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Post-Soviet Ukraine: In Search of a Constituency for Reform

PAUL KUBICEK

During its first years of independence, Ukraine suffered economic and political stagnation and stubbornly avoided serious reform. As president since July 1994 Leonid Kuchma has pushed through some significant reforms, but the social support for such reforms remains uncertain. Opinion polls suggest that the public has mixed views on the matter, and key sectors, including labour unions, heads of state industries and agricultural organizations, still rely heavily on assumptions of the state-planning era, and exploit their links with the state apparatus to preserve elements of the old system. New organizations struggle, for various reasons, to make their voice heard. Creating a solid body of support for reform is thus proving difficult, and perhaps the political 'bargain' between Kuchma and industrialists' groups offers greater hope than the application of economic theory.

Reformers in post-communist states face a difficult dilemma: the simultaneous introduction of democracy and marketization is complicated by the fact that the latter, often unpopular with sizeable segments of society, can be undermined by the former, which gives people a chance to voice their preferences and affect government policies.¹ This problem, however, has not been intractable. In the Czech Republic, Poland and Hungary, the simultaneous transition was relatively smooth, so much so that even the return of former communists to power in the latter two cases is likely to be benign for both democratization and economic liberalization. These countries, of course, enjoyed a host of advantages (a sweeping turnover in leadership, previous economic decentralization, an existing state structure, high levels of Western aid and investment) that have been less pronounced elsewhere, where the fate of reform remains uncertain.

One such country is Ukraine, which has wallowed in political and economic stagnation during its first years of independence. From 1991 until 1994, under the tutelage of communist-turned-nationalist Leonid Kravchuk and a legislature dominated by former communists, Ukraine stubbornly avoided basic economic and social reform. The results – double-digit falls in GDP in each year, hyperinflation, declining living standards, growing feelings of helplessness and alienation – prompted many to question

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Ukraine's viability as a sovereign state. In this context, combined with divisions between the more nationalist western regions and the Russified east, Leonid Kuchma was elected president in July 1994.²

Kuchma's election opened up new possibilities for political and economic change. Despite his rather chequered past – director of a giant missile factory; a prime minister (1992–93) who obstructed basic reforms while contributing to hyperinflation; president of the state sector-friendly industrialists' lobby – by October 1994 Kuchma openly declared that Ukraine had no choice except radical economic reforms. Despite opposition from a conservative parliament, he won increased executive powers and pushed through an impressive array of reforms, including price liberalization, the lifting of numerous currency and trade restrictions, budget austerity, and a plan for the privatization of state-owned enterprises. In consequence, the budget deficit has dropped and inflation and the fall in production and GNP have declined. At the same time, the new winds blowing from Kiev were felt by the IMF, the World Bank, and the G-7, each of which has begun to deliver much-needed economic assistance.

Will Ukraine therefore now follow the path of its more successful East European neighbours? Has Kuchma, in the past year or so, established a sizeable and durable base for market-oriented reforms, or are the roots of reform rather shallow, confined to Kuchma and his team of technocratic advisers? While macro-economic indicators in Ukraine do show signs of improvement, Kuchma has notably not won great accolades from Ukrainians themselves. True, he has gained credibility in the western regions and is more popular than the conservative parliament. Nevertheless, he receives very low marks from the population for his handling of the economy.³ Many, including some erstwhile supporters, have accused him of pursuing a top-down, Soviet-style, 'revolution from above', without any effort to court support from social organizations, political parties or the public at large. Without this foundation, it is claimed, reforms will be ephemeral and unstable and easily undermined by conservatives. Moreover, since economic reform, at least in the short term, threatens established groups and will cause pain to most (if not all), Kuchma and other would-be reformers may have intractable problems finding a stable basis of public support for reforms. The results of these problems can be seen in Poland, Lithuania, Hungary, Bulgaria and Romania, where former communists have returned to power. In Ukraine the former communists – arguably less 'reformed' than their East European counterparts – are waiting in the wings, and their ascendancy could produce disastrous results.

This article will explore the social bases for market-oriented reform in Ukraine among important economic interest groups and the population as a whole to determine what constituency, if any, can supply support to Kuchma

in his battles with more conservative forces. These are important issues because reformers will, at a minimum, require the acquiescence of these groups in order to push through fundamental changes while ensuring political stability and social peace. At a maximum, active support for reforms from the public and established groups could help ensure their long-term viability, and pro-reform groups could become strategic partners of the government in some form of corporatist bargain.

Public Opinion: Mixed Support for Reform

Throughout the past few years, studies of public opinion have revealed that an overwhelming majority of Ukrainians agree on one thing: that the economic situation is not good and is worsening. In an omnibus survey conducted in the autumn of 1995 by the Kiev International Institute of Sociology (KIIS), 80 per cent of a sample of 1,600 Ukrainians stated that their material well-being had declined in the past three to four years, a figure markedly similar to that found in earlier surveys. Over 60 per cent reported that they were not at all satisfied with the current state of affairs, whereas less than five per cent were satisfied. Numerous surveys have also revealed that Ukrainians believe that the situation, at least in the short term, will continue to worsen. Economic concerns such as inflation, unemployment, increasing inequality and shortages of goods, are, alongside crime, foremost among citizens' concerns.

Are Ukrainians therefore ready to return *en masse* to the Soviet-period state command economic system? While some might cite the strong showing of socialist and communist candidates in the 1994 legislative elections as proof that communist ideology is not dead, public opinion surveys reveal that, generally speaking, there is support for reform among Ukrainians. For example, a survey conducted in the spring of 1995 by the Open Media Research Institute in Prague finds that slightly over half of those questioned thought reform was moving too slowly.⁴

One crucial element of reform will be the development of an economy based upon competition instead of a plan. Asked in one survey in 1994 if they thought that competition among economic organizations would bring benefits to society, 31 per cent of respondents strongly agreed and 43 per cent agreed, showing that competition, as an idea, is accepted by most Ukrainians. A strong majority (69 per cent) also agreed that people running their own businesses know better what is good for society than directors of state enterprises, which indicates support for movement towards privatization.⁵ In the 1995 KIIS survey, 63 per cent supported the right of private property in land. Ukrainians also place high value on political freedoms such as the right to criticize the government and freedom of

association into political parties, both crucial for the maintenance of democratic, liberal government.

One should not, however, gain the impression that Ukrainians are now disciples of free-market orthodoxy. It is one thing to ask rather general questions about the pace of reform or competition in the abstract, and quite another to allude to the trade-offs involved in reforms. Here one encounters ambiguity. The 1995 KIIS survey asked several questions which posed a tension between market liberalization and the social consequences, including inequality, inflation and prospects of unemployment.

The answers to these questions, displayed in Table 1, are illuminating. While Ukrainians endorse the right of private property in the abstract, only a minority expects to benefit from the introduction of private property. This raises the question: will Ukrainians accept the social inequalities that the introduction of private property is likely to exacerbate?⁶ A plurality of respondents (45 per cent) in one 1993 survey considered socio-economic inequality not natural, implying that one primary consequence of capitalism will not find substantial support and may contribute to social tensions.⁷ Ukrainians also support competition in the abstract, but many do not countenance the bankruptcies and social displacement that competition would bring. While they largely distrust state management of the economy, they are also reluctant to allow the market to determine prices. The large number of 'don't knows' and 'no replies' also shows that on a number of fundamental questions many have not made up their mind or have no opinion.

Data from numerous surveys also reveal that Ukrainians still hold on to Soviet-era ideas about state paternalism, expecting the state to take care of their basic needs: 54 per cent of respondents in 1995 held that the state should bear the main responsibility for providing things necessary for a person's life. Ukrainians also exhibit abysmally low levels of political efficacy: they do not believe themselves able to press demands successfully against the powers-that-be. In a May 1994 survey of 1,807 Ukrainians conducted by the 'Democratic Initiative' sociological centre, only 5.6 per cent thought they could do anything if the government made a decision against the interests of the people.⁸ These elements of political culture may pose a formidable barrier to reform, since feelings of individual responsibility and efficacy are necessary for the development of civil society, commonly thought to be a guarantor of democratic development.⁹ Combined with low self-reported levels of participation in organizations such as political parties and social organizations and widespread distrust of politics and politicians, these findings suggest that there is little ground for claiming that Ukrainians embrace an *ethos of public participation*.¹⁰

Ultimately, therefore, it is very difficult to speak of a unified Ukrainian political culture on questions of economic reform. Not only is society

TABLE I
POPULAR ATTITUDES ON BASIC QUESTIONS OF REFORM

	<i>Strongly Agree</i>	<i>Agree</i>	<i>Don't Know</i>	<i>Disagree</i>	<i>Strongly Disagree</i>
Ordinary people will benefit from the introduction of private property	20.0	11.4	32.0	10.4	26.2
Bankruptcy of inefficiency state-owned enterprises should be allowed even if their workers become unemployed	17.8	10.6	33.9	11.4	26.3
Painful as it is, letting prices go free is an indispensable measure for economic recovery of Ukraine	12.1	11.7	28.0	12.9	35.4

divided among ardent reformers and true believers in socialism, but within individuals as well there is a profound sense of ambivalence. This was captured very well in a 1994 survey which asked whether respondents supported socialists or capitalists. 'Socialists' outnumbered 'capitalists' almost two to one (22.1 per cent to 12.7 per cent), but very large numbers replied that they supported both so to avoid conflicts (23.9 per cent) or that they supported neither (20.0 per cent).¹¹ Perhaps it would be most accurate to say that some Ukrainians may want capitalism, but many continue to place a higher value on social and job security. Unfortunately, however, Ukraine lacks the resources to introduce a 'Swedish model' and the IMF, committed to the tenets of economic liberalism, is unlikely to provide billions for social welfare programmes. Since reform *in the concrete* therefore means that painful choices will have to be made, one may therefore question Ukrainians' commitment to economic reform.

One could also begin to ask what sorts of people favour reforms and who is more ambivalent or even hostile. Analysis of these questions may help to uncover the political faultlines under the issue of reform and answer the key questions: who expects to win, and who expects to lose? While it may be inaccurate to place Ukrainians in two camps, winners and losers, and assume a single-issue cleavage among the citizens, it would none the less be fair to state that, given the salience of reform and economic issues more generally, acceptance or rejection of reform and its likely consequences will be a major factor shaping political alignments and therefore the eventual course of reform in Ukraine.

Utilizing the data from the 1995 KIIS survey, multi-variate regression

analyses were performed to determine who believes private property will benefit them, and who supports price liberalization and bankruptcy of inefficient enterprises. Several demographic (age, region, nationality, gender) and socio-economic (education, income, occupation) variables were considered as possible explanatory variables. In addition, assessments of the economy were used as independent variables in the belief that concern over economic matters might affect one's views of reform. The results are shown in Table 2.

TABLE 2
MULTIPLE REGRESSION RESULTS ON ATTITUDES TOWARD CERTAIN REFORMS

<i>Independent Variables</i>	<i>Private Property Will Benefit People Like Me</i>	<i>Bankruptcies Necessary</i>	<i>Free Prices Necessary</i>
	<i>Standardized Beta</i>	<i>Standardized Beta</i>	<i>Standardized Beta</i>
Age	-.13**	-.09*	-.07*
Education	.02	.08*	.04
Income	.03	.01	.09**
Town Size	.04	-.01	.00
Situation Improved?	.16**	.19**	.20**
Industrial Worker	-.05	-.09**	-.03
Agricultural Worker	-.06	-.08*	-.05
Businessman	.04	.00	-.05
East Ukraine	-.11**	-.14**	-.07*
West Ukraine	.09**	.09**	.13**
Ethnic Russian	-.05	-.02	-.05
Male	.11**	.13**	.09**
r ²	.12	.15	.13

n = 1600

* = p < .05

** = p < .01

Numerous features deserve commentary. The first is that age, education and income have the expected impact. Older Ukrainians tend to be more concerned about economic security and less interested in experimenting with market reforms. This group has been hit very hard by the crisis, and is predominantly conservative politically – not a constituency for reform. Those who are better educated and who report a higher income, on the other hand, appear more to favour reforms, but the relationship is not always statistically significant. These groups, however, have been repeatedly found to be more open to both economic and political reform.¹² Men also exhibit a

striking tendency toward economic reform, in part owing to the effect of income, education and age (there are fewer older males), but also because they may be better poised to profit from a free-market economy.¹³

Workers tend to be less in favour of reform, especially allowing bankruptcies. This is hardly surprising, and the results for all three questions suggest that a worker-based reform movement is rather unlikely. Agricultural workers are also against bankruptcies and do not expect to gain from private property.¹⁴ This may limit the prospects for agrarian reform, since privatization will have to be pursued in the name of those who do not even expect to benefit from it. Business people, who might be expected to support liberalization, exhibit neither consistent attitudes nor ones that are statistically significant.

Assessments about the economy also have a powerful effect on attitudes to reform: those who believe that the economic situation in the past three to four years has improved are more likely to support further reform; those who assess the situation more negatively are less willing to endure reforms. This finding is very significant, and contradicts what Raymond Duch found in earlier surveys of the former Soviet Union.¹⁵ Continued economic troubles, therefore, may make the cultivation of a popular reform base more difficult, not easier. Since economic reform – at least in the short run – is unlikely to alleviate the suffering of many, it is probable that reformers will be prime targets for public criticism, so the reforms themselves may be politically fragile.

However, the most striking data in these tables, and perhaps those with the greatest political relevance, reveal the enormous gap in attitudes between the western and eastern regions. These are displayed graphically in Figures 1–3.¹⁶ This tremendous difference may be explained by ethnic factors, since eastern regions are heavily Russified and ethnic Ukrainians predominate in the west, usually considered the hotbed of Ukrainian nationalism. However, the survey shows that on the whole Russians are not significantly more anti-reform. This regional division is better explained by underlying economic conditions: a separate regression on those who claimed that the situation had improved (the other most significant explanatory variable) found a significant difference ($p < .001$) between western and eastern residents.

In East Ukraine there exist large numbers of industrial dinosaurs which will find surviving marketization very difficult. Workers there depend upon the state, and they embraced candidate Kuchma in 1994 when he was courting the state sector and promising economic security for industrial workers. West Ukraine, in contrast, is in an advantageous position for the opening of foreign trade and is the home to a large number of joint ventures and smaller-sized industries. Moreover, western Ukrainians have

FIGURE 1
THOSE WHO BELIEVE THEY WILL BENEFIT FROM PRIVATE PROPERTY, BY REGION

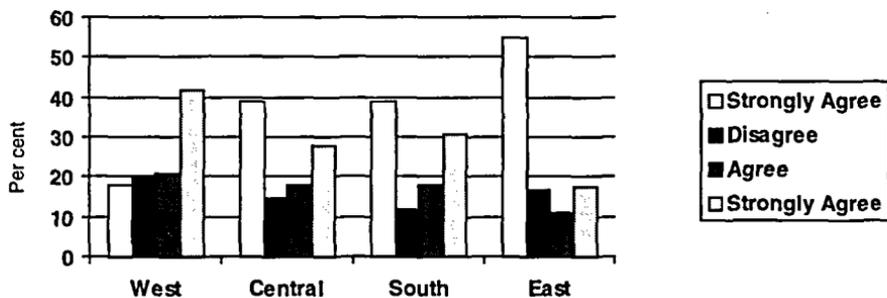


FIGURE 2
THOSE BELIEVING THAT BANKRUPTCIES ARE NECESSARY, BY REGION

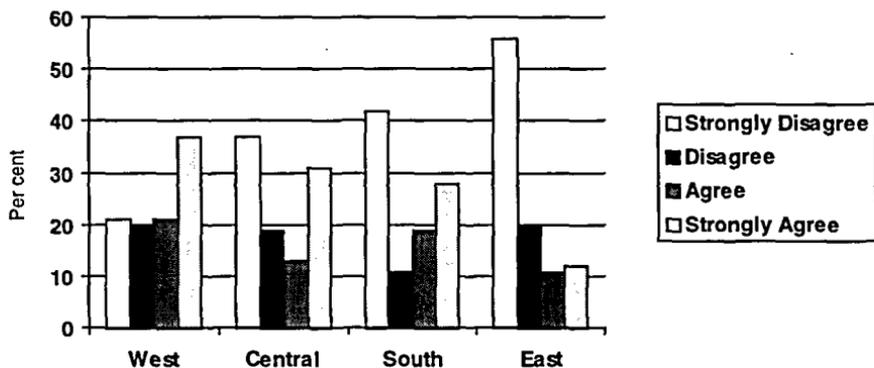
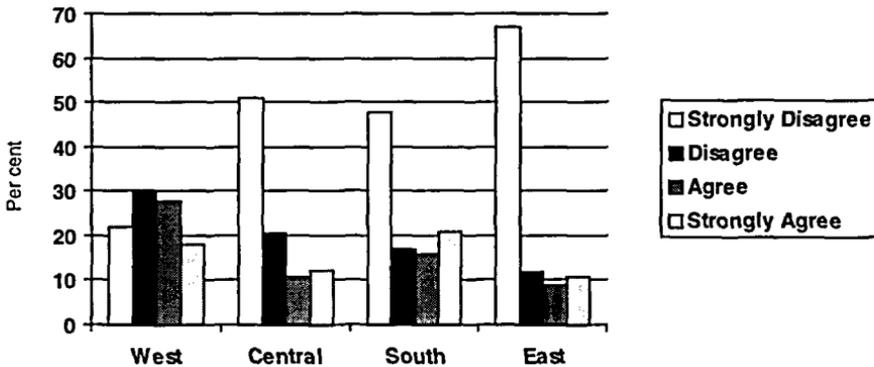


FIGURE 3
THOSE WHO BELIEVE FREE PRICES ARE NECESSARY, BY REGION



traditionally harboured more anti-Soviet attitudes, and, since this area was incorporated into the USSR only in 1939, can refer back to a somewhat more liberal period than fellow Ukrainians in the east, who, since tsarist times, have looked to Moscow.

This gap, manifested in the presidential election in 1994, has not disappeared, although Kuchma has apparently switched sides. Even though he has managed to command public support in his battles with an intransigent parliament, this does not mean that there is widespread support among the population, especially in the industrialized east, for the most ambitious elements of his programme. Fearing price increases and bankruptcies, and not expecting to benefit from private property, this group cannot be a constituency for reform. It was precisely this group, however, that put Kuchma at the top in 1994, and he cannot afford to alienate them lest he lose his present post. Playing to those in the west, while possible, would be very divisive in a country that still must find a coherent national identity. The fact that economic concerns could feed regional and ethnic division presents Kuchma and other would-be reformers with a very dangerous situation. Kravchuk's answer was to do nothing, which did not satisfy many but also antagonized few.

This discussion reveals that there are definite limits upon the ability of the public to push the elite towards rapid reform. Many Ukrainians – particularly the elderly and those working in eastern regions – have a vested interest in the old system, and there is no ready-made, coherent constituency to push for reform. While public expectations and ideas about social justice may gradually change with the introduction of capitalism, reforms may meanwhile have to be imposed upon the population, which, while not liking all aspects of them, may nevertheless recognize their necessity. That happened in much of Eastern Europe, where reform was embraced more by the elites than by the masses. In these cases, however, the public was arguably more 'ready' for reform since the old system was completely discredited: in Ukraine, the imposition of reform from above may require greater effort.

On this point, ironically, widespread paternalistic attitudes and low levels of political efficacy might help would-be reformers since the public is increasingly willing to endow the elites with great authority to pursue their own agenda. Throughout the past four years there has been discussion of a 'Ukrainian Pinochet': there were even Pinochet fan clubs in some cities. In early 1995, support among Kievans for this type of leader increased to over a third of the population, and is most pronounced among the young and those of a nationalist orientation.¹⁷ Much of this is tied to support for Kuchma in his long struggle with parliament over the separation of powers, but Kuchma could use these attitudes as a means to consolidate

power and push ahead with reforms. There are, of course, inherent dangers in this path, both for the future development of democracy in Ukraine and for the consequences of economic reform itself, since reforms, pursued not of or by the people, may ultimately not be for the people.¹⁸

Established Interest Organizations: Bastions for Conservatism

When speaking about support for reforms 'from below', one should not focus entirely upon public opinion, since the 'public' itself is divided, unorganized and rarely able to press demands directly. Interest groups serve as a transmission belt from below to state leaders, and these organizations often manage to acquire the political clout necessary to push through a particular programme. What, then, can one say about interest associations, both old and new, in post-Soviet Ukraine?

Several interest organizations formerly infiltrated by and subservient to the communist party continue to exist in Ukraine today, embracing some of the largest and most powerful groups in the country. These associations continue to be intertwined with state structures and depend heavily upon state sponsorship and recognition for their present power. Although it would be unfair to describe them as a monolith opposing all types of reform, it is safe to say that these groups generally harbour conservative attitudes.

The largest organization in Ukraine today is the Federation of Ukrainian Trade Unions (FPU), the successor to the republic-level, communist-dominated unions. An umbrella organization of 42 branch and 27 regional unions, it claims a membership of over 20,000,000 – approximately 40 per cent of the Ukrainian population and 97 per cent of the unionized workforce. In most industries, it exercises a monopoly on worker representation. While union membership is in law voluntary, the FPU continues to hold members through habit, inertia and economic coercion, since those who leave the union can lose important benefits and even their jobs.

The FPU unions today remain linked to the state structure and conservative political forces. Its current head, Oleksandr Stoyan, was formerly President Kravchuk's adviser on social and labour questions, and under his leadership the unions' bark has been worse than their bite. FPU unions have occasionally protested government policies, but can do little more than issue transparent threats of a strike. Part of the problem – as FPU officials admit – is that the unions are held in low esteem by their members. More fundamental is the fact that the unions continue to depend upon the state for recognition and control over social insurance funds. Should they overstep the boundaries of permissible conduct, the government could take action to curtail their power dramatically. In consequence, for the past two years a 'game' of sorts has occurred: the government and the FPU sign an

agreement, the government violates it, the FPU protests, the protests are ignored, and the FPU extracts vague reassurances from the government and claims victory.

Most FPU unions adhere to anti-reform positions. In the 1994 parliamentary campaign, FPU officials throughout Ukraine backed candidates from the old guard Socialist, Communist, and Agrarian Parties. In the present *Verkhovna Rada* (parliament), elected deputies from the FPU have joined conservative blocs. Reformers in and out of government describe the FPU as a whole as 'a clan of communists', now more concerned about protecting commercial interests (vacation homes, control of social insurance funds) than workers. Turnover of officials – especially at the enterprise level – has been slow. Perhaps most significantly, enterprise managers continue to be members (and often local leaders) of FPU unions, meaning that the FPU represents both the workers and the bosses. The old system, built on the *troika* of party, union and directors with interchangeable members, continues to exist, and hence the unions are more a tool of management than a workers' organization. 'Reform' is paid lip-service by some, but the FPU prefers to play to workers' fears about declining job security and social welfare provisions. Throughout 1995, FPU unions were critical of Kuchma's reform efforts, but again unwilling, unable (or both) to mount action against government policies.

Some FPU branch and regional unions have been displeased with the lack of changes in the FPU. The coal-miners' and metallurgists' unions, in particular, attacked FPU officials for being too timid towards the government. The head of the regional union in L'viv, the largest city in West Ukraine and a centre for pro-reform groups, has threatened to withdraw from the FPU, claiming that it is 'the most conservative social organization at the present moment'.¹⁹ In response, the FPU has taken steps to reassert democratic centralism among the unions, claiming that 'the union organism is similar to a cloth, in that little rips in it mean there is no cloth at all'.²⁰ Competition among unions – like competition as the basis economic life – is severely frowned upon. Despite predictions by some that the FPU faced certain collapse because of its internal divisions, in 1995 the FPU managed to consolidate its leading role at the expense of the smaller independent trade unions.²¹

The directors of state enterprises have organized themselves into a number of associations, the largest being the Union of Industrialists and Entrepreneurs (USPP), headed by Kuchma prior to his election as president. According to its own data, the USPP unites several sub-organizations and a total of 14,000 economic actors, employing about 4.5 million workers. Over half of its membership comes from the state sector, and about 80 per cent of Ukraine's 9,000 state industrial enterprises are members. This organization,

although formally founded in 1990, emerged from the directors' networks of the Soviet era, and it enjoys extensive links with the various ministries. Many of its leaders even wear two hats – one as leader of an interest organization and the other as a government official. This has given the USPP enormous power over government policies.

According to its own statutes, the USPP was created to help 'carry out the radical economic reforms necessary to promote the formation of a market economy as quickly as possible'. Several groups of entrepreneurs have joined this organization as a means to lobby the government. The USPP has pushed for a variety of measures, including trade liberalization, currency liberalization and laws receptive to foreign investment, which clearly fall under the rubric of reform.

Many, however, including some within the USPP itself, would dispute the contention that the USPP is whole-heartedly for sweeping reform. The general director of the Union of Small Entrepreneurs, a USPP affiliate, conceded that the state directors, by virtue of their size, resources and personal connections, have '90 per cent of the weight in the organization'.²² The result is that a large portion of the USPP's agenda is clearly oriented towards the state sector: greater credits for industries, lower taxes, maintenance of industrial monopolies. As one might imagine, the interests of state enterprises are often distinct from, if not antithetical to, the non-state sector. According to one report, the USPP, beneath its liberal pronouncements, is interested in the 'preservation of that which is primary to the directors' stratum – the "expenditure" system of the economy'.²³ Many accuse the directors' corps of undermining earlier reform efforts under Prime Minister Kuchma by using their political clout to obtain massive state credits, thereby spurring hyperinflation. Volodymyr Lanovy, one of the leading supporters of liberal economic reform, has accused the industrial lobby of being fundamentally anti-reform, since it competes unfairly with a nascent private sector in trying to obtain income and investment. In this zero-sum game, that which is given to the state sector is automatically taken away from private entrepreneurs.²⁴ Most revealing, perhaps, is a comment made by Ludmila Yakhovleva, a USPP vice-president, that 'yesterday's state director is tomorrow's most natural entrepreneur'. 'Reform' for the USPP therefore may include '*nomenklatura* privatization' or '*prikhvatizatsiia*' (from the verb 'to grab'), a process by which directors preserve or augment their position by becoming the owners of enterprises through various (usually underhand) ways. Anything that genuine entrepreneurs obtain through the USPP is simply, in the words of one official, 'crumbs from the table'.

The USPP is not the only industrial-entrepreneurial organization rooted in the old system. There is also the Ukrainian National Assembly of

Entrepreneurs (UNAP), but most of its membership overlaps with that of the USPP; its leader, Volodymyr Sumin, is a USPP vice-president. Valery Babych, also a USPP vice-president, heads the All-Ukrainian Association of Entrepreneurs (VOP). Its general director, Oleksandr Shnychko, claimed that its relations with the USPP were '70 per cent conflictual, 30 per cent co-operative', and Babych, a Kravchuk protégé, ran against Kuchma in the 1994 presidential elections. While VOP claims to be for reform, its *nomenklatura* roots are not easily concealed. Shnychko contended that there was no alternative to '*nomenklatura* privatization' since the workers and the citizens lacked the knowledge necessary to be managers or even stockholders. One official from the Union of Independent Entrepreneurs, not affiliated with the USPP but whose leader was an adviser to Kravchuk, went even further, asserting that competition among groups and enterprises would only destabilize the economy, and that state policy should naturally favour established producers.

Within the agricultural sector, the dominant organization is the All-Ukrainian Committee of Collective Agricultural Enterprises (Kolkhoz Council), founded in 1969 to protect the interests of collective and state farms. After the collapse of the USSR, the prefix 'All-Ukrainian' was added to the republican level organization, now autonomous. Everything else, including its convenient location within the Ministry of Agriculture, remains unchanged. According to Ivan Yemets, the assistant chairman, 'Our functions have not changed at all. Our task is to defend the interests of the *kolkhozy*.' All directors of collective farms are council members. One might imagine, of course, that these directors have a natural corporate interest in preserving the old system.

The main issues for the Kolkhoz Council concern obtaining funds and benefits from the state: timely payment for products, provision of fuel, seeds and equipment, and, most importantly, obtaining low interest credits or 'advances' for collective farms. Reform by means of land privatization is decidedly not on the Kolkhoz Council's agenda. According to Yemets, 'Land which is part of collective farms should be preserved as a collective farm.' The present plan, endorsed by the Council, the Ministry of Agriculture and the head of the State Land Committee, is to turn collective and state farms into joint-stock companies.²⁵ This 'reform', however, may be more cosmetic than real, since the farm would still be 'owned' by the collective and the present bosses would probably remain in place.

Meanwhile, at the local level, the collective farm directors have used their considerable power to thwart movement towards land privatization based upon individual farmers. In rural areas, the directors are notorious for acting like feudal lords, and they (or their allies) dominate local councils and land committees. These councils are charged with implementing the

law on farming, which establishes provisions for creating private farms. Not surprisingly, would-be farmers have faced considerable hostility from these local councils, and commonly receive only small parcels of poor quality land that is not economically viable. It would be difficult to imagine a better recipe for failure. One report in the official press even outlined these local officials' abuse of power, who act without regard for the law and encourage anti-farmer propaganda.²⁶ In addition, the directors are able to deliver the votes of their fiefdoms to the Agrarian Party, which is allied with the Communists–Socialists and protects the interests of the *kolkhozy* in parliament.

In general, all these groups are rooted in the old system and depend upon state dominance of the economy for support. They are therefore fundamentally against a free-market system, and have used their considerable ties to political elites to inhibit reform or design 'reform' plans (or both) to serve their narrow interest. These organizations of producers and workers could present formidable obstacles to further reform.

Newer Interest Organizations: A Constituency for Reform?

These older organizations, however, are not the only ones that exist in Ukraine. Smaller, newer organizations of workers, entrepreneurs and farmers do exist, and in general are more amenable to reforms. These groups, however, have suffered from a number of problems, including classic collective action dilemmas and harassment from above, thereby making them, at best, uncertain partners for reformers.

Over a dozen independent (or, in FPU parlance, 'alternative') unions exist in Ukraine. They first emerged in 1989 during waves of strikes in the USSR. Today in Ukraine there are over a dozen such unions with a total membership of approximately 600,000. Most of these are in two unions of workers and owners of small firms in the non-state sector, which did not join the FPU because of the latter's hostility to entrepreneurs and private property. These 'unions' have pushed for economic liberalization, although they are perhaps more accurately conceived as owner organizations than workers' representatives.

The most important independent unions of workers in Ukraine are those of the coal-miners (the NPG, with 65,000 members), rail workers (10,000), and air traffic controllers (1,000). These unions finally won government recognition during a strike in September 1992 which brought transport to a halt. Independent unions' success in these industries can be attributed to various factors: demanding working conditions, tightly-knit communication networks that can overcome collective-action problems, the difficulty of training replacements quickly, the ability to use the strike weapon

effectively, and, for the militant miners at least, the fact that their social support programmes at work are inadequate and that the chance of losing these benefits is no impediment to launch a strike.²⁷

In other sectors, independent unions have been less successful. Part of the reason is the collective-action dilemma. Each individual's contribution to the independent labour movement is marginal, and joining a new union would entail substantial risks (loss of FPU benefits, possible loss of job). Moreover, according to Ukrainian law, unions may not negotiate separate agreements with ministries, so whatever the independent union might be able to win is won by all: this contributes to a free-rider problem. More alarming are the widespread claims of harassment from the official unions and management that discourage workers from leaving FPU unions and forming a rival union.²⁸ Gregory Nedviha, member of parliament and activist with the independent rail union, explained the situation very simply:

Imagine that you are the director of a state enterprise. Are you interested in the development of a free trade union? Of course not. It only means trouble for you.

It will not be subjugated to you and it will have its own independent voice.

You would prefer to work with the loyal state trade union, with which you have always had good relations, and which you can rely upon to execute your orders.

Union heads have complained of various means of harassment: threats of no promotion or loss of job, state tax inspectors, loss of apartments (owned or subsidized by the FPU), loss of various social welfare provisions, and even physical violence. One of the most interesting cases is a split within the NPG, orchestrated, it is alleged, by the mine directors and their allies, the Donetsk strike committees.

These unions, however, are caught in a very difficult predicament as regards economic reform. This is particularly acute among the miners, since the railway and aviation industries are unlikely to be privatized or subjected to competition. One report in the independent unions' newspaper noted that the independent unions and Kuchma should be natural allies, since they are fighting against the old system and the independent unions (so they think) have attracted workers who will be 'winners' under various reform schemes.²⁹ However, what has happened is that the free unions, particularly the that of miners, have been more vehement in their opposition to Kuchma than the FPU unions, which, among other things, signed a General Agreement for 1995 and seemed likely to get their draft trade union law

passed. As a consequence, the free unions have been marginalized, and are not an attractive partner for Ukrainian reformers.

More generally, the unions, particularly the NPG, themselves have found it difficult to articulate a coherent position over reform. On the one hand, it has performed more 'traditional' functions such as demanding pay increases for miners and timely payment of wages, and has used the strike weapon (alongside the official miners' unions) successfully. In this respect the only difference it has with the FPU is its militancy. On the other hand, the NPG leadership, allied with reformist politicians, recognizes the necessity of overhauling the Ukrainian economy. They also recognize that many coal-mines are not economically viable: but for massive state subsidies, they would be bankrupt. Thus, the NPG lobbies for two mutually exclusive programmes: worker benefits, and reforms that threaten their own workers. In fact, the concessions they do win from the government come from the coal industry restructuring fund, which means that today's victories make reform tomorrow even more difficult.³⁰

The NPG has yet to find a way out of this quandary, and this is a problem that plagues 'pro-reform' unions throughout the region.³¹ There has been some discussion of job re-training, upgrading technology to make more mines viable, and so forth, but the essential conflict of interest remains. It is therefore not surprising that the NPG has managed to mobilize support since 1992 only for economic demands. For example, a planned strike in January 1994, demanding that Volodymyr Lanovy be named prime minister, failed miserably. What is interesting about this transformation in the demands of the miners and their unions is that in 1989–91, when these unions first emerged, the primary demands were political, not economic. This change has occurred in part because management has encouraged many strikes as a way of pressing claims by proxy against the central authorities.³² By the summer of 1995, the vanguard of the miners was the 'official' miners' union, which was better positioned than the ostensibly pro-reform NPG to protest at the effects of Kuchma's reforms.

A final problem for the independent labour movement is that it has been rife with internal divisions, making it impossible for it to present a coherent, strong and united front to the government. Part of the reason for these divisions is personal rivalries, but more serious are differing relations with the government and the FPU and basic stances on economic reform, as each union is more concerned about its own members than the general course of reform in the country. Observers at the independent unions' September 1995 conference noted that internal quarrels had sapped 90 per cent of the constructive potential away from the movement and that the unions had managed merely to perform a 'senseless' dance around a host of trivial issues.³³

Private business people have also organized themselves into a variety of groups. Many, such as the Union of Small Entrepreneurs, the Union of Co-operatives, the Union of Renters, and the Ukrainian League of Entrepreneurs with Foreign Capital, are part of the USPP. As a consequence, they are forced to work with and be represented in government bodies by directors of state industry. It is no small wonder then that conditions for entrepreneurs in Ukraine have remained very difficult. Splits within the USPP directorate between the stubbornly conservative 'red directors' and those who recognize utility in reforms have emerged, however, which has provided some room for manoeuvre for private businessmen within the USPP.

There is one organization, the All-Ukrainian Association of Private Owners and Entrepreneurs, which can more legitimately claim the title of a pro-reform group. It is led by Lanovy, also a presidential candidate in 1994 and one of the leading parliamentary voices for reform, and it works with his Centre for Market Reforms. Its members come exclusively from the non-state sector and include many of the private banks in Ukraine. This organization does not co-operate with the USPP, the UNAP or the VOP, which Oleg Tishchenko, the organization's general director, characterized as 'pro-state organs' that represent the *nomenklatura* and not genuine entrepreneurs.

These two organizations led by Lanovy have developed a range of plans for privatization, marketization, currency reform and other far-reaching reforms. Until the end of 1994, however, these plans were of purely academic interest and fell on deaf ears among government officials. In the words of the co-director of the Centre for Market Reforms, 'It's no use offering rubies to pigs when they're content to play in the mud.' While the government's course has now changed, these organizations have not been actively courted by the Kuchma administration to provide policy advisers, who instead are drawn in large numbers from the USPP.

About half of Ukraine's 30,000 independent farmers have organized themselves in the Ukrainian Association of Farmers (AFU). Its goal is to secure favourable conditions (equipment, land, credits) for farmers and work for genuine land privatization. Its natural opponent is the Kolkhoz Council, which considers small farmers anathema. The AFU has lobbied the government to adopt laws more favourable to farmers, and works closely with the State Committee to Support Farmers to secure benefits for its members.

The AFU has not been very successful in pushing its programmes. Many of the farmers' problems have objective causes: lack of equipment and of money. Others are rooted in the laws and their implementation, controlled by collective farmers. AFU efforts to remedy this situation have produced

negative results. For example, the AFU appealed to parliament to re-write the law on farming. Parliament agreed to do so, and appointed a special commission to draft amendments, but no AFU representative or farmer was included: only officials from the ministry and the Kolkhoz Council worked on the project. The result, according to AFU officials, was an even more anti-farmer law.³⁴ The State Committee to Support Farmers is seriously under-funded, which is a political choice made by parliament. Mykola Shkarban, the AFU's president and former MP, conceded that the AFU had very limited power to rectify this situation, and that if he pressed demands too far he would be 'tossed aside and ignored completely'.

All these groups are still struggling to establish themselves as potent political forces while trying to overcome obstacles created by more conservative actors and divisions within their own ranks. As a result, organized, pro-reform social groups have so far played, at best, a marginal role in post-Soviet Ukraine.

Discussion

Are reform efforts inevitably doomed in Ukraine? Judging from one side, the answer may be yes, since there is no coalition of 'new' entrepreneurs and liberal politicians with a large popular base willing to tolerate still more sacrifices for the promise of a brighter tomorrow. Assuming this is the prerequisite for 'reform', there may be little reason to be sanguine about Ukraine's prospects.

However, are there other reform paths available that do not require this magical political formula and are more amenable to the Ukrainian environment? In other words, might certain liberal assumptions – that reform implies a dramatic break with the past and is based upon the leadership of new elites – be misplaced, simplistic or unrealistic? In Ukraine, there are divisions on many basic questions of economic reform, and these cleavages are mirrored in social interest groups, in particular the USPP. At the same time, however, there is no absolute rejection of the need to reform: as a final goal, it is widely accepted by the population. The debate revolves more around what form it will take, and what can be done to ensure that established interests are not jeopardized and that social stability is secured. This opens up the path for a different 'reform' coalition, one that promises to preserve elements of the old system (and benefits to the *nomenklatura*) and move more slowly on privatization and market liberalization.

At present, these groups, which label themselves as 'centrists' or 'pragmatists', may lack a clear ideological programme, but their calls for more 'rationality' and stability are likely to find resonance among those

who in principle want reforms, but also wish to minimize immediate economic and social costs. Perhaps this alternative to IMF economic blueprints is nothing but a chimera, snake oil to be sold to voters who want benefits at no cost. However, this path may be the only politically viable one for a country like Ukraine, and fits with the general orientation of the actual measures taken by President Kuchma.

Yet even measured steps by centrists to move away from the old system will find opponents, especially among established interest groups wedded to the old system. This struggle between old and new is epitomized in conflicts among labour unions, within business groups, and between Kuchma and parliament. Will the old guard pose an insurmountable barrier to *any* reform movement? Certainly, if one looks at certain numbers – membership figures, the balance of forces in the present parliament or the value of currently held assets – the ‘official’ groups from the Soviet era have a decisive edge over the new groups more favourable to liberal reform. The former possess vast resources that make them important political players. Moreover, because of feelings of apathy and lack of political efficacy among the population, these groups may be expected to remain an unconquerable Leviathan.

The political calculations, however, are not so simple. To turn first to the unions, the FPU may have twenty million members on paper, but it has been incapable of mobilizing the workers. The FPU depends upon the government for its privileged position, and the government could use this power as a guard against union militancy. This sort of ‘bargain’ – we let you continue your representational monopoly but you do not contribute to social instability – was reached between reformers and the old unions in Czechoslovakia,³⁵ and the conditions in Ukraine today (pro-reform elements in power, discredited yet monopolistic trade unions) are very similar. In fact, in Ukraine one can see movement toward this sort of arrangement, as the government continues to court the FPU at the expense of its ‘natural allies’, the independent trade unions.

Reform in the agricultural sector may be more difficult. The *kolkhoz* directors and their powerful allies are absolutely against any proposal to break up the collective farms. Kuchma has approached the issue of land reform most delicately, knowing that he faces a cohesive bloc of conservative interests. It is not politically possible, for the moment, to pursue reforms that will strip away the power of the farm directors. Thus, while some farms may eventually be ‘privatized’, control over these properties is likely to remain with the directors, who have already demonstrated their ability to subvert existing law. Thus, there may be valid reasons to be less than sanguine about the prospects for a fundamental transformation of the countryside.

The most clouded – and probably most important – configuration is the business sector. Private businessmen are the most explicitly pro-reform group, in both their attitudes as revealed in surveys and their lobbying efforts. They have not, however, exercised much political influence because they are small in number and many have chosen to work through the industrialist-dominated USPP. Their ranks will grow, however, as new opportunities arise, and thus even small steps towards ‘reform’ will help produce a new class which will be the source of a liberal reform coalition. Meanwhile, a crucial phenomenon is occurring: splits are emerging in the USPP between those directors permanently wedded to the old system and those in more competitive sectors who are becoming convinced that there is more money (and power) to be had under a market system.³⁶ Already the USPP has endorsed a ‘two-track’ state policy towards enterprises, discriminating between the potentially profitable and those destined for bankruptcy. Profitable businesses, many of them subject to ‘*nomenklatura* privatization’, have a very different set of interests from the ‘red directors’ – the former want free prices, free trade, stable currencies and laws protecting private property, and have no need for state subsidies, although they also support the creation of ‘financial–industrial’ groups that would help preserve the monopoly of several important industries and guarantee easy profits to their owner-directors. As a consequence of this split, the once-formidable Ukrainian industrial lobby has been severely weakened, and some reform measures have become politically possible. In fact, it has been liberal elements from the USPP, composing a ‘centrist’ bloc in parliament, that have been instrumental in providing Kuchma with the political support he needs to fight off conservative challenges.

There is, none the less, reason to be concerned because the political base for reforms rests more upon clandestine intrigues and clientelistic networks than on a popular base. For example, Lanovy resigned as head of the ‘Reforms’ parliamentary faction out of concern that this group could not generate extra-parliamentary support and turn itself into a real social force. He claimed that the Liberal Party, whose main backers are East Ukrainian directors-turned-capitalists, is the most dynamic and powerful pro-reform group. It remains to be seen, however, if this group can garner popular backing (especially in the east), or if it will even attempt to do so. For the present, so long as policies rest more on elite bargains with elite beneficiaries than on support from below, Ukraine may be better primed for the emergence of robber-baron capitalism than of a sizeable, prosperous middle class.

Perhaps, however, there is yet another way to pursue reform: from the top down with no inclusion of society-based political actors. Given Kuchma’s technocratic credentials and penchant for centralizing power and

ruling by edict, this path may be his own preference, and it may be the course of least resistance given the conservative parliament, which has approved many reforms but might become more intransigent. This choice also finds support in public opinion polls, which reveal that many Ukrainians are tired of political haggling and want a strong leader. This option, however, is far from a panacea. For each 'successful' Pinochet there have been dozens of leaders who are both ruthless and incompetent. Centralized presidential authority, even in the name of reform, risks long-term democratic development, because it prevents the emergence of political parties and interest groups and perpetuates feelings of paternalism among the populace.³⁷ An active civil society based upon pluralism is stifled.

So far, Kuchma's strategy has been a mixture of reform by *fiat* and a poorly institutionalized, uneasy corporatist arrangement with his more liberal colleagues from the USPP. While this group has been an essential source of support in parliament, it is apparent that it does not unequivocally favour rapid liberalization in all sectors of the economy. Rather than following headlong an IMF-prescribed path of rapid liberalization, this camp may prefer a slower path that includes periods for consolidation or adjustment. Hence, Kuchma has often been forced to backtrack to maintain their support. For example, in the autumn of 1995 the 'old' Kuchma began to emerge, claiming that the government would have to 'correct' its course and devote more attention to the needs of the state sector. It is therefore hardly surprising that reform moves along in fits and starts, since Kuchma must rely upon these factions within the industrial lobby.

Kuchma's present path – pursuit of reform in tacit alliance with important industrial and entrepreneurial interests – may therefore be the most viable choice, since populist appeals would have at best uncertain success and might prove too divisive. The other essential ingredients of the 'liberal' reform path – new-style entrepreneurs and politicians – are also in short supply. An alternative vision of 'reform' – more amenable to the emergent *nomenklatura*-turned-capitalist stratum – is one that is politically feasible, and may be presentable to a public that is concerned about the risks of immediate movement to liberal capitalism. At present, this is the course being followed by Kuchma and his USPP allies. This situation, however, raises the questions of who will ultimately be served by reform and at what price Kuchma has obtained the directors' support. These questions might also be asked of reform in Russia, where some have accused 'clans' from the old state industrial and military complex of dominating politics and usurping reform.³⁸ In other words, are these highly politicized 'reform' packages little more than Faustian bargains, in which the essence of reform has been sold to those who care little for the free market?

Where these alternative 'reform' programmes will lead to remains an open question and one that needs careful monitoring. However, at present it is clear that they do not correspond to economists' designs for the post-communist transition. Moreover, one's assessment of 'progress' may also have to be adjusted. Positive signs in various macro-economic indicators, while important, do not paint a complete picture of economic reform in Ukraine or elsewhere. Instead, one needs to look at the 'politics of economic reform' and the groups that are engaged in decision-making. In the case of Ukraine, a pact between Kuchma and segments of the USPP has emerged as the best hope for 'reform', albeit in a form that is more dependent on political bargains than on liberal economic theory. Perhaps, in economic language, this is a sub-optimal outcome. However, it may be the only one compatible with the socio-economic reality.

NOTES

1. For more on the problems of simultaneous transitions, see Adam Przeworski, *Democracy and the Market: Political and Economic Reforms in Eastern Europe and Latin America* (New York: Cambridge University Press, 1991); Laszlo Bruszt, 'Transformative Politics: Social Costs and Social Peace in East Central Europe', *East European Politics and Societies*, Vol.6, No.1 (1992), pp.55-72; Philippe Schmitter with Terry Lynn Karl, 'The Conceptual Travels of Transitologists and Consolidologists: How Far Should They Attempt To Go?', *Slavic Review*, Vol.53, No.2 (1994) pp.173-85; Leslie Armijo *et al.*, 'The Problems of Simultaneous Transition', *Journal of Democracy*, Oct. 1994, pp.161-75.
2. For more on regional politics in Ukraine, see Sven Holdar, 'Torn Between East and West: The Regional Factor in Ukrainian Politics', *Post-Soviet Geography*, Vol.36 (1995), pp.112-32.
3. In a survey of 1,600 Ukrainians conducted in autumn 1995 by the Kiev International Institute of Sociology, only 22 per cent of the respondents gave a positive assessment of Kuchma's economic policies; over 40 per cent offered a negative assessment. The survey was performed on a randomly-selected sample of Ukrainians from all regions of the country and was designed to be representative of the entire population. Unless otherwise mentioned, all data reported in this article come from this survey.
4. Mark Rhodes, 'Decisiveness and Doubt Over Economic Reform', *Transitions*, Vol.1, No.6 (28 April 1995), pp.39-41.
5. This survey, of 1,203 randomly drawn Ukrainians, was commissioned by William Zimmerman of the University of Michigan and conducted by Socialinform of L'viv. I thank Professor Zimmerman for giving me access to these data.
6. Unfortunately, there are no reliable data about increasing social inequality in Ukraine, in part, no doubt, because it is such a politically sensitive issue. However, the proliferation of new Mercedes and BMWs on Ukrainian streets, juxtaposed by the Third World conditions in which many Ukrainians now live, makes it clear that social inequality is becoming more manifest.
7. 'Hromads'ka dumka: zmina aktsentiv', *Uryadovyi kur'ier*, 7 Sept. 1993, p.5.
8. Yevhen Golovakha and Natalya Panina, 'Public Opinion in the Regions of Ukraine: The Results of a National Poll', *Politychny portret Ukrainy*, 1995, No.5, p.13.
9. Post-communist studies are awash with studies of civil society and claims that it will provide the basis for democratic stability. For examples that reflect the early optimism in civil society, see Guiseppe Di Palma, 'Legitimation from the Top to Civil Society: Politico-Cultural Change in Eastern Europe', *World Politics*, Vol.44, No.1 (1991), pp.49-80;

- Zbigniew Rau (ed.), *The Reemergence of Civil Society in Eastern Europe and the Soviet Union* (Boulder, CO: Westview, 1991); and Grzegorz Ekiert. 'Democratization Processes in East Central Europe: A Theoretical Reconsideration', *British Journal of Political Science*, Vol.21, No.3 (1991), pp.285-313; Michael Bernhard. 'Civil Society and Democratic Transition in East Central Europe', *Political Science Quarterly*, No.108 (1993) pp.307-26. Much of this literature, however, is open to criticism on the grounds that active civil societies did not emerge in post-communist countries, and instead politics of élitism have been followed from above: see David Ost, 'The Politics of Interest in Post-Communist Europe', *Theory and Society*, Vol.22, No.4 (1993), pp.453-85; and Mykola Ryabchuk, 'Between Civil Society and the New Etatism: Democracy in the Making and State Building in Ukraine', in Michael D. Kennedy (ed.), *Envisioning Eastern Europe: Postcommunist Cultural Studies* (Ann Arbor, MI: University of Michigan Press, 1994).
10. For a claim that former Soviet citizens do participate in politics in a manner similar to people in the West, see William Reisinger, Arthur H. Miller and Vicki Hesli, 'Public Behavior and Political Change in Post-Soviet States', *Journal of Politics*, Vol.57, No.4 (1995), pp.941-70. The data they use are from 1990-92 surveys and ask no questions about political efficacy, a concept central to any discussion of political participation.
 11. Golovakha and Panina, op.cit., p.11.
 12. For an analysis of attitudes of Ukrainians and other post-Soviet citizens on basic questions of political reform, see William Reisinger, Arthur H. Miller, Vicki Hesli and Kristen Maher, 'Political Values in Russia, Ukraine, and Lithuania: Sources and Implications for Democracy', *British Journal of Political Science*, Vol.24, No.2 (1994), pp.183-223, and James Gibson, 'A Mile Wide but an Inch Deep(?): The Structure of Democratic Commitments in the Former USSR', *American Journal of Political Science*, Vol.40, No.2 (1996), pp.396-420.
 13. For an earlier study that examined gender differences and also found that men tend to be more pro-reform, see Oi-Kuan Fiona Yap and Kent Tedin, 'The Gender Factor in Soviet Mass Politics: Survey Evidence from Greater Moscow', *Political Research Quarterly*, Vol.46, No.4 (1993), pp.179-211.
 14. The latter finding may be due to the fact that leaders of collective farms have managed to place a variety of obstacles in the way of those wishing to buy or lease land. In addition, there is a lack of financing to buy basic equipment. For would-be Ukrainian farmers, privatization simply may not be worth the effort.
 15. Raymond Duch, 'Tolerating Economic Reform: Popular Support for Transition to a Free Market in the Republics of the Former Soviet Union', *American Political Science Review*, Vol.87, No.3 (1993), pp.590-608.
 16. These figures include only data for those who expressed an opinion on way or the other. The regions are defined by *oblasts* in the following manner:

West:	Zakarpatska, L'vivska, Ternopil'ska, Ivano-Frankivska, Chirnivetska, Volynska, Rivenska, Khmelnytska.
Central:	Kiev (city), Kievska, Zhytomyrska, Chernigivska, Vinnytska, Kirovogradska, Poltavska, Cherkaska, Sumska.
East:	Donetska, Luhanska, Kharkivska.
South:	Crimea, Odeska, Khersonska, Mykolayivska, Dnipropetrovska, Zaporizhska.
 17. Vasyli Tkachenko. 'Na ruli vlady', *Demokratychna Ukraina*, 10 June 1995, p.1.
 18. Paul Kubicek, 'Delegative Democracy in Russia and Ukraine', *Communist and Post-Communist Studies*, Vol.27, No.4 (1994), pp.443-61.
 19. Yaroslav Kendzior in 'VTsSPS zhiv, VTsSPS zhiviyot, VTsSPS bedyet zhit?', *Most* (Kiev), 11 July 1994, p.13.
 20. Valentin Pozhydayev, first deputy to the FPU president, in 'Chomu aktiv pasyvnyn?', *Profspilkova hazeta*, 25 May 1994, p.3.
 21. 'Svobodnye profsoyuzy i ekonomicheskie reformy: s kem schitaetsya vlast', *Most*, 12-18 June 1995, p.6.
 22. Author's interview with Tamara Svirus, Kiev, July 1994. In the summer of 1994 I conducted over 70 in-depth interviews with government officials and leaders of interest associations. Unless otherwise noted, references to statements by particular individuals come from these

- interviews.
23. 'Prezidentskie portrety: "svoy chelovek" Leonid Kuchma', *Finansovaya Ukraina*, 22 June 1994, p.2.
 24. 'Volodymyr Lanovy ne zaperechue mozhlyvosti ocholyty uryad', *Post-Postup* (L'viv), 30 Dec. 1993 – 5 Jan. 1994, p.A3.
 25. See interview with Pavlo Haiduys'ky, minister of agriculture, in 'Ne shukaemo osoblyvoho shlyakhu', *Polityka i chas*, July 1995, pp.25–9, and 'Kolhosp-livoruch, radhosp-pravoruch. A zahalom – torzhество vil'noho zemlerobstva', *UNIAN-Biznes*, 10 May 1994, p.6.
 26. 'U nas fermerstvo ne vyzhyve', *Holos Ukrainy*, 5 August 1993, p.3.
 27. Stephen Crowley, 'Between Class and Nation: Worker Politics in the New Ukraine', *Communist and Post-Communist Studies*, Vol.28, No.1 (1995), pp.43–69.
 28. There is no official documentation to determine how often this may occur. However, this was mentioned in all my discussions with the heads of 13 independent labour unions.
 29. "'Komanda" prezidenta i VPU: Perspektivy dialoga', *Most*, 24–30 April 1995, p.6.
 30. 'Ugol'naya promyshlennost': samoedstvo prodolzhaetsya', *Most*, 15–21 May 1995, p.10.
 31. Crowley, 'Between Class and Nation'; David Ost, 'Labor, Class, and Democracy: Shaping Political Antagonisms in Post-Communist Society', in Beverly Crawford (ed.), *Markets, States, and Democracy: The Political Economy of Post-Communist Transformation* (Boulder, CO: Westview, 1995); Galina Rakitskaia. 'What the Workers are Demanding in Terms of Social and Economic Policy', *Russian Labour Review*, 1994, No.3, pp.15–18.
 32. Many organized and 'wildcat' strikes at coal mines in Ukraine are instigated by, or at least have the approval of, management, as it too is fighting for funds from the state.
 33. 'I Kongres VPU – pochatok chy kinets?', *Profspilovi vidomosti*, No.3 (Aug.–Sept. 1995), pp.19–25.
 34. 'Perezhivaem vtoruyu kollektivizatsiyu', *Liberal'naya gazeta*, 27 Jan. 1994, p.5.
 35. See Peter Rutland, 'Thatcherism, Czech-Style: Transition to Capitalism in the Czech Republic', *Telos*, No.94 (Winter 1992/1993), pp.103–29.
 36. This split had become apparent by 1994: see 'Kuchmy boitytsya – v rynek ne khodyty', *UNIAN-Biznes*, 12–18 April 1994, pp.1–2. Another report can be found in Chrystyna Lapychak, 'Back on Track', *Transition*, Vol.1, No.3 (15 March 1995), pp.44–5. Lapychak notes that those in the military-industrial complex and mining have tended to be the strongest advocates of reform because of their potential for greater profit. Notably, there is no sign that this split is regionally based, although most of the heavy industry is concentrated in eastern regions.
 37. Przeworski argues that the technocratic approach to reforms adopted in Poland eroded public confidence in democratic institutions: see Adam Przeworski, 'Economic Reforms, Public Opinion, and Political Institutions: Poland in the East European Perspective', in Luiz Carlos Bresser Pereira, Jose Maria Maravall and Adam Przeworski (eds.), *Economic Reform in New Democracies: A Social-Democratic Approach* (Cambridge: Cambridge University Press, 1993). Duch argues that the public will not lose confidence in democracy, but only in the incumbents associated with failed policies: see Raymond Duch, 'Economic Chaos and the Fragility of Democratic Transition in Former Communist Regimes', *Journal of Politics*, Vol.57, No.1 (1995), pp.121–58.
 38. Thomas Graham, 'Novyi russkyi rezhim', *Nezavisimaya gazeta*, 23 Nov. 1995, p.1.