

## SUMMARY

After the collapse of the Soviet Union, for the first time in its history of Ukraine, it finally emerged truly as an independent country in 1991. It was completely independent and formed a new entity, in terms of a new state and a new nation. After independence, the struggle to overcome internal divisions, create representative political institutions, and build a market economy with opportunity for all has been its main challenges. Though it has seen various revolutions such as the great Orange Revolution in 2004 and much bigger Euromaidan revolution in 2013/14, Ukraine still till date remains under the shadow of corruption, repression, and oligarchy

Until 2014, Ukraine was under the political influence and/or dominance of Russia and it plays a curtail role in the post-Soviet area. Nevertheless, we cannot forget that by 2014 Ukraine has already crossed 23 years after achieving the independence status in 1991 but it has lost all these years in terms of economic and political development. But the Euromaidan revolution in 2014 or commonly known as Revolution of Dignity created a new political and economic situation in Ukraine and paved the way for new political and economic logic. So, the process of transition gained new momentum and started once again from ground zero.

The root of the current crisis in Ukraine does not lie only on its domestic conflict over its future identity, towards its inclination to the east or the west but it was an outcry of the failure of transition that has crossed more than two decades since independence. The sudden outbreak of the mass protest on Kyiv's Maidan in December 2013, unlike what happened nine years earlier as Orange Revolution was not only about Ukraine joining its future with the European Union (EU) or with the Russian Federation. More than that it was an outcry of collective anger that the country has been facing over the failed transition of over the last two decades, an issue that was faced by each Ukrainian in their everyday life over every region

Failure of Ukraine's transition and the emergence of Euromaidan and Ukrainian Crisis 2013/14 was not only the challenge and problem of Ukraine alone. But it has challenged the EU foreign policy mechanism, the strategies of bilateral agencies like the International Monetary Fund (IMF) and even the foreign policy and international leadership of the USA.

Thus the proposed research analyzes various economic reforms and political situation in Ukraine from 1991 to 2017. This will enable in finding the response to the question of whether the economic reform programs and political leadership of Ukraine were able to provide leverage for transition or failed to do so, as well as the influence of domestic and international determinants in the process of transition of Ukraine.

The research will also be relevant in better explaining the reasons that lie behind the Ukrainian crisis in line with the failure of proper transition from the Soviet communist system to the free market economy. This understanding will help scholars as well as policymakers to analyze and/or to measure the economic and political efforts made to achieve transition in Ukraine.

The dissertation topic fits the discipline of political science as it attempts to analyze the economic and political behavior of Ukrainian government in regards to the different political changes that have occurred in Ukraine since 1991 to 2017 and support provided by the international institutions for its transition.

The international situation of Ukraine has changed over the last few years after the Euromaidan revolution 2013/14. It has gained new international political and economic interest of the west and the world. Therefore, this topic fits the discipline of political science as Ukraine crisis has made a big impact on European political strategic order and is a test for EU foreign policy mechanism, as well as Ukraine's failed transition, has also given new agenda of research in theories of international relation and political science.

The literature about Ukraine has seen an exponential increase in the current years. The publications of articles about Ukraine in the academic journal have also increased. Amount of literature on Ukraine was minimal before its independence of Ukraine, but after the independence of Ukraine in 1991 the study of Ukraine took a new direction and the number of literature began to grow significantly. However, there is still a lack of literature and research about the role of internal and external determinants that affected the Ukrainian transition.

The evaluation of the role of economic and political factors in Ukrainian transition and support by the international institutions will give scope for addressing those gaps where the existing literature falls short. To name few like the work of Anders Åslund, 2000, 2009, 2015, Andrew Wilson 2005, 2014, Hans van Zon 2000, Oleh Havrylyshyn 2006, 2017, Robert S. Kravchuk 2002, Taras Kuzio 1992, 1997, 2000, 2005, have done a systematic and comprehensive study of Ukraine. While, these studies present a comprehensive picture of Ukraine's internal political dynamics, the jostling between the West and Russia for influence within Ukraine and few factors that have impacted the political and economic democratization of modern-day Ukraine. But most fall short in addressing the comprehensive impact of economic and political determinants as well as the support of international institutions that seek to determine the dynamics of the transition of Ukraine.

The dissertation is based on the general assumption that Ukraine's transition failed in the last 25 years. After the collapse of communism in 1989 in Central Europe (CE) and in the Former Soviet Union (FSU), Ukraine is into more than 25 years of transition. Unlike many countries of CE and FSU like Poland, Czech Republic, Slovenia, Slovakia, Bulgaria, Romania while have joined EU, Ukraine is still struggling to do so. So with the two and half decade of experience of transition, the question still remains if the transition is all over? If not when will it end? And why some countries failed in transition?

The focus of this study, on one hand, is the experience of the economy in transition and the problems it had encountered, and on the other hand is to examine how the internal political leadership, economic reforms, and international determinants affected the process

of transition. The subject of research is interesting because it involves dealing with multiple determinants that interact with each other during the whole process of transition.

Thus the subject of the research is expected to answer some critical question on why Ukraine was unsuccessful in process of transition during the period 1991-2017 and also examine and evaluate the influence and role of domestic factors such as influence of political leadership, and the economic reform programs as well as the support of the international communities in the transition process after 2010 till 2017

The aim of the research is to set up a causal relationship between Ukraine's transition to a market economy with its domestic and international determinants. By domestic and international determinants we mean all the political, economic and democratic factors. As Ukraine adopted the old Soviet structure, which includes social, political and economic structure that has not been overcome. These domestic determinants were conservative politics, inefficient institutions and lack of competence and expertise. All these factors of domestic nature played a very negative role because Ukraine inherited post-Soviet structure and these social, political and economic structures influence the process of transition. As for international determinants are mainly the institutions of the world economy and institutions like EU, IMF and the inefficient engagement of these international institutions and lack of interest of the west especially from EU, USA and political intervention by Russia.

Therefore, the general research questions are:

- Why Ukraine was unsuccessful in the process of transition?
- What was the interplay of domestic and international determinants on Ukraine's process of transition since 1991
- Why international institutions play a minor role in Ukraine's process of transition?

As far as the research methodology is concerned the study uses the case study method and induction approach to conduct an in-depth examination of the failure of Ukrainian transition. The study covers different time periods as cases in this study, which

will cover the study of Ukrainian economic sector and the political leadership during various time periods. This will help to produce more generalizable knowledge about the causal question- why and how the particular policies and programs worked or failed to work.

In this research, a case study and inductive approach are applied over a period of time and it conducts a study within and across contexts. Since we are analyzing the effect of different economic and political determinants of Ukrainian transition, the information we derive from the analysis is important in designing the future interventions packages to support the achievement of predetermined goal or output.

The research will be conducted within the timeframe of 1991 to 2017 i.e. from the time of gaining the independence till the contemporary period. This period is further segregated into different time duration as per the Presidential changes in the political system.

The research will also be using qualitative and quantitative research methodology. Qualitative research method includes the competitive and content analysis whereas the quantitative research methods will use empirical data and statistics.

The aim of the research is to explore, understand and explain the efforts of domestic and international determinants in the transition of Ukraine. The research attempts to better understand the impact and outcomes of various domestic economic reform policies and political efforts as well as the effort of international institutions on a countries' economic and political transition. Thus the hypothesis of the research is:

***Failure in Ukraine's transition was caused by ineffective domestic reforms, which were not offset by support from the international institutions and western countries.***

The hypothesis will be verified by careful examination of economic reforms made by Ukrainian authorities since 1991, as well as through the careful analysis of the negative influence of domestic and international factors through the careful empirical examination. It is worth to mention the process of transition of Ukraine since 1991 as it was characterized by uneven development and function of domestic and international determinants. In order to prove this hypothesis, the whole structure of the dissertation is divided into five chapters.

The first chapter explains the analytical concept and theories of transition in economic and political studies. It seeks to define the concept of transition and different definitional discourses are put in order to define the economic transition and political transition. The transitional approaches like shock therapy and gradual reform policies are discussed in detail in this chapter. Various nature and features of transition including the major societal transition during political and economic transition is explained in this chapter. The determinants of transition are also explored in this chapter including the definition of the European Bank for Reconstruction and Development (EBRD) and International Monetary Fund (IMF).

The second chapter seeks to explain the process when Ukraine's starts to transition from the Soviet model from the year 1991 to 1994 under the first President of independent Ukraine Leonid Kravchuk. The chapter tries to examine the transition in the post-Soviet states and explores the political stalemate and gradual reforms policies adopted by the Ukrainian government. The outcomes of the policies, which led to the failed output, hyperinflation and raise of costs, are also explored in this chapter. This chapter also focuses on the rise of rent seeking and oligarchy during the initial year of transition of Ukraine after breaking from the Soviet model.

The third chapter seeks to explain the lost decade in political and economic reforms in Ukraine, which includes the monopolization and oligarchy in the Ukrainian economy during the period from 1994 to 2004. This period of Ukraine's transition was under the presidency of Leonid Kuchma regime and between his two presidential periods from 1994 to 2004. The chapter examines the parliamentary elections of spring 1994 and the

presidential election of June-July 1994, which explains the rise of Kuchma as a President of Ukraine. Various radical economic reform policies under the Kuchma presidency are discussed in this chapter.

The fourth chapter seeks to explain the limited and ineffective reforms after the Orange Revolution. This is the period of Ukraine's economic and political transition under the presidency of Viktor Yushchenko from the year 2004 till 2009. This chapter tries to examine the Orange revolution and seeks to answer its outburst because of failure of transition in Ukraine as well as the role played by Russia and the West during the revolution. The chapter further addresses the economic reforms after the Orange revolution and hence provides an overview of reprivatization of 2005 and the financial crisis of 2008-09.

The fifth chapter seeks to analyze the role of international institutions in Ukraine's transition process after 2010. The aim is to examine the evolution of Ukraine's relationship with the EU and also the role played by the IMF in Ukraine's reform after 2010. This another aim is to evaluate the support of the EU to Ukraine and its response to the crisis. It will also address Ukraine's transition under Viktor Yanukovich regime from 2010 until the end of Euromaidan 2014 and will assess the reforms under Petro Poroshenko reforms after 2014 till 2017.

The final conclusion chapter seeks to analyze the overall objectives of the dissertation in terms of the presented research. Therefore this chapter tries to make a conclusion and recommendation of the entire research and put forward the lessons from Ukraine's Transformation.

The purpose of the study is to raise an argument and to develop a concrete format for the identification of transition in Ukraine. The main fear is the drawbacks of "Local language" of the area of study especially Ukrainian, Russian and Polish, which hinder the review of the vast literature in those languages. Another limitation of the study is the drawback of "Confirmation Bias" of the topic that I am developing through the course of

the literature review remaining within the framework of 'qualitative content analyses'. The use of qualitative content analysis is carried out on popular works of literature relevant to the intended objectives, which is a confirmation bias as only popular literature comes into attention. However, researchers try their best to overcome this bias by exploring a variety of other fields together with transition studies and political science. The study is carried out from the period of independence of Ukraine in 1991 till 2017. Therefore the study does not consider the reforms and political changes made after this period. The international assistance will cover the assistance provided by the West, especially the western organizations like EU and IMF, therefore will not cover the assistance provided by Russia

Various qualitative and quantitative data are used in conducting the comparative case study methodology. Therefore, in order to generate a good understanding of the case and the context of the case different primary and secondary methods like interviews and document analysis are used to collect various data, which will further be analyzed to produce meaningful and valuable information

While concluding the long-term evolution of the Ukrainian economic transition since the independence, the bottom line is quite well known to the observers of Ukraine: the reforms were quite slow and the economic performance was very poor, which was behind most of the CEB and even the FSU countries. It is relatively an easy task today to state that the past history of Ukrainian transition with a vast number of quantitative and qualitative evidence which are available today after more than two and a half decades of independence. Whereas, much more a difficult and important task today is to explain why the transition of Ukraine lagged so behind and what role the internal and external determinants played in it.

If the delay in reform indeed explains the lag in performance, then it raises another more difficult question of why Ukrainian leaders choose a slow reform strategy and why international organizations like EU and IMF put fewer initiatives about it.



The basic story of slow reform in Ukraine can be traced by its Transition Progress Indicators (TPI) compared to other CEB and even the FSU countries. It is clear fact that no reforms occurred in Ukraine for the three years after independence, under President Kravchuk and Ukraine was only ahead of Turkmenistan at the second last position. One of the important consequences of the delay in reform was the creation of a non-liberalized market, which promoted an opportunity for the rent seeking and eventually laying the foundation ground for the creation of an oligarchy. Therefore, during the first three years after independence under the presidency of Kravchuk until the fall of 1994, there was virtually no existent of economic reform in Ukraine. One of the explanations given to the public was the government was trying to avoid the social pains that are caused due to 'shock therapy'.

The reforms under President Kuchma in 1994-97 were too late in order to stop the establishment of future oligarchic power. Furthermore, while the efforts of the Kuchma government were real enough through 1998, they were still limited and far behind to catch up with the leaders in Central Europe. While Kuchma's action was substantial, the leading CEB reformers continued far better on their path towards the market economy, whereas by 1998 Ukraine was still lacking far behind. From that period the reform pace moved considerably slow to make any more big difference. The more disappointing fact is that the TPI under the Yushchenko regime after the big Orange Revolution of 2004 was nearly flat. Also, the reformed under the Yanukovich continued to be limited from 2010 is of course not much debatable.

However, it is important to consider that Ukraine did at least achieved steady progress forward and made some partial catch-up. It is to be considered that in 1993 the TPI score of Ukraine exceeded only to the three countries- Belarus, Turkmenistan, and Uzbekistan. Whereas, by the end of Kuchma's presidency its TPI score was at 3.1 which is characterized by EBRD as a functional market economy even though it exceeded from only five other countries. Therefore, as compared to the progress of another majority of transition countries the progress of Ukraine was not that enough in order to close the gap. With some modest progress that took place in Ukraine, in 2012 the TPI score was at 3.3

but it is still well behind the leading countries in Central Europe and even some FSU neighbors like Armenia, Georgia and Kyrgyz Republic. One another positive aspect in the reform of Ukraine with some limited exception of 1998, the TPI score was not reversed as seen in some countries. Therefore, we can see that the progress to market was inevitably slow but was steady even in the year of Yanukovich presidency.

One of the positive note about Ukraine's transition can be seen at its dimension of democracy, personal freedom and the fact that its civil society is considerably better than of its FSU neighbors. Although, Ukraine's Freedom House rating shows that it scored better than the FSU group in most of the period it is still far behind Central Europe and the Baltics. While in most of the FSU we can see that there was a clear movement towards authoritarianism after some initial improvement in the early nineties, but we do not see those trends in case of Ukraine, although there were some violations towards less democracy during the second term of Kuchma and Yanukovich after 2010. Therefore, among most of the FSU countries, Ukraine remains the most democratic country along with Georgia. So, it is noteworthy to say that Ukraine movement to democracy is amongst the FSU countries, even though it still lagged behind Central Europe. The strong desire of Ukrainians for democracy can be also recognized by the outburst of the Orange Revolution and much more from the recent Euromaidan revolution

To understand what happened to Ukraine's transition since its time of independence, the study used the vast number of available data and compared them with the other post-communist neighboring countries. The most outstanding conclusion is that though Poland and Ukraine had a similar position at the point of starting, Ukraine remains far more behind in reform progress and performance measures. This huge gap is explained by the EBRD's measures, TPI and the GDP per capita. Large numbers of different indicators were also used in the study to come to this conclusion and they all show the same basic trend.

During the Kravchuk presidency, there were three main reasons that were expressed to the public as the reason for the delay and gradual reform: priority of nation-building, the social pain that radical reforms would cause, and the lack of economic expertise. Each of the claims has an element of truth of its own but it is also like a popular myth. However, all these given reasons for the delay of transition were best for misleading the public.

When we try to analyze Kuchma's approach to reform, we can start by asking whether Kuchma was a sincere reformer in this first term of five years or it was kind of picture he wanted to portray and the real Kuchma came forth only in his second term. The study concludes that initially, Kuchma was undoubtedly a true, sincere and enthusiastic reformer. But when we analyze Kuchma legacy the ultimate question remains, why his reforms do not remain the same and why economic policy returned to state dominance? To answer why Kuchma diverted away from reforms we can put three arguments: Kuchma's decisions and action, in the end, was dominated by the oligarchs, he was frustrated that even after liberalization and following IMF guidelines the reforms were not able to stop the decline in the economy and generate new growth, final and most important issue is that Kuchma beside his reform efforts he was disappointed or even more insulted by the cold response given by the West and in particular by the EU.

To summarize the presidency of Yushchenko in short phrase we can say that it was the best opportunity, and it was a missed opportunity. The excitement of success of the Orange Revolution, unfortunately, failed to fulfill many of its promises and created strong disappointment among the Ukrainian population as well as to the foreign observers. To support the above statement we can simply look at one of the examples of Transparency International Index of Corruption Control. Besides the fact that the corruption was one of the central issues for the demonstrators of Maidan and a promise by made by Yushchenko, during his five years in power the Transparency International Index of Corruption Control shows an only slight improvement to 81st percentile position from the 88th percentile.

Looking from this perspective, the legacy of President Yushchenko seems quite negative however, it will not be fair to say that there were some valuable positive

achievements. Unfortunately, failures of Yushchenko legacy on the other hand are much heavier and fail to establish a positive transition. To conclude the legacy of Yushchenko, we can sum up that due to the inability of Orange leaders to generate economic growth, political stability and smooth transition towards the market economy it failed to keep its expectation of great Orange Revolution, thereby failing to win 2009 election over the victory by Yanukovich.

Acknowledging the disastrous period of the Euromaidan that ended with the fled of Yanukovich from Ukraine in Feb 2014, it is quite hard to analyze the positive aspect of his legacy. It is no doubt that he left a more negative legacy than the positive one, but intentionally or unintentionally he also left behind some important reforms and action. The most significant and remarkable achievement was the preparation of the document comprising EU Association Agreement (AA) Regardless of the positive aspect of Yanukovich's legacy, which was mostly an outcome of unintentional actions, there are more of his negative legacies.

After the great success of the Euromaidan, which was gained after Yanukovych fled to Russia in February 2014, again gave a new hope of reforms in Ukraine after the Orange Revolution. So far it is seen that there is a somewhat contrasting understanding among the researchers and observers who view that somewhat level of progress has been done but not good enough have been achieved so far. There have been bureaucratic changes and introduction of new laws in the area of local government, judiciary, education but are not completed and unimplemented so far, however, they are the basic building blocks for reform and transition.

There have been considerable achievements in the economic sector with financial stabilization, rise in gas price, and reduction in the complexity in business regulations. One of the great success, which will have long-term importance is the implementation of AA and Deep and Comprehensive Free Trade Agreement (DCFTA). On January 1, 2016, an agreement that establishes the EU-Ukraine DCFTA entered into force, constituting a major milestone in bilateral trade relations and offering new economic opportunities to both the

EU and Ukraine. Although this process was relatively slow it was steady and was finally successful.

Besides the full implementation of the AA between Ukraine and the EU, there are some other major achievements made by Poroshenko's government in terms of international relations, including the most awaited visa-free regime for short-term travel of Ukrainians to the EU and the introduction of free trade area with Canada.

It was only in 2014 when twenty-three years have passed after the independence the serious negotiations began between the EU and Ukraine regarding the closer integration. It is a question to ask, what difference would have been made in Ukraine's transition if this integration process had started earlier?

There is no doubt that the process of meeting the requirements of the EU in order to get accession to EU membership would act as an external force, which will help to implement various political, economic, judicial and other reforms that establish as a building block for the transition. This process not only benefits the host country to accelerate growth opportunities but also encourage to move forward with reforms as quickly as possible. Therefore, first of all, accession negotiations provide a roadmap to the needed laws and regulations. Second, it helps to avoid internal discussions regarding the process of transition. Third, the requirement of accession gives reformer a ready-made answer to point to the EU for their radical reforms.

A comprehensive analysis of Ukraine covering the period from 1991 to 2017, provides strong support for the hypothesis that the external determinants especially the EU membership conditionality had a significant effect on Ukraine's transition.

An important outcome of the study is that the greater the support from the external forces and international financial institutions like the IMF, the greater the process in reform. We can say that support from the EU and IMF provided an anchor for transition in Ukraine but it was too late, too little and too slow. Therefore, if there had been more support

from the EU, IMF and if Ukraine was included in membership track earlier, the speed of reform would have been more effective and faster

At this moment when Ukraine is finally in process of negotiations for closer integration with the EU and for its membership possibility in future, Ukraine had lost several opportunities to start the reform process earlier and make its way to early transition. Therefore, one of the main factor the affected the transition of Ukraine was the lack of solid support from the EU and if the support of EU was available to Ukraine from the early period it might have had a better transition like other CEB countries who received EU support.