” 64-65.

⁵⁷⁵ Balmaceda, “Gas, Oil and the Linkages between Domestic and Foreign Policies: The Case of Ukraine,” 274.

⁵⁷⁶ Gerald Solomon, *The NATO Enlargement Debate: 1990-1997*, The Center for Strategic and International Studies (1998): 120.

By 1998 Ukraine enacted the PCA, implementing comprehensive reforms intended to lead to closer economic relations with the EU. Such tighter relations represented a threat to Russian interests as Moscow shifted its focus to economic influence. From 1996 to 2000, fuel exports accounted for 39-50% of Russia's exported merchandise.⁵⁷⁷ Putin recognized the significance of using energy exports as a lever against countries that relied on these products.

The 1998 financial crisis proved to be a defining moment in Russia's abrupt shift towards energy diplomacy. Maxime Larive and Roger Kanet contend that contemporary Russian foreign policy originated at this critical moment: Russia, realizing its marginalized position, reintroduced "hard power" into its foreign policy calculus.⁵⁷⁸ An economic recession during a period of general economic decline, forced Russian leaders to search for new material advantages. Their main resources were petroleum and natural gas. In November 1998, the Duma approved a new economic initiative that granted Moscow almost complete discretion in intervening into the activities of firms, especially large corporations, deemed in the national interest.⁵⁷⁹ This laid the foundation for the eventual re-nationalization of certain businesses, particularly in the energy sector. These policy developments coincided with a rise in oil prices (West Texas Intermediate, inflation adjusted) from a low of \$17.62 in November 1998 to \$48.06 in November 2000.⁵⁸⁰

⁵⁷⁷ The World Bank, "Russian Federation," Data. <https://data.worldbank.org/country/russian-federation>.

⁵⁷⁸ Larive and Kanet, "The Return to Europe and the Rise of EU-Russian Ideological Differences," 130.

⁵⁷⁹ White, *Russia's New Politics*, 139.

⁵⁸⁰ Macrotrends, "Crude Oil Prices: 70 Year Historical Chart," <http://www.macrotrends.net/1369/crude-oil-price-history-chart>.

An economic analyst who had advised Ukrainian policymakers recalled how his Russian counterparts espoused “going to Europe together.”⁵⁸¹ If Ukraine were going to build closer economic ties to the EU, then Moscow expected to join negotiations as another party, moving towards Brussels at the same pace. Jefferey Mankoff echoes this sentiment as he contends Putin was fairly accommodating to Western countries during his first two terms as President, because he saw friendly relations with the US, EU and NATO as vital to Russia’s security.⁵⁸² The Kremlin, however, would slowly see possible EU and NATO expansion as more of a threat.

Russia’s move to steer the Ukrainian economy for its own political purposes and economic growth coincided with the latter’s declining productivity during the 1990s. American economist James Dean reports that from 1991 to 1999, Ukrainian GDP declined by 60%, amounting to only \$600 per capita.⁵⁸³ Lacking large crude oil or natural gas reserves, Ukrainians found themselves at the mercy of Russian resources to fuel their economy. By 1999 Ukraine was importing 40% of its petroleum, with Russia representing the largest supplier.⁵⁸⁴

Ukrainian oligarchs played a crucial role in sustaining Russian control. Dean notes that these oligarchs, much like those in Russia, exerted considerable influence and thwarted progressive efforts to modernizing the energy sector. One oligarch, Igor Bakai, summarized the path of elites to power in 2000: "All rich people in Ukraine

⁵⁸¹ Interview with Respondent 31, 7 November 2016.

⁵⁸² Mankoff, “Russian Foreign Policy and the United States After Putin,” 42-44.

⁵⁸³ Dean, “Ukraine: Europe’s Forgotten Economy,” *Challenge* 43, 6 (2000), 93.

⁵⁸⁴ Dean, “Ukraine: Europe’s Forgotten Economy,” 100.

made their money on Russian gas."⁵⁸⁵ The Kremlin's strategy was to sell natural gas at below market prices to Ukrainian firms, which had a monopoly, allowing oligarchs to derive vast profits.⁵⁸⁶ Despite growing Russian influence and increasing demand for natural gas by the close of 2000, Ukraine failed to ratify the CIS agreement it had originally signed in 1991, illustrating leaders' conflicted approach.⁵⁸⁷ Ukrainians desired cheap energy sources but consistently rejected attempts to formally reintegrate with Russia in a political or economic pact.

The NATO accession process appeared stalled at the turn of the millennium. Despite President Kuchma's appeals to NATO, little progress was made in negotiations between 1997 and 2000. As Ukraine consistently failed to meet political and economic reform requirements, Western capitals hesitated to move forward with the membership process.⁵⁸⁸ Membership talks would not be renewed until the President Viktor Yushenko took office in 2004.

Although it is difficult to provide evidence that private companies directly exerted influence on Russian and Ukrainian officials, there is one clear instance stemming from 2003: then chief executive of United Energy Systems, Anatoliy Chubais, urged Moscow to undertake an "economic occupation" of adjacent countries like Ukraine to exert influence.⁵⁸⁹ This period coincided with President Putin's consolida-

⁵⁸⁵ Dean, "Ukraine: Europe's Forgotten Economy," 106.

⁵⁸⁶ Aslund, "Oligarchs, Corruption, and European Integration," 64.

⁵⁸⁷ Remarks from Foreign Minister of Ukraine, Volodymyr Ohryzko, "Ukraine to Analyze Expediency of Taking Part in CIS Projects," (August 19, 2008), <http://www.unian.info/news/268085-ukraine-to-analyze-expediency-of-taking-part-in-cis-projects.html>

⁵⁸⁸ D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," 449.

⁵⁸⁹ Olikier, *Russian Foreign Policy: Sources and Implications*, 95.

tion of power, using the energy industry. Recalling the chaos that Russia had experienced in the 1990s, Putin began taking over private companies for state use. In 2003 he ordered the seizure of one of the largest petroleum companies, Yukos, while oil prices were booming.⁵⁹⁰ Putin secured massive revenues for the state in taking over private energy enterprises; he also diminished the influence of the oligarch class. Edward Lucas contends in his work on the rise of Vladimir Putin that the new President's background as an intelligence officer (*Komitet Gosudarstvinoy Bezopastnosti* - KGB) gave him the ability to consolidate power far more effectively than Boris Yeltsin had done.⁵⁹¹ The state now had a reliable form of revenue, as well as a leader who was seen protecting the nation's interest from corrupt business elites. Oil prices continued to rise to \$56.71 by December 2004, helping to boost Russian revenues.⁵⁹²

Russia gradually increased its production of natural gas after declining since the end of the Cold War.⁵⁹³ Russia's energy industry is not just one sector of the economy that the government would prefer to protect; it is also a sector that it ultimately wants to own, to use as a reliable source of revenue for state-building. By 2003 the value of fuel exports represented 55% of all exports for the Russian Federation.

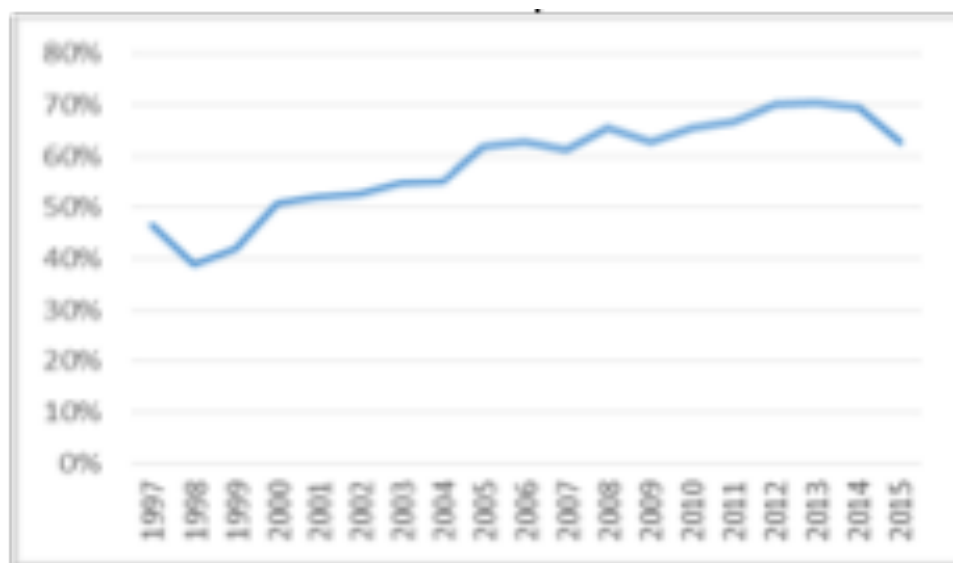
⁵⁹⁰ Sakwa in *Political Economy of Russia*, 77.

⁵⁹¹ Edward Lucas, *The New Cold War: Putin's Russia and the Threat to the West* (Palgrave, MacMillan, 2009): 17.

⁵⁹² Macrotrends, "Crude Oil Prices - 70 Year Historical Chart," <http://www.macrotrends.net/1369/crude-oil-price-history-chart>.

⁵⁹³ U.S. Energy Information Administration, "International Energy Statistics," <http://www.eia.gov/cfapps/ipdbproject/iedindex3.cfm?tid=3&pid=26&aid=1&cid=RS.&syid=1992&eyid=2012&unit=BCF>

Figure 2. Portion of Fuel Exports of Total Exports



Source: World Bank, "Russia Economic Report: The Long Journey Recovery," 35 (April 2016), 55. <http://pubdocs.worldbank.org/en/481881460390188506/rer35-ENG.pdf>.

Meanwhile, Ukrainian policymakers took steps toward greater economic integration with Western Europe. The EU developed a basic policy framework to institutionalize economic relations and promote integration, articulated in the European Neighborhood Policy (ENP) in 2003.⁵⁹⁴ As Ukrainian officials dealt with an increasingly complex foreign relations picture, a major presidential election neared, ending the Kuchma era and starting a new period in Ukraine's politics.

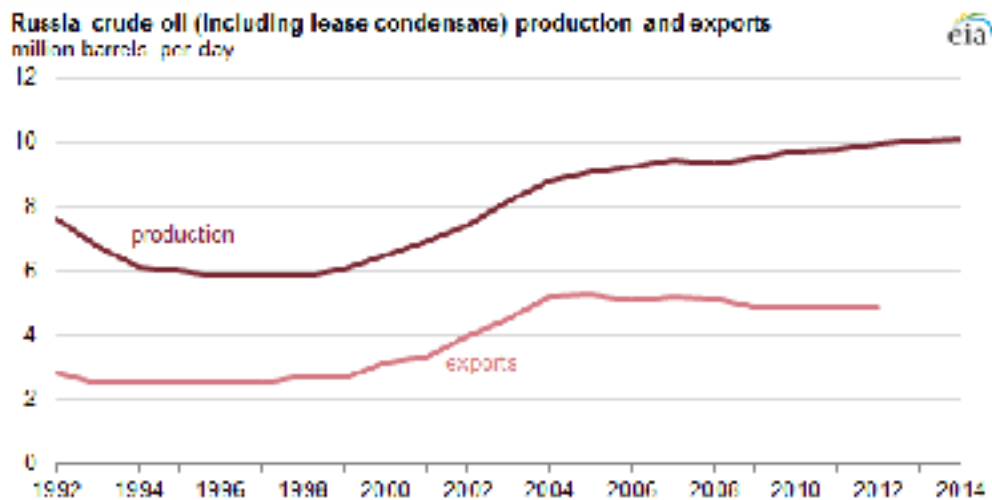
From Revolution to Revolution: 2004-2014

By 2004 Russia's export petroleum trade was booming. Crude oil production, for example, increased almost a third between 1995 and 2004 (Figure 3). Ukraine's geographic position remained crucial to Russia's export-led economy. Oil production had rapidly increased in Russia by 2004; major oil and natural gas pipelines running

⁵⁹⁴ European Commission, "European Neighbourhood Policy And Enlargement Negotiations," (6 December 2016), https://ec.europa.eu/neighbourhood-enlargement/neighbourhood/overview_en

through Ukraine allowed these resources to quickly enter the European market. As Figure 1 indicates, Russia relied on natural gas pipelines to link its production areas with Western Europe and the Balkans. Ukraine had done little since 1991 to change the energy infrastructure, in order to diversify its source portfolio as oligarchs derived profits from rents, providing no incentive to alter the sector.⁵⁹⁵

Figure 3. Russia's Crude Oil Production.



Source: Energy Information Agency, "Russia is World's Largest Producer of Crude Oil and Lease Condensate," Washington DC (August 6, 2015). <https://www.eia.gov/todayinenergy/detail.php?id=22392>.

As Ukrainian reliance on Russia continued, President Yushchenko laid the foundation for an energy infrastructure integration with the EU. As a corollary to the Eastern Partnership, the two sides signed the Energy Strategy in 2005 to mirror EU energy regulations, especially to promote a competitive market and efficiency.⁵⁹⁶ This "business plan" supplied the groundwork for closer energy relations with the EU but also contained projections like building 20 more nuclear reactors, which never mate-

⁵⁹⁵ Aslund, "Oligarchs, Corruption, and European Integration."; Balmaceda, "Gas, Oil and the Linkages between Domestic and Foreign Policies: The Case of Ukraine."

⁵⁹⁶ European Commission, "Implementation of the EU-Ukraine Memorandum of Understanding on Energy Cooperation during 2012," Seventh Joint EU-Ukraine Report (2012), https://ec.europa.eu/energy/sites/ener/files/documents/20130225_mou_progress_report7_en.pdf.

rialized in Ukraine.⁵⁹⁷ Despite the efforts by Yushchenko, Ukraine could not wean itself off Russian oil and natural gas imports.

Meanwhile the EU took further steps to welcome Ukraine as a partner. On February 21, 2005 officials from both sides signed the EU-Ukraine Action Plan, furthering steps to link the two economies by reducing barriers to trade and adopting European regulations for competitiveness and transparency.⁵⁹⁸ Ukrainians saw this agreement as a step towards more concrete economic integration with Europe. The Action Plan states that implementing key provisions amounts to “...joint efforts towards an EU-Ukraine Free Trade Area....”⁵⁹⁹ In 2006 Russia temporarily shut off natural gas supplies to Ukraine, claiming that its decision to cut the flow of gas involved a disagreement over prices.⁶⁰⁰ Not only did Russia provide the lion’s share of Ukraine’s energy demands but it enticed politicians in Kyiv to pursue more favorable foreign relations by promising lower prices. By 2008 Ukrainians were paying less than half of the average Western European for natural gas.⁶⁰¹

After resolving the various gas disputes and agreeing on a new gas import contract, Yushchenko moved again towards the EU. In 2009 the two sides, along with Armenia, Azerbaijan, Belarus, Georgia, and Moldova, finalized the Eastern Partnership (EaP) agreement, which specifically addressed transportation and mobility be-

⁵⁹⁷ Interview with Respondent 19, 7 October 2016.

⁵⁹⁸ European Commission, “EU-Ukraine Summit, Kiev, Joint Statement,” (1 December 2005), http://europa.eu/rapid/press-release_PRES-05-337_en.htm?locale=en.

⁵⁹⁹ The European Union, “EU/Ukraine Action Plan,” EU Neighbours (2005), <http://library.euneighbours.eu/content/eu-ukraine-action-plan-0>.

⁶⁰⁰ British Broadcasting Corporation, “Ukraine: Timeline,” (8 May 2012), <http://news.bbc.co.uk/2/hi/europe/1107869.stm>.

⁶⁰¹ Sutela, “The Underachiever: Ukraine's Economy Since 1991,” 2012.

tween the EU and EaP members.⁶⁰² The initial enthusiasm for increasing independence from Russia after the Orange Revolution faded once the Kremlin made increasing use of its energy resources as a weapon against Yushchenko's Western tilt.

Conflict with Moscow coincided with more political turmoil at home. Yushchenko consistently clashed with Prime Minister Yulia Tymosheko over policy differences and the pace of reforms. One respondent who had worked closely with the two leaders held that Yushchenko and Tymoshenko could never agree on how to integrate with the EU. He contends that Putin used his connections with energy oligarchs, eventually cutting deals with Tymoshenko to extract greater profits from the Ukrainian market.⁶⁰³ By 2010 Tymoshenko eventually competed against Yushchenko's party, Our Ukraine (*Nasha Ukrainina*), for Rada seats, increasing seats for her own party, Fatherland (*Batkivschyna*).⁶⁰⁴

Prime Minister Putin's strategy called for maintaining control over the intermediaries of the energy industry in Ukraine, specifically Naftogaz, a state-owned firm, and RosUkrEnergo, a private firm importing natural gas. The Kremlin pushed for a domestic middle-man in Ukraine, namely Dymtro Firtash who owned RosUkrEnergo; he threatened to cut supplies if Ukraine cut Putin out of the energy sector (*post-skhema robota*).⁶⁰⁵ President Yushchenko sought assurances from the US and the EU of an emergency meeting if Russia were to cut supplies. When one of my in-

⁶⁰² European Commission, "Mobility and Transport: Eastern Partnership," (16 March 2016), http://ec.europa.eu/transport/themes/international/european_neighbourhood_policy/eastern_partnership_en

⁶⁰³ Interview with Respondent 6, 12 October 2016.

⁶⁰⁴ Reuters, "Tymoshenko Says Cabinet Won't Stay on as Caretaker," *KyivPost* (March 3, 2010), <https://www.kyivpost.com/article/content/ukraine-politics/tymoshenko-says-cabinet-wont-stay-on-as-caretaker-60890.html>.

⁶⁰⁵ Interview with Respondent 6, 12 October 2016; Pleines, "Oligarchs and Politics in Ukraine," 117.

interviewees met with the US Ambassador to work on a contingency plan, the American official simply said: “Welcome to the corruption club.”⁶⁰⁶ Russian officials chose Firtash to act as an intermediary agent, to control policy decisions regarding energy.⁶⁰⁷ Another discussion partner noted, “Firtash was a nobody before taking control of RosNeftGaz,” but rose to prominence with the help of Russian agents.⁶⁰⁸ Such agents played important role for the Kremlin’s agenda in Ukraine by protecting their energy interests.

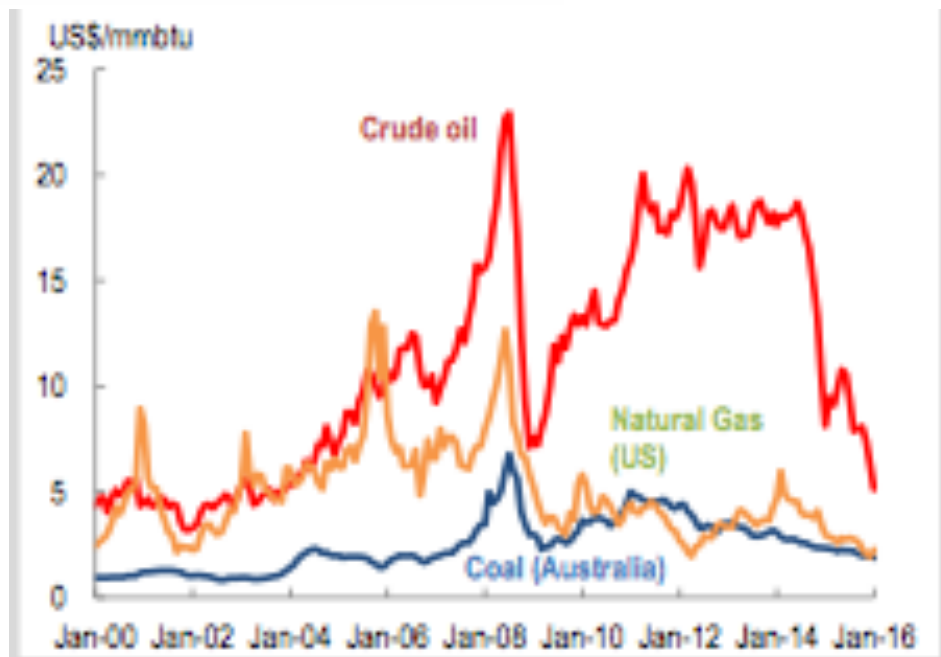
Meanwhile Russia’s growing stranglehold on petroleum and natural gas in the Ukrainian energy sector prevented political dissent. As the price of oil and natural gas recovered after the 2008 financial crisis, Russia saw increasing gains in revenue. As Figure 4 illustrates, by 2011 the value of oil recovered to \$20 per British Thermal Units (BTU). As money flooded the energy market, oligarchs in both countries benefited greatly and sought to maintain their respective monopolies.

⁶⁰⁶ Interview with Respondent 6, 12 October 2016.

⁶⁰⁷ Aslund, “Oligarchs, Corruption, and European Integration,” 65; Konończuk, “Keystone of the System: Old and New Oligarchs in Ukraine,” 11-12.

⁶⁰⁸ Interview with Respondent 12, 9 November 2016.

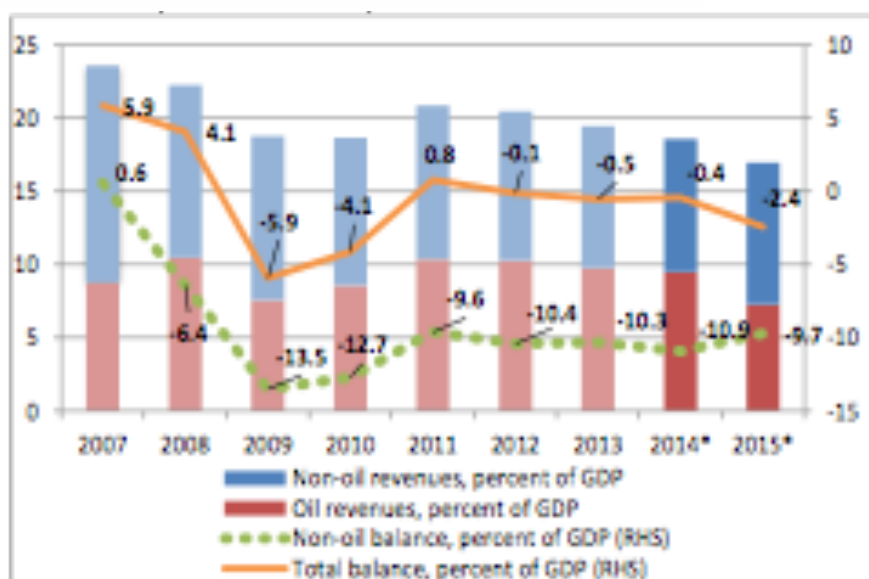
Figure 4. Global Energy Prices in USD per BTU.



Source: World Bank, "Russia Economic Report: The Long Journey to Recovery," 35 (April 2016), 14. <http://pubdocs.worldbank.org/en/481881460390188506/rer35-ENG.pdf>.

Throughout the 2000s, petroleum continued to provide a large portion of Moscow's state revenues. Figure 5 shows that from 2008 to 2013, revenues from oil sales consisted of roughly half of total receipts. Losing the dependence of other countries posed a threat to the Kremlin's fiscal policy.

Figure 5. Russian Sources of State Revenue as a Percent of GDP.



Source: World Bank, "Russia Economic Report: The Long Journey to Recovery," 35 (April 2016), 26. <http://pubdocs.worldbank.org/en/481881460390188506/rer35-ENG.pdf>.

Eventually, the truce between Yushchenko and Tymoshenko collapsed over disputes concerning reform in the energy sector. By 2010 Ukrainian confidence in Yushchenko waned and another presidential election pushed the country back towards Russian influence. This time Viktor Yanukovych won the 2010 election with his new ally, Yulia Tymoshenko.⁶⁰⁹ One of the President's first orders of business concerned the Khakiv Accords. This agreement between Russia and Ukraine extended the lease of the Russian port at Sevastopol in Crimea, as long as Kyiv did not pursue NATO membership and finalized a new five-year gas contract for imported oil and gas.⁶¹⁰

The uneasy alliance between the two leaders deteriorated as Putin again applied pressure to keep both from siding with the EU. Putin personally brokered a deal with Tymoshenko, skimming money from the oil and gas trade, then cutting-out

⁶⁰⁹ British Broadcasting Corporation, "Ukraine: Timeline."

⁶¹⁰ Interview with Respondent 6, 12 October 2016.

Yanukovych, driving a wedge into the policymaking process.⁶¹¹ Putin used a “divide and conquer” strategy against noncommittal Ukrainian officials who resisted his influence. When an official asked Putin to identify his best partner in Ukraine, he named Yulia Tymoshenko, not President Yanukovych.⁶¹²

Under Yanukovych’s leadership, oligarchs continued to consolidate their wealth, as rewarded by the scandals surrounding former Energy Minister, Yuriy Boyko. Boyko was a member of the Gas Lobby and used the Party of the Regions, after 2014 the Opposition Bloc, to maintain influence in the Rada.⁶¹³ One journalist who investigated his purchase of oil platforms in the Black Sea reported that he resold them for a profit of \$250 million.⁶¹⁴ No prosecutor was willing to investigate this deal; in 2014 Boyko became an MP in the Rada, untouched by the controversy. Between 2010 and 2013 Transparency International consistently ranked Ukraine in the top quarter percentile of corrupt countries: its ranking fluctuated between 144th and 134th of 183 countries ranked.⁶¹⁵

Ongoing overtures towards Brussels coincided with Ukraine’s declining share of Russia’s export market. In 2004 Ukraine imported almost 6% of all exported mer-

⁶¹¹ Interview with Respondent 6, 12 October 2016.

⁶¹² Interview with Respondent 6, 12 October 2016.

⁶¹³ Whitmore, “Political Party Development in Ukraine,” 4.

⁶¹⁴ Interview with Respondent 29, 27 October 2016.

⁶¹⁵ Transparency International, “Corruption Perceptions Index - Ukraine,” <https://www.transparency.org/research/cpi/overview>.

chandise, but by 2013 that number shrunk to just under 3%.⁶¹⁶ The Ukrainian market continued to slip away from Russia, representing a threat to its oil and gas revenues.

A lack of transparency in the Ukrainian energy market allowed large scale corruption and influence from Russia.⁶¹⁷ One founder of an energy think tank addressed issues not discussed in the media, in hopes of helping the government to develop a more sustainable energy plan. He wanted to promote public dialogue as a more “open process and to make government accountable.”⁶¹⁸ Under Yanukovich, the government refused to cooperate with his organization in gathering data and listening to concerns from energy experts. His most effective tool in pressuring the government involved public rhetoric trying “to become a beacon,” for average citizens and to raise awareness of complicated energy issues.⁶¹⁹

President Yanukovich generally ignored civil society groups and NGOs, though foreign institutions, Western embassies, and private individuals supported these associations. For example, George Soros had helped to fund my respondent’s think tank, and foreign governments sought his personal advice in formulating Ukrainian energy policy.⁶²⁰ Support from foreign individuals and governments sometimes hampered his group’s attempts at advocacy. Public officials became suspicious

⁶¹⁶ World Trade Organization, “Trade Profile: Russian Federation,” World Integrated Trade Solution (WITS), <https://wits.worldbank.org/CountryProfile/en/Country/RUS/StartYear/2004/EndYear/2013/TradeFlow/Export/Partner/UKR/Indicator/XPRT-PRTNR-SHR>.

⁶¹⁷ International Energy Agency (IEA), “Ukraine: Energy Policy Review, 2006,” The Organization for Economic Cooperation and Development (OECD) (2006), <https://www.iea.org/publications/freepublications/publication/ukraine2006.pdf>.

⁶¹⁸ Interview with Respondent 22, 19 October 2016.

⁶¹⁹ Interview with Respondent 22, 19 October 2016.

⁶²⁰ Interview with Respondent 22, 19 October 2016.

of his think tank's activities, labeling progressive NGOs as "foreign agents," further alienating them from the policymaking community.⁶²¹

Russian institutions and agents likewise marginalized my respondent's interactions with the policymaking process. Before the EuroMaidan protests his organization had rarely interacted with Russian produced media or Russian officials.⁶²² This hindered Ukrainian's awareness of energy issues since many consumed their news from Russian sources. My interviewee described cases of "experts" trying to provide analysis to his organization and "representatives" offering to buy his organization. He suspects they were funded by the Kremlin and Russian energy companies.⁶²³ Yanukovich's energy policies raised red flags in the lead up to the EuroMaidan protests. He maintained a corrupt energy market, lacking transparency and likely skimmed money directly from the energy trade.⁶²⁴ According to this individual: "Yanukovich was completely corrupt."⁶²⁵

Another NGO representative discussed the difficulties his group had in interacting with the government, especially regarding renewable energy sources. His civil society group promotes environmentally conscious energy policies. He recalled how in 2010 Ukraine joined with the EU and a group of other post-communist countries to develop an "Energy Community," establishing common regulations and a better

⁶²¹ Interview with Respondent 22, 19 October 2016.

⁶²² Interview with Respondent 22, 19 October 2016.

⁶²³ Interview with Respondent 22, 19 October 2016.

⁶²⁴ Grigoriev, Buryak, and Golyashev, "The Transition of Ukraine's Economy: A Second Start?" 259; Aslund, "Oligarchs, Corruption, and European Integration," 65

⁶²⁵ Interview with Respondent 22, 19 October 2016.

transport system.⁶²⁶ The group's key focus centered on price and consumption stabilization until the protests in 2013 stalled talks.⁶²⁷ After 2014 their focus shifted to developing more diverse import sources, to render Europe less reliant on Russian sources.

Under President Yanukovych, oligarchs with stakes in the energy field settled into an informal power sharing agreement with the government. Yanukovych and Rinat Akhmetov controlled coal supplies, while Dmytro Firtash acquired a large portion of the natural gas market; Igor Kolomoisky moreover captured the oil sector.⁶²⁸ With the lion's share of the energy industry in the hands of a few people, the Rada lacked the ability to shape policy effectively on its own. While oligarchs consolidated their power in Ukraine, President Yanukovych began signaling his willingness to open markets towards Europe and the US. Kremlin officials had reason for alarm when he began negotiating Western energy deals. Yanukovych established fracking agreements with Shell and Chevron in 2013.⁶²⁹ These agreements directly challenged Moscow's privileged position in Ukraine's natural gas market.

Ukrainian-Russian relations came to a head at the end of 2013 again, over EU affiliation. The Deep and Comprehensive Free Trade Area (DCFTA), negotiated from 2007 to 2011 came up for ratification in Ukraine. On November 21, 2013,

⁶²⁶ Interview with Respondent 19, 7 October 2016.

⁶²⁷ Interview with Respondent 19, 7 October 2016.

⁶²⁸ Interview with Respondent 19, 7 October 2016.

⁶²⁹ Interview with Respondent 19, 7 October 2016; Pavel Polityuk and Richard Balmforth, "Ukraine Signs \$10 Billion Shale Gas Deal with Chevron," *Reuters* (November 5, 2013), <https://www.reuters.com/article/us-ukraine-chevron/ukraine-signs-10-billion-shale-gas-deal-with-chevron-idUSBRE9A40ML20131105>.

Yanukovych and his party decided to postpone signing the trade agreement.⁶³⁰ Months of protest followed, resulting in the eventual overthrow of Yanukovych and a temporary government committed to advancing EU integration. Acting President Oleksandr Turchynov declared that the new government intended to continue along the path towards EU partnership.⁶³¹ Fearful of losing its economic hold on Ukraine and a wider consumer market for its petroleum products, Russia invaded Crimea on 28 February 2014, then supported a separatist movement in Donbas.

Addressing the Achille's Heel: 2014 - 2016

After the invasion of Ukraine, policymakers in Kyiv abruptly reversed course again. In March 2014 the Yatsenyuk government signed the AA; in June newly elected President Poroshenko signed the DCFTA. These policies dealt a severe blow to Moscow's foreign policy strategy by forcing transparency and competitiveness in the Ukrainian market. Russian business networks formed a critical pathway of influence by using legacy contacts from the Soviet period and benefiting from opaque decision-making processes.⁶³² The Kremlin's break with Kyiv came at the worst time just as petroleum prices soared, cutting into potential Russian oil revenues. In February 2014 oil stood at \$100.12 per barrel, leaving Russia with a missed opportunity to secure profits from high fuel prices.⁶³³ Fuel exports are important for the Russian economy

⁶³⁰ The Guardian, "Ukraine suspends talks on EU trade pact as Putin wins tug of war," (21 November 2013), <https://www.theguardian.com/world/2013/nov/21/ukraine-suspends-preparations-eu-trade-pact>

⁶³¹ British Broadcasting Corporation, "Ukraine: Interim Leader Turchynov Stresses European Choice," *BBC* (23 February 2014), <http://www.bbc.com/news/world-europe-26317912>.

⁶³² Bogomolov and Lytvynenko, "A Ghost in the Mirror: Russian Soft Power in Ukraine," 6; Round Williams, and Rodgers, "Everyday Tactics and Spaces of Power: the Role of Informal Economies in post-Soviet Ukraine," 173.

⁶³³ U.S. Energy Information Administration, "International Energy Statistics."

in that they not only represent a large portion of its total export market, but also because the oil and gas industry provides revenues directly to the Kremlin. In 2014 oil revenues as a portion of total revenues represented over half of the state budget, 14 trillion rubles, of which 7.4 trillion came from oil.⁶³⁴ Losing export markets for its petroleum products poses a direct threat to Moscow's fiscal policies.

Ukrainian policymakers in the energy arena took advantage of another window of opportunity. As one political consultant noted, "If you don't solve the energy problem, then there is no reform."⁶³⁵ Ukrainian officials acknowledged the lack of institutional capacity within the civil service and, with the urging of Western governments, began relying more heavily on NGOs to work around an inflexible bureaucracy.⁶³⁶ Whereas the Yanukovich administration had identified such groups as "hostile elements," the new government welcomed outside advice, even if various think tanks were receiving funds from foreign donors like the United States Agency for International Development (USAID) and the European Commission.⁶³⁷ Western institutions began to provide technical expertise to NGOs and encouraged organizations to coordinate among stakeholders in order to ensure that policies "abided by the norms of European legislation."⁶³⁸ The EU and various private actors helped to develop en-

⁶³⁴ World Bank, "Russia Economic Report: The Long Journey to Recovery," 35 (April 2016): 28, <http://pubdocs.worldbank.org/en/481881460390188506/rr35-ENG.pdf>.

⁶³⁵ Interview with Respondent 28, 5 October 2016.

⁶³⁶ Laura Cleary, "Half Measures and Incomplete Reforms: The Breeding Ground for a Hybrid Civil Society in Ukraine," *Southeast European and Black Sea Studies*, 16, 1, (2016): 19; Interview with Respondent 22, 19 October 2016.

⁶³⁷ Interview with Respondent 22, 19 October 2016.

⁶³⁸ Interview with Respondent 22, 19 October 2016.

ergy independence in Ukraine by using civil society organizations as a tool to monitor reform measures.

The way in which Ukrainian think tanks influence policy is similar to interest group methods in Western democratic countries. As non-profits, they publicly advocate for certain policies to achieve transparency. One representative noted that his organization is a member of a public working group with the Ministry of Energy, which would have been inconceivable during the Yanukovich years; they discuss issues items like publishing accurate data and gas tariffs.⁶³⁹ If the Ukrainian government ignores certain conditions required by either the AA or DCFTA, working group members frequently address such deficiencies to the EU, threatening to defund aid programs and withholding loan tranches.

Another respondent who deals with environmental issues described his group has access to the policy process after EuroMaidan. He had communicated with government officials, particularly at media events.⁶⁴⁰ Ukrainian policymakers recognized the need to ensure accountability, not only to the public but also to Western institutions that had funded initiatives under the AA and DCFTA. This interviewee's organization receives money from various organizations to include the EU Commission and the United Nations Development Program (UNDP).⁶⁴¹ The EU not only funds civil society groups such as his but also applies pressure directly, by threatening to withhold aid. The AA and DCFTA require the state to ensure competitive markets in energy as well as "unbundling" the production, distribution, and sale of energy

⁶³⁹ Interview with Respondent 22, 19 October 2016.

⁶⁴⁰ Interview with Respondent 19, 7 October 2016.

⁶⁴¹ Interview with Respondent 19, 7 October 2016.

products.⁶⁴² After Yanukovich left power, Western institutions increased support for Ukrainian NGOs to enforce liberalization.

Speaking to an MP, I learned more about other ways in which foreign institutions and agents influence elected officials. This parliamentarian, who served on the energy committee in the Rada, was a member of President Poroshenko's Party (*Blok Petra Poroshenka*).⁶⁴³ One of her primary goals in the legislature was to restructure the energy industry in order to incentivize domestic production. She reported that Ukrainian companies had built two large oil platforms in the Black Sea, but the Russian navy had seized them shortly after taking the Crimean Peninsula.⁶⁴⁴ Another potential source of energy is fracking. However, the largest fossil fuel reserves lie underground within the boundaries of Donyetsk, Kharkiv and Dnipro, areas currently under separatist control.⁶⁴⁵ By directly occupying of key areas, the Kremlin cut-off strategic areas for development.

Another major obstacle to fracking, beyond the lack of control over Donbas, is public opinion. Many of her constituents were skeptical regarding domestic sources of energy. A primary reason was the "hidden influence of Russia through politicians and 'experts.'"⁶⁴⁶ These representatives effectively used news outlets to drive their agenda. Oligarchs and Kremlin insiders hired "experts" to appear on news programs to

⁶⁴² Interview with Respondent 19, 7 October 2016.

⁶⁴³ Interview with Respondent 13, 29 November 2016.

⁶⁴⁴ Maksym Bugriy, "Russia's Move to Gain Dominance in the Black Sea," *Eurasia Daily Monitor*, The Jamestown Foundation (February 17, 2016), <https://jamestown.org/program/russias-moves-to-gain-dominance-in-the-black-sea/>; Interview with Respondent 13, 29 November 2016.

⁶⁴⁵ Interview with Respondent 13, 29 November 2016.

⁶⁴⁶ Interview with Respondent 13, 29 November 2016.

persuade people that domestic extraction is “bad,” especially fracking, and that Russian petroleum products offer “cheaper” sources for consumers.⁶⁴⁷ In her words, “Russia has a distractive influence, changing peoples’ perceptions away from domestic production.”⁶⁴⁸ Using its superior navy, support for separatists in Donbas and a media campaign built on misinformation, Moscow undercuts Ukraine’s energy independence.

When our conversation shifted to Western actors’ efforts to shape energy policy, she highlighted attempts to reform the Ministry of Energy and Coal Mining; she emphasized that many new laws mirrored EU standards for extraction, essential for Ukraine’s European integration.⁶⁴⁹ The IMF pressured the Rada to undertake anti-corruption reforms. One specific provision required the government to eliminate subsidies for oil and natural gas, a practice that had been the main tool politicians and oligarchs used to garner loyalty from voters.⁶⁵⁰ She views such pressures as positive influences and sees from Western institutions as allies, particularly given the symbolic support they offered during the EuroMaidan protests.⁶⁵¹

The Ukrainian government modeled many of its new energy regulations on Western standards. The US and the EU provided most of the technical expertise on

⁶⁴⁷ Interview with Respondent 13, 29 November 2016; Fiona Harvey, “Russia Secretly Working with Environmentalists to Oppose Fracking,” *The Guardian* (June 19, 2014), <https://www.theguardian.com/environment/2014/jun/19/russia-secretly-working-with-environmentalists-to-oppose-fracking>.

⁶⁴⁸ Interview with Respondent 13, 29 November 2016.

⁶⁴⁹ Interview with Respondent 13, 29 November 2016.

⁶⁵⁰ Interview with Respondent 13, 29 November 2016; Piotr Rozwalka and Hannes Tordengren, “The Ukrainian Residential Gas Sector: A Market Untapped,” *The Oxford Institute for Energy Studies (OIES)*, Paper NG 109 (July 2016): 13, <https://www.oxfordenergy.org/wpcms/wp-content/uploads/2016/07/The-Ukrainian-residential-gas-sector-a-market-untapped-NG-109.pdf>.

⁶⁵¹ Interview with Respondent 13, 29 November 2016.

extraction methods and regulation. The MP who worked closely with extracting industries had gone to Washington DC, starting in 2014, to pressure the US government to set requirements for energy regulation in Ukraine.⁶⁵² Standards have included but are not limited to collecting and publishing data, devising an efficiency action plan, mechanisms for monitoring and evaluating policies, and modernizing infrastructure.⁶⁵³ By leveraging US government conditions and prerequisites, members of the Rada aided their own legislative agenda on energy policy.

Conclusion

The competing uses of hard power vis-a-vis Ukraine's energy sector illustrate the vastly different approaches of Western states and Russia. Based upon interviews with elites involved in energy policymaking, supplemented by historical data, I sketch a rough illustration for how two main foreign actors influence energy politics. The US and EU fund civil society groups, sending technical experts and requiring institutional reforms, to foster specific policy outcomes. Russia exploits Ukraine's energy reliance, utilizes its post-Soviet infrastructure and leverages Ukrainian oligarchs to secure beneficial policies.

Russian energy resources are the most effective instrument for influencing Ukraine but this strategy is starting to fail as Ukraine develops alternative energy sources, both foreign and domestic. Reverse flows of natural gas from EU members, fracking and increased energy efficiency have combined to make Ukrainians far less reliant on Russia. In 2015 total fuel consumption decreased in by 16%, imports of

⁶⁵² Interview with Respondent 13, 29 November 2016.

⁶⁵³ The International Energy Agency, "Energy Efficiency Policy Priorities - Ukraine," (December 2015), <https://www.iea.org/publications/freepublications/publication/EEPPUkraine4dec2015.pdf>.

Russian natural gas decreased by 33%, and crude oil imports came almost exclusively from Kazakhstan.⁶⁵⁴ Policymakers' new focus on energy efficiency and alternate sources has reduced foreign dependence.⁶⁵⁵

Moscow's new mercantilist approach may die as the economic situation within energy markets does not bode well for Russian politicians, as petroleum prices plummet to unexpected lows. By January 2015 the price of oil per barrel had dropped to \$44.80, less than half its value one-year earlier.⁶⁵⁶ Since the national budget relies heavily upon energy markets, any loss in demand quickly changes the fortunes of those in power.

As these hard power instruments lose effectiveness, Moscow has refocused its sights on soft power. Russia's "...soft power is strongly associated with discourses of a shared *past* and with the common values, culture and history that arise from it."⁶⁵⁷ This soft power approach contrasts starkly with the EU and US efforts to promote values like democracy and liberalization, carving a potential *future* path for Ukraine.

Another obstacle to energy independence remains: attracting a more diverse group of foreign investors. The frozen conflict and climate of corruption scare most investors because no one knows the cost of doing business.⁶⁵⁸ Energy extraction requires large amounts of capital as a result securing consistent funds from wealthier

⁶⁵⁴ US Energy Information Administration, "Ukraine - Analysis," Washington DC (January 2017), <https://www.eia.gov/beta/international/country.cfm?iso=UKR>.

⁶⁵⁵ Interview with Respondent 31, 7 November 2016.

⁶⁵⁶ U.S. Energy Information Administration, "International Energy Statistics."

⁶⁵⁷ Bogomolov and Lytvynenko, "A Ghost in the Mirror: Russian Soft Power in Ukraine," 3.

⁶⁵⁸ Interview with Respondent 31, 7 November 2016.

countries, preferably with better rule of law, will prove vital to Ukraine's energy independence.⁶⁵⁹

⁶⁵⁹ Adam Stulberg, "Out of Gas: Russia, Ukraine, Europe, and the Changing Geopolitics of Natural Gas," *Problems of Post-Communism*, 62 (2015): 125.

Chapter Five - Security and Defense Policy in a New Ukraine

While the Russian Federation has gradually reasserted itself in international politics, the EU and NATO continue to proposition states like Ukraine, driving deeper into the former Soviet sphere. Since the demise of the Soviet Union in 1991, political leaders in Kyiv have struggled to maintain autonomy from Moscow while trying to improve their domestic institutions and economy domestically. Putin, for his part, has reclaimed some of Russia's former influence internationally through such actions as the intervention in Georgia in 2008, and in Syria's civil war. Russian troops air-dropped into Crimea during February 2014 demonstrates Moscow's resolve in re-asserting its former dominance over former Soviet states.

The Putin regime is using a "hybrid" approach (Russian military officers use the phrase "new-type" warfare), which consists of employing irregular forces in Crimea and Donbas, executing cyberattacks, and saying public opinion through information campaigns, mainly targeting Russian-speaking populations.⁶⁶⁰ Though Russian troops seized Crimea, they did not launch a full-scale invasion of Ukraine. Instead Putin directed "volunteers" and other agents of the state to incite a separatist movement in Donbas, engaging Ukrainian troops, supplying rebels with arms and coordinating intelligence.⁶⁶¹ The main thrust of Putin's soft power strategy is to paint Ukrainian nationalism as the "negative other."⁶⁶²

⁶⁶⁰ Timothy Thomas, "The Evolving Nature of Russia's Way of War," *Military Review* (July-August 2017): 35; Ulrich Kuhn, "Deter and Engage: Making the Case for Harmel 2.0 as NATO's New Strategy," *New Perspectives*, 23, 1 (2015): 137.

⁶⁶¹ Oleksii Haran and Petro Burkovsky, "From 'Hybrid War' to 'Hybrid Peace': One More 'Frozen Conflict'?" *PONARS Eurasia Policy Memo*, 369 (July 2015): 3.

⁶⁶² Mykola Riabchuk, "Ukraine as Russia's Negative 'Other': History Comes Full Circle," *Communist and Post-Communist Studies*, 49 (2016): 75.

Adopting an innovative strategy to undermine Ukraine's independence, Russian officials masterminded cyberattacks and waged an information war against Kyiv, and later Western powers.

Putin values tactics over strategy, using his skills as a former Soviet security services agent and employing his former colleagues, now members of the *siloviki*.⁶⁶³ The invasion offered a short-term opportunity to gain power in eastern Europe: Ukraine experienced chaos, and Western governments had not anticipated Russian aggression. Putin's strategy seems to lack any long-term objective other than destabilizing Ukraine, cultivating war weariness and forcing capitulation to protect the Russian sphere of influence in post-Soviet Europe.⁶⁶⁴ As one respondent put it, President Putin uses his charisma as a leader, but he possesses no ideology.⁶⁶⁵ He is a realist, furthering the power of his state against what he sees as encroachment from the West.

Brussels and Washington D.C. have adopted very different strategies regarding Ukraine, working in tandem from different angles. EU members states is more active in promoting a political solution to the conflict through diplomatic efforts, such as the Minsk II agreement and economic pressures via sanctions. The EU pushes Russia but also accommodates it when necessary, while the US acts more aggressively towards the Kremlin.⁶⁶⁶ Western governments have pressured Ukrainian officials to reform their defense industry as a condition for aid. James Sherr asserts that by the end of the

⁶⁶³ Kimberly Marten, "Putin's Choices: Explaining Russian Foreign Policy and Intervention in Ukraine," *The Washington Quarterly*, 38, 2 (Summer 2015): 191.

⁶⁶⁴ D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," 451.

⁶⁶⁵ Interview with Respondent 20, 5 October 2016.

⁶⁶⁶ Alessandro Minuto-Rizzo, "For a New Atlantic Alliance," *Mediterranean Quarterly*, 20, 2 (Spring 2009): 7-8.

1990s Ukrainian policymakers pushed the defense sector to start adopting EU standards for procurement and border security.⁶⁶⁷ Ukraine's need for security assistance has hastened the reform process. Officials on both sides of the Atlantic have mastered the "good cop, bad cop" relationship. As an EU Delegation official stated, the EU and US are quite comfortable playing these roles.⁶⁶⁸

Western countries has also played a growing role in countering Russia's disinformation campaign within Ukraine. At first Western powers were slow to react but have gradually provided more responses to false Russian media reports and disinformation coming directly from Vladimir Putin.⁶⁶⁹ Western experts have aided Ukrainian journalists and news organizations in combating the invasion of false information from Russia.

A defining feature of Ukrainian security policy after the Russian invasion involves the abrupt shift in its foreign policy towards strengthening ties with Western countries and further defining Ukrainian identity as separate from Russian. As Paul D'Anieri contends, until 2012 Ukrainian foreign policy had stalled in making a decisive move towards either Russia or Western capitals, heal the division between Eastern and Western Ukraine, and democratize.⁶⁷⁰ The invasion of Crimea and the outbreak of hostilities in Donbas pushed policymakers to adopt a Western-friendly foreign policy. The most important aspect of defense policy has been the power of

⁶⁶⁷ James Sherr, "A Fresh Start for Ukrainian Military Reform?" *Survival*, 43, 1 (2001): 107.

⁶⁶⁸ Interview with Respondent 4, 28 September 2016.

⁶⁶⁹ Interview with Respondent 20, 5 October 2016; Benjamin Ziff, "Countering Disinformation Through a Free Press," *Hampton Roads International Security Quarterly* (January 1, 2016): 35.

⁶⁷⁰ D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," 447.

Ukrainian identity. Paul Goble contends that Russian attempts to use Russian identity to garner support for its intervention has not met expectations.⁶⁷¹

The following two sections provide an overview of Ukrainian security policy from 1991 to 2004, then from 2004 to 2014. I emphasize the privileged position of Russian security officials in Ukraine during the first two periods and the ways in which Russo-Ukrainian relations have shaped Ukraine's security policies. Moscow aimed to form an alliance with Ukraine, maintaining many of its military forces on Ukrainian soil, along with close business ties, in order to keep a multinational, military-industrial complex. Russian officials also wanted Ukraine to retain many former Soviet agents, particularly in the military and security services ranks.

The third section focuses on Ukraine's defense policy after 2014. I discuss Russia's use of hard power through military intervention, the loss of its defense industry connections, the evolving cyber war and information war in Ukraine. I highlight the new interest of Western powers in Ukraine's defense capability and the ways in which the EU and US have aided this effort. The last period illustrates a shift in Ukraine's security policy from one that is Russian-centric to a Western-centric approach as a result of the Crimean invasion.

"Dissolving the Russian Empire": Security Relations from 1991 - 2004

When the Ukrainian state declared independence in 1991, Moscow and Kyiv began the complicated task of untangling their military and security services, tightly woven into a physical network as a result of seven decades under Soviet dominance. At the time 780,000 Soviet troops were stationed in Ukraine, with 12,000 officers

⁶⁷¹ Paul Goble, "Russian National Identity and the Ukraine Crisis," *Communist and Post-Communist Studies*, 49 (2016): 37.

leaving the country and 33,000 repatriating in the aftermath of the collapse.⁶⁷² Soviet planners positioned these troops and equipment in the event of a Western invasion, which never came. The three main security issues between the two countries centered on the ownership of nuclear weapons, the status of Crimea within the newly formed Ukraine, and control of the former Soviet fleet stationed in Sevastopol.

“Dissolving the Russian Empire,” is a term used by one of my respondents who serves as a senior defense policymaker in Kyiv under President Poroshenko. He referred to the current conflict between Ukraine and Russia but recognized the current conflict as part of a longer struggle for Ukrainian independence.⁶⁷³ Separation is a process, and the February 2014 invasion of Crimea was a critical departure.

Almost immediately after the Soviet Union collapsed, Western countries moved to ensure the safety of nuclear weapons in former Soviet states but hesitated to give security assurances against potential Russian interference. President George H.W. Bush gave a lukewarm speech to Ukrainians in 1991, later dubbed his “Chicken Speech,” cautioning the new country about the negative implications of hyper-nationalism.⁶⁷⁴ Many in the international community interpreted his words as a sign of Washington’s reluctance to recognize Ukraine and other post-Soviet countries. In 1994 the US, the UK, the Russian Federation and Ukraine signed the Budapest Memorandum, agreeing to remove all nuclear weapons from Ukraine in exchange for Rus-

⁶⁷² James Sherr, “Ukraine’s Defence Reform: An Update,” Conflict Studies Research Centre, G112 (July 2002), 1.

⁶⁷³ Interview with Respondent 11, 2 November 2016.

⁶⁷⁴ “After the Summit; Excerpts From Bush's Ukraine Speech: Working 'for the Good of Both of Us',” *The New York Times*, August 2, 1991, <http://www.nytimes.com/1991/08/02/world/after-summit-excerpts-bush-s-ukraine-speech-working-for-good-both-us.html?pagewanted=all>.

sia's respect for current territorial boundaries.⁶⁷⁵ The agreement satisfied a chief concern in Washington but there were no mechanisms to guarantee the territorial integrity aspects of the memorandum.

President Yeltsin coveted Ukraine's strategic position in Europe, particularly the port of Sevastopol, which lies on the Crimean peninsula, which housed a large portion of the former Soviet navy.⁶⁷⁶ Russian political officials had historically coveted this port which provides access to the warm waters of the Mediterranean. Under the Budapest Memorandum, Russia lost its claim to Crimea. The focus then shifted to maintaining control of the fleet in Sevastopol.

After six years of contentious negotiations, Kyiv and Moscow finalized a leasing agreement over Sevastopol's port access in 1997.⁶⁷⁷ The two sides divided the Black Sea Fleet, and Ukraine allowed Russia to possess part of the port. This settlement signaled an important milestone in Russo-Ukrainian relations. As James Sherr contends, the 1997 bilateral treaty on the Black Sea Fleet was the most significant development in Ukrainian foreign policy because officials resolved the last border dispute with its former Soviet ally.⁶⁷⁸

Because this resolution ended an important international dispute, Kuchma and Rada members signaled their willingness to leave Russia's sphere of influence and

⁶⁷⁵ Steven Pifer, "The Budapest Memorandum and U.S. Obligations," The Brookings Institution (December 4, 2014), <https://www.brookings.edu/blog/up-front/2014/12/04/the-budapest-memorandum-and-u-s-obligations/>.

⁶⁷⁶ D'Anieri, *Politics and Society in Ukraine*, 212.

⁶⁷⁷ Gerald Solomon, *The NATO Enlargement Debate: 1990-1997*, Washington, DC: The Center for Strategic and International Studies (1998): 120.

⁶⁷⁸ James Sherr, Public Debate at Premier Palace, Kyiv, "What is After the Budapest Memorandum?" (5 December 2016).

began courting NATO for membership.⁶⁷⁹ A member of the Partnership for Peace program since 1994, Ukraine signed the Charter on a Distinctive Partnership with NATO in 1997, with its last territorial dispute settled. Although Ukraine's admission to NATO would remain remote, the prospect of membership jeopardized the strategic position of the Russian fleet stationed there.

During the immediate post-Soviet period Ukrainian officials also had to deal with a heavy infiltration of Russian security service agents operating within the country.⁶⁸⁰ Under President Yeltsin, Russian security services had been very active in Ukraine.⁶⁸¹ Although no credible documents from the 1990s state the number of Russian agents working for either government, the events of 2014 give some indication of the degree to which the Kremlin had influence. After EuroMaidan, Ukrainian officials arrested 235 suspected Russian agents.⁶⁸²

Intelligence operations not only maintained the Kremlin's direct hold over the military and security services but also held Ukrainian politicians hostage to Russian demands. The most famous example was a scandal involving former president Leonid Kuchma. In 2002 Ukrainian media released leaked audio recordings of Kuchma, later called "Kuchmagate," calling for the assassination of dissident journalists and negotiating the sale of military equipment to Iraq among other corrupt dealings.⁶⁸³ This

⁶⁷⁹ Solomon, *The NATO Enlargement Debate: 1990-1997*, 120.

⁶⁸⁰ Sherr, "A Fresh Start for Ukrainian Military Reform?" 108-109.

⁶⁸¹ Interview with Respondent 12, 9 November 2016.

⁶⁸² Christopher Miller, "Ukraine's Top Intelligence Agency Deeply Infiltrated by Russian Spies," *Mashable* (December 30, 2014), <http://mashable.com/2014/12/30/russian-vs-ukrainian-spies/#YB.U-gyTpMOqh>.

⁶⁸³ Anders Aslund and Anatol Lieven, "Kuchmagate: Political Crisis in Ukraine?" Carnegie Endowment for International Peace, Meeting Report, 3, 3 (February 14, 2001), <http://carnegieendowment.org/2001/02/14/kuchmagate-political-crisis-in-ukraine-event-274>.

scandal ended Kuchma's political career and severely damaged relations with the West. The source of the audio recordings was a former bodyguard, but some suspected the Russian intelligence services of playing a role in undermining Kuchma's support.⁶⁸⁴ Ironically, Kuchma's resignation as President led to friendlier relations with the West after the Orange Revolution, the opposite of what the Kremlin had desired. President Putin adopted a strategy of targeting specific foreign policymakers, embroiling them in scandals in order to extract desired political outcomes.

From independence until 2004, officials in capitals across Europe, Eurasia, and the US took for granted Russia's privileged position in Ukrainian security policy. Although the Budapest Memo stands as an example of Western diplomatic intervention into Moscow's "Near Abroad," it remained an exceptional case for this period. Beyond nuclear arms control, Western governments were not very interested in Ukrainian affairs due to the lack of economic and political reforms.⁶⁸⁵ According to one respondent the US, in particular, had conceded this sphere of influence to Russia, starting with President George H.W. Bush's "Chicken Kyiv" speech and continuing through the Obama administration.⁶⁸⁶

The Road to a Proxy War between the West and Russia: 2004 - 2014

As Kuchma's support collapsed, new candidates emerged to face-off in the 2004 presidential elections, which offered voters had a more distinct choice between pro-Russian and pro-Western candidates. As discussed earlier, the run-off election

⁶⁸⁴ Interview with Respondent 12, 9 November 2016; Janusz Bugajski, *Cold Peace: Russia's New Imperialism*, (Greenwood Publishing Group: Santa Barbara, California, 2004): 93

⁶⁸⁵ D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," 449-450.

⁶⁸⁶ Interview with Respondent 12, 9 November 2016.

presented two candidates with clearly different visions for Ukraine. Viktor Yushchenko favored closer relations with the West, while Viktor Yanukovich wanted to maintain close ties to Russia.

The Orange Revolution of 2004 presented another opportunity for Ukraine to distance itself from Russia and allow for Western influence. The core security issues included Ukraine's renewed interest in NATO membership and the growing friction between Russian and Ukrainian officials. Were Ukraine to join NATO, Russian officials feared they might lose their basing rights in Sevastopol. As Yushchenko more seriously considered NATO membership, political officials worried about the loyalty of military and security service members, which had been an issue since 1991.⁶⁸⁷ Military officers worried that the Ukrainian military lacked proper readiness for any potential conflict.

Russia continued to leverage its military assets inside Ukraine, particularly the Black Sea Fleet, its integrated military-industrial complex and personal connections within the bureaucracy to influence security policy. Russia remained the third biggest importer of Ukrainian defense products from 2009 to 2013, exclusively buying parts from Ukraine for its missiles, including intercontinental ballistic missile parts (ICBM), and helicopters.⁶⁸⁸ This became all the more important as Russia nearly doubled its defense spending between 2007 and 2014.⁶⁸⁹

⁶⁸⁷ Sherr, "Ukraine's Defence Reform: An Update," 1.

⁶⁸⁸ Alexandra McLees and Eugene Rumer, "Saving Ukraine's Defense Industry," Carnegie Endowment for International Peace (July 30, 2014), <http://carnegieendowment.org/2014/07/30/saving-ukraine-s-defense-industry-pub-56282>.

⁶⁸⁹ McLees and Rumer, "Saving Ukraine's Defense Industry."

Moscow also started to exert more soft power through the Russian Orthodox Church and mainstream media for promoting anti-Western ideas.⁶⁹⁰ These influence channels began compensating for the eroding personal connections among elites in both countries. Many respondents claimed that during this period, they started distancing themselves from Kremlin counterparts. One official who serves on the Ukrainian National Security and Defense Council starting cutting personal ties with Russian officials in mid-2000s, rarely traveling to Russia.⁶⁹¹

2004 also coincided with an important transformation in Russian domestic politics that held many implications for foreign affairs. That year Vladimir Putin won a second election as President of Russia consolidating his power and popularity. Election monitors called the results into question, suspecting voter manipulation and fraud.⁶⁹² This came on the heels of Putin's party, United Russia, having won a plurality in the Duma a year earlier.

Yushchenko's election in 2004, deemed a reformer, renewed Western interest in Ukrainian politics.⁶⁹³ The US, under President Bush, sought to strengthen the security relationship with Ukraine, hoping to expand NATO and thwart further Russian interference in the post-Soviet space.⁶⁹⁴ Though Western states lacked formal, historical security cooperation treaties with Ukraine, Yushchenko's path diverged from that of his predecessors. The media landscape also started to change, with both European

⁶⁹⁰ Goble, "Russian National Identity and the Ukraine Crisis," 40.

⁶⁹¹ Interview with Respondent 11, 2 November 2016.

⁶⁹² Fish, *Democracy Derailed in Russia: The Failure of Open Politics*, 78.

⁶⁹³ D'Anieri, "Ukrainian Foreign Policy from Independence to Inertia," 452.

⁶⁹⁴ Aurel Braun, "Resetting Russian–Eastern European Relations for the 21st Century," *Communist and Post-Communist Studies*, 45 (2012): 397.

and American news outlets covering the events of 2004, thus competing with the Russian narrative of Ukraine's security interests.⁶⁹⁵ Western media began countering false news reports and reframing Ukraine's foreign policy as a choice between continuing Russian hegemony versus an independent, pro-European path.

Despite Russia's regional dominance, Yushchenko resuscitated plans to join NATO. In 2005 NATO representatives and Ukraine began new talks on a possible accession plan.⁶⁹⁶ Yushchenko's move to renew dialogue with NATO alarmed policy-makers in Moscow. Dmitri Trenin contends that an abrupt shift away from conciliation towards the US and heightened suspicion of Russia occurred in 2005, due to Ukraine's appeal to the West.⁶⁹⁷ Domestic elites supported membership at times, but mass attitudes generally did not. Between 2002 and 2005, polling data showed that the majority of Ukrainians would have voted against joining NATO, reaching 60% by 2005.⁶⁹⁸ The accession plan gradually unraveled, much to Moscow's relief, as Ukraine slipped back into political turmoil.

President Yushchenko was so determined to redirect Ukraine's foreign policy course away from Russia that tensions between the two countries escalated. Due to the deeply integrated nature of their respective security complexes, any move away from Moscow caused friction among civil servants, testing the loyalties of Ukrainians.

⁶⁹⁵ Ivan Katchanovski and Alicen R. Morley, "The Politics of U.S. Television Coverage of Post-Communist Countries," *Problems of Post-Communism*, 59, 1 (January/February 2012): 16-18.

⁶⁹⁶ North Atlantic Treaty Organization, "NATO's Relations with Ukraine," (13 May 2013), http://www.nato.int/cps/en/natolive/topics_37750.htm

⁶⁹⁷ Dmitri Trenin in *Perspectives on Russian Foreign Policy*, Strategic Studies Institute (Carlisle Barracks: U.S. Army War College, 2012): 35.

⁶⁹⁸ Institute of World Policy, "NATO and Ukrainians: Does Public Opinion Matter?" (30 June 2015), <http://iwp.org.ua/eng/public/1596.html>.

One interviewee lamented that policymakers had discussed potential war with Russia in 2005.⁶⁹⁹ Although war did not come immediately, many Ukrainian elites foresaw a collision course between the two countries.

The prospect of expanding NATO's border along Russia's territory elicited sharp criticism from the Kremlin. Although Ukraine ultimately rejected membership in 2008 at the Bucharest Summit, Western powers recognized Moscow's determination to prevent Ukraine from leaving its sphere of influence.⁷⁰⁰ Russian President Vladimir Putin declared at a news conference: "It is horrible to say and even horrible to think that, in response to the deployment of such facilities in Ukrainian territory, which cannot theoretically be ruled out, Russia could target its missile systems at Ukraine."⁷⁰¹ In short, Putin directly threatened Ukraine and NATO members.

Correspondingly, Russia sent a message to NATO about another potential member. In 2008 Russian forces intervened militarily in Georgia due to growing tensions over the regions of Abkhazia and South Ossetia, where Tbilisi had nominal control but allowed a great deal of autonomy to the local authorities. Abkhazians and Ossetians looked to Moscow for protection whenever they felt threatened by the Georgian government. Convening at the Bucharest Summit, NATO members decided to postpone Ukraine's admission.⁷⁰² Though not a direct use of hard power, Russia's mil-

⁶⁹⁹ Interview with Respondent 12, 9 November 2016.

⁷⁰⁰ Simon Shuster, "Eastern Europe's Third Wheel: NATO and Russia are Getting Closer -- and Leaving Ukraine Out," *Foreign Policy Magazine* (December 14, 2009), http://www.foreignpolicy.com/articles/2009/12/14/eastern_europes_third_wheel?page=0,1.

⁷⁰¹ Peter Finn, "Putin Threatens Ukraine on NATO," *The Washington Post* (February 13, 2008), http://articles.washingtonpost.com/2008-02-13/world/36780992_1_nato-membership-russia-nato-missile-defense-system.

⁷⁰² Olikier, *Russian Foreign Policy: Sources and Implications*, 111.

itary action towards Georgia sent a message to the West about Moscow's sphere of influence, and also tested Western resolve. Despite harsh criticism from officials in Washington D.C. and Brussels, Western leaders did not respond with military action. The Russo-Georgian conflict was a prelude to later Russian intervention in Ukraine, involving a highly limited but effective use of force in the Kremlin's Near Abroad. Western capitals halted plans to expand strategic alliances with former Soviet states when such actions alarmed Russia.

Writing in 2009, Rand Corporation researcher Olga Oliker claimed that elites sought to alarm Russian citizens about the threat of NATO expansion.⁷⁰³ Media outlets played into the hands of oligarchs who saw NATO as a threat to their economic sphere of influence. Politicians and business oligarchs, who sometimes battled over domestic politics, reached consensus over foreign policy, recognizing their mutual interests.

Sergei Markedonov, surmised in 2009:

Russia has its regional interests, resources to defend them, and a legitimate motivation to protect them. Acknowledging these interests could basically make the process of "resetting" [relations with the US] indeed something meaningful. However, for this NATO (and its main engine), the United States need to seriously change their assessments of post-Soviet realities, and Russia needs to substantially moderate its global ambitions (especially when it is impossible to pay for them).⁷⁰⁴

Russia's ability to pay for such ambitions had increased thanks to fossil fuel production and exportation. In 2009 Russia became the world's largest oil producer,

⁷⁰³ Oliker, *Russian Foreign Policy: Sources and Implications*, 86.

⁷⁰⁴ Ariel Cohen in *Perspectives on Russian Foreign Policy*, 100.

solidifying this source of power and leverage across Eastern Europe.⁷⁰⁵ In 2010 presidents Yanukovich and Putin held a secret meeting in Kharkiv on the fate of basing rights in Sevastopol.⁷⁰⁶ Soon after the two countries agreed to a lease extension for the Black Sea Fleet, maintaining those rights until at least 2042, which included more favorable energy contracts for Ukraine, promising to reduce the price of imported natural gas by 30%.⁷⁰⁷ Moscow leveraged its energy resources to influence the defense policy decisions of Ukrainian elites.

Putin voiced concern over NATO's direct threat to Russian interests. At a press conference in 2011, he stated that "The expansion of NATO infrastructure towards our borders is causing us concern...NATO is not simply a political bloc, it is a military bloc."⁷⁰⁸ If the US chose to expand its main military alliance, then it would be perceived as expansion into Russia's geopolitical turf.

Another channel allowing Russian leaders to exert control over Ukrainian officials involves the continued use of clandestine operations. According to Stephen Blank, the Russian Federation operated an extensive spy network in Ukraine that influenced and sabotaged public policy.⁷⁰⁹ Though not as visible as conventional uses of force employed by Russia during the Soviet period, covert military actions have sup-

⁷⁰⁵ Vatansever, "Russia's Oil Exports: Economic Rationale versus Strategic Gains," (December 2012): 3.

⁷⁰⁶ Interview with Respondent 5, 29 September 2016.

⁷⁰⁷ "Putin Promotes Russian Black Sea Fleet On Controversial Ukraine Visit," RadioFreeEurope/RadioLiberty, (24 July 2010), https://www.rferl.org/a/Putin_Promotes_Russian_Black_Sea_Fleet_On_Controversial_Ukraine_Visit/2108648.html.

⁷⁰⁸ Gleb Bryanski and Patrick Lannin, "Russia Worried About NATO Expansion Near its Border," Reuters (27 April 2011), <http://www.reuters.com/article/2011/04/27/oukwd-uk-russia-nato-idAFTRE73Q3GH20110427>.

⁷⁰⁹ Blank, *Perspectives on Russian Foreign Policy*, 54-74.

plemented pressures that Russian and Ukrainian business elites place on public officials.

Russian agents acted in official capacities within the Ukrainian government, directly undermining national security. Tymoshenko and Yanukovich appointed Russian officials to the military and intelligence services, a common practice since Ukrainian law did not bar foreigners from serving in these offices.⁷¹⁰ One interviewee claimed that Yanukovich even demoted ethnic Ukrainians in order to make space for Russian agents.⁷¹¹ Some suspected Kremlin officials of colluding with the Ukrainian government in selecting pro-Russian operatives to high-ranking positions.⁷¹² Ukrainian officials also pledged to reduce the size of the military in the name of modernizing the armed forces. In 2012 the Ukrainian military staff pledged to reduce the active personnel force from 192,000 to 1000,000 by 2017.⁷¹³ Such measures led to a gradual deterioration of the defense apparatus.

President Yanukovich eventually appointed two Russian nationals, Minister of Intelligence Vitaliy Zakharchenko in 2011, and Minister of Defense, Pavlo Lebedyev in 2012.⁷¹⁴ Both orchestrated a gradual reduction of troops in Crimea and

⁷¹⁰ Interview with Respondent 12, 9 November 2016.

⁷¹¹ Interview with Respondent 2, 16 September 2016.

⁷¹² Interview with Respondent 24, 9 November 2016.

⁷¹³ Global Security, "Military Personnel - Ukraine," <https://www.globalsecurity.org/military/world/ukraine/personnel.htm>.

⁷¹⁴ "Fugitive Ukrainian Official To Work Under Putin Associate," *RadioFreeEurope/RadioLiberty* (January 17, 2015), <https://www.rferl.org/a/zakharchenko-ukraine-putin-associate-yanukovich/26799151.html>; Natalie Vikhrov, "Fugitive ex-Defense Minister Continues to Battle EBRD," *KyivPost* (March 24, 2017), <https://www.kyivpost.com/business/fugitive-ex-defense-minister-continues-battle-ebrd-bank-says.html>.

allowed readiness to decline.⁷¹⁵ National security officials consistently undersold their own budget requests during the Kuchma and Yanukovich regimes. One respondent recalled how the Minister of Defense under Yanukovich had been afraid to ask for money.⁷¹⁶ Often trapped between two competing spheres of influence, Ukrainian officials accepted aid from Russia or the West depending on the current administration in power.⁷¹⁷

The focus abruptly shifted from strategic issues to economic issues in 2010 when Ukraine moved towards signing the DCFTA. After Yanukovich rejected the deal, the political winds shifted, at which point Putin targeted EU power as the single greatest threat to Russia and acted with military force to break the spread of its economic influence.⁷¹⁸ To sway public opinion during the lead-up to the Vilnius Summit, the Kremlin engaged in an information war throughout Ukraine. During the DCFTA negotiations, Russian media outlets in Ukraine manipulated many responses from Ukrainian officials through editing, misconstruing the treaty to elicit criticism.⁷¹⁹ Russia's information war took both the form of soft and hard power.

Ukrainian security services moved against many media outlets, like Kanal 5 and RTVI critical of the Yanukovich presidency.⁷²⁰ A press officer within the Ukrain-

⁷¹⁵ Interview with Respondent 12, 9 November 2016.

⁷¹⁶ Interview with Respondent 24, 9 November 2016.

⁷¹⁷ Dominique Arel, "Ukraine: The Muddle Way," *Current History*, 97, 620 (1998), 342–346.

⁷¹⁸ The European Union, "Ukraine," *European Union External Action, Fact Sheet* (17 February 2015), http://eeas.europa.eu/statements/docs/2014/140514_02_en.pdf; Olga Shumylo-Tapiola, "Ukraine at the Crossroads: Between the EU DCFTA & Customs Union," *Carnegie Endowment for International Peace, Report*, 11 (April 2012): 16, https://carnegieendowment.org/files/Ukraine_at_the_Crossroads-Between_the_EU_DCFTA_Customs_Union.pdf.

⁷¹⁹ Interview with Respondent 4, 28 September 2016.

⁷²⁰ Olexiy Haran, "From Viktor to Viktor: Democracy and Authoritarianism in Ukraine," *Demokratyzatsiya* (2011): 101.

ian government recalled how in 2013 the police confiscated servers at Express and Kanal 5.⁷²¹ Both news agencies frequently questioned government policies and published damaging information about the administration.

Moscow also employed the Russian Orthodox Church to further its agenda. Clergy often emphasized the shared cultural connection between the two countries, denouncing Western liberal values.⁷²² Russian officials wanted to frighten average Ukrainians concerning European values concerning rule of law and economic liberalization. Orthodox clerics later supported the separatists movement in Donbas.⁷²³ The Kremlin used religion as a tool, engaging in its information war.

Before EuroMaidan most Western media outlets had covered Ukraine as a Russian subsidiary. Western journalists typically reported on Ukrainian events out of offices in Moscow, often adopting a Russian narrative.⁷²⁴ When protests began on Maidan Square in late 2013, however, news outlets shifted their reporting operations to Kyiv. As the protests intensified, Western media began to cover “system change” and renewed investigations of Russia’s alleged involvement in killings of protesters.⁷²⁵

Eventually the competing interests of Ukraine, Russia and Western countries reached a clashed. Still accepting both a “Russian brotherhood” and “NATO Protection” under the Budapest Memo, many Ukrainians did not realize their security policy

⁷²¹ Interview with Respondent 5, 29 September 2016.

⁷²² Interview with Respondent 13, 29 November 2016; Riabchuk, “Ukraine as Russia’s Negative ‘Other’: History Comes Full Circle,” 76.

⁷²³ Interview with Respondent 13, 29 November 2016.

⁷²⁴ Interview with Respondent 12, 9 November 2016.

⁷²⁵ Interview with Respondent 27, 30 September 2016.

had become untenable.⁷²⁶ Russian troops secured the Crimean peninsula and aided separatists in Donbas as of February 2014; as a result Ukraine broke-off security co-operation with Moscow. Public opinion towards Russia deteriorated: In one public opinion poll conducted in 2014, 31% of respondents stated they had a “Warm” attitude towards Russia, versus 45% which held a “Cold” view.⁷²⁷ The new government voted in after Yanukovich fled, set security policy on a different path, towards more independence and cooperation with the EU and US.

Invasion, Occupation and Support for the Frozen Conflict, 2014 to 2016

The clearest example of Russia’s use of hard power involves the invasion of Crimea and its ongoing support for separatists in Donbas.⁷²⁸ A Ukrainian soldier from Donbas who served on the front remembers Russian nationals arriving by bus in Donyetsk in 2014. First they acted as EuroMaidan counter protesters but eventually started violent riots to oppose the regime change in Kyiv.⁷²⁹ At that point the situation in Donbas changed radically. Chaos ensued, as a battlefield formed to confront the incoming Ukrainian army. Many young Ukrainians who had only known an independent Ukraine and wanted closer relations with Europe joined the military effort, de-

⁷²⁶ Interview with Respondent 12, 9 November 2016.

⁷²⁷ “Public Opinion Survey Residents of Ukraine: March 14 – 26, 2014,” The International Republican Institute (2014): 94, <http://www.iri.org/sites/default/files/2014%20April%205%20IRI%20Public%20Opinion%20Survey%20of%20Ukraine%2C%20March%2014-26%2C%202014.pdf>.

⁷²⁸ Christian Neef, “Little Russia: Pro-Russian Separatists Harden Split from Ukraine,” *Der Spiegel* (July 28, 2017), <http://www.spiegel.de/international/world/little-russia-pro-russian-separatists-harden-split-from-ukraine-a-1159642.html>; “EU Court Confirms Russia Supplies Weapons to Donbas Separatists, Upholds Sanctions,” *Euromaidan Press* (January 25, 2017), <http://euromaidanpress.com/2017/01/25/eu-court-confirms-russia-supplies-weapons-to-donbas-separatists/>; Anton Zverev, “Moscow is Bankrolling Ukraine Rebels: ex-Separatist Official,” *Reuters* (October 5, 2016), <https://www.reuters.com/article/us-ukraine-crisis-separatists/moscow-is-bankrolling-ukraine-rebels-ex-separatist-official-idUSKCN1251UQ>.

⁷²⁹ Vitalii Ovcharenko, “Maidan Monitoring,” Panel Discussion at National University Kyiv-Mohyla Academy in Kyiv (20 October 2016).

spite the resources of the Kremlin.⁷³⁰ One poll by Pew Research, conducted before hostilities in July 2013, found that 58% of 18-29 year olds identified as “Ukrainian” first, versus 46% of those aged 55 and older.⁷³¹

Russia’s hard power strategy involves many layers of rationality: The first is to send a clear signal of resolve against regime change; The second is to slowly bleed the resources of a smaller neighbor through destabilizing Donbas; Third is to test the resolve of the West.⁷³² A respondent claimed that to Russian officials “only understand power.” He added that “They have values but only special values,” and that, “Putin has a very specific rationality.”⁷³³

Russia has created a destabilizing force in Ukraine, occupying Crimea and sending personnel and supplies to Donbas. Ukrainian leaders made no serious attempts to recover Crimea, yet the conflict in Donbas has continued to flare. In a sense, it has become a “home rule, demilitarized zone like Ulster.”⁷³⁴ Putin hopes that prolonged occupation will break Poroshenko’s resolve and force a peace settlement, which would lead to another frozen conflict like the disputed territories of Georgia and Transnistria. By focusing on Russians in Donbas, who have a stronger economic and cultural connection to Russia, Moscow hopes to mobilize the world of ethnic

⁷³⁰ Vitalii Ovcharenko, “*pokoleneya nezavisimosti - myi xoteli tseni Evropii*,” “Maidan Monitoring,” Panel Discussion at National University Kyiv-Mohyla Academy in Kyiv (20 October 2016).

⁷³¹ Michael Birnbaum and Fredrick Kunkle, “Ahead of Ukraine elections, a generational split on nationalism,” *The Washington Post* (May 24, 2014), https://www.washingtonpost.com/world/ahead-of-ukraine-elections-a-generational-split-on-nationalism/2014/05/24/3072c82f-8c34-475a-b26d-e19032f7d485_story.html?utm_term=.0c8e07925e62.

⁷³² Michael Kofman, Katya Migacheva, Brian Nichiporuk, Andrew Radin, Olesya Tkacheva, Jenny Oberholtzer, “Lessons from Russia’s Operations in Crimea and Eastern Ukraine,” Report, Rand Corporation (2017). https://www.rand.org/pubs/research_reports/RR1498.html.

⁷³³ Interview with Respondent 11, 2 November 2016.

⁷³⁴ Interview with Respondent 2, 16 September 2016.

Russians (*russki mir*) to undermine Ukrainian security.⁷³⁵ Putin wants to “infect Ukraine with poisonous territory and target government support in order to amend the constitution.”⁷³⁶

Along with its limited but effective military intervention, Moscow has been somewhat successful in its cyber and information war.⁷³⁷ A cost-effective alternative to physical conflict, the Kremlin is using soft power through mass media and propaganda to win over the Ukrainian public to its agenda.⁷³⁸ By combining hard and soft power, Putin hopes to undermine Ukraine’s resolve to extricate itself from Russian domination. As one interviewee lamented, the price of the war has diminished support for reunification with Crimea and Donbas as the costs of war mount.⁷³⁹ Moscow’s use of multiple, subtle tools illustrate its new *hybrid warfare* approach to international influence. The mix of instruments includes conventional military, media and cyber operations, intended to exploit a “gray zone” in international relations.⁷⁴⁰

The Kremlin has lost a great deal of influence on Ukrainian policymakers, however, especially within the military-industrial complex. In 2015 President Poroshenko banned the defense industry from cooperating with Russian officials.⁷⁴¹ Ukrainian military elites want stronger ties to the US and “see themselves becoming

⁷³⁵ Kofman, Migacheva, Nichiporuk, Radin, Tkacheva, Oberholtzer, “Lessons from Russia’s Operations in Crimea and Eastern Ukraine,” 63.

⁷³⁶ Interview with Respondent 6, 12 October 2016.

⁷³⁷ Riabchuk, “Ukraine as Russia’s Negative ‘Other’: History Comes Full Circle,” 81-82.

⁷³⁸ Interview with Respondent 8, 25 October 2016.

⁷³⁹ Interview with Respondent 28, 5 October 2016.

⁷⁴⁰ Oliver Fitton, “Cyber Operations and Gray Zones: Challenges for NATO,” *Connections QJ*, 15, 2 (2016).

⁷⁴¹ McLees and Rumer, “Saving Ukraine’s Defense Industry.”

Israel,” receiving large amounts of security aid.⁷⁴² Influential oligarchs have also lost leverage, although Russia still uses oligarchs to support opposition political parties in Ukraine.

Most importantly, Russia’s invasion galvanized the Ukrainian public: A survey measuring mass attitudes of Ukrainians conducted in 2017 found that only 18% of respondents held “Warm” or “Very Warm” attitudes towards Russia.⁷⁴³ One interviewee stated that “Now we [Ukrainians] have a clear goal...Now we have an enemy and it is clear.”⁷⁴⁴ Before the invasion, Russia could rely on obscure means for controlling policymaking in Kyiv. Prior Ukrainian governments tolerated this influence in playing Russia against the West. The EuroMaidan protests and the subsequent Russian intervention abruptly pushed public opinion to favor closer ties with the EU and US.⁷⁴⁵ Though Russia achieved its immediate goal, the long-term mission of forcing Ukraine back into its orbit appears difficult. As a respondent observed: “This conflict is about an historical connection to Russia,” which is now permanently eroded.⁷⁴⁶

Western governments have adopted a different strategy in countering Russian aggression. The EU and US provided financial aid to the Ukrainian military, primarily through NATO. In 2014 the US allocated \$23 million specifically for Ukrainian mili-

⁷⁴² Interview with Respondent 6, 12 October 2016.

⁷⁴³ International Republican Institute, “Public Opinion Survey of Residents of Ukraine,” (October 2017): 24, http://www.iri.org/sites/default/files/2017-11-28_ukraine_poll_presentation.pdf.

⁷⁴⁴ Interview with Respondent 11, 2 November 2016.

⁷⁴⁵ Interview with Respondent 28, 5 October 2016.

⁷⁴⁶ Interview with Respondent 11, 2 November 2016.

tary equipment.⁷⁴⁷ They have monitored the conflict in Donbas, using international organizations like the OSCE and have aided cybersecurity efforts, to counter Russian attacks on the power grids and other critical infrastructure.⁷⁴⁸ The EU and US approaches Ukrainian security come in different but complementary forms: the US is more aggressive in confronting Russia, while the EU is more committed to building long-term stability.⁷⁴⁹ The EU also uses its proximity to engage Ukrainian citizens at public events. For example, the Polish ambassador frequently makes public appearances with Ukrainian leaders, while the EU delegation uses “carrots” like the visa-free regime to counter Russian influence.⁷⁵⁰

The Military-Industrial Complex

Another policy domain experiencing transformation is the defense sector. Russia has long influenced Ukraine’s military-industrial complex (*voyeno-promyshlyenyi kompleks*), but since the invasion of Crimea, this relationship has dramatically changed.⁷⁵¹ One reason why Russia could easily influence this sector was the legacy of Soviet military-industrial integration and the lack of decentralization following Ukrainian independence. As the chairman of the Rada’s Security and Defense Committee, Sergei Pashynskyi stated, a lack of competition among arms manufacturers is

⁷⁴⁷ White House Press Office, “FACT SHEET: U.S. Security Assistance to Ukraine,” (June 4, 2014), <https://obamawhitehouse.archives.gov/the-press-office/2014/06/04/fact-sheet-us-security-assistance-ukraine>.

⁷⁴⁸ Andy Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar,” *Wired*, 20 (June 2017), <https://www.wired.com/story/russian-hackers-attack-ukraine/>.

⁷⁴⁹ Interview with Respondent 28, 5 October 2016.

⁷⁵⁰ Interview with Respondent 6, 12 October 2016.

⁷⁵¹ Sherr, “A Fresh Start for Ukrainian Military Reform?” 110.

one of the leading problems in defending Ukraine.⁷⁵² The oligarchic system that developed after independence impeded the evolution of an autonomous, functioning defense industry.⁷⁵³ The best way to be more effective in providing capabilities for the current conflict is to promote competition within the industry, which is primarily controlled by one state-owned company: UkrOboronProm (UOP).⁷⁵⁴

Past attempts to diversify the control of the defense industry usually involved attracting investment from Asian countries, due to the fact that China and India became the largest import markets after cutting ties with Russia.⁷⁵⁵ This strategy helped to move the industry away from Russian domination but still did not promote an independent system. As the director of a major defense company stated, two of Ukraine's top four priorities are centered on developing more international networks, particularly in Western markets, and adopting the US procurement standards.⁷⁵⁶ Defense industry elites want to fully break away from Soviet networks and standards.

Although Russia has gained control over some physical territory in Eastern Ukraine, its influence over policymakers by way of personal contacts diminished greatly after the invasion. Many former colleagues among the defense communities in

⁷⁵² Sergei Pashinskyi. Panel Discussion on the Military-Industrial Complex at the Gorshenin Institute in Kyiv (6 October 2016).

⁷⁵³ Sherr, "A Fresh Start for Ukrainian Military Reform?" 110.

⁷⁵⁴ Dmitro Timchuk. Panel Discussion on the Military-Industrial Complex at the Gorshenin Institute in Kyiv (6 October 2016); US Government, "Ukraine - Defense," Report (June 2, 2017). <https://www.export.gov/article?id=Ukraine-Defense>.

⁷⁵⁵ Ivan Vinnik. Panel Discussion on the Military-Industrial Complex at the Gorshenin Institute in Kyiv (6 October 2016); Katya Gorchinskaya, "UkrOboronprom Director Says Weapons Shipments to Russia Stopped Three Weeks Ago," *KyivPost* (April 15, 2014), <https://www.kyivpost.com/article/content/war-against-ukraine/ukroboronprom-director-says-weapons-shipments-to-russia-stopped-three-weeks-ago-343683.html>.

⁷⁵⁶ Volodymyr Korobov, Director General of DK UkrOboronprom. Panel Discussion on the Military-Industrial Complex at the Gorshenin Institute in Kyiv (6 October 2016).

both countries have cut personal ties. An official with the Ukrainian Security Council remarked, “all personal contacts [with Russians] were cut after 2014,” noting that the division between the two nations is “deeper than in 1991.”⁷⁵⁷ Severing their ties with Russia and seeking support from Western countries pushed Ukrainian security officials to work with the EU and NATO. This discussion deals directly with NATO officials, sharing military and intelligence information, far more actively than before 2014.⁷⁵⁸ Having spent many years working in the national security apparatus, he has come to rely far more heavily on Western organizations for technical assistance and ideas for enhancing Ukrainian security. In his words, “We have more trust in the West...in my job, trust is the key basis.”⁷⁵⁹

Another vehicle for Russia’s influence drew on agents working for the national defense bureaucracy. Although many civil servants were not necessarily working directly for Russia, their identification with the Soviet past impeded their ability to foresee a potential war.⁷⁶⁰ When asked about barriers to Ukraine’s military readiness, he mentioned problems with an old bureaucracy: “The same people have been working for 20 years and the way they work is the same.”⁷⁶¹

Russian influence still infiltrates the Ukrainian national security bureaucracy, albeit in more subtle ways. One NGO representative who works on military and veterans’ issues spoke about the Soviet legacy, contending that many former Soviet offi-

⁷⁵⁷ Interview with Respondent 11, 2 November 2016.

⁷⁵⁸ Interview with Respondent 11, 2 November 2016.

⁷⁵⁹ Interview with Respondent 11, 2 November 2016.

⁷⁶⁰ James Sherr, “A Fresh Start for Ukrainian Military Reform?” 110.

⁷⁶¹ Interview with Respondent 11, 2 November 2016.

cers still hold positions that impede the war effort. Many cannot speak Ukrainian and have declared “I’m not a patriot of Ukraine,” or “I’m just doing my job” or, “I’m doing my duty to protect the country I work for.”⁷⁶² Both military officers and civil servants remember the Soviet Union with nostalgia. They often mention “how great the Soviet Union was;” others who disagree fear whistle-blowing due to memories of the KGB period.⁷⁶³ Another core problem is that Kyiv needs to, “...clear out the pro-Soviet, not pro-Russian staff.”⁷⁶⁴

Despite inertia, many younger policymakers are forging ahead with reforms in the national security apparatus. One chief initiative focuses on meeting NATO military standards. Although the Ministry of Defense made concerted efforts to conform to NATO standards in the past, for example in 2005 after the Orange Revolution and through the Partnership for Peace Program, this generally conflicts with the Internal Ministry aims, leery of closer ties to the West.⁷⁶⁵ After 2014, Ukrainian military officials turned abruptly towards the West, seeking cooperation. This interviewee claimed that the US held the most influence over defense policymaking, having provided \$350 million in financial assistance under the Ukraine Freedom Act, supplying roughly three-fourths of Ukraine’s military budget.⁷⁶⁶ Despite attempts to steer the military towards Western integration, there is little need to buy new weapons systems from

⁷⁶² Interview with Respondent 24, 9 November 2016.

⁷⁶³ Interview with Respondent 24, 9 November 2016.

⁷⁶⁴ Interview with Respondent 24, 9 November 2016.

⁷⁶⁵ Interview with Respondent 2, 16 September 2016.

⁷⁶⁶ Interview with Respondent 2, 16 September 2016; US Government, “S.2828 - Ukraine Freedom Support Act,” Public Law (December 18, 2014), <https://www.congress.gov/bill/113th-congress/senate-bill/2828>.

Western countries as Ukraine's defense industry produces a surplus of weapons.⁷⁶⁷ This greatly restricts the capacity to integrate.

Western countries have also proven essential in stabilizing the conflict in Donbas, by mediating a ceasefire and using the Organization for Security and Cooperation in Europe (OSCE) to monitor deescalation. One source possessed intimate knowledge of how the OSCE is helping to mitigate conflict. After the Minsk II agreement, negotiated via the "Normandy process" involving France, Germany, Ukraine, and Russia, the OSCE began monitoring the Donbas conflict zone.⁷⁶⁸ France, Germany, the US and EU took the lead in OSCE operations to remove artillery and to enforce the cease fire.⁷⁶⁹ Stabilizing the conflict provided Ukraine with an opportunity to refocus its resources on other pressing issues. The monitoring operations did not totally stop the skirmishes but were influential in stopping conflict during daylight hours and in specific patrol zones.⁷⁷⁰

OSCE monitoring mechanisms include using human investigators to patrol the area, as well as satellite imagery. The EU supplies most satellite imagery that provides indisputable proof of violations and mitigates skirmishes.⁷⁷¹ The US offers technical advice on disengagement zones.⁷⁷² By acting as an intermediary and dissem-

⁷⁶⁷ Interview with Respondent 2, 16 September 2016.

⁷⁶⁸ OSCE, "The Crisis in and Around Ukraine," Portal, <https://www.osce.org/ukrainecrisis>.

⁷⁶⁹ Interview with Respondent 10, 28 October 2016.

⁷⁷⁰ Interview with Respondent 10, 28 October 2016; OSCE, "Restrictions of SMM's Freedom of Movement and other Impediments to Fulfillment of its Mandate," Thematic Report (June 2017): 10, <https://www.osce.org/special-monitoring-mission-to-ukraine/338136?download=true>.

⁷⁷¹ Interview with Respondent 10, 28 October 2016.

⁷⁷² Interview with Respondent 10, 28 October 2016.

inating information about cease fire enforcement, EU nations are using soft power to influence military operations.

Russia is an OSCE member but lost influence over the organization when its credibility waned after its military intervention in Ukraine. Some within the organization suspect the Russian representatives of being members of the *siloviki*; thus other member states withheld information from those operatives.⁷⁷³ Though Russian agents secure information within Ukraine, their influence over international organizations like the OSCE remains minimal. As one respondent recalls, the OSCE fired one Russian representative over confidential comments made to the Ukrainian media that exposed his partiality.⁷⁷⁴

The US and EU tended to adopt different approaches, the US more willing to use military force while European countries favored diplomatic and economic instruments, typical of joint military actions in the post-Cold War Era; what Richard Haas termed “cross purposes.”⁷⁷⁵ A political analyst working at an institute that advises policymakers summed up the general approaches of the West to stopping the conflict. He had helped the Ukrainian Ministry of Foreign Affairs develop a conflict mitigation algorithm for Minsk II and advised officials on how best to articulate desired outcomes to Western powers. In his estimation the EU, specifically Germany, takes the lead in diplomatic negotiations over conflict resolution, building on frequent personal

⁷⁷³ Interview with Respondent 10, 28 October 2016.

⁷⁷⁴ Interview with Respondent 10, 28 October 2016.

⁷⁷⁵ Richard Haas, *Trans-Atlantic Tensions: The United States, Europe, and Problem Countries*, (Washington DC: Brookings Institution Press, 1999): 2.

contacts between Chancellor Angela Merkel and Vladimir Putin.⁷⁷⁶ The US, alternatively, directly supports the Ukrainian military.⁷⁷⁷ The Western powers utilized their diverse, complementary strengths to affect a tense but sustainable cease fire.

The Virtual Warfront

In the mid-1990s, the Kremlin started developing cyberwar capabilities. Glasnost opened Russian society to more advanced information technologies from the West and triggered a revolution in Russian military thought. Leaders in Moscow quickly realized the utility of waging a virtual war against potential enemies, not only as an effective tool for sabotage but also as a more cost effective way to influence rivals and to undermine power without a direct conflict.⁷⁷⁸ The precise source of cyber attacks from Russia (whether attackers are private citizens, civil servants or uniformed military members) remains difficult to determine. Intelligence agencies publish little information on specific hackers. By 2008 Russian cyber-warriors had succeeded in neutralizing many parts of Georgia's network during their invasion.⁷⁷⁹ This was Russia's first test in opening up a virtual front against an enemy, a precursor to the cyberwar in Ukraine.

The cyberwar between Ukraine and Russia began almost immediately after Viktor Yanukovich fled the country in 2014. Following the first post-EuroMaidan elections, Ukrainian election officials detected a cyberattack, attempting to tamper

⁷⁷⁶ Interview with Respondent 14, 16 September 2016.

⁷⁷⁷ Interview with Respondent 14, 16 September 2016.

⁷⁷⁸ Timothy Thomas, "Russia's Information Warfare Strategy: Can the Nation Cope in Future Conflicts?" *Journal of Slavic Military Studies*, 27 (2014): 201.

⁷⁷⁹ Timothy Thomas, "The Bear Went Through the Mountain: Russia Appraises its Five-Day War in South Ossetia," *Journal of Slavic Military Studies* 22 (2009): 59.

with election results to favor the Right Sector candidate, Dmytro Yarosh.⁷⁸⁰ Hackers were unable to influence the outcome but their target, the leader of an ultra-nationalist group, was not a coincidence. As discussed below, one Kremlin strategy is to delegitimize the current government by claiming that it is “fascist” or related to Nazism. Along with distributed denial of service (DDoS) attacks against government and media organizations on an almost weekly basis, hackers targeted critical infrastructure. In 2015 Agents conducted a major attack against a power grid in Kyiv leaving 230,000 residents without power.⁷⁸¹ Western countries quickly came to Ukraine’s aid, to assist in damage control and investigate the potential threats to their own security. A few weeks after the attack, the US sent technical experts, both public and private, to assess the damage and conduct a forensic analysis of the attack.⁷⁸²

Russian agents repeated this type of massive attack with a major outage in December 2016, disabling the Kyiv power grid.⁷⁸³ In the same month the Ukrainian government claimed that, “...there had been 6,500 cyberattacks on 36 Ukrainian targets in just the previous two months.”⁷⁸⁴ These constant attacks consume vital resources and are difficult to investigate, in so far as the Internet offers a fertile environment for secrecy and masking identities. Outside experts could not confirm the number of attacks with absolute certainty, nor that Russian agents had conducted the attack, adding to the complexity of cyber warfare.

⁷⁸⁰ Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar.”

⁷⁸¹ Luukas K. Ilves, Timothy J. Evans, Frank J. Cilluffo, and Alec A. Nadeau, “European Union and NATO Global Cybersecurity Challenges: A Way Forward,” *Prism* 6, 2 (2016): 128.

⁷⁸² Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar,” 11.

⁷⁸³ Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar.”

⁷⁸⁴ Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar,” 3.

My respondents could not speak in detail about whether Russian cyberattacks had affected their organizations directly, with one exception. One anti-corruption initiative in Kyiv includes the creation of an eData site which tracks the Ukrainian budget. An interviewee who had collected information on government expenses and maintained the database stated that the site is frequently attacked.⁷⁸⁵ Though she is not sure of the source, she suspects that Russian hackers are behind the disruptions. Moscow hoped to undermine the public's faith in the new government by attacking civil society institutions in Ukraine.

Media and War Memories

Pro-Russian media outlets are highly effective in pursuing their agenda using provocative terminology and skillfully framing issues. The Kremlin likes to frame the current struggle in Ukraine as a battle against the resurgence of fascism.⁷⁸⁶ By employing the term "fascism" Moscow hopes to evoke the memory of WWII and the struggle against Nazi Germany. Other phrases refer to Ukraine as a "failed state," implying that the current conflict was a "US masterminded" coup.⁷⁸⁷

Although some ultranationalist groups emerged after the EuroMaidan protests, their influence on mainstream politics has been limited. The most well-known reactionary group, Right Sector, enjoys only 5.4% support, according to polling data, and holds only one seat in the Rada.⁷⁸⁸ While Russian media are correct in stating that ultranationalist movements exist, they exaggerate their power in Ukraine.

⁷⁸⁵ Interview with Respondent 15, 21 September 2016.

⁷⁸⁶ Just, "Promoting Russia Abroad: Russia's Post-Cold War National Identity and Public Diplomacy."

⁷⁸⁷ Interview with Respondent 27, 30 September 2016.

⁷⁸⁸ Julia Embody, "Beware Ukraine's Rising Right Sector," *The National Interest* (12 August 2015), <http://nationalinterest.org/feature/beware-ukraines-rising-right-sector-13558>.

In another example, one respondent experienced difficulty working with counterparts from Russia and Moldova on the Transnistria border issue, due to media attention on the purported fascist ties of the post-Maidan government in Kyiv. A working group established among the three countries to monitor the frozen conflict on Ukraine's border came to an abrupt halt after Russian and Moldovan representatives accused Ukrainian officials of supporting a "fascist" regime.⁷⁸⁹ By convincing its other neighbors that the Poroshenko government promoted fascism and was illegitimate, Moscow alienated countries like Moldova.

Some Western news agencies provided critical reporting on the front, which countered Russian media reports similar to competing narratives during the Orange Revolution.⁷⁹⁰ The *Guardian* tracked Russian troop movements in Donbas to give military leaders necessary intelligence.⁷⁹¹ Western media outlets also provided technical advice to their Ukrainian colleagues. Many Ukrainian broadcasters had previous experience with war coverage, but few resources, especially multi-media.⁷⁹²

The West's relationship with Russian media outlets also changed dramatically after the Crimean invasion. One EU delegation press official had regularly interacted with Russian state-run television and radio agencies at press conferences. Beginning in 2014 his professional and personal relationship with many Russian colleagues quickly deteriorated. Russian reporters became far more combative and skillfully

⁷⁸⁹ Interview with Respondent 17, 27 September 2016.

⁷⁹⁰ Katchanovski and Morley, "The Politics of U.S. Television Coverage of Post-Communist Countries."

⁷⁹¹ Interview with Respondent 27, 30 September 2016.

⁷⁹² Interview with Respondent 27, 30 September 2016.

worded questions to trap EU press officials.⁷⁹³ A common occurrence before 2014, the tendency to meet with Russian journalists outside of work, almost completely stopped. By 2016 the EU delegation in Kyiv began regularly briefing EU officials in Moscow to fend off misinformation from *RIA News* (*RIA Novosti*) and *Channel 5* (*5 Kanal*) at press conferences.⁷⁹⁴ By 2016 his interactions with Russian news media only included a few independent journalists and Kremlin officials acting through the OSCE.⁷⁹⁵

The fatal flaw of the Russian media system is its top-down nature, which Putin engineered during his first term as president.⁷⁹⁶ Politicians set the narrative, then publication is determined by political leaders.⁷⁹⁷ Journalists do not properly vet events and ideas. Due to greater Western diligence in investigating and disseminating evidence, Moscow eventually had to “react” to the West by conceding certain facts, like the use of regular Russian troops in Crimea.⁷⁹⁸ Some Russian journalists quit; those who stayed “trolled” EU representatives for particular words and responses that could be easily edited to serve Moscow’s agenda.⁷⁹⁹ Russians and Ukrainians socialized in such a media environment simply dismiss Western media as a mirror system of Russia’s, whereby governments set the news agenda.

⁷⁹³ Interview with Respondent 4, 28 September 2016.

⁷⁹⁴ Interview with Respondent 4, 28 September 2016.

⁷⁹⁵ Interview with Respondent 4, 28 September 2016.

⁷⁹⁶ Maria Lipman, “Russia’s Nongovernmental Media Under Assault,” *Demokratizatsiya*, 22, 2 (April 1 2014): 179-190.

⁷⁹⁷ Interview with Respondent 27, 30 September 2016.

⁷⁹⁸ Interview with Respondent 27, 30 September 2016.

⁷⁹⁹ Interview with Respondent 4, 28 September 2016.

The EU also combats misinformation by leading investigations into Moscow's intervention in the conflict. The EU's helped to expose Russian involvement in the MH17 incident. On July 17, 2014 Malaysian Airlines flight MH17, carrying almost 300 passengers primarily from the Netherlands, crashed in Ukraine. After an exhaustive investigation, the Dutch Safety Board announced on October 13, 2015, that a Russian-made "BUK" missile had struck the plane, killing all passengers and crew on board.⁸⁰⁰ The Kremlin continued to deny any involvement in the incident. After the Dutch Safety Board issued the report, my respondent had to answer many questions about the incident, while Russian reporters raised questions about alternative scenarios, to cast doubts on the final report.⁸⁰¹ Again, Moscow's agents equated the *possibility* of a different scenario with the *probability* of what occurred based upon sound evidence.

Though the West provides direct financial and technical support, many Ukrainians see its indirect influences as more important. As one policymaker opined, the most influential aspects of Western influence occurs when European and American leaders speak publicly on behalf of Ukraine, or when Ukrainians watch Western media, or form personal contacts with Europeans.⁸⁰² After decades of exposure to Russian culture, Western soft power is finally making inroads into Ukrainian life. Slowly the information war has reshaped how Ukrainians view their relationship with

⁸⁰⁰ Dutch Safety Board, "Investigation Crash MH17," (13 October 2015), <https://www.onderzoek-sraad.nl/en/onderzoek/2049/investigation-crash-mh17-17-july-2014/publicatie/1658/dutch-safety-board-buk-surface-to-air-missile-system-caused-mh17-crash#fasen>.

⁸⁰¹ Interview with Respondent 4, 28 September 2016.

⁸⁰² Interview with Respondent 1, 15 September 2016.

Moscow and their own independence as the West helps to provide an alternative narrative.

Conclusion

The invasion of Crimea proved a defining moment in Russo-Ukrainian relations. Based upon longitudinal surveys of Ukrainians since 1991, the desire for more distance from Moscow spiked after tense incidents with Russia, chief among them the Crimean invasion. Despite these strained periods in relations, Ukrainians generally appreciated their closeness to the Russian people. Crimea, however, changed this affinity leading Ukrainians, for the first time, to resent their Slavic neighbors.⁸⁰³ Armed intervention became a reason to make a serious break with a foreign power.

Summarizing the situation in 2014, from the climax of the EuroMaidan protests to the separatist movement in Donbas, one respondent held that “the current revolution is the most effective in breaking away...Russia does not understand how things have changed.”⁸⁰⁴ The inconvenient truth remained that the fight against the military intervention had stalled. As one Ukrainian put it, there was a “window of opportunity” after Maidan, but resources were diverted to the war effort in eastern Ukraine, particularly in the form of people volunteering.⁸⁰⁵ By 2016 security and defense policy had come to rely on the realization that citizens could not plan a victory parade, and that combating Russian interference would require a sustained effort.

⁸⁰³ Volodymyr Paniotto, “The social situation in Ukraine after Euromaidan,” Panel Discussion at National University Kyiv-Mohyla Academy in Kyiv (October 20, 2016).

⁸⁰⁴ Interview with Respondent 11, 2 November 2016.

⁸⁰⁵ Interview with Respondent 26, 29 September 2016.

Russian influence has greatly decreased since the undeclared war began in 2014.⁸⁰⁶ According to one policy consultant, Russia has much less influence now than two year ago because they relied on direct military involvement.⁸⁰⁷ Without its invasion of Crimea and, to a lesser degree, its support for separatists, Moscow might have retained greater influence in Kyiv. For decades the Kremlin pursued a “compatriot policy” towards Ukraine, which ended with the invasion.⁸⁰⁸ Embracing a Slavic brotherhood became untenable after 2014. In simple terms: “Despite the current skepticism, even people who are critical of the current government do not want to restore former ties with Russia.”⁸⁰⁹

Ukrainians still face tremendous challenges to their sovereignty and their image. A member of the Rada explained: “Ukrainians are humiliated by the war... Ukrainians have accepted Western retreat.”⁸¹⁰ The feeling among policymakers that Western support has waned, cut through many of my interviews. A journalism expert lamented that within a one year of war in the East, interest plateaued and many news reporters left.⁸¹¹ Another respondent expressed cynicism about EU integration, leading many Ukrainians to think that they are alone.⁸¹²

⁸⁰⁶ Kuzio, “Competing Nationalisms, Euromaidan, and the Russian-Ukrainian Conflict,” 164.

⁸⁰⁷ Interview with Respondent 31, 7 November 2016.

⁸⁰⁸ Interview with Respondent 16, 22 September 2016.

⁸⁰⁹ Interview with Respondent 31, 7 November 2016.

⁸¹⁰ Interview with Respondent 12, 9 November 2016.

⁸¹¹ Interview with Respondent 27, 30 September 2016.

⁸¹² Interview with Respondent 31, 7 November 2016.

Caught between the West and Eurasia, its divided identity lies at the heart of Ukraine's pessimism about foreign influence, whether its aggression or lack of support. A common perception among my respondents was that Ukraine is merely "an object, not a subject," in the eyes of Moscow and Western capitals.⁸¹³ Rather than serving as a principal partner in the region, Ukrainians felt they have not been able to shake their role as a pawn in a larger political game. As another MP maintained that Europe is too occupied with Russia and "thinks about Russia first, not Ukraine."⁸¹⁴ Addressing the conflict with her EU counterparts, she often feels that officials in Brussels are subtly telling her, "don't mess with Russia."⁸¹⁵ For Ukraine national security policy is a matter of life and death, but for the EU the conflict is about continental stability.

Ukrainians now fear they will be "traded" for other issues like Syria, closely watching sanctions negotiations as the main indicator of where their fate lies.⁸¹⁶ One interviewee even went so far as to accuse Western countries of wanting to keep up the "internal conflict" in Ukraine as a bargaining chip with Moscow.⁸¹⁷ One reasonable criticism of Western influence, however, entails the lack of support. The same MP felt that the West was less sincere and that its attempts at promoting democracy and peace centers more on talking points than on genuine pledges.⁸¹⁸ After more than two years

⁸¹³ Interview with Respondent 8 and 12, 25 October 2016 and 9 November 2016.

⁸¹⁴ Interview with Respondent 12, 9 November 2016.

⁸¹⁵ Interview with Respondent 12, 9 November 2016.

⁸¹⁶ Interview with Respondent 5, 29 September 2016.

⁸¹⁷ Interview with Respondent 12, 9 November 2016.

⁸¹⁸ Interview with Respondent 12, 9 November 2016.

of protracted conflict along the frozen border, constant cyberattacks, an information war bombarding viewers daily with misinformation, Ukrainians have grown tired of Western soft support and want more concrete aid in the fighting.

Moscow's most effective instrument in claiming a partial victory included its promotion of an alternative pole to the West.⁸¹⁹ Though policymakers worked hard to pull Ukraine away, war fatigue began to supplant the high-minded ideals of Western openness. Growing populist passions have challenged the "liberal-democratic system," for which young Maidan protesters first began fighting.⁸²⁰ For some elites, Russia presents an alternative to the post-modern order when their dissatisfaction for the EU and the US grows to critical mass.

The ways in which Moscow has influenced Ukraine's policymaking calculus are clear: use unconventional means to disrupt Ukraine, drain its resources and sap the Ukrainian peoples' will to fight. Ukrainian leaders' first step towards defense included rapidly build a military and other security forces to counter Russian aggression. As a civil servant working in the Groysman government relayed to me, there is a direct correlation to the number of incidents along the conflict zone and the capabilities of the Ukrainian military.⁸²¹ A strong defense remains the greatest deterrent to Russian aggression.

The West could also contribute more to this effort to deter Russian aggression. At least one interviewee thought that Moscow has been emboldened by the West's inaction in other "grey zones" like Transnistria in Moldova and South Ossetia in

⁸¹⁹ Mejias and Vokuev, "Disinformation and the Media: The Case of Russia and Ukraine," 1029.

⁸²⁰ Sherr, Public Debate at Premier Palace, Kyiv, "What is After the Budapest Memorandum?"

⁸²¹ Interview with Respondent 5, 29 September 2016.

Georgia.⁸²² The Kremlin supports these separatists movements, with few resources and at great cost to European stability. The frozen conflict in Donbas became a natural expansion of Moscow's proxy war against the West.

To mitigate other, more subtle forms of influence in defense policy, the same respondent suggested increase sanctions against Russia. Her main point was that the West and Kyiv should target the flows of money from Russia, funneled to politicians in Ukraine, wittingly or unwittingly, furthering Putin's agenda.⁸²³ As financial exchanges occur more frequently electronically, she hopes that using cyber tools to control capital flows can reduce Russian influence.

The other strategies for combating Russian influence, however, are less obvious. One civil servant lamented the lack of an overall strategy for combating Russian soft power, with concrete plans and reasonable objectives.⁸²⁴ Due to the 2014 invasion however, Ukraine should devise better strategy against Russian cultural and religious influence.⁸²⁵ One of the central problems with mitigating Russian cultural influence includes the unwillingness for some Ukrainians to see Russia, a longtime ally, as the enemy. In the words of one of my respondents: "The real problem is Russian aggression, not a Ukrainian conflict."⁸²⁶

⁸²² Interview with Respondent 20, 5 October 2016.

⁸²³ Interview with Respondent 20, 5 October 2016.

⁸²⁴ Interview with Respondent 8, 25 October 2016.

⁸²⁵ Interview with Respondent 20, 5 October 2016.

⁸²⁶ Interview with Respondent 12, 9 November 2016.

Conclusion

This study examined the ways in which foreign powers have attempted to influence policymaking in Ukraine. My primary questions addressed: 1) how do Western and Russian governments influence reform initiatives, 2) economic policies, 3) regional energy politics, and 4) security and defense policies. Western and Russian influence on Ukrainian political decisions depends greatly on the policy sphere. The core difference between Western and Russian approaches concerns their respective applications of hard versus soft power. Russian hard power relies on financial assistance to elites, both elected officials and oligarchs, legacy infrastructure from the Soviet period, using energy as a weapon, new mercantilism based on foreign consumer markets. Moscow fears that the loss of its markets in Ukraine and downline consumer markets will threaten its state revenues. By 2000 government and business leaders alike recognized the utility of this national resource and the increasing role it played in foreign affairs. Vladimir Putin has harnessed its value for the needs of the state. Ukraine's further integration with the EU threatened this new approach.

Russian foreign policy also employs the military but with a slightly different twist than seen in previous decades. Rather than conduct a full-scale invasion of Ukraine, Moscow opted for a limited intervention, which annexed Crimea, and incited separatism in Donbas, and conducting a cyber war against power grids and other critical infrastructure. Although the Russian military deteriorated rapidly after the collapse of the Soviet Union, Putin's modern hybrid warfare has been adept at maximizing its capabilities.

As Moscow's instruments of hard power dull, it is forced to refocus its sights on soft power relying on its deep cultural ties and familiar personal connections among oligarchs to Ukraine in exercising influence. Centuries of political association between Russia and the Ukrainian people have allowed Moscow an avenue for pursuing its interests. The formation of a powerful oligarkhiya in both countries filled the void of collapsed political structures after 1991. Russia considers a democratic Ukraine as a threat to its influence in the region.⁸²⁷ As Ukraine lacked strong institutions and weak rule of law, an informal network of well-connected elites emerged, allowing the Kremlin a path of control.

Western governments and NGOs have targeted institutions and aids anti-corruption initiatives by donating to NGOs, threatening to withhold aid to the government if certain democratizing conditions are not met, and furthering economic ties with the EU. Western countries want to decentralize decision-making, weaken oligarchs and Russia's privileged position in the Ukrainian economy, while developing a regional energy plan for post-Soviet Europe, which can reduce dependency on Russian sources. Western countries earmark aid and provide technical advice for the Ukrainian military, to stabilize the situation in Lugansk and Donyetsk, and combat the information war against Moscow. Western soft power takes the form of advising civil servants and NGO workers to promote democratization, while increasing academic and scientific cooperation. The goal for Washington and Brussels is to help socialize a new generation of policymakers and educators, who can push for liberal norms. As

⁸²⁷ Rachel Vanderhill et. al., *International Dimensions of Authoritarian Persistence: Lessons from Post-Soviet States*, (New York: Lexington Books, 2013).

the Kremlin officials try to pull Ukraine back into past patterns of decision-making, the West hopes to offer an alternative path for the policy process.

I interviewed Ukrainian policymakers, experts and activists, and provide extensive data concerning a wide range of policy areas. My conclusions reflect the current political situation in Ukraine, as a result of developments since independence in 1991. The events of 2014 produced “the growth of Ukrainian and Russian-speaking Ukrainian patriotism, indeed, Russia’s annexation of the Crimea and military and covert intervention have unintentionally spread Ukrainian patriotism into Russian-speaking Eastern and Southern Ukraine because those who previously held ambivalent, passive, and mixed identities had to chose sides during a crisis.”⁸²⁸

Civil society plays a vital role in channeling this nationalism to building state capacity. According to Svitlana Krasynska and Eric Martin, based upon their fieldwork in Ukraine during EuroMaidan, that “It appears that the capacity for formalization within civil society existed in a latent form and was able to manifest itself when the need arose, resulting in significant changes in the country.”⁸²⁹ A key element to strengthening the state requires continuing anti-corruption efforts, particularly against the oligarkhiya. Heiko Pleines contends that “While the current Ukrainian leadership speaks of ‘de-oligarchization,’ what is visible so far seems to be more an informalization of the political role of oligarchs.”⁸³⁰ Breaking the power of the oligarchs will prove to be the greatest challenge for policymakers.

⁸²⁸ Kuzio, “Competing Nationalisms, Euromaidan, and the Russian-Ukrainian Conflict,” 164.

⁸²⁹ Krasynska and Martin, “The Formality of Informal Civil Society: Ukraine’s EuroMaidan,” 447.

⁸³⁰ Pleines, “Oligarchs and Politics in Ukraine,” 126.

The efforts of state-building and rooting out corruption directly affect economic development. As one article stated, “a radical improvement in governance, reduction of corruption, and establishment of a new system of relations between its regions (at least in terms of taxes). In general, restructuring (possibly decentralizing) the government, updating economic institutions, reducing corruption, renewing the investment climate, and improving governance are all steps necessary for the second start of Ukraine’s transition.”⁸³¹ While Ukrainian energy markets require more competition and transparency, ultimately the greatest obstacle to ensuring stable supplies is diversification. Adam Stulberg contends that “New network nodes are emerging across European sub-regions to reduce the non-commercial dimensions to Russia’s market power.”⁸³²

Ukraine’s most pressing issue, however, concerns its security policies. According to a RAND report “Russian leaders sought to pay the lowest price possible for destabilizing Ukraine,” but “underestimated the costs and instigated a chaotic campaign of warfare with the intention of staying below the conventional threshold.”⁸³³ As Ukrainian policymakers attempt to resolve the frozen conflict in Donbas, they must also address gaps in non-conventional capabilities like cyber defenses. One point of leverage for Ukraine includes the continuous cyber war between Russia and

⁸³¹ Grigoriev, Buryak, And Golyashev, “The Transition of Ukraine’s Economy: A Second Start?” 282.

⁸³² Stulberg, “Natural gas and the Russia-Ukraine crisis: Strategic restraint and the emerging Europe-Eurasia gas network,” 83.

⁸³³ Kofman, Migacheva, Nichiporuk, Radin, Tkacheva, Oberholtzer, “Lessons from Russia’s Operations in Crimea and Eastern Ukraine,” 70.

NATO members, which can unite Ukrainian cybersecurity interests with Western countries.⁸³⁴

The conflict within Ukraine and the subsequent tensions between the EU, US and Russia threaten not only to bring a potentially wider war to the continent of Europe, but also to erode the relative peace among nation-states since the end of the Cold War. Clothed in a false sense of security about the future, modern societies once again doubt the potential of another war among major powers, similar to WWI and WWII. People rarely predict conflicts, especially the most destructive ones. Few predicted the carnage caused by either world war. It is often the smallest conflicts that ignite the greatest ones. The fact that the US and USSR avoided a direct conflict, despite numerous proxy wars, marks an historical exception, not the rule.

The conflict in Ukraine as of 2018 has become frozen but the only guarantee of this fragile stalemate is ensured by the constant negotiations between Ukrainian, Russian, EU, and US officials, operating within an environment of nuclear deterrence among the three latter actors. The path to sustainability and security requires consistent maintenance of structures, oftentimes with little fanfare and by unknown participants. The chief obstacle to democratic reform is the Ukrainian oligarkhiya. Political and economic elites must unify against regressive Russian influence, while continuing to draw clearer lines between agents of public interest and those of business. The next generation of policymakers needs to complete the state-building that started in the late 1980s.⁸³⁵

⁸³⁴ Greenberg, “How an Entire Nation Became Russia’s Test Lab for Cyberwar.”

⁸³⁵ Interview with Respondent 11, 2 November 2016.

The current conflict has pried Ukrainians away from their ethnic compatriots to the east in exchange for embracing the ideals of the West. As one respondent observed, “Ukrainian society is separating from Russian society.”⁸³⁶ As Russia adopts an approach to foreign policy which promotes cultural ties with Ukraine and criticizes the virtues of democracy, Western powers are luring Ukrainians with promises of a freer and more prosperous future. The choice is now up to Ukrainians: build their state upon cultural connections to Eurasia or embrace democratic ideals. Putin claims to protect Ukraine from Western infiltration while inciting ethnic conflict between Ukrainians and Russians. While Moscow professes its symbolic unity with the Ukrainian people, in reality it supports an occupation of Crimea and frozen conflict in Donbas. The ironic relationship between these Slavic ‘brothers’ exhibits the inconsistencies of Russian foreign policy towards its ‘Near Abroad.’

This is not to say the post-EuroMaidan government, with its focus on closer ties to the West, is fulfilling all its promises. The current political environment is fragile. The economy, a huge predictor of political volatility, is even more fragile. In 2014 Ukraine’s economy contracted 6.6% then another 9.8% in 2015.⁸³⁷ However, in 2016 GDP increased 2.3%, indicating that economic conditions were improving.⁸³⁸ As of the year 2018 a new political movement is afoot under the leadership of many disillusioned political activists. One prominent group, the Wave party led by former Geor-

⁸³⁶ Interview with Respondent 11, 2 November 2016.

⁸³⁷ The World Bank, “Ukraine Economic Update - April 2017,” IBRD/IDA (April 2017), <http://www.worldbank.org/en/country/ukraine/publication/economic-update-spring-2017>.

⁸³⁸ The World Bank, “Ukraine Economic Update - April 2017.”

gian President Mikhail Saakashvili, prepares for the next general election or revolution, whichever comes first.⁸³⁹

A better understanding of energy issues can suggest ways in which countries heavily dependent on foreign sources of energy might better manage their security and sovereignty issues. Ukraine's break with Russia has forced Ukrainians to reevaluate their energy sector. To avoid undue Russian influence and weaken the power of oligarchs, policymakers must consider a more diverse energy portfolio. Reorienting to a regional consortium of producers, many countries in the EU, provides a more stable near future. The longer term goal should involve a large mix of renewable sources, relying more heavily on domestic sources, creating jobs for Ukrainians, and reducing the country's carbon footprint.

The EU is well-positioned to provide the technical advice, helping to develop green energy in Ukraine. The EU's 2020 Energy Strategy calls for 20% of consumption to come from renewable sources, a goal Ukraine should hope to achieve voluntarily.⁸⁴⁰ As the EU members states attempt to move away from their dependence on Russian petroleum products, Ukraine can emulate their policies and programs. Technical experts have been advising Ukrainians and should continue to develop closer ties to advance their mutual aims.

One avenue forward for research may involve investigating four policy areas, reform, the economy, energy, and security more intensively. The preceding discussion attempted to describe how foreign actors influence different policy areas. However,

⁸³⁹ Nolan Peterson, "Is Ukraine headed for Another Revolution," *Newsweek* (November 21, 2017), <http://www.newsweek.com/ukraine-headed-another-revolution-522399>.

⁸⁴⁰ European Commission, "2020 Energy Strategy," The European Union, <https://ec.europa.eu/energy/en/topics/energy-strategy-and-energy-union/2020-energy-strategy>.

this is only cursory and should lead to more intensive study of specific spheres and the ways in which Western versus Russian influences those spheres. Such studies will provide a more precise comparative analysis. Also, further studies require more interviews with officials of the Yanukovich regime. One problem it seems, concerns the hesitation of many former civil servants and politicians to speak publicly in the current environment. Interviews have serious limitations in that many respondents may have agendas or forget details of past events they have experienced. Therefore, any further analysis requires other types of data corroborating the claims of interviewees.

An important and enduring question raised by the conflict in Ukraine, concerns the nature of cooperation. Can Ukrainians and Russians embrace their prospects as an expandable game, as opposed to a zero-sum one? Cooperation can improve the benefits for all actors in the region. Rather than cater to oligarchs, can policymakers in both capitals pursue closer economic ties to the EU, benefitting all groups?

As in many instances throughout history, citizens are forced to choose between mutually exclusive options. Ukrainians will have to choose between trading their freedom for security and their stability for prosperity. As enthusiasm for reform fades, institutions and agents must continue to sustain the effort. The people of Ukraine are currently choosing between adopting Western and Eurasian values. The key difference between these paths includes the universal embrace, at least in rhetoric of the former, and the universal rejection of the latter. Though critics consistently point to shortcomings of the current Ukrainian government, the slow progress of reform and democratization, the failings of Western institutions to provide adequate support, or even exposing scandals of certain policymakers, few want a return to the

Soviet policymaking processes of the past. The path forward will not be easy, but regardless of the EuroMaidan government's shortcomings its direction cannot turn back towards Moscow.

Appendix

Interview Questions:

- 1) Intro Questions: Name, current position and title at what organization. How does your organization play a role in public policy? Do you or does your organization advocate for particular issues, take a particular position or lobby the government? What past positions did you hold in the past that were related to public policy in Ukraine?
- 2) General Ways Foreign Influence is Exerted: Who are the 3-5 most important external/foreign actors regarding influencing the policy process? Who are the 3-5 most important domestic actors being influenced by foreign actors? What/who are the specific offices, agencies, organizations, people, etc., official and unofficial? What three policy areas are most immune to foreign influence?
- 3) Policy-Making Actors being Influenced: Are there clear pro-Russian versus pro-West blocs in the government, to include parties, certain ministries, etc.? Do they also operate through proxy groups or organisations? Are their 1-3 consensus issues that most policy makers agree upon? What are the 1-3 most divisive issues? How have these issues changed over time?
- 4) Specific Policy Areas:

A-Culture/Ethnicity: How has Russia's foreign policy approach influenced ethnic Russians versus ethnic Ukrainians? How does Russia use culture to influence political decisions in Ukraine? How does the West influence the two ethnic groups differently? How does the EU or US use culture? Has there been a significant change in the relationship between Russian and Ukrainian identities since the Maidan? Which side, the West or Russia, is having more influence? How? Has this changed overtime?

B-Security/Defense: What are the top three security priorities for Ukrainian officials? Can you provide examples? Is Ukraine pursuing a multi-vector foreign policy? How has the overall approach changed?

C-Is the Ukrainian government's current approach to foreign policy more ideological or practical? What about past periods or governments? How does Russia's ideological approach to foreign policy influence Ukrainian policy making?

D-What are the top three economic priorities for Ukraine (energy, investment, credit, trade, employment, inflation, etc.)? How does Russia influence these economic

issues? How has this influence changed over time? How does the West influence these economic issues? How has this changed over time?

5) Conclusion: What are the one to three most effective ways Russia influences policy decisions in Ukraine? What are the one to three most effective ways the West influences Ukraine? Anything else to add? What did I not address that is relevant to foreign influences? How public policy is made?

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