

**POLITICAL AND ECONOMIC DEVELOPMENT IN UKRAINE  
(1991-1997)**

Dissertation submitted to Jawaharlal Nehru University  
in partial fulfilment of the requirements  
for the award of the Degree of

**Master of Philosophy**

**Sanjeev Kumar**

Centre for Russian, Central Asian and East European Studies  
School of International Studies  
**Jawaharlal Nehru University**  
New Delhi-110067  
India

**1998**



जवाहरलाल नेहरू विश्वविद्यालय  
**JAWAHARLAL NEHRU UNIVERSITY**  
NEW DELHI - 110 067

**CENTRE FOR RUSSIAN, CENTRAL ASIAN  
AND EAST EUROPEAN STUDIES  
SCHOOL OF INTERNATIONAL STUDIES**

### **CERTIFICATE**

It is certified that the dissertation entitled **Political and Economic Development in Ukraine, (1991-97)** submitted by **Sanjeev Kumar** in partial fulfilment of the requirements for the award of the of **Degree of Master Philosophy (M.Phil.)**, is his own work under my supervision and has not been previously submitted for any degree of this University or any other University.

We recommend that this dissertation be placed before the examiners for evaluation.

*Nirmala Joshi*  
**(Professor Nirmala Joshi)**  
**Chairperson**

*Shams-ud-din*  
**(Professor Shams-ud-din)**  
**Supervisor**

TO

**PAPA AND MUMMY**

# CONTENTS

<b>CHAPTERS</b>	<b>PAGES</b>
PREFACE	i-ii
ACKNOWLEDGEMENT	iii-iv
MAPS	v-vi
I INTRODUCTION	1-9
II POLITICAL DEVELOPMENT IN UKRAINE (1991 – 1997)	10-53
III ECONOMIC DEVELOPMENT IN UKRAINE (1991 – 1997)	54-83
IV UKRAINE'S RELATION WITH RUSSIA AND THE WEST	84-116
V CONCLUSION	117-122
BIBLIOGRAPHY	123-133

## PREFACE

The present study is intended to analyse and understand the political, economic development in Ukraine during 1991-97. The beginning of this period was marked by unprecedented growth in nationalist values and culture, thus paved the way for the disintegration of the USSR. The period also experienced the new political culture, changing priority in national politics as well as the challenges before nation building. The dissertation consists of five chapters.

The **first chapter** is the introduction, which deals with the historical development of the nationalist movement in Ukraine and studies the various factors which were responsible for it.

The **second chapter** deals with major political developments and changes since its independence. It also tries to present a comparative study of Kravchuk period with Kuchma's tenure and view the basic difference and continuity in political life during the given period. The principle argument of this chapter is that Ukraine has embarked on the path of democratisation and the success of political democracy, to a large extent, would depend on economic stabilization.

The **third chapter** deals with Ukrainian attempts to put the derailed economy on the right track with the western aid and assistance. The chapter also includes a comparative study of Ukrainian economy under the USSR and emerging trends after independence. The principle argument of this

chapter is that Ukraine's inability to create new economic institution is the main cause of the impoverishment of the people.

The **fourth chapter** tries to present the Ukrainian dilemma to pursue a neutral policy or policy of equi-distance immediately after independence. The main focus of the study centres on Ukraine's desire to acquire a new identity, to be recognised as a European State and its main weakness, which forced it to remain under Russian fold. The principle argument of this chapter is that Ukraine has adopted a policy of neutrality and its success to a large extent would depend on political stability and the pace of economic growth.

The **fifth chapter**, which is the **conclusion**, is an overall assessment of political and economic development during the period under study, i.e. 1991-97, as well as Ukraine's changing priorities in foreign relations and major challenges before it.

## ACKNOWLEDGEMENT

My greatest and sincerest thanks are due to my Supervisor Professor Shams-ud-din, Director, Russian and Central Asian Area Studies Programme. He has been a constant source of encouragement from the beginning to the end. His richness of references and empathetic understanding of phenomenon gave me much needed insight. In the midst of vast literature that I had to wade through, it was his positive and encouraging guidance that enabled me to carve out with a suitable framework for the study. To my slow pace of work his response was amazingly quick and sympathetic. Hence my deepest gratitude to him.

I owe a great deal to my Papa, Mummy, Bhaiya and Bhabhi and Rana, my younger brother, Shalini has been a constant source of inspiration.

My thanks to Christina for taking a lot of pain in going through the draft carefully and rendering me timely help.

I am also thankful to my friend Alam, Pankaj, Shailendra, who helped me in various ways.

I also acknowledge my gratitude to all the teaching and office staff of my Centre. I also thank the staff of the University Library for their cooperation.

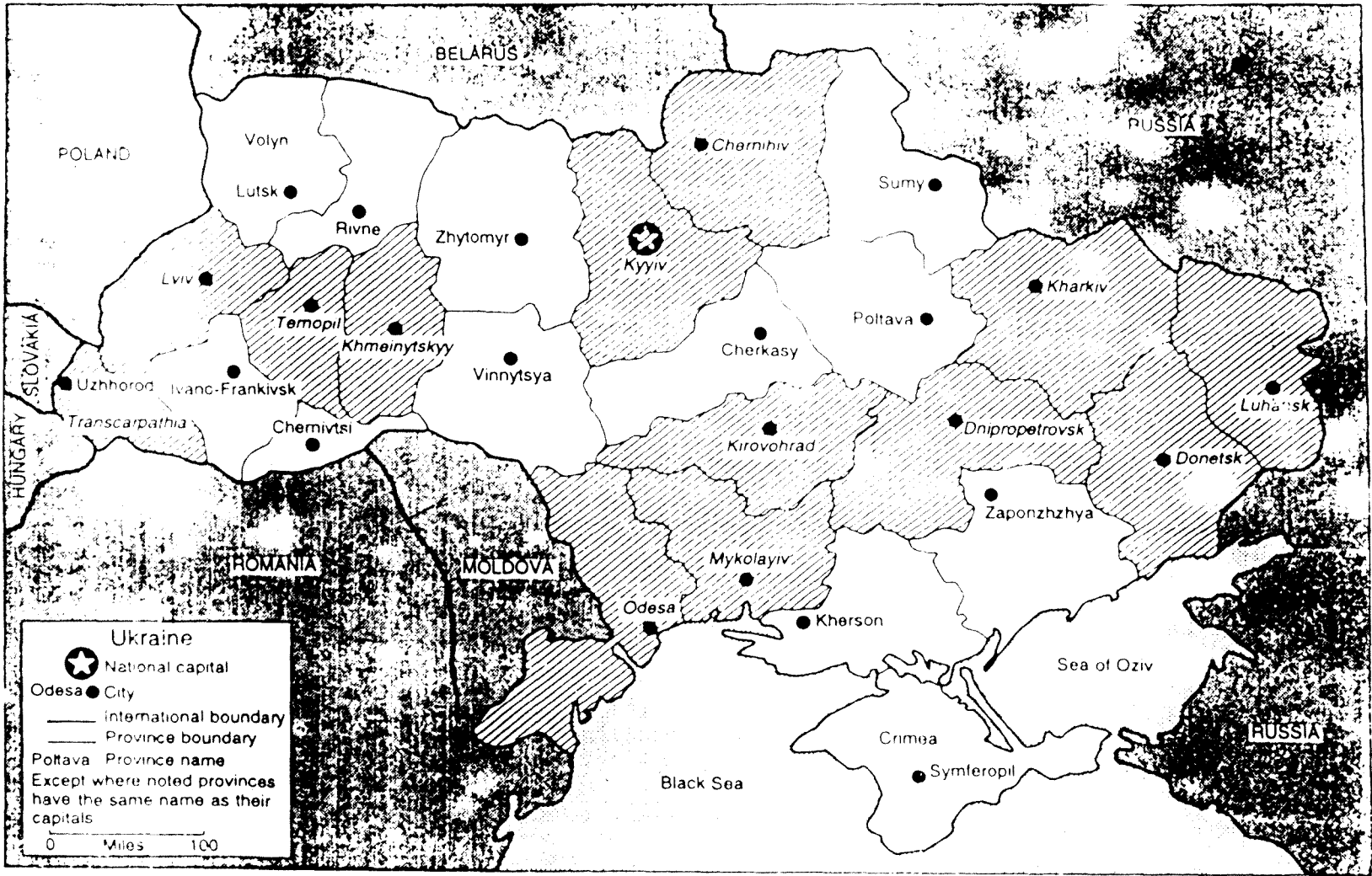
Finally, the responsibility for any error or omission in this work is  
mine.

21 July 1998

*Sanjeev Kumar.*

**Sanjeev Kumar**







## CHAPTER-I

## CHAPTER-I

### INTRODUCTION

The Republic of Ukraine (formerly the Ukrainian Soviet Socialist Republic) is situated in east-central Europe. Poland, Slovakia, Hungary, Romania and Moldova border it to the west, Belarus to the north and the Russian Federation to the north-east and east. The Black Sea and the Sea of Azov lie in the south. The climate is temperate, especially in the south. The north and north-west share many of the continental climatic features of Poland and Belarus, but the Black Sea coast is noted for its mild winter. The official state language is Ukrainian. Approximately 71 per cent of the population is Ukrainian, 20 per cent Russian, and the rest of the population constitute other ethnic groups. Most of the population is adherents of Christianity, the major denominations being the Ukrainian Orthodox Church (Moscow Patriarchy), the Ukrainian Orthodox Church (Kievan Patriarchy) and the Roman Catholic Church (mostly Greek Catholics, followers of the Uniate or Eastern rite). There are also a number of Protestant churches and small communities of Jews and Muslims. The Ukrainian Black-earth steppe is considered as one of the world's most fertile land and provided about one quarter of the Soviet Union's food supplies. The main crops in this region are wheat, sugarcane, potatoes along with different varieties of fruits and vegetables. It is endowed with

natural resources including iron, coal, bauxite, zinc, oil and gas, which supported the Soviet economy to a large extent.

In the modern era, an independent Ukrainian polity has existed only briefly in the late seventeenth century and in 1917-20, but in both the periods it was not a secure entity, with firm control over its territory in present day Ukraine. What is now Ukrainian territory has been home to a variety of both nomadic and settled people, including the Trypillians (3,500 – 2,700 B.C.), Cimmerians (1,150 – 750 B.C.), Scythians (750- 250 B.C.) and Greeks (from the eighth century B.C.), but the origin of the modern Ukrainian ethnic lie in the various Slavic tribes, which migrated to the region from the fifth century A.D. onwards, establishing political unity under Viking (Varangian) influence in the ninth century.

The kingdom established by the local Riurikid dynasty became known as Kievan Rus', after Prince Oleh established his capital at Kiev, probably in 882. Kiev was a major centre of trade, Orthodox Christianity and old Slavic culture. Under its two greatest rulers, Volodymyr the Great (980-1,015) and Yaroslav the Wise (1,036 – 54), Rus' was both an integral part of Europe and a centre of religious civilization. Yaroslav the Wise, codified its laws, established a stable administration and thereby created the conditions for a golden age of culture. At a time, when Moscow was an insignificant settlement while St. Petersburg, obviously did not even exist, Yaroslav cemented his state's international ties by marrying his daughters to the kings of France, Hungary and Norway. After the death of Yaroslav,

Rus' was weakened internally by tribal conflict and complicated accession system. After the sack of Kiev by the Mongols in 1,240, Rus' disintegrated into several rival princedoms.

The period after the collapse of Rus' has been the subject of long-running historiographical controversy between Ukrainians and Russians. There is no doubt that Kievan Rus' was the cradle for all the three modern East Slavic peoples (Ukrainians, Russians and Belarussians), but there is much dispute as to the exact lines of lineage. According to Ukrainian historians, a separate Ukrainian ethnic has existed in stable continuity in the lands around Kiev since before the time of the Polianians, whereas modern day Russians are descended from more northerly tribes such as the Slovianians and Viaticians, who played only a marginal role in the Kievan state. Moreover, the Kingdom of Galicia-Volhynia, which survived on the territory of what is now known as Western Ukraine until the fourteenth century, was a more legitimate dynastic successor to Rus', which in any case only rose to prominence after its defeat of the Mongols in 1,380.

By the fourteenth century, the land of southern Rus' was partitioned into several states. The Hungarian King Stefan I occupied Transcarpathia in the eleventh century, the Polish King Kazimierz III seized Galicia in 1,340-9 and Volhynia and Kiev fell under Lithuanian rule after 1,362. However, the *status quo* was disrupted by two events: the Union of Lublin in 1,569 and the Union of Brest in 1,596. The former transferred Kiev and surrounding territories to direct Polish control and the latter led to

the formation of the Uniate Church, a would be ecumenical union of the Orthodox and Catholic churches. The Orthodox of southern Rus' reacted to the formation of the new church. However, the Union of Brest offered the Uniates equal status with Catholic nobility and clergy.

The mid-seventeenth century represented post-Rus' Ukraine's best chance of re-establishing an independent political existence. The Cossacks emerged as a haven for escaping serfs, slaves and peasants beyond the bounds of established political authority in the vast Ukrainian steppes. The Cossacks saw themselves as the defenders of the Orthodox faith, both against Islam in the south and Catholicism and/or Uniatism in the West. In 1,648 a full-scale uprising took place, led by a disaffected noble, Bohdan Khmel'nyts'kyi, who succeeded in establishing an embryonic Cossack-Orthodox polity on both the Left and Right Banks of the Dnieper, thus restoring a form of self-government to Kiev for the first time since the thirteenth century. However, the difficulty of fighting simultaneously on three fronts against the Poles, Russians and Tatars led him to seek an alliance with Moscow, formalised by the Treaty of Pereiaslav in 1,654. Nevertheless, warfare between the Russians, Cossacks and Poles dragged on, with the Cossacks increasingly confined to the Left Bank, until the Treaty of Andrusovo in 1,667 once again divided southern Rus'. Kiev and the Left Bank went to Russia and the Right Bank to Poland.

In the early nineteenth century it seemed that Old Rus', Cossack, Little Russian or Ruthenian identity and culture, were things of the

past. As in many other parts of Eastern Europe, the percolation of fashionable national-populist ideas sparked a Ukrainian national revival that gathered considerable strength from the middle of the century onward. The movement was strongest in Galicia, where the Uniate Church underpinned a sense of separate identity.

But the condition in the Russian Empire was less conducive. The great wave of industrialization that began in the late nineteenth century affected Ukraine profoundly by drawing non-Ukrainians (primarily Russians) immigrants into the expanding cities. Thus, the rural overpopulation intensified and millions were forced to emigrate eastward in the quarter century before 1,914 creating the large Ukrainian diaspora in Siberia and Kazakhstan.

The new territories of southern and eastern Ukraine were not fertile ground for the national movement. The northern Black Sea littoral became a trading hinterland for the new imperial economy, and was transformed by the influx of a multi-ethnic settler population, including Greeks, Germans, Serbs, Bulgarians and Gagauz alongside Ukrainians and Russians. Odesa in particular became famous as a cosmopolitan city with a large Jewish population. On the other hand, eastern Ukraine, especially the Donbas region, became a leading centre for the mining and metallurgical industries, the vast majority of whose workers were either ethnic Russians or Russian-speaking.



In the Tsarist Empire it was the events of 1917-20 that gave real stimulus to the Ukrainian national movement. Ukrainian nationalists formed three short-lived governments in the period: the Ukrainian People's Republic (November 1917 to April 1918), the Hetmanate (April to December 1918) and the Directorate (December 1918 to December 1919), but Ukrainian rule was frequently interrupted by the Red Army.

The Ukrainian nationalists responded rapidly to events in St. Petersburg, and in March 1917 established a Central Rada (Council) in Kiev under the historian Mykhailo Hrushevs'kyi, which initially supported the Provisional Government and confined its demands to Ukrainian autonomy within a democratised Russia. The Bolshevik seizure of power in October prompted the Rada to issue its Third Universal in November 1917, which claimed supreme authority over all nine guberniias where ethnic Ukrainians constituted a majority and transformed the Rada into the Ukrainian Peoples Republic. Final independence came with the Fourth Universal, issued in January 1918, which broke all ties with Bolshevik Russia and proclaimed Ukraine as an independent state. However, in December 1922, the Ukrainian SSR formally became part of the USSR, while Western Ukrainian land was divided into three parts. Galicia and most of Volhynia returned to Poland, Transcarpathia became part of the new Czechoslovak State and Bukovyna went to Romania.

Amidst the immense human and social toll of World War II, a second attempt was made to establish national independence. Stalin

annexed most western Ukrainian land to the Ukrainian SSR, at first temporarily in 1939-41, and then definitively in 1945. As a result of the Nazi-Soviet past, Galicia and Volhynia were seized in 1939, followed by northern Bukovyna and southern Bessarabia in 1940. The Soviet-Czechoslovak Treaty of 1945 ratified the incorporation of Transcarpathia. The Soviet rule in the region, both in 1939-41 and in the decade after the War, was exceptionally harsh. Hundreds of thousands of people were killed or deported and all civic institutions were suppressed. In subsequent years the Soviet authorities maintained a tight grip on the region, but were unable to destroy the nationalist virus completely.

In the early 1960s, a new Ukrainian political elite comprising of individuals with modern skills had come into being and found itself frustrated politically and economically by a hyper-centralized system, which refused to recognize it as a force or share power with it. The new elite sought its own ideology to justify its claims and found sources of legitimacy in its own unique national heritage. By the 1970s, Ukraine was actually in the position of being able, if external conditions permitted, of translating its symbolic sovereignty into genuine sovereignty.

The drive for independence was motivated by a number of factors, not all of which carried the same weight in different parts of the republic. Except in the western parts of Ukraine, the motor force for independence was socio-economic in nature. The drive for statehood was thus largely motivated by a profound realization of just how mismanaged and ravaged

Ukraine's economy had been at the hands of the Moscow center. The environmental devastation (Chernobyl) of Ukraine at the hands of Moscow was one of the most powerful reasons of independence agitation. There was a profound realization that the USSR was disintegrating as a socio-economic and political formation. At the same time, there was a realization too, that Ukraine had considerable economic and social potential if only it could get control of its resources.

Perestroika's destruction of the Soviet system was the background on which Ukraine's hesitant march towards independence took place. As late as September 1989 the republic was still ruled by an ardent Brezhnevist, Volodymyr Shcherbytsky, the First Secretary of the Communist Party of Ukraine (CPU). Nationalist activity was confined to the renewal of some of the dissident organizations that had been crushed in the 1970s. Shcherbytsky's retirement and eventual death in early 1990, removed one of the major obstacles to the development of a nationalist movement by permitting the hitherto monolithic party elite to divide into pro- and anti-Perestroika factions.

In March of 1990, elections to the republican Supreme Soviets took place. Although the democratic opposition in Ukraine had only a month to campaign, and was not represented in all of the electoral districts, it still managed to win nearly a third of the new parliament's seats. For the first time in the Soviet Ukrainian history a vigorous opposition emerged and made itself heard. Events in other republics also pushed Ukraine in a

nationalist direction. Estonia, Latvia and Lithuania had declared sovereignty, by which they meant the primacy of their laws over the Soviet laws in 1988-1989. The student movement, which unfolded in the early days of October 1990, carried out some of the most remarkable mass actions Ukraine had ever seen. Unexpectedly, a large column of workers from Kiev's largest factory marched to parliament in support of the students. That October Rukh held its Second Congress, which together with the student strikes marked another turning point in the politics of Ukrainian nationalism. No less significant, however, while the government had remained inactive and the police were pursuing diversionary tactics against the nationalist, Kravchuk had abandoned the sovereignty line.

In the study stress has been given on political-economic development in Ukraine and its ordeal to deal with the chaotic economic and erosion of political institution. These two factors have, to a large extent proved to be very decisive in the formulation of Ukraine's foreign policy vis-à-vis Russia and the West.

The study is based on both primary and secondary sources, the constitutions, government documents and speeches of political leaders form the bulk of the primary source. However, the study is mainly based on the secondary source comprising of books, articles, newspapers and journals.

## CHAPTER-II

## CHAPTER-II

### POLITICAL DEVELOPMENT IN UKRAINE (1991-1997)

#### **Brief Historical Background**

Historical-political background of Ukraine makes it very clear that from the very beginning (the period of Kyivan Rus, the original Russian State), there has been a feeling of independent Ukrainian state in the mind of the local/native people. First attempt to form a nation-state was just made, following the fall of Rus' principalities, in the 13<sup>th</sup> and 14<sup>th</sup> centuries. But Ukraine had no choice, except to enter the Russian Empire in 1654, as Poland was advancing towards Dniپر River. And a dream to form a nation-state came to end in 1667 when Ukraine was divided into two parts: the regions east of the Dniپر became part of Russia, while western Ukraine was annexed by Poland.

It is difficult to establish that there were attempts to form a nation-state. After the fall of Kyivan Rus, this period witnessed the growth and development of feudal-serf relations accompanied by a feeling of class and thus ensuring a class struggle. Even after that it can be said with some amount of certainty that Ukrainians had a feeling of self-consciousness and respect for their cultural value. "The Ukrainians themselves named their land 'Ukraina' and the name took root in the consciousness of the people.

It was reflected in Ukrainian oral literature, above all in the dumas (epic poems and ballads) and historical songs”.<sup>1</sup> From this point of view, this can be said that a feeling of belongingness later helped in the growth of nation-state formation during the 16<sup>th</sup> and 17<sup>th</sup> centuries after the decline of serfdom in Europe and neighbouring states.

The Ukrainians had to pay a heavy price for their aspiration for a nation-state. The Polish feudal magnates intensified their social, national and religious oppression of the Ukrainian people. The Polish Szlachta and the Ukrainian feudal lords increased their exploitation and outright robbery of the peasants, oppressed the town poor and endeavoured to reduce the rank and file of Cossacks to Serfs. The feudal oppression was finally erupted in 1606, under the leadership of Ivan Bolotnikov, in a peasant war.

In 1654, Ukraine’s reunion with Russia was natural as well as compulsive in nature. “It was the result of the long development of economic, political and cultural ties, and was in accord with the basic interests and aspirations of both peoples. The conclusion of this reunion became a historical necessity for both nations. In 1653, the danger of foreign enslavement once again confronted the Ukraine”.<sup>2</sup> Harking back to Soviet fold for natural or security reason proved fatal in the long run and it took almost more than 200 years to gain a chance in 1917. When the Tsarist Empire collapsed, Central Rada (Council of Soviet) was set up by the

---

<sup>1</sup> *Soviet Ukraine*, (Academy of Sciences of the Ukrainian SSR Kiev, 1969), p.74.

<sup>2</sup> *Ibid.*, p.77.

Ukrainian nationalists to demand Ukrainian autonomy from the provisional Government in Petrograd. In October 1917, after the Bolshevik coup, the Rada proclaimed a Ukrainian People's Republic. Although the Russians recognized the newly independent state yet in December 1917 a rival Government was established in Kharkiev by the Bolsheviks. February of 1918 failed to bring a smile on Ukrainians' faces as the Soviet forces occupied almost the whole of Ukraine. In December 1920, a Ukrainian Soviet Socialist Republic (SSR) was established and with the formation of the Union of Soviet Socialist Republics (USSR) in December 1922, the second successful attempt to establish an independent state came to an end. A third attempt to achieve statehood came in 1941-42.

The contemporary political situation in Ukraine took root during Gorbachev's *perestroika*, introduced in 1985. The reforms that he initiated and advocated were seldom implemented in Ukraine during Scherbitsky's (First Secretary of the CPU) rule. Dissidents were harassed by the police, independent political and cultural groups were not granted legal status and the republican media was under the strict control of the CPU. "It is no secret – nor was it in the past – the Soviet journalism almost solely functioned as a funnel for agitation and propaganda, rather than a means of access to objective information."<sup>3</sup>

Gorbachev's *perestroika* was the starting point which raised the public opinion in favour of independence but a serious explosion which

---

<sup>3</sup> Oksana Hasiuk, "Ukraine's Media: A Cog in the State Wheel?", *The Ukrainian Review* (Toronto, Canada), vol.XLII, no.4, Winter 1994, pp. 23-26.



occurred at Chernobyl nuclear power plant, in northern Ukraine, in 1986 aroused public sentiments which greatly contributed to opposition movements in Ukraine. Old habits, however, die hard, and “instead of issuing immediate health warnings to the population downwind, Soviet officialdom embarked, as far as its own citizens were concerned, on a policy of misleading silence. It was only 18 days after the accident that Michail Gorbachev appeared on All-Union TV, admitting to the fact of the accident.”<sup>4</sup> This nationalist movement was partially influenced by the political events, which were taking place in the Baltic republics of Estonia, Latvia and Lithuania.

#### **1988-1991: Years of Transition**

Ukrainians’ real struggle for independence in the true sense, started with the formation of Rukh (Popular Movement of Ukraine) in November 1988 by a group of prominent writers and intellectuals. Rukh directed the wind of change in the right direction and emerged as a pioneer organization advocating for national democracy and complete independence. “Rukh was born during the furious communist counter-attack as a democratic umbrella organization, and later Ukraine’s first political parties emerged: the Ukrainian Republican Party, the Ukrainian Democratic Party, the Party for the Democratic Rebirth of Ukraine and others, in all more than 30.”<sup>5</sup> Despite official opposition Rukh’s manifesto was published in February

---

<sup>4</sup> Vera Rich, “Chernobyl: Ten Years on”, *The Ukrainian Review* (Toronto, Canada), vol. 43, no. 1, Spring 1996, p.21.

<sup>5</sup> Volodymyr, F. Pohrebennyk, “The Present Political Situation in Ukraine”, *The Ukrainian Review* (Toronto, Canada), vol. XXXIX, no. 4, Winter 1991, p. 5.

1989 and its local branches were established in width and length of the republic.

Rukh emerged to be so powerful, that Shcherbitsky failed to curtail its growing influence on people demanding for a national democracy and this finally resulted in his dismissal in September 1989. Volodymyr Ivanshko was elected as his replacement. But it was too late, in between there were so many groups formed which demanded for democracy and the educated mass was spreading political awareness. The tolerance of the democratic forces towards all nationalities and cultures in Ukraine allowed for the formation of national associations of ethnic minorities, each with its own structure and publications. The new circumstances led to the establishment of numerous societies and associations – culturological, ecological and others (the 'Lev' Society, "Green World", "Spadshchyna", etc.).

The Ukrainian political situation in 1990 presents a very complex picture. Students, workers, peasants and supporters of national democracy were all putting their effort from their point of view to achieve complete goal of independence, while the second half of 1990 present a different picture – each and every effort was directed against the movement to stop it at any cost by the Soviet leaders; and even the help of the army was taken to crush Ukrainian sentiments for national democracy. "The early months of 1990 prior to the 4 March elections witnessed the continuation of the national rebirth in all spheres of public and even private life. Publicly, the

time preceding the elections saw the creation of various political parties and organisations, youth and student groups, cultural and religious organisations, all of which had a strictly Ukrainian character and supported the concept of Ukrainian independence, autonomy and freedom of choice in all affairs.”<sup>6</sup> Local and republican elections were held on the 4<sup>th</sup> of March 1990 and candidates supported by the Democratic Bloc, a coalition of Rukh and other groups with similar motives, won 108 of the 450 seats in the Ukrainian Supreme Soviet. Independents supported by the Bloc won about 60 seats, which increased the strength of opposition parties upto 170 in the new Supreme Soviet. The Bloc was particularly successful in western Ukraine and in urban areas but performed poorly in the Russian-speaking communities of eastern Ukraine and in rural regions.

The election campaign was the clear demonstration of mass scale movement which further revived the national sentiments. The nationalist democratic force’s success in the election was perceived by the communist as a threat which forced them to make a strategy to remain in power. While the people were demonstrating popular support for the Dem Bloc (Democratic Block), the communist authorities were busy ensuring that power remained in their hands at least at the national level. Thus, “the Ukrainian Communist Party tried to capitalise on the tide of independence-

---

<sup>6</sup> Eugene Kachmarsky, “1990 in Ukraine: the Empire Strikes Back”, *The Ukrainian Review* (Toronto, Canada), vol. XXXIX, no.1, Spring 1991, pp 3-4.

oriented nationalism thereby gaining votes, by proclaiming its independence from the Moscow based party.”<sup>7</sup>

In June 1990 Volodymyr Ivashko was elected chairman of the Supreme Soviet but the Democratic Bloc opposed his candidature by asserting that the chairman of the Supreme Soviet should not also be the CPU leader. Ivashko's replacement by his former deputy Stanislav Hurienko, was a calculated diplomatic move as he was perceived as a threat in Moscow. In the first session of the Ukrainian SSR Supreme Soviet, in which President Volodymyr Ivashko stated that “a conciliation between nationalist and communist forces in Ukraine was possible”.<sup>8</sup> Moscow perceived this as a direct threat to Soviet rule over Ukraine. Ivashko was recalled to Moscow and there he announced the resignation as President of the Ukrainian SSR and Head of the CPU.

The new chairman of the Supreme Soviet was Leonid Kravchuk, hitherto Second Secretary of the CPU, a well known hard-liner and Sovietophile who was interpreted in Ukraine as a step backward, and thus the democratic nationalists begun to augment their anti-Soviet campaign. The Ukrainian SSR Supreme Soviet passed a ‘Declaration of Sovereignty’ on the 16<sup>th</sup> of July to dispel the fears from the minds of the people and change the direction of the nationalist movement. The Ukrainians were not ready to compromise less than implementing Declaration of Sovereignty and its transformation into concrete action legalized by law.

---

<sup>7</sup> Ibid., p. 5.

<sup>8</sup> Ibid., p.7.

All over Ukraine mass rallies were organized and strikes were instigated demanding the realization of the Declaration promises. A demonstration and rally took place in Kiev on 30<sup>th</sup> September – on the initiative of Rukh, the Ukrainian Republican Party, the Democratic Party, the Green Party and other socio-political organisations. The rally adopted a resolution calling for the Ukrainian's secession from the USSR, a review of the Ukrainian declaration of state sovereignty and the dismantling of Lenin's monuments in Kiev. The demonstrators also demanded the resignation of the republic government and the abolition of the CP of Ukraine. In October 1990 protest marches were organized by students and their threat to hunger strike changed the political scenario, "Ukrainian students set up a tent city in Kiev and proclaimed a hunger strike in order to force the communist-dominated Supreme Soviet to meet their demands. The students were soon joined by thousands of young supporters, and a rally of over 100,000 was held in conjunction with the hunger strike."<sup>9</sup> The students were partially appeased by Kravchuk when he announced that Ukrainian SSR Premier Vitali Masol would be forced to resign. "Leonid Kravchuk, Chairman of the Ukrainian Supreme Soviet announced Vitali Masol's resignation. Masol's decision had been influenced by the difficult situation in the republic which is exacerbated by the students hunger strike."<sup>10</sup> After a week on 23<sup>rd</sup> October Premier Vitaliy Masol tendered his resignation, which was accepted by the Ukrainian Parliament. Masol's

---

<sup>9</sup> Ibid., p. 8.

<sup>10</sup> Summary of World Broadcast, Part I, 18 October 1990.

forced resignation put a halt on the agitating mass, especially students. In fact, “What went unrealized was that Masol served as a sacrificial lamb. Kravchuk could not afford to have a hunger striker die, which would fuel the nationalist advances, therefore to end the strike, he put Masol’s head on the block.”<sup>11</sup> After Vitali Masol’s resignation, Vitold Fokin was seen as a compromise candidate who could unite the opposition and liberal communists behind a programme of economic reforms. Thus, it is very clear that events that took place in the summer and in the mid-autumn of 1990 were full of democratic nationalist advancements and the government followed a policy of appeasement in order to stop the nationalists from going too far. In other words, the government somehow managed to come out of the real problem (i.e. demand of independence) for some time.

However, Rukh’s support for independence was ignored. The Government participated in negotiations on a new union treaty and signed the protocol to a draft treaty in March 1991. The Government also agreed to conduct the all-Union referendum on the future of the USSR and “a deep split developed within the CPU between those who wanted to maintain the Soviet Union and those (most prominently, the CPU Chairman of the Parliament Leonid Kravchuk) who wanted to hold on to power by adopting the nationalist and democratic agenda of the opposition.”<sup>12</sup> Appeals were made to preserve the USSR. The Central Committee of the Communist

---

<sup>11</sup> Eugene Kachmarsky, no.6, pp.8-9.

<sup>12</sup> Sven Holdar, “Torn Between East and West: The Regional Factor in Ukrainian Politics”, *Post-Soviet Geography* (Columbia, USA), vol. XXXVI, no. 2, February 1995, p. 112.

Party of Ukraine appealed to all the people of the republic to support the idea of preserving the USSR as a renewed federation of sovereign republics at the all-Union referendum on 17<sup>th</sup> March. On the other hand, democratic-nationalists were in favour of Commonwealth of Sovereign States. Yuri Badzyo, Member of the Committee 'Referendum Sovereign Ukraine' and Chairman of the Ukrainian Democratic Party's National Council said that "the main slogan appealed to the citizens of Ukraine, is to say no to a renovated federation and to say yes to a commonwealth of sovereign states." The most perfidious aspect of this action was that the results of the referendum, according to the USSR Supreme Soviet's resolution, would be valid on the whole of the USSR's territory, i.e., the people of one republic will decide the future of another republic."<sup>13</sup>

Thus, in March 1991 referendum, the Ukrainian electorate responded to two questions: (a) future of the Soviet Union, and (b) whether Ukraine should be part of the USSR on the basis of the Declaration of State Sovereignty from July 1990. Thus, the Ukrainian electorate responded to the two questions. But an additional question – "Whether Ukraine should be fully independent or not – added to the ballot in Galicia (Lviv, Ivano-Frankivsk and Ternopil) so they had to answer three questions since the local authorities there were dominated by Rukh and Ukrainian Republican Party."<sup>14</sup>

---

<sup>13</sup> Summary of World Broadcast, Part I, 2 March 1991.

<sup>14</sup> Sven Holdar, no.12, p. 118.

Galicia, where the voters had a clear choice between full independence or a renewed Soviet Union, people voted for the former. But in other parts of Ukraine the voting scenario was different. However, “in the rest of Ukraine, people generally appear to have followed the electoral tradition from the communist past turning out in large numbers and voting Yes.”<sup>15</sup> Though the results were in favour of the Ukrainian people but in the beginning voters were quite confused owing to the nature of the question as seen in the following: “The wordings (1) the USSR, and (2) the Ukrainian sovereignty questions were: (1) Do you think it is necessary to preserve the USSR as a renewed federation of equal sovereign republics in which the rights and freedoms of a person of every nationality will be fully guaranteed? (2) Do you agree that Ukraine should be a part of the USSR on the basis of the Declaration of Sovereignty of Ukraine?”<sup>16</sup> Given the wordings of the referendum questions, and in the political context of the times, it probably was unclear to most voters whether they voted for independence, for confederation, for a new kind of federation, or for the old kind of Soviet federation. The data in the accompanying table (Table 1.1) presents the results of the referendum. Of the eligible voters, 84 per cent of the electorate participated in the referendum.

Despite the clear support for the preservation of some kind of union, demands for full implementation of Ukraine’s declaration of sovereignty increased day by day. Prior to independence a law was passed to strengthen

---

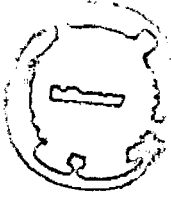
<sup>15</sup> Ibid., pp. 118-119.

<sup>16</sup> *ibid.*



**TABLE 2.1.**

**RESULTS OF THE REFERENDUM ON THE STATE OF THE  
SOVIET UNION AND UKRAINE, MARCH 1991  
(In Percentage)**

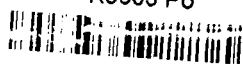
Region/Oblast	USSR Question	Sovereignty Question	Independence Question
<b>Western Ukraine (Galicia)</b>			
Lviv	16.4	30.1	90.0
Ivano-Frankivsk	18.2	52.1	90.0
Ternopil	19.3	35.2	85.3
Rivne	54.3	79.6	
Volhynia	53.7	78.0	
Transcarpathia	60.2	69.5	
Chernovitsi	60.8	83.2	
<b>Central Ukraine</b>			
Kiev (city)	44.6	78.2	
Kiev (oblast)	66.9	84.6	
Poltava	78.8	88.7	
Sumy	78.8	87.1	
Chernogov	83.4	90.3	
Kirovograd	82.4	89.5	
Cherkassy	77.3	88.8	
Vynnitsa	81.2	89.2	
Zhytomyr	81.7	88.5	
Khmelnyskyi	77.7	87.9	
<b>Eastern Ukraine</b>			
Donetsk	84.6	86.2	
Lugansk	86.3	88.8	
Kharkov	75.8	83.9	
Zaporosche	79.8	86.6	
Dnepropetrovsk	77.5	85.1	
<b>Southern Ukraine</b>			
Nikolayev	84.2	87.7	
Kherson	81.0	87.4	
Odessa	82.2	84.5	
Crimea	87.6	84.7	
Sevastopol city	83.1	84.2	
<b>Total</b>	<b>70.2</b>	<b>80.2</b>	<b>88.4</b>

Source: *Post-Soviet Geography* (Columbia, USA), vol. XXXVI,  
no.2, February 1995, p.120.

DISS

338.9477

K9605 Po



TH7293

TH-7293

presidential system. In July 1991, the Council enacted a form of government based upon a strong presidential office but a study of the New Ukrainian constitution proves that the 'absolute power' of the president has become obsolete because "since 1995 it has in fact operated as a 'parliamentary-presidential system' which can be defined as one where 'both the president and the parliament have authority over the composition of cabinets.'"<sup>17</sup> The president is directly elected, but so is parliament. Ukrainian presidents have always had to share power with their prime ministers and conflict between the two has been a more or less permanent feature of the political system. This shows Ukraine's commitment for parliamentary democracy and democratic rights.

However, political activity increased following the referendum. Separatist parties such as the Ukrainian Republican Party and the Ukrainian Peasant Democratic Party advocated full independence and more radical groups denied the legality of Ukraine's incorporation into the USSR and demanded the restoration of the Ukrainian People's Republic of 1918-19. Time was ripe and the political analysts predicted the disintegration of the USSR.<sup>18</sup> On 30<sup>th</sup> July, the Ukrainian Supreme Soviet set 1<sup>st</sup> November 1991 as the date for presidential elections in the republic.<sup>18</sup> Political parties started announcing the names of their candidates. The leading body of Rukh in Ukraine had put forward Chairman of Lvov Oblast Vyacheslav

---

<sup>17</sup> Andrew Wilson, "The New Ukrainian Constitution", *The Ukrainian Review* (Toronto, Canada), vol. 43, no.2, Summer 1996, p. 49.

<sup>18</sup> Summary of World Broadcast, Part I, 1 August 1991.

Chornovil as Rukh's candidate for the post of president of the Ukraine. But the moral support and final strike came as a surprise when the US President had a private talk with Ukrainian President Kravchuk in Kiev on 1<sup>st</sup> August 1991. In an address to the Ukrainian Supreme Soviet Bush declared that "the USA would support the beginnings of 'democratization' in the USSR and each republic."<sup>19</sup>

When the State Committee for the State Emergency (SCSE) attempt to stage a *coup d'etat* in Moscow, on 19 August 1991, Kravchuk could see, or felt a wind of change and changed his colour. When the *coup* attempt foiled and Yeltsin emerged as the leader of Russia, Kravchuk and the more pragmatic communists changed their cloaks from red to the Ukrainian blue and yellow. On August 24, Kravchuk resigned from the Communist Party and took the initiative in Ukraine's Declaration of Independence. Kravchuk and the influential members of the party of power adopted most of the Rukh programme as their own. Kravchuk was well aware of the fact that Soviet Union's break up was unavoidable. So, he did not leave a single chance to capitalize people's sentiment in order to remain in power after presidential referendum.

In a very calculated move Kravchuk resigned from the presidential post and commented that "today we achieved something the Ukrainian can be proud of – It is beyond man's ability to list all the decisions – every

---

<sup>19</sup> Ibid., 2 August 1991.

decision amounted to a great impressive and revolutionary step.”<sup>20</sup> During the session Kravchuk announced his decision to leave the CPSU Central Committee, the Politburo and the Ukrainian Central Committee. The final decision on Ukrainian independence would be taken after a referendum on 1<sup>st</sup> December. Despite his past record as a loyal communist official, Kravchuk’s support for Ukrainian independence ensured his election as President of the Republic on 1<sup>st</sup> December 1991. The results of the referendum on independence in December 1991 indicated that most people voted ‘Yes’. The only region where a significant minority voted ‘No’ was Crimea. Of those eligible to vote, 84.2 per cent participated. When the returns showed that voters had chosen independence by over 90 per cent, everyone was quite surprised. Public opinion polls conducted in the republic did not predict such overwhelming results. Although results of the referendum were in favour of democratic-nationalist force yet Moscow pulled out all the stops in trying to combat Ukrainian secession from the USSR.<sup>21</sup> In the period between August 24 (Declaration of Independence) and December 1 (The referendum of Independence), the top Soviet leadership (both liberal and conservative) and many Russian Republican leaders mounted a very strong campaign against Ukraine’s independence.<sup>21</sup>

All efforts were made to stop the Ukrainian independence. The media and the state machinery were pressed into service to spread tempered information. The Central TV, Radio and print media launched vicious

---

<sup>20</sup> Ibid., 26 August 1991.

<sup>21</sup> Peter J. Potichnyi, “The Referendum and Presidential Elections in Ukraine”, *Canadian Slavonic Papers* (Canada), vol. XXXIII, no. 2, June 1991, p. 123..

TABLE 2.2.

RESULTS OF THE REFERENDUM ON THE DECLARATION OF  
INDEPENDENCE, DECEMBER 1991

Region/Oblast	Percentage Voting 'Yes'	Percentage Voting 'No'
<b>Western Ukraine (Galicia)</b>		
Lviv	97.5	01.9
Ivano-Frankivsk	98.7	00.8
Ternopil	98.4	01.0
Rivne	96.8	02.6
Volhynia	96.3	02.3
Transcarpathia	92.6	04.5
Chernovitsi	92.8	04.1
<b>Central Ukraine</b>		
Kiev (city)	92.7	05.3
Kiev (oblast)	95.5	02.9
Poltava	94.9	03.7
Sumy	92.6	04.9
Chernogov	93.7	04.1
Kirovograd	93.9	04.4
Cherkassy	96.0	02.8
Vynnitsa	95.4	03.0
Zhytomyr	95.1	03.6
Khmelnyskyi	96.3	02.6
<b>Eastern Ukraine</b>		
Donetsk	83.9	12.6
Lugansk	83.9	13.4
Kharkov	86.3	10.4
Zaporosche	90.7	07.3
Dnepropetrovsk	90.4	07.7
<b>Southern Ukraine</b>		
Nikolayev	89.5	08.2
Kherson	90.1	07.2
Odessa	85.4	11.6
Crimea	54.2	42.2
Sevastopol city	57.1	39.4
<b>Total</b>	<b>90.4</b>	<b>07.6</b>

Source: *Post-Soviet Geography* (Columbia, USA), vol. XXXVI, no.2  
February 1995, p.123.

campaign of misinformation about what Ukrainian authorities intended to do with respect to minorities (especially Russians), which took an immediate effect in Crimea. A strong campaign against the referendum was organized in Krym by various Russian groups, including deputies from the RSFSR Supreme Soviet and even some political group from Germany. On the other hand, The Ukrainian Radio and TV began a systematic campaign in support of independence. Ukrainian groups from the diaspora brought with them computer technology, small printing presses, and even paper; and began a systematic campaign – especially in eastern regions of Ukraine.

**TABLE 2.3**

**RESULTS IN THE PRESIDENTIAL ELECTIONS**

Candidate	Vote for	%	Vote against	%
Hryniiov, V.B.	1,329,758	4.17	29,791,360	93.41
Kravchuk, L.M	19,643,481	61.59	11,477,637	35.99
Lukianenko, L.H	1,432,556	4.49	29,688,562	93.09
Taburians'kyi, L.	182,713	0.57	30,938,405	97.01
Chornovil, V.M.	7,420,727	23.27	23,700,391	74.31
Iukhnovs'kyi, I.R.	554,719	1.74	30,566,399	95.84

Source: *Canadian Slavonic Papers* (University of Alberta, Canada), vol. XXXII, no.2, June 1991, p.132.

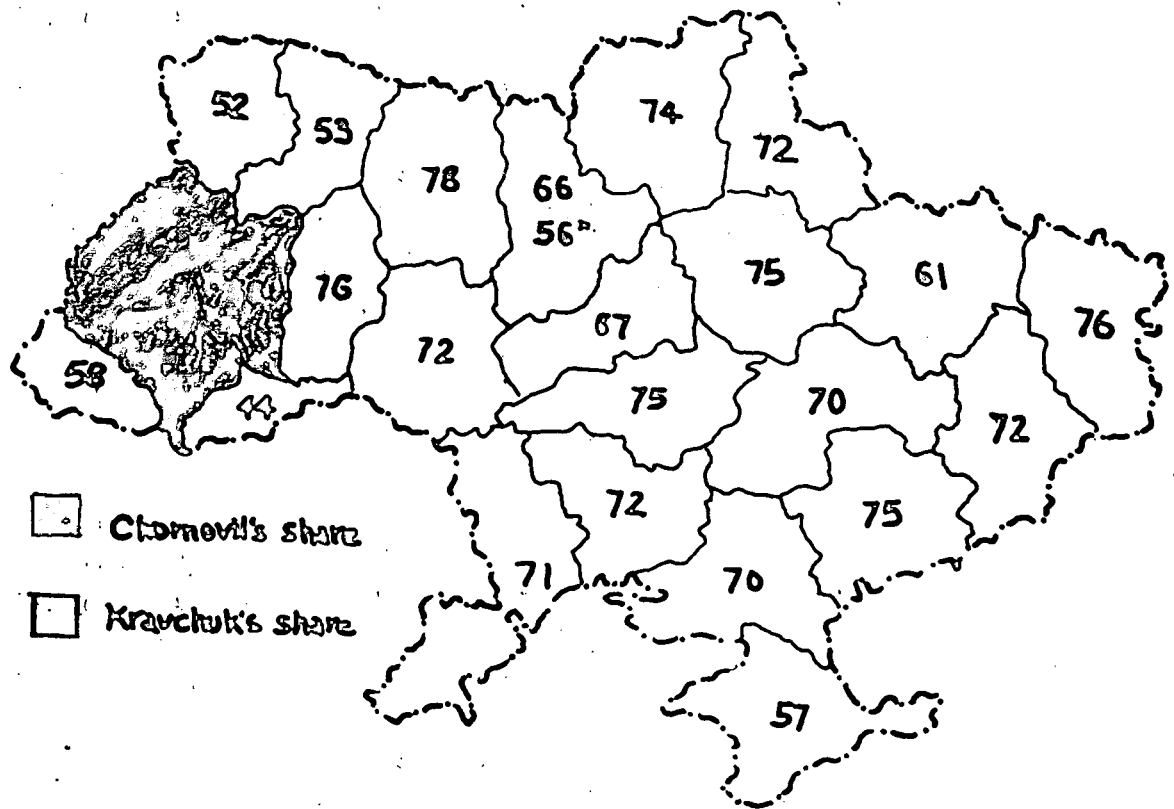
The results of the election clearly show that Leonid Kravchuk, with 61.59 per cent of vote, emerged as the strongest candidate. Altogether six candidates were in the fray. Democratic opposition got splitted and the Ukrainian Republican Party, *URP* forwarded its own candidate – Levko Lukianenko. The PDRU (The Party of Democratic Revival of Ukraine) fielded two candidates (the Russian speaking Vladimir Grinev and Lukhnovskiyi). But the main fight was in between Kravchuk and Rukh supported Chornovil. The “split in opposition helped Kravchuk in gaining absolute majority (61.6 per cent of the total vote).”<sup>22</sup> Kravchuk gained more than 50 per cent of the vote throughout Ukraine, with the exception of Chernovisti Oblast and Galicia. In the latter region, Chornovil gained the majority with Kravchuk receiving less than 20 per cent of the total vote.

Following his election, Kravchuk moved to strengthen his power and measures were taken to consolidate independence including the establishment of Ukrainian armed force in early December. “By December, Ukraine became the first of all the former Soviet Republics to have its own Laws ‘On the defence of Ukraine’ and ‘On the Armed Forces of Ukraine’.”<sup>23</sup> By this time, Ukraine got a new identity. Yeltsin recognized the Ukraine’s independence ‘in accordance with the democratic expression of its people’s will’. He expressed conviction that diplomatic relations between the Russian and Ukrainian states needed to be established. Poland,

---

<sup>22</sup> Sven Holdar, no.12, p. 128.

<sup>23</sup> Konstantyn Morozov, ‘The Formation of the Ukrainian Army, 1991-95’, *The Ukrainian Review* (Toronto, Canada), vol. 43, no. 1, Spring 1996, p. 9.



Regions where Kravchuk and Chornovil gained the largest share of votes in the December 1991 presidential election in Ukraine. Numbers in Oblasts (*unshaded*) are percentage of total vote for Kravchuk in regions where Kravchuk gained the largest share of votes. Numbers in oblasts (*shaded*) are percentages of total votes for Chornovil in regions where Chornovil gained the largest share of votes. \*66 is the Kiev oblast, 56 is for Kiev city. Of those eligible to vote in the election, 84.2 per cent actually voted.

Source: *Post-Soviet Geography* (Columbia, USA), vol. XXXVI, no. 2, February 1995, p. 121.



which borders the Ukraine to the West was the first nation to recognize the independent state and said it expected good neighbourly relations.

### **1992: Year of Growth of Political Factionalism and Instability**

Although Kravchuk tried to consolidate power but the political situation of early 1992 can be characterized by weak and factionalism which prevented democratic process in the parliament. Alliances that formed between members of parliament were not strong. Party factions in parliament were small and ill-disciplined. “The conferences of many Ukrainian parties resulted in splits, including those of Rukh in February 1992, the URP (The Ukrainian Republican Party) in May 1992 and the Christian Democrats in April-June 1992, testifying to the failure to create – parties united by common commitment to a clear platform?”<sup>24</sup> Though split took place in parties, Kravchuk was still the unanimous leader in 1992, the opposition forces in parliament split into two blocs, both more or less supportive of Kravchuk.

In June 1992 the Government anyhow managed to avoid defeat in a vote of ‘no confidence’ in the Supreme Council proposed by the New Ukraine group of deputies. A third, somewhat different bloc of parliamentarians (New Ukraine) formed in 1992. Its base of support rested in the Party of Democratic Revival of Ukraine its programme focussed on building a market economy with social safety nets and on maintaining good

---

<sup>24</sup> Andrew Wilson and Artur Bilous, ‘Political Parties in Ukraine’, *Europe-Asia Studies* (Oxfordshire, UK), vol.45, no.4, 1993, p. 694.

relations with CIS, differentiated this bloc from the other two blocs, whose programmes featured a common emphasis on national statehood built upon the creation of a strong unitary Ukrainian state and the departure of Ukraine from the CIS. The existence of these three blocs (the Congress of National Democratic Force, its rival led by Congress of Democratic Forces and New Ukraine) all originated in the Democratic Bloc, weakened the power of the democratic opposition in parliament.

Vitold Fokin and his government's decision to free prices on foodstuff (which had been excluded from the initial withdrawal of subsidies in January) in early July was severely criticized. Fokin failed in bringing economic reforms. Thus, demonstrations were held in June and July and in consecutive months, demanding the resignation of Fokin and over 700 people from Western Ukraine, picketed the building of the Ukrainian Supreme Soviet in Kiev on 3<sup>rd</sup> June. The people were demanding the resignation of Premier Fokin. The protesters in the Square near the Supreme Soviet were addressed by people's deputies and Rukh officials Pavlychko and Chornovil, who called on the protesters "not to demand the resignation of the entire council of Ministers but to press for the Premier's resignation."<sup>25</sup> Pressure mounted on Fokin's resignation issue, as different walk of life participated in day to day demonstrations. More than a thousand people picketed in front of the Ukrainian Parliament building in Kiev on 15<sup>th</sup> September. The picketers included members of the

---

<sup>25</sup> Summary of World Broadcast Part I, 5<sup>th</sup> June, 1992.

Cinematography Union, Veterans' organizations and the Kiev organizations of the Ukrainian Republican Party who had been given official permission to demonstrate. Groups from Dnepropetrovsk, Kirovograd region, Zaporozhye, Lvov and Ternopol joined them. The picketers mainly demanded the resignation of the Vitold government, the early election of a new parliament and measures to stop the further lowering of living standards. The Government finally resigned in late September 1992. The Ukrainian President told parliament on 30<sup>th</sup> September that he had agreed to a request from Premier Vitold Fokin that he be allowed to retire. Kravchuk said Fokin's decision was motivated by a wish to avoid the further exacerbation of the social and political situation in the republic. After being heavily defeated in a second vote of 'no confidence' – "following the resignation of Vitold Fokin as premier of Ukraine, the Ukrainian Supreme Soviet has passed a vote of no confidence in the Cabinet of Ministers entailing its resignation. The President has 10 days to nominate a new premier and Kravchuk has appointed Valentyn Symonenkd as acting premier".<sup>26</sup>

And in mid-October, Leonid Kuchma, hitherto manager of a missiles factory was appointed the new Prime Minister. On October 13, the Ukrainian Parliament elected Leonid Kuchma as the new Prime Minister of Ukraine. Kuchma was elected by an overwhelming majority with 316 of the 375 deputies present at the session casting their votes in his favour. He

---

<sup>26</sup> Ibid, 3<sup>rd</sup> October, 1992.

was the director of the Dnipropetrovsk-based Yuzhmash Company, one of the largest industrial enterprises in Ukraine's military-industrial complex.

The new Government included several members of Rukh and New Ukraine, advocated of market-oriented economic reform. "The principal goal of the future government, Kuchma stated, "will be the stabilization of the economy and consecutive reforms of the post-socialist economy towards a free market".<sup>27</sup> Prime Minister Kuchma was granted special power by the Supreme Council in November 1992 to combat deteriorating economic health of the country for a limited time period of six months. Kuchma further proposed an extensive programme of economic reform including privatization and a strict crackdown against corruption that won widespread/massive support from most centralist and right wing political parties. The Nova Ukrayina (New Ukraine) association is prepared to cooperate with government of Leonoid Kuchma and to give it political and ideological support, if it's programme contribute to market reform in the Ukrainian state. The Socialist Party of Ukraine (SPU) which had been formed from the elements of the CPU and other left-wing groups strongly opposed Kuchma's move and demanded to lift the ban on CPU imposed in August, 1991.

It was strongly responded by the members of 30 political parties, led by Rukh and the Congress of National Democratic Forces (CNDF) by forming an Anti-Communist and Anti-Imperialist Front to campaign against

---

<sup>27</sup> *The Ukrainian Review* (Toronto, Canada), vol.XL, no.4, Winter 1992, p. 64.

the restoration of legal status of the CPU. “Rukh developed a large scale campaign of unmasking anti-humane Communist ideology and the criminal activity of the Communist party against the Ukrainian people. The need for carving out such a campaign is connected with attempts of certain political force to legalize the Communist Party.”<sup>28</sup>

### **1993: A Year of Conflict over Economic Policy**

Disputes related to economic policy and the major domestic politics in the beginning of 1993 and the following months also marked a growing conflict between the President, the Prime Minister and the Supreme Council. President Kravchuk’s initial support for Prime Minister Kuchma, on the issue of economic reform, gradually weakened by March. In an address to Ukraine’s Parliament on 18<sup>th</sup> May, Premier Kuchma appealed for ‘support and power’ and called for a ‘special regime’ for the management of the economy to remain in force until May 1994. In March, Ihor Yukhnovskyy, the First Deputy Prime Minister and a leading reformer resigned. In his allegation leveled against Kravchuk, he said that Kravchuk failed to take strong measures against corruption. “First Deputy Premier Ihor Yukhnovskyy stated that in the situation which had arisen, he remained a people’s deputy but renouncing his deputy premiership. The same day Kravchuk issued a decree releasing Ihor Yukhnovskyy from his post”.<sup>29</sup> In the following months, another key reformist in the government, Viktor

---

<sup>28</sup> *Summary of World Broadcast, Part I, 1 January 1993.*

<sup>29</sup> *Ibid. 22<sup>nd</sup> March, 1993.*

Pynzenyk, was shown the door although he remained as a Deputy Prime Minister.

In May 1993, the growing conflict between the President, the Prime Minister and the Supreme Council touched a new low ebb when the Supreme Council dissatisfied with the Government's economic programme refused to renew the special powers granted to Kuchma in November 1992. Kuchma offered to resign and President Kravchuk's requested for special constitutional powers to enable him to head the Government himself when Ukraine's Premier Kuchma resigned from office, he commented that he bore absolutely no grudge over the two days of discussion on special powers for the government, although he had not heard a single kind word about himself. He further said that it is clear that the government would not be given emergency powers and confirmed that he had had a meeting with President Kravchuk, at which he had asked him to accept his resignation and assume 'full responsibility'. Meanwhile, President Kravchuk offered to assume leadership of the government in an address to the Supreme Council. The legislature rejected the President's urge to accept Kuchma's resignation, fearing that presidential rule would clip the wings of the Supreme Council. "The Supreme Council of Ukraine today refused the President of the country Leonid Kravchuk the right to lead the government and thus to assume all responsibility for carrying out reforms in Ukraine. The Parliament also declined the request made by Premier Leonid Kuchma for the Cabinet of Ministers to be granted emergency plenary powers to take

Ukraine out of the economic crisis”.<sup>30</sup> When more than two million workers and factory workers, mainly in the Donbass region joined a strike in protest at the declining standard of living and sharp price increase it further deepened and escalated the crisis. “Two pits in Donetsk Oblast began a strike on the night of 7<sup>th</sup>/8<sup>th</sup> June, followed by all the pits in the Oblast. The action was said to have been sparked off by price rises on consumer goods. A message circulated by striking miners accused President Kravchuk, Premier Kuchma and the former premier, Fokin of pursuing a policy against the people and demanded self-rule for Donetsk as well as resignation of the President”.<sup>31</sup>

In order to calm irate workers, their demand for a referendum was accepted by the Council. The Ukrainian Supreme Council voted on 17<sup>th</sup> June for a resolution on a referendum on confidence in the President and the Parliament. If as a result of the referendum, no confidence was expressed, new elections would take place on 26<sup>th</sup> September. A total of 228 deputies voted for the resolution with 18 against, 14 abstentions and 70 absentees and a further concession was made to appease them. “By decree, Leonid Kravchuk, President of Ukraine, has appointed Yuhym Zvyahilsky first deputy premier of Ukraine thereby filling the vacancy which has been open for nearly three months after Ihor Yukhnovskyy’s resignations”.<sup>32</sup>

---

<sup>30</sup> Ibid. 14<sup>th</sup> June, 1993.

<sup>31</sup> Ibid. 18<sup>th</sup> June 1993.

<sup>32</sup> Ibid.

In August 1993, Viktor Pynzenyk resigned as Deputy Prime Minister and this marked the departure from the Government of the last true advocate of Kuchma's economic reform. In the following month, Kuchma again tendered his resignation. His resignation was this time accepted by the legislature. "Having no legal or effective possibility of putting a stop to negative phenomena within the economy and in the tense atmosphere of artificial accusations against the government. I consider it impossible for me to continue to carry out the duties of premier of Ukraine. It is my belief that Ukraine badly needs the substantial political reforms without which economic reforms are impossible"<sup>33</sup> is the statement of resignation by Leonid Kuchma to Ukrainian President Leonid Kravchuk. Yurhym Zvyahilskyy was appointed as Prime Minister by a decree given by the Ukrainian President on the 22<sup>nd</sup> of September 1993. After several days Kravchuk assumed direct control of the Government in accordance with a decree issued by himself as the President whereby he announced the direct leadership of the Cabinet of Ministers. This step was taken in connection with the Ukrainian Supreme Council's resolutions on the Ukrainian government and on an instruction to the Ukrainian government and also with a view to strengthen the leadership of all structures of state executive power in the centre and in the provinces, and attaining stability in all spheres of public life. The referendum scheduled for 26 September was cancelled and it was announced that early elections to a new Supreme

---

<sup>33</sup> Ibid. 11<sup>th</sup> September, 1993.



Council would be held in March 1994. “The draft parliamentary resolutions on referendum and election drawn up by the Supreme Council and Ukrainian President Leonid Kravchuk on 22<sup>nd</sup> September, 1993 makes the following provisions:

- (a) the Supreme Council resolution of 17<sup>th</sup> June on holding an all-Ukrainian referendum on confidence (no-confidence) in the Ukrainian President and Parliament (on 26<sup>th</sup> September) is to be ;
- (b) the date for the elections of Ukrainian People’s deputies is to be set for 27<sup>th</sup> March 1994;
- (c) the date for the presidential elections is to be set for 26<sup>th</sup> June 1994, which is three months after the elections of Ukrainian people’s deputies and
- (d) the date for the elections to the bodies of local self-government is to be set for 30<sup>th</sup> January, 1994”.<sup>34</sup>

#### **1994: A Year of Changing Public Opinion**

The elections to the new Supreme Council were held on 27<sup>th</sup> March, 1994. Where political development in Ukraine in 1993 was dominated with economic issues and President’s efforts to consolidate power, it was also a year of political foresightedness for Kuchma when he tried to tender his resignation again and again with the changing political environment of the country. Whereas 1994 witnessed a massive change when Communist force emerged from phoenix as nationalist ideas were sidelined by the

---

<sup>34</sup> Ibid. 25<sup>th</sup> September, 1993

suffering majority from the economic hardship. In the parliamentary elections which were held on 27<sup>th</sup> March 1994, only 49 of total 450 single-member constituencies were able to secure more than 50 per cent votes necessary for elections. Thus a second round of voting was necessary to fill the vacant seats, which held on 2-3 April and 9-10 April. The outcome of results confirmed a number of patterns and clearly marked a wind of change in the domestic politics – “First, the nationalist parties failed to extend their support beyond the original centres of Ukrainian opposition to the Communist regime (Galicia, Western Ukraine and Kiev). Second, this nationalist and national democratic opposition failed to achieve unity. The largest party, Rukh, received about 20 seats in the new parliament. Third, the more centrist parties with their base of support in Eastern and Central Ukraine failed to gain many seats. These parties, including the Social Democratic Party of Ukraine, the PDRU, and Kuchma’s new Inter-regional Reform Block (MBU), only gained around 10 seats in the new parliament.”<sup>35</sup> The wind of change was evident from the massive victory of Communist and left-wing parties together with independent candidates. The renewed CPU became the largest political party in the new Parliament (with about 90 seats) together with the SPU and the Peasants’ Party, the CPU claimed more than one quarter of the seats. But the public support for the independent candidates, disillusioned with populist issues, caused a setback to parliamentary democracy as it enhanced factionalism in domestic

---

<sup>35</sup> Sven Holder, no.12, p. 130.

politics. “While factions and groups stood as organizing bodies in Parliament with the exception of the Communist factions, consistent discipline within factions was weak. Many deputies voted as independent on issues without yielding to pressure from their faction leaders to vote as a bloc. While the left had begun to splinter since the 1994 elections, it had remained the dominant bloc, voting together more consistently than any other coalition of factions.”<sup>36</sup> The result of the election again confirmed the existence of political division between eastern and western Ukraine. “Western Ukraine is the hotbed of Ukrainian nationalism and has been since the end of World War II. Firmly incorporated into the Soviet Union only after Second World War, it is the least Russified and maintains less attachment to Moscow by reason of religion, ethnicity or language than any other region of Ukraine.”<sup>37</sup> But in industrial eastern Ukraine, and to some extent in southern Ukraine, the opposite pattern emerged. Here voters turnout in lower numbers than in Galicia and in numbers below the national average to elect Communist and Socialist Party members to parliament. (Out of 115 candidates elected from the CPU, SPU and the Peasants’ Party, 68 came from eastern Ukraine and 19 from southern Ukraine). In May, the leader of the CPU, Oleksandr Moroz, was elected chairman of the Supreme Council. Further rounds of voting were held in July, August and November

---

<sup>36</sup> Charles R. Wise and Trevor L. Brown, “The Internal Development of the Ukrainian Parliament”, *Public Administration and Development* (New Jersey, USA), vol. 16, 1996, p.276.

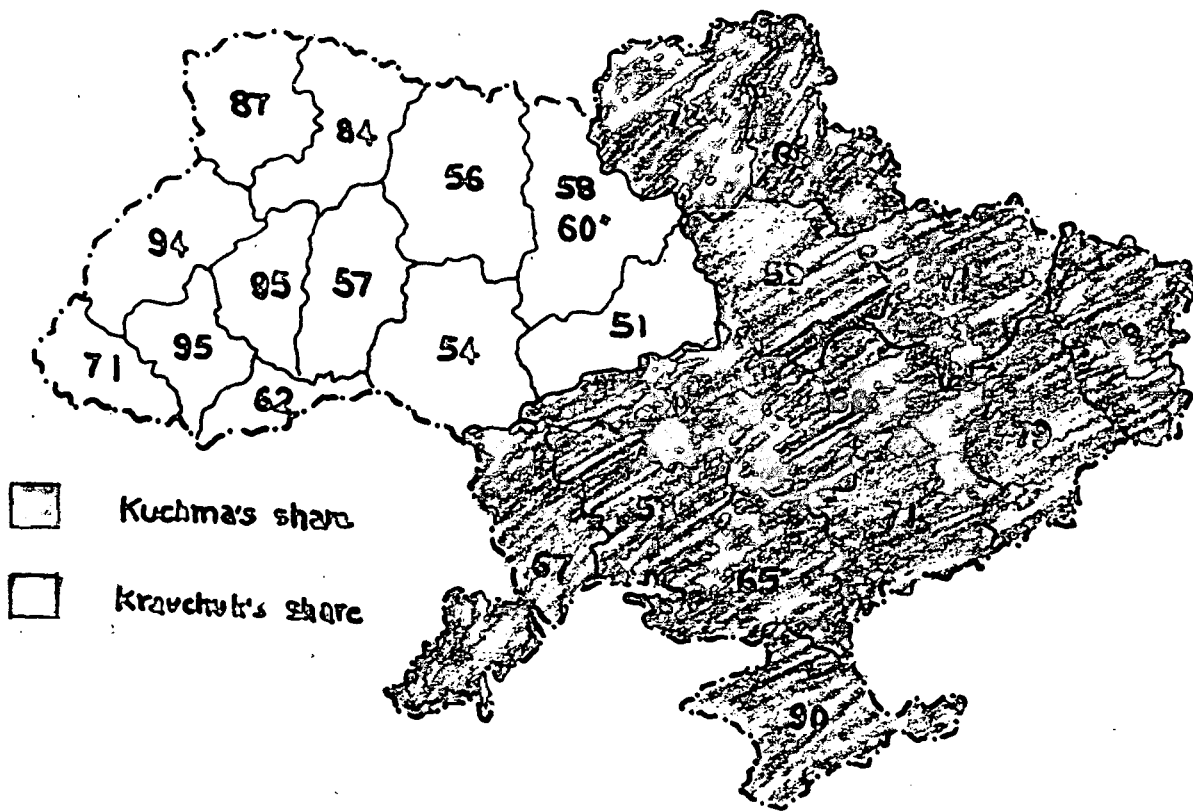
<sup>37</sup> Eugene B. Rumer, “Eurasia Letter: Will Ukraine Return to Russia?”, *Foreign Policy* (Washington, D.C.), no. 96, Fall 1994, p. 130.

1994 and in December 1995, again in April 1996 to fulfil the remaining 112 seats but 24 seats in the Council remained unfilled. In June 1994, Vitaliy Masol (the premier between 1987 and 1990) was elected as the new Prime Minister. He received 199 votes in the Parliament 10 days before the presidential poll and only 24 voted against him.

A direct presidential election was held on 26<sup>th</sup> June 1994 but none of the seven candidates secured the minimum 50 per cent of the votes necessary for election. Thus a second round of voting was held on 10<sup>th</sup> July between two most successful candidates in the first ballot and Kuchma was elected President. Although Kravchuk won the first round with 37.7 per cent of votes (Kuchma received 31.3 per cent), he lost in the second round, garnering 45.1 per cent to Kuchma's 52.2 per cent. The election was decided in the second round by the additional support Kuchma received from voters in eastern Ukraine and the eastern parts of Central Ukraine (e.g., Kharkov , Cherkassy, Poltava, Sumy and Kirovograd).<sup>38</sup> The election result demonstrated the same voting patterns that had been identifiable in the parliamentary elections of March. The July presidential election confirmed the pattern: The East voted for industrial baron and "Russian firster" Leonid Kuchma; the West went with reformed Communist-cum-Ukrainian nationalist Leonid Kravchuk.<sup>38</sup>

---

<sup>38</sup> Eugene B. Rumer, no. 37, p.133.



Regions where Kravchuk and Kuchma gained the largest share of votes in the second round of the 1994 presidential election in Ukraine. Numbers in *unshaded* oblasts are percentages of total vote for Kravchuk in regions where Kravchuk gained the largest share of votes. Numbers in *shaded* oblasts are percentages of total vote for Kuchma in regions where Kuchma gained the largest share of vote. \*58 is for Kiev Oblast, 60 is for Kiev City. Of those eligible to vote, 83.3 per cent voted in the first round and 71.6 per cent voted in the second round.

Source: *Post-Soviet Geography* (Columbia, USA), vol. XXXVI, no. 2, February 1995, p. 129

### **1995-97:Kuchma's Changing Priorities**

In March 1995, Masol resigned as Prime Minister with the difference of opinion over economic policy with President Kuchma as the main cause behind resignation. The Ukrainian Prime Minister Vitaliy Masol had handed a letter of resignation, President Kuchma informed the Cabinet on Wednesday (1st March) and that the First Vice Premier Yevgeniy Marchuk would act as the new Prime Minister. Under the Ukrainian constitution, a Prime Minister's letter of resignation must be handed to the President after which the resignation is endorsed by the Parliament. It was not the first time a Prime Minister resigned from his post over the question of economic reforms. In 1993 the then Prime Minister Leonid Kuchma resigned from his post as a result of differences of opinion with President Kravchuk over economic issues. The question of economic reforms became an important issue in the hands of politicians to grab power as well as to consolidate their political position.

It was Kuchma who took initiative in the field of economic reforms. After becoming the President, he took a fresh start and tried to continue the policy. But Kuchma failed to persuade the Supreme Council to grant him broader executive powers. Disappointed with the legislature he ordered a referendum of confidence in the President and the legislature to be held. President Kuchma appealed to the citizens to support the proposed referendum. A considerable part of the Parliament has once more showed its unwillingness and inability to work creatively and has provoked

confrontation both inside the Supreme Council and with the President. The further co-existence of the President and the Supreme Council with its current legal status is impossible. “The President as the guarantor of the rights and freedom of citizens and state sovereignty has taken the decision to hold an all-Ukrainian poll among the population on confidence in the President and the Supreme Council. I am calling on you, citizens of Ukraine, to support this decision”.<sup>39</sup>

Things appeared to change dramatically. The Constitutional Agreement signed between the President and the Supreme Council and passed by Parliament had enforced the law and power which gave President Kuchma greater powers to carry out reforms and it cancelled the referendum Kuchma had earlier called for 28<sup>th</sup> June in an attempt to establish public confidence in Parliament and President. Although the President was granted new powers yet the Constitutional Agreement of June 1995 failed to stop the conflict between the legislature and the President in the field of economic reform. Kuchma criticized the government by saying that: “I am not entirely satisfied with the government’s activity and condemned the government for not pursuing its main policy of economic reform. Unless this problem is resolved, Ukraine will lose most of its international credits and no strategic investor would ever come to Ukraine”.<sup>40</sup>

---

<sup>39</sup> Summary of World Broadcast, Part I, 2<sup>nd</sup> June, 1995.

<sup>40</sup> Ibid. 28<sup>th</sup> November, 1995.

Kuchma's words can simply be understood in the context that he was not satisfied with the pace of economic reforms though in his New Year greetings he hoped for a better future for all. Kuchma said "I am utterly convinced that if we stick to the chosen course and strengthen the positive tendencies, then in 1996 most of you – will notice that things are changing for the better. Although it would be 'irresponsible, immoral and very dangerous' to imply that the acute social problems will be resolved immediately".<sup>41</sup> However, President Kuchma's assurance for a better life and living standard failed to satisfy agitating miners who went on strike to protest at several months' non-payment of salaries – "more than 2000 coal miners – 39 miners from Dymytrov mine, 430 miners of the Bohachivska and Kozatska mines, 719 miners of the Mashchenska and Luhanska mines and 909 miners of the Shakhtarska–Hlyboka mine of the Antratsytenchoinvest state company in Donetsk region were continuing their strikes".<sup>42</sup>

Though 1996 started with the coal miners' strike but the main events included the adoption of a new constitution, President Kuchma's attempt to consolidate power, etc. but "the on-going crisis in the economy resulted into Marchuk's dismissal. Ukrainian President Leonid Kuchma announced the dismissal of Yevgeny Marchuk, the country's Prime Minister. Relations between the Ukrainian President and the head of the government had

---

<sup>41</sup> Ibid. 3<sup>rd</sup> January, 1996.

<sup>42</sup> Ibid. 15<sup>th</sup> January, 1996.



become visibly strained in the past few months”.<sup>43</sup> Marchuk’s dismissal in political circle was understood as Kuchma’s step to safeguard himself from Marchuk, who was his potential rival in the coming presidential election. President Kuchma assured that Marchuk’s dismissal will not change the course of reforms but would lead to change in tactics. Marchuk failed to promote his own political career was thus replaced by Pavlo Lazarenko. He had been putting his efforts on developing his own political image rather than on the daily nuts and bolts work of organizing the government’s activity. Marchuk was a real threat to Kuchma in terms of image he had virtually overshadowed President Kuchma. Marchuk commands good respect in political and business circle as well as outside the country. During an official visit to Great Britain, officials in the Foreign Office commented that England had never before been visited by such a high ranking CIS – country government official with such good command of English.

Under the terms of the Constitutional Agreement, a new constitution was to be adopted by June 1996. In March the first draft of the Constitution prepared by a Constitutional Commission was rejected by the Supreme Council that it gave too much power to the President. In the second reading of the draft in June, it was again opposed by a majority of members of the legislature. Kuchma threatened to call a referendum which was severely criticized even by the Reform group and branded Kuchma’s step a betrayal

---

<sup>43</sup> *The Current Digest of Post Soviet Press*, vol. .XLVIII, no.21, 1996, p.23.

of agreements. Parliamentary speaker Aleksandar Moroz called the referendum decree a unilateral violation of the existing constitutional agreement. “A referendum will not head off a crisis, but rather deepen it and make it permanent”.<sup>44</sup> But Kuchma put forth so many strong reasons for holding a nation-wide referendum on 25<sup>th</sup> September, 1996 to approve the new constitution – “any further procrastination over the adoption of a new Ukrainian constitution creates a real threat to internal stability in the State and to the implementation of democratic transformations in society and can lead to the deepening of the economic crisis and a significant worsening of people’s living standards”.<sup>45</sup> However, the fighting over adoption of the new constitution came to an end dramatically. Kuchma’s calling of a national referendum on adopting a Constitution prompted Deputies to take some truly unprecedented action. The action resulted in a brilliant victory on the presidential side and the prevention of a general political crisis, the Deputies gave the final approval to a new Ukrainian Constitution by a constitutional majority (315 votes) within about 24 hours. President Kuchma thanked all deputies for their huge effort on the constitutional process and all of the Ukrainian people over the fact that Ukraine has become a state.

Following the adoption of the new constitution, the Cabinet of Ministers tendered its resignation, Ministers were instructed to continue in their positions until a new Cabinet was formed. Kuchma nominated

---

<sup>44</sup> Ibid. no.26, 1996, p.24.

<sup>45</sup> *Summary of World Broadcast, Part I, 28<sup>th</sup> June, 1996.*

Lazarenko as Prime Minister. Meanwhile, miners in the Donbass region undertook strike action in protest at the non-payment of wage arrears. "Several mines in Ukraine's Donbass region went on strike to support the demand of the Independent Miners' Trade Union for the immediate payment of overdue wages. The Chairman of the Independent Miners' Trade Union Mikhail Volynets said that the government had not properly negotiated with the union over the wage arrears."<sup>46</sup> However, an agreement to end the strike was reached with the trade unions in mid-July for that Lazarenko had to pay a price. A powerful explosion went off on the highway that Pavel Lazarenko, head of the Ukrainian government was taking to Borispol Airport. It was only by luck that a tragedy was averted. After a brief medical examination, Lazarenko decided not to postpone his visit to Donetsk, which he had undertaken in order to settle the conflict with the striking miners. The failed assassination attempt on Lazarenko was linked by some observers to his role in resolving the dispute. However, Kiev again experienced a wave of demonstrations and rallies in October 1996 organized by teachers for their grievances. It was followed by mass rallies at which protestors appealed to the Government to take measures to stop sky-rocketing price. At the close of 1996, President Kuchma expressed "I cannot be satisfied with the actions of the organs of power nor with the situation in Ukraine. For I know perhaps better than anyone else the depth of the problems and how difficult the life of our people is

---

<sup>46</sup> Ibid., 5<sup>th</sup> July 1998.

today”.<sup>47</sup> At the same time, he also talked about the positive achievements and his commitment for building a sovereign and independent, democratic, social and law-governed state in which individuals, their life and health, honour and dignity, inviolability and security are recognized as the highest values in society, truly, seriously and forever which may bring a new change in all directions and sphere of life.

In his new year 1997 address to the nation, President Leonid Kuchma stated that despite all the difficulties of the previous years, Ukraine’s social and economic position had become sounder and concrete policies would be formulated to concentrate on all out development of Ukraine. He also mentioned that adoption of the Constitution was the landmark event of 1996. A constitutional court was inaugurated in early January. “The Chairman of the Constitutional Court, Ivan Tymchenko stressed that the Court’s decisions are binding and those who ignore them will be held responsible.”<sup>48</sup> Yet Kuchma’s assurances for better life failed to satisfy coal miners who refused to start work in protest at overdue wages like previous years. Coal miners’ strike since independence has become a regular phenomenon of the Ukrainian social and political life as their demand is genuine.

President Kuchma did not allow mass media to cover Parliament’s work on the basis of high cost of live telecast on TV and radio coverage of

---

<sup>47</sup> Leonid Kuchma, “5<sup>th</sup> anniversary of the Independence of Ukraine. Ukraine palace of culture, 23 August, 1996”, *The Ukrainian Review* (Toronto, Canada), vol.43, no.3, Autumn 1996, p.11.

<sup>48</sup> *Summary of World Broadcast, Part I, 6<sup>th</sup> January, 1997.*

parliamentary work. His attempt to restrict the freedom of press and media was severely criticized as it was a jolt in the way of Government's commitment for more democratization. It was followed by the appointment of Roman Bezsmertnyy, the President's permanent representative in the Supreme Council to regulate and keep eyes on the parliamentary activities. Political environment of Ukraine once again became tense when "the Chairman of the Ukrainian Parliament Aleksandar Moroz called for the development of democracy in the country towards a parliamentary republic, in which the President would be elected by the Supreme Council (Parliament). This will not reduce the President's influence but will make consistency in the law-making process possible".<sup>49</sup> This remark was made by Moroz in reaction to the President Kuchma's statement in which he criticized the government for pursuing a policy which was not in tune with the new situation (conditions of financial stabilization and lower inflation).

In the mid-February, President Kuchma dismissed Anatoliy Khorishko from the post of Minister of Agriculture and Food and Leonid Zheleznyak from the post of first Deputy Minister of Transport of Ukraine on the ground that they have lost their feelings of responsibility. Kuchma tried to consolidate his position over administration through a decree approving a resolution on the Ukrainian President's administration. The head of the President's administration, Yevhen Kushnaryov, told that "the head of President's administration who is appointed and dismissed by the

---

<sup>49</sup> Ibid. 31<sup>st</sup> January, 1997.

President is in the charge of the general management of the administration”.<sup>50</sup> President Kuchma dismissed the Finance Minister Valentyn Koronerskyy for serious shortcomings in his work and the Statistics Minister Oleksander Osaulenko because of unsatisfactory fulfillment of the tasks entrusted to the ministry. Barely two weeks before he had sacked two ministers from their posts.

In the following months, Kuchma again blamed the government and the Parliament for all the troubles in the country and criticized them. Lack of coordination and confrontation again became an issue. President Kuchma said, “the President is being criticized for the ‘anti-people, anti-state’ policy, but the problem is not the policy approved by the Parliament. By the way, the problem is the poor organization of work and the balancing between the past and the future, which puts in danger the independence of the country.”<sup>51</sup> This controversy resulted into the resignation of Ukrainian Deputy Prime Minister Viktor Pynzenyk, in-charge of economic reforms. Serhiy Tihipko was then appointed as deputy Prime Minister in-charge of economic reforms. Valeriy Pustovoytenko, who was the head of Kuchma’s election campaign during the 1994 presidential elections and regarded as one of the politicians closest to the President was nominated as new Prime Minister of Ukraine.

Leaving this political game, the scene on May Day was quite different and opposite as the people on the one hand carried placards and

---

<sup>50</sup> Ibid. 21<sup>st</sup> February, 1997.

<sup>51</sup> Ibid. 22<sup>nd</sup> March, 1997.

shouted slogans such as 'Criminals out of office!', 'Jobs, wages and social justice!', 'Criminal bourgeoisie out!', 'Dismiss the President for not meeting workers' demand' and 'Power to the workers'. On the other hand, in Lvov, 1000 policemen were needed to make it possible for 400 supporters of Marxist Leninist ideology to hold a May Day demonstration, first time in five years, were insulted by their opponents.

The period from middle of 1997 to the end of 1997 was full of political events. Beginning of this episode started with Kuchma's announcement before a TV talk show 'Carte Blanche' that he would not run for a second term if significant changes were not made in the country's economy, though Kuchma later on made it clear that he is willing to contest for a second term in December last. However, the opposition got a chance and demanded that the process of dismissal of Kuchma should be initiated. So far their demand for Kuchma's impeachment and reasons given behind this seemed sounder. Oleksandar Yakovenko, a member of the Communist faction emphasized that the third change of government in three years shows that the policy pursued by the President had not found and would not find anyone to implement it. Oleksandar Moroz, the Chairman of the Ukrainian Supreme Council fuelled the fire by saying that from the legal point of view, there were all grounds for initiating impeachment proceedings against the Ukrainian President. Steps were taken by the Ukrainian Parliament's Committee for Legal Policy and Court and Legal Reforms which were passed on to the Supreme Council for its decision to

begin impeachment proceedings to remove Kuchma, for abuse of power. More or less the same view was expressed by Yosyp Vinsky, a coordinator of the socialist and peasant parties parliamentary faction. Socialists were prepared to cooperate with all political forces to call for Kuchma's removal from power. In the faction's view, it was quite obvious that the President was taking steps aimed at 'consolidating his authoritarian position' and was imposing his line on Parliament in order to secure unilateral advantages of the elections.

In between, Anatoliy Holubehenko was appointed first deputy Prime Minister by President Kuchma who also criticized the Parliament which took the work of constitutional amendment as it was designed to stage a constitutional coup d'etat. Victor Musiyaka, a deputy Parliament Speaker, told the mass media that the statement by the President concerning a coup d'etat made no sense as it was an exaggeration and hyperbole that could not signify any serious intentions.

However, at the close of 1997 the social-political environment was getting hotter as the Central Electoral Commission of Ukraine approved a resolution announcing the start of the election campaign in Ukraine in the run up to the Parliamentary elections of 29<sup>th</sup> March 1998. Meanwhile, signing the new law on elections, Kuchma warned of the dangers of populism and stressed the need to elect people who are competent and possessed integrity and moral purity. He commented that "if Communists



are elected to Parliament in March, 1998, Ukraine will find itself isolated in the world".<sup>52</sup>

The study of the period (1991-97) shows a remarkable change and continuity in Ukrainian political and social life. Ukraine, since independence, has experienced growth of political institutions, political parties and ups and downs in political values. Any attempt to conclude this chapter on the basis of historical-political development will be insufficient. Without focussing much light on Ukraine's overall development in economic sphere and in international arena to understand the process of continuity and change would be a half-hearted effort. How far has political development of Ukraine led to the economic progress as well as helped it in forming and shaping a new identity as a sovereign independent state in international field would be subjected to discussion in the conclusive part of this work.

---

<sup>52</sup> Ibid., 17<sup>th</sup> November, 1997.

## **CHAPTER - III**

## CHAPTER III

### ECONOMIC DEVELOPMENT IN UKRAINE (1991-1997)

Since Ukraine declared its independence on 24 August, 1991 which was officially ratified by the 1 December 1991 Referendum on Independence, the main task for Ukraine was to transform its economy to a more Western-type market-oriented system. Since then much has been said and done about upland economic system which has required and will continue to demand a comprehensive package of systematic economic reforms. "The present state of Ukrainian economy can be termed as transition economy, a common feature of East European countries which are striving to move towards an ultimately free market system. More than six years into independence, the Ukrainian goal to achieve free market system is far from reality. The reason is not so simple but can be attributed to the appearance that in the case of Ukraine there is no consistent constituency or willingness to implement reforms. Every time Ukraine embarks on reforms, certain forces (namely Parliament and interest groups) appear to obstruct its path."<sup>1</sup>

However, it is true that parliamentary process delayed and obstructed in the way of economic reforms. But other reasons cannot be simply

---

<sup>1</sup> Mohammad Ishaq, "The Ukrainian Economy and the Process of Reforms", *Communist Economies and Economic Transformation* (Calfrex, Oxfordshire, U.K), vol.9, no.4, 1997, p.501.

ignored 'in the period immediately after independence, implementation of the economic reforms that would be required to transform the centrally planned economy to one based on market principles was extremely slow, and at times non-existent. There was a delay in laying out a comprehensive strategy for economic reform.'<sup>2</sup>

### **Economic Reforms: Formative Phase**

The first Ukrainian President, Leonid Kravchuk, understood the need for economic changes and supported a gradual reform of the economy although a first programme of economic reform did not appear before April 1992. As a result of this, there was widespread criticism of the government of Prime Minister Fokin for its failure to implement quick and effective measures under the programme. Fokin's government resigned after protest against falling living standard, in October 1992. But the citizens of Ukraine who supported Ukrainian independence in the referendum of December 1991, who wanted to live in a rich, developed state immediately forgot that the current economic crisis of Ukraine is closely connected with the heritage of the former centrally planned economic system. Many of those constructive elements which will in the future play a crucial role in the market economy were totally absent like commodity markets, capital markets, and the money and credit markets, including the absence of transitional institutional structure of the market economy.

---

<sup>2</sup> Ibid, p.509.

In centrally planned closed economies, commodity markets have been treated mostly as internally oriented with weak external links outside the borders of the national economy. Capital markets officially did not exist since there were no different owners of capital factors and it was the state which played the role of the sole distributor of the means of production. There is also lack of experienced skilled professionals prepared to take risks in an uncertain market environment. “Unfortunately for Ukraine, the designing and application of macro-economic policy was from the very beginning of the economic reform inadequate for the economic situation, there existed a quite primitive, old fashioned, classic approach to monetary regulation”.<sup>3</sup> This transitional economic instability did not allow many people psychologically to shift from a guaranteed state salary to a risky business of their own. The study of major products of Ukraine and their share in overall Soviet production in 1990, shows that it was one of the less developed republics in terms of production except in three branches – agriculture and food, metallurgy and machinery. The products of these three branches played a strategic role in the Soviet economy which helped Ukraine in overshadowing its relative backwardness in the other area of productions namely, textile, chemicals, paper and pulp industries and its lack of timber.

---

<sup>3</sup> Valentyn Yegorov, “Ukraine: Formation of a Micro-Economic Policy in a Hyperinflationary Environment”, *The Ukrainian Review* (Toronto, Canada), vol. XLII, no.1, Spring 1994, p.23.

## **Economic Conditions: Prior to Independence**

Before the demise of Soviet Union, the economies of the republics were managed overwhelmingly by Union organizations, half of the industry was under direct Union control and two-fifths were under dual (Union and republic) management. They left only 7-8 per cent under the direct control of the republics. This system was gradually eased and “by 1987 the share of Ukrainian industry under Union and dual control was down to 55.1 per cent, with the rest controlled directly from Kiev. But it should be noted that the 55.1 per cent included the defense industry and a major part of the engineering, iron-ore production, metallurgy, coal mining, electricity generation, and chemical industries – i.e. they remained under Union or dual control”.<sup>4</sup> This system (subordination) produced a system of centralization and redistribution of resources (as the central Union organizations disposed of the output of these industries and were responsible for their material and technical supplies) with Ukraine casting permanently in the role of a donor.

In this background, the idea of economic independence was supported not only by the opposition but also by the ruling Communist Party. Ukraine only began to protect its national market in 1991 by introducing coupons for most state-supplied products with the exception of some basic foodstuffs. The Verkhovna Rada (Parliament of Ukraine)

---

<sup>4</sup> Karoly Kiss and Volodimir, R. Sidenko, “Ukraine on the Way Toward Economic Stabilization and Independence”, *Eastern European Economics* (Armonk, New York), Winter 1992-93, p.72.

TABLE-3.1

**MAJOR PRODUCTS OF UKRAINE AND THEIR SHARE IN OVERALL  
SOVIET PRODUCTION IN 1990**

Product	Ukrainian production	Ukrainian share in the Union's production (%)
Electric power (billion kWt/h)	298.4	17.3
Oil, including gas condensate (million tons)	005.3	00.9
Natural gas (billion m <sup>3</sup> )	030.8 <sup>a</sup>	03.9 <sup>a</sup>
Coal mining (million tons)	164.8	23.4
Cast iron (million tons)	044.9	40.8 <sup>a</sup>
Steel (million tons)	052.6	34.2
Iron ore (marketable, million tons)	105.0	44.5
Mineral fertilizers (100% nutrient content, million tons)	004.8	15.1
Sulfuric acid (as a monohydrate, million tons)	004.2	15.4
Chemical fibres and yarns (thousand tons)	179.2	12.1
Synthetic resins and plastics (thousand tons)	839.6 <sup>a</sup>	14.6 <sup>a</sup>
Metal cutting machine tools (thousands)	037.0	22.6 <sup>a</sup>
Tractors (excluding small horticultural power tractors, thousands)	106.2	21.5
Raw timber (million compact m <sup>3</sup> – including timber for processing)	010.6 <sup>a</sup> 009.1 <sup>a</sup>	02.9 <sup>a</sup> 03.1 <sup>a</sup>
Sawn timber (million m <sup>3</sup> )	008.1	08.2 <sup>a</sup>
Paper (thousand tons)	369.2	06.0
Cement (million tons)	022.7	16.6
Cotton fabric (billion m <sup>2</sup> )	000.6	07.7
Wool fabric (million m <sup>2</sup> )	072.0	10.2
Silk fabric (million m <sup>2</sup> )	283.0	13.7
Footwear (million pairs)	196.4	24.0
Grain (weight after processing, million tons)	051.0	23.4
Sugar beets (factory, million tons)	044.3	54.6
Potatoes (million tons)	016.7	26.2
Meat (million tons, – including industrial produced meat)	004.3 002.7	21.6 21.1
Milk (million tons)	024.5	22.5
Granulated sugar (million tons)	005.4	64.3
Butter (thousand tons – including industrially produced butter)	447.5 443.8	24.6 <sup>a</sup> 25.5
Fish catches and other marine products (million tons)	001.1	10.1 <sup>a</sup>

Source: *Eastern European Economies* (Armonk, New York), Winter 1992-93, p.71.

extended its legal control over all firms and economic organizations in the territory of the republic on 6 June 1991. This resolution extending Ukrainian control over economic organizations was the first concrete step in realizing the Law on Economic Independence of 3 August 1990. Ukraine's declaration of independence on 24 August 1991 was followed by the Law of 10 September 1991 proclaiming the full nationalization of Union property on the territory of Ukraine by 1 December 1991".<sup>5</sup> Steps towards economic independence were also motivated by the fact that Ukrainian leadership found the economic policy and measures of the federal government more and more threatening. The state of the federal budget became worse and there was no real hope of stabilizing it. On 3 July 1991, the Verkhovna Rada adopted the Programme of Emergency Measures to Stabilize the Ukrainian Economy and Resolve the Crisis. At the end of October 1991, a new reform programme entitled 'The Principles of the Economic Policy of Ukraine under the Conditions of Independence' was endorsed by the Verkhovna Rada in order to reconstruct the economy. However, adoption of these programmes did not produce positive results.

Ukraine has huge potentialities for economic development. These include the fertile black-earth zones, its production potentiality in different fields, commercially important inexhaustible coal mines, an extraordinary geographical location, its access to the sea and the promising scientist and intellectuals working hard to take the country out from the economic

---

<sup>5</sup> Ibid, p.80.



instability. It is very important to understand that why then the people of Ukraine have such a low standard of living. No doubt, political instability and unwillingness of political leaders have worsened the living standard of the common Ukrainian but the main reason is economic. "The existing production capability of Ukraine was formed, exploited and developed not on its own resource - natural, geo-economic and human bases, but as a part of the potential of the huge territory of the former Soviet Union".<sup>6</sup> The price liberalization introduced at the beginning of 1992 led to further distortions of the economy in comparison with 1990. Internal economic policies which were adopted under pressure from miners, transport workers and other pressure groups have ended in hyper inflation and the whole burden of these effects has fallen on the shoulders of the consumers. It has caused a further intensification of financial problems in other sectors and continues to distort the economic structure.

### **Heavy Industries: Prospects and Revitalisation**

The heavy industry plants which hold the dominant position in the industrial output were built decades ago and use old equipment which consumes much more energy than its requirement. Since Ukraine is not self-sufficient in energy, it is extremely dependent on Russian supply of energy. Prior to disintegration, Ukraine was the largest receiver of Russian oil and gas products. "More than 50 per cent of the Russian net transfers or

---

<sup>6</sup> Halyna Pukhtayevych, "The Current State of the Ukrainian Economy: Strategy and Reform", *The Ukrainian Review* (Toronto, Canada), vol. XLII, no. 2, Summer 1994, p. 5.

subsidies arising from trade in oil and gas was received by Ukraine, accounting for approximately \$ 3.5 billion or 3.6 per cent of Ukrainian GDP in 1990”.<sup>7</sup> In the early 1990s, both before and after the collapse of the Soviet Union, the situation deteriorated significantly. “This was particularly evident in the case of Ukraine, which, immediately after declaring independence in 1991, found itself at Moscow’s mercy for 88 per cent of its oil and close to 100 per cent of its natural gas needs”.<sup>8</sup> The energy crisis of Ukraine was greatly aggravated by the two main factors –

- (a) reduced oil production in the Ukrainian oil field and
- (b) chronic shortfalls of oil and finished petroleum products from the traditional suppliers in Russia and Belarus.

In 1991, Ukraine’s own oil production declined by 5 million tons. However, Russian oil and gas production too, had decreased sharply since the late 1980s, which affected Moscow’s ability to supply fuel to Ukraine. In looking for a solution to the energy problem in early 1992, opinion in Kiev appears to have been divided. “Some were convinced that Ukraine had no choice but to negotiate and cooperate with Russia and the other members of the Commonwealth of Independent States (CIS). Others, in contrast, believed that Ukraine had to diversify its sources of fuel by locating suppliers outside the former USSR”.<sup>9</sup> In this connection, Kuwait

---

<sup>7</sup> Gregory V. Krasnov & Josff C. Brada, “Implicit Subsidies in Russian-Ukrainian Energy Trade”, *Europe-Asia Studies* (Oxfordshire, U.K.), vol.49, no.5, 1997, p.825.

<sup>8</sup> Ibid, p.826.

<sup>9</sup> Oles M. Smolansky, “Ukraine’s Quest for Independence: The Fuel Factor”, *Europe-Asia Studies* (Oxfordshire, UK), vol.47, no.1. 1995, p.68.

and particularly Iran were mentioned as the most logical partners with whom Kiev should establish close economic ties.

### **Energy Crunch: Dependency on Russia**

As Ukraine began to face its energy problems, it became obvious that relations with Turkmenistan – second largest supplier of natural gas to Ukraine – were also bound to be affected. “Turkmenistan signed agreements with several former Soviet republics providing for gas deliveries during the first quarter of 1992 at the price of 870 rubles (approximately \$8.00) per 1000 cubic meters. At the same time, Ashgabat puts its customers on notice that during the second quarter, the price would go up to 8000 rubles (approximately \$ 73.00)”.<sup>10</sup> The difficulties which Ukraine had encountered in relations with Russia and Turkmenistan, its main fuel suppliers, prompted it to look for alternative sources of supply. Iran soon emerged as Ukraine’s preferred trading partner. “On 29 January 1992, Kiev and Tehran concluded an agreement that provided for the delivery of Ukraine of 4 million tons of petroleum and 3 billion cubic meters of gas a year. In return, Ukraine undertook to supply Iran with petroleum products, chemicals, building materials, machinery and machine tools”.<sup>11</sup>

---

<sup>10</sup> Ibid, p.69.

<sup>11</sup> Ibid, p.71.

### **Economic Situation in 1992-1993**

In the middle of 1992 a new complication arose when President Yelstin made an announcement that the former Soviet republics which had withdrawn from the 'ruble zone' – Ukraine being one of them – should pay hard currency for the petroleum and natural gas they purchased from Russia. In the meantime, Iran reiterated its willingness to sell oil to Ukraine but made it conditional by demanding transfer of military related technology as Ukraine had no hard currency. This development forced Ukraine to shift its attention once again back to Russia and Turkmenistan. In the following months, President Kravchuk publicly expressed his administration's desire to establish close economic cooperation with Russia. But Ukrainian hope did not last long as Russia cut the amount of oil supply guaranteed for 1992, from 15 million tons to 7.5 million tons. In a hopeful development, a new agreement was signed on Russian gas and oil deliveries to Ukraine, in early February 1993. It provided for the export of 603 billion cubic meters of natural gas and some 20 million tons of petroleum in 1993. But only a few days after the signing of the agreements, Prime Minister Kuchma complained that "in breach of a commitment made by the Russian government, no petrol had been delivered to Ukraine. Nor had any progress been made on the price of petroleum. These considerations led Kuchma to describe Russian-Ukrainian relations as his government's 'biggest

headache' and to conclude that 'numerous Russian leaders' were using the 'oil whip' on Kiev".<sup>12</sup>

In March 1993, the Prime Ministers of 12 former republics (Latvia, Estonia and Turkmenistan were absent) met in Surgut and set up an 'Inter-governmental Oil and Gas Council' to come to grips with fuel crisis. Throughout the year 1993, Ukraine continued to experience serious difficulties in relations with its major supplier, Russia. Despite the recent attempts by both governments to bring both the natural gas and the transit prices closer to world market prices and to ensure Ukrainian payment for oil and gas deliveries, the Ukrainian debt for past deliveries remains a considerable force influencing the relation between the two states. Russia has financed a large part of Ukraine's purchase of oil and gas despite its own shortage of funds. The total amount of Ukrainian indebtedness to Russia for energy deliveries was close to 95 billion in 1995.

The study of Ukrainian economy, 1992-93, shows a remarkably different trend. "The monetary system collapsed, the balance of payments deficit and the state budget deficit became deeper, and the situation in the investment sphere became more acute, the standard of living of the people continued to decline, and the stratification of the population by income level and its polarization intensified. Thus anti-inflation policy led to the decline

---

<sup>12</sup> Gregory V. Krasnov and Josff C. Brada, no. 7, p. 827.

TABLE-3.2

**ESTIMATED RANGE OF THE PRICE COMPONENT OF IMPLICIT  
RUSSIAN SUBSIDIES TO UKRAINE, 1992-1995**

Year	Item	Total Volume of Imports (1)	World Market Price (2)	Average Price of Imports (3)	Max. Russian Subsidy (Million \$) (4)
1992	Oil (m.tons)	34.1	\$119.40	\$42.20	2,632.52
	Gas (bn.m <sup>3</sup> )	89.6	\$075.10	\$09.30	5,895.68
1993	Oil (m.tons)	19.6	\$105.70	\$80.00	503.72
	Gas (bn.m <sup>3</sup> )	79.8	\$083.50	\$49.80	2689.26
1994	Gas (bn.m <sup>3</sup> )	69.1	\$080.52	\$55.30	1,742.70
1995	Gas (bn.m <sup>3</sup> )	69.3	\$080.52	\$55.57	1,654.19
Total Russian subsidy to Ukraine 1992-1995					15,118.07

Source: *Europe-Asia Studies* (Oxfordshire, U.K.), vol. 49, no.5,  
1997, p.830.

of the country's economy".<sup>13</sup> During this period, the gross national product and national income fell by one third and the structural crisis increased. From this point of view, it can be said that structural reorganization in Ukraine has so far been in the opposite direction and has by no means strengthened the social orientation of the economy.

For Ukraine, 1993 was a year of major socio-economic disappointment. Official statistics recorded a 14 per cent decline in Ukraine's gross internal product and a 15 per cent decline in national income compared with 1992. Industrial product declined by 7.4 per cent.

<sup>13</sup> Halyna Pukhtayevych, no. 6, p.5.

State capital investment declined by 22 per cent, inflation rose on average as high as 70 per cent a month, production fell by 31 per cent in light industry, freight traffic dropped by 29 per cent, the only positive sign noticed from agricultural sector where output increased by 7.3 per cent as a result of high crop yields and powerful credit support for agriculture by the state. However, by May 1993, "political problems cast a shadow over Ukraine's economic reforms. Parliament rejected Kuchma's request for an extension of extraordinary powers. The economic reform process came to a virtual standstill and previous decrees were cancelled and the imposition of administrative controls over nearly all prices provided a powerful impetus to corruption and growth of the unofficial economy".<sup>14</sup>

So in the first two years after independence no restructuring progress was made and the economy collapsed. Inflation touched a new low and little or no progress had been made on privatisation "in order to counteract the already developing rapid transition to a market economy the Verkhovna Rada dominated by former forces stopped privatisation with 180 to 62 votes. All selling of state property was to be discontinued by 12 August 1994. The government was urged to revise the list of the 29,000 firms singled out for privatization and to present a list of transport, energy and communication firms which should not be privatized".<sup>15</sup> The election of Leonid Kuchma as President in July 1994 saw the beginning of a new

---

<sup>14</sup> Mohammad, Ishaq, no.1, p.509.

<sup>15</sup> Gert Weisskirchen, "The Ukraine at Crossroads", *Aussenpolitik* (Interpress), vol.45, no.4. 1994, p.326.

phase. Some far-reaching reform programmes were introduced and Kuchma moved to restore the privatization process which had been halted by parliament a few months earlier “Within the framework of property relations reform policy, the Ukrainian parliament had already passed fundamental laws on privatization by the spring of 1992”.<sup>16</sup> It created a good legal basis for reform. But process of privatization in Ukraine had been slow; this was partly due to delays in establishing a proper legal framework and bureaucratic obstacles and partly to a lack of enthusiasm by certain officials.

### **Privatization: First Priority**

In the year prior to privatization, Ukrainian firms on an average experienced a major reduction in employment and sales volume, reflecting the economic difficulties faced by the country. There are indications that the pre-privatization pattern has changed after the transfer of ownership. “There were stronger signs that a majority of enterprises were achieving sales volume growth and increasing their product range. Over three-fifths (61%) reported increases in sales volume and almost two-fifths (39%) increases in their product range. Growth in the number of employees was less strong, with only 17% recording an increase whilst 31% reduced employment levels.”<sup>17</sup>

---

<sup>16</sup> A. Sekarev, “Ukraine: Crisis on the Basis of Vague Economic Policy”, *Problems of Economic Transition* (Armonk, New York), vol.37, no. 9, January 1995, p.47.

<sup>17</sup> Igor Filatotchev, Yves G. Van Frausum, Mike Wright and Trevor Buck, “Privatisation and Industrial Restructuring in Ukraine”, *Communist Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 8, no.2, 1996, p. 191.



Positive trends are also noticed in the field of marketing and financial skills. “Over two-fifths of enterprise managers claimed that since privatization, the quality of their workforce had improved and in only 6% of cases had it worsened. The biggest increase experienced post-privatization

**TABLE-3.3**

**EMPLOYEES, SALES VOLUME AND PRODUCT RANGE SINCE PRIVATISATION**

	Increased more than 10%	Increased Upto 10%	No Change	Decreased Upto 10%	Decreased More than 10%
No. of Employees	07.0	10.0	52.0	19.0	12.0
Sales volume (not value)	16.0	45.0	16.0	08.0	15.0
Product range	04.0	35.0	53.0	05.0	03.0

*Note:* Sample Size – 100

*Source:* *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 8, no.2, 1996, p. 192.

has been in respect of both the training and recruitment of managers with marketing skills. There has been a fall since privatization in the proportion of firms training and recruiting managers in finance but an increase has been noticed in recruitment of managers with technical skills”<sup>18</sup>. Revenue from new products, from letting of land and buildings and from sales of

<sup>18</sup> Ibid, pp.192-93.

**TABLE 3.4**  
**TRAINING AND RECRUITMENT**  
**(in percentage)**

	In Year Before Privatisation	Between Privatisation And Survey
Recruitment of managers with marketing skills	16.0	26.0
Recruitment of managers with finance skills	21.0	20.0
Recruitment of managers with technical skills	15.0	20.4
Training of existing managers in marketing skills	36.0	40.0
Training of existing managers in finance skills	45.0	42.0
Training of existing managers in technical skills	35.0	35.0

*Note:* Sample Size = 100

*Source:* *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 8, no.2, 1996, p. 193.

surplus equipment have been the main sources of raising funds since privatization. New bank loans have been more in evidence than issuing further shares to existing shareholders as a source of finance.

With the appointment of Yuri Yekhanurov as chairman of the State Property Fund (SPF) who described himself as the ‘Terminator’ of the old system of state ownership, marked a new drive in the privatization campaign. “While the actual supervision of the privatization process was the responsibility of two Ministries: The Ministry of the Economy and the Ministry of Demonopolisation and Destatisation. President Kuchma, however, transferred this supervisory role to the SPF so that Yekhanurov became in effect, the privatization supremo”.<sup>19</sup> During the latter part of

<sup>19</sup> *The Ukrainian Review* (Toronto, Canada), vol. 42, no. 1, Spring 1995, p.73.

**TABLE 3.5**

**SOURCES OF FINANCE SINCE PRIVATISATION**

	No Action Taken	Upto 10% Of Sales Volume	10-25% of Sales Volume	25-50% of Sales Volume	More than 50% of sales volume
Sale of land and Buildings	094.0	005.0	00.0	00.0	00.0
Letting of land, Equipment and Buildings	060.0	035.0	03.0	01.0	00.0
Sale of surplus Equipment	066.0	027.0	06.0	00.0	00.0
New bank loans	066.0	028.0	02.0	02.0	00.0
New share issues To existing share Holders	073.0	022.0	03.0	01.0	00.0
New share issues To new share Holders	091.0	009.0	00.0	00.0	00.0
Increased revenue from New products Introduced	061.0	022.0	13.0	04.0	00.0

*Note:* Sample Size = 100

*Source:* *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 8, no.2, 1996, p. 196.

November 1994, there had been a deadlock between the Parliament and the President over the question of economic reform through decrees. However, in January 1995, “the Cabinet gave its ‘outline approval’ to the privatization of 22,700 ‘entities’ including 13,500 small and 8,400 medium and large businesses and 1,200 unfinished construction projects”.<sup>20</sup> But the left-wingers in Parliament opposed privatization in principle on the ground that

<sup>20</sup> *Ibid.*, p.74

strategic enterprises of the defence should be excluded from this process. “The CPU is one of the most conservative successor parties in the whole of the former Soviet bloc. It stood for the rebirth on a new and exclusively voluntary basis of a union of the fraternal peoples of the independent states formed on the territory of the USSR. Moreover, in domestic politics, it showed little evidence of ‘social democratization’ resolutely opposing all aspects of privatization and market reform”.<sup>21</sup> The privatization process which announced by Yekhnurov in late 1994 included:

- a) small privatization schedule to be completed by the end of 1995;
- b) enterprise directors and pensioners will have priority of access to the shares of the enterprise where they work or worked;
- c) all citizens will receive a privatization voucher to be used in purchasing shares;
- d) the state property fund will be in charge of preparations for privatization and auctions of large corporatised enterprises.

#### **1994: Economic Condition and Problem of Unemployment**

Official economic statistics provided a deeply troubling portrait of the social and economic situation of Ukraine in 1994. “The country’s gross domestic product (GDP) had declined by 26 per cent in comparison with the first six months of 1993, and national income produced had fallen by 28 per cent. The sectors of industry that have suffered the most dramatic declines

---

<sup>21</sup> Andrew Wilson, “The Ukrainian Left: Still a Barrier to Reform?”, *The Ukrainian Review* (Toronto, Canada), vol. 44, no. 1, Spring 1997, p.32.

include oil refining, chemicals, the fuel-energy complex, machine building and metal working and building materials".<sup>22</sup> Recently there appeared to have been some improvement with the decline of GDP having slowed to 10 per cent in 1996. Industrial production had also fallen consistently since 1991. There was a huge fall of 30% in 1994 but in 1995, the fall was much less dramatic – 13.5%. The figure of 1996 was even more promising showing a fall of only 5.1%.

**TABLE 3.6**

**GDP AND INDUSTRIAL PRODUCTION, 1991-1996**  
(Percentage change since preceding year, at constant prices)

	Real GDP	Industrial Production
1991	-12	-05.0
1992	-17	-06.4
1993	-17	-08.3
1994	-23	-30.0
1995	-12	-13.5
1996	-10	-05.1

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K), vol. 9, no.4, 1997, p. 502

The situation regarding unemployment since the end of 1991 had been rather confusing. "The Communist governments operated a full employment policy under which it was practically illegal to be unemployed. One side effect of this, was that many enterprises were seriously overmanned".<sup>23</sup> The biggest problem in trying to determine the extent of unemployment in Ukraine is the existence of hidden unemployment, which

<sup>22</sup> David R. Marples, "The Ukrainian Economy in the Autumn of 1994: Status Report?", *Post-Soviet Geography*(Columbia, USA), vol. XXXV, no. 8, October 1994, p.485.

<sup>23</sup> Mohammad Ishaq, no.1, p.502.

is not recorded, in official statistics. Official figures understate the actual level of unemployment because in reality there has been a sharp fall in employment. For a country like Ukraine which has never in its recent history experienced significant unemployment, such a situation would bring many negative implications.

**TABLE 3.7**

**UNEMPLOYMENT AND LABOUR FORCE IN UKRAINE, 1991-1996**

Year	Number Unemployed (thousands)	Labour Force (millions)	Unemployment As % of Labour force
1991	007.0	25.0	00.0
1992	070.5	24.5	00.3
1993	083.9	23.4	00.4
1994	082.2	22.2	00.4
1995	126.9	22.0	00.5
1996	351.1	-	01.6

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 9, no.4, 1997, p. 503.

**New Priorities in Agriculture**

Since the break-up of the USSR, Ukraine's performance in the agricultural sector has been negative. The area of agricultural lands in the country has declined significantly. "The total area devoted to 'foodgrains' has declined significantly since the 1980s and food crops have been replaced with 'forage crops'. Due to extreme heat and dry conditions in the summer of 1994, some 3 million hectares of crops were destroyed, six times

more than in 1993”.<sup>24</sup> In 1995, agricultural GDP decline was recorded by 90 %. This situation is complicated by the negative trend – the outflow of population from the villages to the towns. The process of privatization has offered a job opportunity to the young people. Evacuating the villages by the young lot has put extra pressure on elderly class, who is physically unfit to work in agricultural farms.

**TABLE 3.8**  
**GRAIN HARVEST OF UKRAINE, 1990-1994**  
(Million tons)

Year	Harvest
1990	34.90
1991	38.67
1992	38.50
1993	44.50
1994	36.00

*Source: Post-Soviet Geography* (Columbia, USA), vol. XXXV, no. 8, October 1994, p. 486.

### **Inflation: Counter Measures**

Inflation has been one of the most acute problems, which Ukraine has experienced since independence. The annual figures highlight the volatile nature of Ukraine’s inflation rate. In 1991, the rate was 194.4% and it reached 86% in 1993, since then it has come down to the lowest level of 70% in 1997. “Before 1994, Ukraine had one of the highest consolidated public deficits as a percentage of GDP in the CIS and had experienced the

<sup>24</sup> David R. Marples, no.22, p.486.

first and most dramatic episode of hyper inflation in the region. When the Central Bank put a halt on credit expansion in the last days of 1993, inflation dropped almost immediately”.<sup>25</sup> Price liberalization was the initial starting point driving the rise in inflation. It was initiated in order to stimulate a rapid rise in domestic production in response to higher market prices to bridge the gap between aggregate demand and aggregate supply on the domestic commodity market. “But the total misbalance of the

**TABLE 3.9**

**ANNUAL INFLATION RATE**

(measured as consumer prices, annual average)

Year	Inflation Rate (%)
1991	0194.4
1992	2600.0
1993	8600.0
1994	0891.0
1995	0380.0
1996	0080.0
1997	0070.0

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 9, no.4, 1997, p. 504.

material structure, which proved to be beyond administrative control, resulted in aggregate demand for money, led to a general crisis of payments and demands”.<sup>26</sup> The rise in prices was the main cause of, a drop in the level of production. The highest rate of price increase was observed in fuel

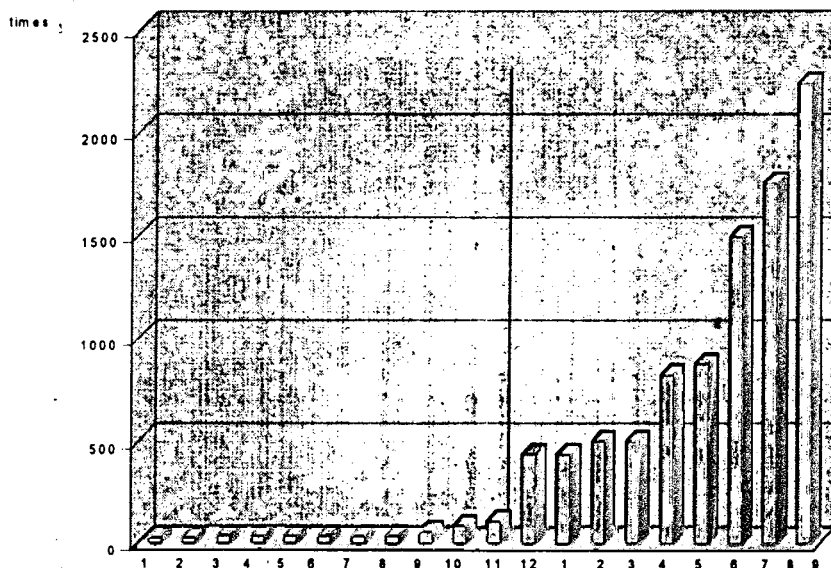
<sup>25</sup> George de Menil, “The Volatile Relationship between Deficits and Inflation in Ukraine, 1992-96”, *Economics of Transition* (Oxford University Press), vol.5, no.2, 1997, p.485.

<sup>26</sup> Valentyn Yegorov, no. 3, p..24



and energy production as well as in other industries dealing with raw materials. However, the average prices for raw materials grew faster than that of other products. “As a result of uneven price increase, the wholesale prices of industrial products in Ukraine rose in 1991 by a factor of 2.6 in 1992 by a factor of 111, and in the first 8 months of 1993 by a factor of 2,235.”<sup>27</sup>

### MONTHLY GROWTH IN WHOLESALe PRICES



Source :- The Ukranian Review (Toronto, Canada), vol. XLII, no.1, Spring 1994, P.25

The central government budget is one of the most important indicators of stabilization in the process of transition economy. Since independence, the government budget has been in constant deficit. “In

<sup>27</sup> Ibid., pp. 24-25

1991 the deficit was 14.1% of GDP. The budget deficit in 1995 represented 7.9% of total GDP, failing to meet the 7.3% target set by the IMF. In 1996, it had come down to 5.6% of GDP but still failed to meet the IMF target".<sup>28</sup> In Ukraine, the financial institutions, inherited from central planning were inadequate for performing the basic roles required in the transition to a market economy. The Ukrainian National Bank was officially established in June 1990 but there was no independent monetary, credit or fiscal policy in Ukraine before 1992. At present there is a number of obstacles to an effective monetary policy.

#### **Balance of Trade: Search for New Trade Partners**

Since 1992 Ukraine has largely had a deficit on its balance of trade. Trade with the FSU (former Soviet Union) remains important. Though the country's balance of payment, intra-CIS relations included, showed a deficit of \$3 billion in between December 1993 and 1994, within this trade outside the CIS showed a slight surplus. Ukraine's trade with the former Soviet Union has been in deficit ever since 1992. Ukraine has largely had a deficit on its balance of trade, which stood at -3598 million US dollars at the end of 1996. Export reached their highest level in 1996, but imports also continued to increase and rose by 18% in 1996.

---

<sup>28</sup>

Mohammad Ishaq, no. 1, p.505.

**TABLE 3.10**  
**UKRAINIAN FOREIGN TRADE (INCLUDING FSU) 1991-1996**  
(in millions of US Dollars)

	Total Exports	Total Imports	Overall Balance
1992	11308	11930	-0621
1993	12796	15315	-2519
1994	13894	16469	-2575
1995	14244	16946	-2702
1996	16398	19996	-3598

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 9, no.4, 1997, p. 507.

Foreign debt has been increasing since 1992. Most of the debt is the result of money owed to Ukraine for imports of oil and gas. Much needs to be done particularly in the area of economic reform in order to improve the prospects of the Ukrainian economy. Budgetary and monetary discipline, not yet established are going to be a crucial element for stabilization. The Ukrainian economy is doing worse than other transition economies of Eastern Europe. GDP, the general Indicator of economic activity has continued to fall and in comparison to other nations it has fallen by a large amount. Although the table shows that the unemployment rate is low compared with the other nations, but this does not reflect the true picture as official estimates are grossly unreliable.

**TABLE 3.11**  
**UKRAINIAN ECONOMY: SOME COMPARATIVE INDICATORS,**  
**1996**

	Unemployment rate <sup>a</sup>	CPI <sup>a</sup> (annual Average %)	GDP <sup>a</sup> (at constant prices, % change)	Trade balance <sup>b</sup> (\$billion)
Bulgaria	10.4	74.1	-2.6	0.2
Estonia	4.1	26.4	3.0	-0.8
Latvia	7.1	16.2	1.5	-0.4
Russia	9.2	31.7	-6.6	+12.7
Slovakia	12.3	5.2	7.1	1.2
Ukraine	1.0	80	-10	-0.6

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 9, no.4, 1997, p. 508.

### **Economic Reforms: Under Kuchma**

Since Kuchma became President his commitment to economic reform has been in little doubt especially if compared with the period under Kravchuk's presidency. The problem which remains is that despite the passing of various laws and adoption of reform programme, progress on economic reform is still very slow relative to other transition economies. Although Ukraine is today one of the most politically stable countries on the territory of the former USSR but in the absence of a clear legislation the investment climate has been badly affected in Ukraine. The flow of foreign direct investment remains relatively low in comparison with other transition economies. "The slow rate of economic reform has also been overshadowed to an extent by the proliferation of crime, particularly

economic crime. Specific types of economic crime have included exploiting opportunities to collect illegal rents, and to convert public property into private profit”.<sup>29</sup> The scale of foreign investment in Ukraine is presently 3-7 times lower than in other east European countries. Both the state and individual enterprises and organizations are currently actively engaged in attracting foreign investment into the Ukrainian economy. “The first significant event which allowed Ukraine to present itself as a potential object of investment was the international conference ‘Investment in Ukraine’ hosted by the Adam Smith Institute (London) in May, 1995. The second ‘Investment in Ukraine’ Conference was organized by the British Company Euroforum in Keiv on 12-13 March, 1996”.<sup>30</sup> Recent developments fostering foreign investment in Ukraine include the establishment of the Consultative Council on Foreign Investment in Ukraine chaired by the Prime Minister and the State Investment Company and also the Fund for the support of pre-export guarantees projected by the World Bank. Thus, Ukraine which has a significant investment potential is gradually making itself known as a promising country for investment.

---

<sup>29</sup> Ibid., p.513..

<sup>30</sup> Olena Kozak, “Foreign Investment Market in Ukraine”, *The Ukrainian Review* (Toronto, Canada), vol. 43, no.2, Summer 1996, p.11.

**TABLE 3.12**  
**FOREIGN INVESTMENT IN SELECTED TRANSITION ECONOMIES BY**  
**THE END OF 1994 AND 1995**  
**(in US dollars, cumulative totals)**

Country	1994	1995
Ukraine	569.0 million	750.0 million
Poland	004.3 billion	006.0 billion
Czech Republic	003.1 billion	004.0 billion
Hungary	007.0 billion	010.0 billion
Slovakia	552.0 million	732.9 million

Source: *Communist Economies and Economic Transformation* (Carfax, Oxfordshire, U.K.), vol. 9, no.4, 1997, p. 513.

The overall economic situation in a number of central and eastern European countries appears a bit stronger in the second half of 1997 than in 1996. Ukraine has made additional progress in stabilization although output continued to decline. “Ukraine has made further progress on the stabilization front with consumer price inflation falling to 10.6 per cent on a yearly basis in September 1997. Output continues to decline with very preliminary official statistics showing GDP down by 5 per cent in the first nine months of 1997 relative to same period in 1996”.<sup>31</sup> However, as the Ukrainian Prime Minister Pavlo Lazarenko had predicted in the beginning of 1997 that there would be a drop in Ukrainian economy became true. “Ukraine’s GDP in the first 11 months of 1997 shrank by 4 per cent. Industrial output in the first 11 months totalled 67 billion bryvnyas, a fall of

<sup>31</sup> OECD, *Economic Outlook* (Andre-Pascal, Paris), December 1997, p.140.

1.8 per cent on the same period of 1996. The fuel, iron and steel and nonferrous metal industries showed growth rates of 4.3 per cent, 9.1 per cent and 3.0 per cent respectively”.<sup>32</sup> Overall the economic performance of Ukraine in 1997 can be said to be a mixed performance because in some sectors it showed a positive growth while other sectors registered negative trends. “The food sector was hard hit in terms of falling output, declining by 14.8 per cent in first 11 months. Agricultural output fell by 6.5 per cent and output fell by 5.7 per cent in the timber, pulp and paper industries. Consumer inflation between January and November was 8.6 per cent, compared with 3.5 per cent in the same period of the previous year”.<sup>33</sup>

**TABLE 3.13**  
**UKRAINE KEY ECONOMIC INDICATORS**

Ukraine	1994	1995	1996	Estimates 1997
Output	-19.0	-12.0	-10.0	-04.0
Inflation	101.0	181.0	040.0	012.0
Unemployment	000.0	001.0	002.0	002.0
Fiscal balance	-08.2	-05.0	-04.0	-05.0
Current account	-01.4	-01.3	-01.0	-01.8

Source: OECD *Economic Outlook* (Andre-Pascal, Paris), December 1997, p.140.

In the field of trade, Russia remains the major partner of Ukraine. In the year 1997, Ukraine traded with 186 countries. “Exports were mainly to Russia (26.4 per cent), China (8.3 per cent), Belarus (5.9 per cent), Turkey (4.5 per cent), Germany (3.8 per cent), Poland (2.7 per cent) and Italy (2.6

<sup>32</sup> *Summary of World Broadcast*, 2<sup>nd</sup> January 1998.

<sup>33</sup> *Ibid.*, 9<sup>th</sup> January 1998.

per cent). Most imported goods came from Russia (46.5 per cent of the total), Germany (7.4 per cent), Turkmenistan (5.4 per cent), the USA (4.2 per cent), Poland (3.3 per cent), Kazakhstan (2.5 per cent), Belarus (2.4 per cent) and Italy (2.3 per cent)".<sup>34</sup> To sum up, Ukraine's performance in 1997 economically has made it possible for the government to consolidate the stabilization process in 1988 and create the conditions for economic growth of Ukraine.

But why is it that after seven years of independence the progress on economic reform in Ukraine has not been satisfactory? How far has economic stabilization contributed to the growth of economy and economic institutions? Many questions are left unanswered. I will try to relate the problems of economic growth with political instability in Ukraine in the conclusion of this work as well as try to satisfy all unanswered questions.

---

<sup>34</sup> Ibid, 9<sup>th</sup> January 1998.



## **CHAPTER - IV**

## CHAPTER IV

### UKRAINE'S RELATION WITH RUSSIA AND THE WEST

December 1, 1991 is memorable not only because on that day Ukraine declared itself independent after more than three centuries of Russian domination, but also because the election of Kravchuk marked the beginning of a new pattern in the country's political life. "From the very first day of his tenure, the government of Kravchuk pursued highly visible pro-Western/Central and East European countries (CEEC) and anti-CIS/Russia political and security policies".<sup>1</sup> Ukraine's emergence as an independent state has produced a curious result. It has highlighted previously submerged differences among Ukraine's many distinct regions and ethnic groups. "Crimea's complex history and politics make it the region most likely to secede from Ukraine. Populated largely by ethnic Russians and Russian speakers, it was part of the Russian State since its conquest".<sup>2</sup> Although, 54 per cent of Crimean residents voted for Ukraine's independence from Russia in December 1991, the Crimean election has demonstrated that the earlier political consensus has fallen apart.

The very principles of democracy and self-determination that led Ukraine to independence today threaten its territorial integrity. The form of

---

<sup>1</sup> Roman Wolczuk, "Ukraine and Europe: Relations Since Independence", *The Ukrainian Review* (Toronto, Canada), vol. 44, no.1, Spring 1997, p.40.

<sup>2</sup> Eugene B. Rumer, "Eurasia Letter: Will Ukraine Return to Russia?" *Foreign Policy* (Washington, D.C.), no.96, Fall 1994, p.134.

nationalist ideology adopted by the Ukrainian leadership in 1991 is now creating problems for Ukraine. Hence, "Ukraine's independence from Russia and Ukraine's relationship with it have become the crucial elements of Kiev's domestic policy and politics. Ukraine's independence was achieved from Russia. Presumably, it also had to be maintained against Russia".<sup>3</sup> However, to increase tensions with Russia would clearly not be in Ukraine's advantage. But diversification of the conflict, which Ukraine did after independence, may help it in escalating conflict, without allowing the tension to subside.

Ukraine is home to a number of compactly settled minority populations. "The Russians predominantly residing in the republic's eastern and southern oblasts, including Crimea. On the Western frontier in Transcarpathia, there are also several significant settlements of ethnic minorities, the most important are the Ruthenians, Hungarians and Romanians. Ukraine has a small Jewish population, the majority of which reside in the capital, Kiev".<sup>4</sup> Before independence, the Communist Party of Ukraine (CPU) sought to raise fears in the ethnic minority that do not support Rukh (the People's Movement of Ukraine) because Rukh is the reactionary bearer of ethnic nationalism and would support policies that sponsored the forced Ukrainianization of national minorities. Rukh denied

---

<sup>3</sup> Ibid., p.135.

<sup>4</sup> Charles, F. Furtado, Jr., "Nationalism and Foreign Policy in Ukraine", *Political Science Quarterly* (New York), vol.109, no.1, 1994, p.92.

such an aim and made it clear that it categorically rejects any state sponsored discrimination on the basis of ethnicity “against ignoring the national interests of Russians or representatives of other nationalities, which ...live on the republic’s territory. They must have the genuine right to open schools or classes, with instruction in their own languages; to create societies of compatriots; to form associations; to have their theatres and press; and to propagate the values of their peoples”.<sup>5</sup>

In this context, what is important to understand is that prior to independence and after it, a faction of Ukrainian party leadership led by Leonid Kravchuk seized the politically potent bandwagon of Ukrainian nationalism in a bid to salvage their political careers. To the contrary, “Ukrainian elites, both in government and opposition, have adopted an approach of social nationalism that has studiously sought to avoid exclusive ethnic criteria as a condition of citizenship or of economic and social advancement”.<sup>6</sup> However, Crimea remains the bone of contention between Russia and Ukraine.

### **Crimea: A Decisive Factor in Ukrainian-Russian Relations**

The impact of Soviet nationalist policy and Russian historiography have influenced to a great degree contemporary Ukrainian-Russian relations. Before the August 1991 coup d’etat Ukraine and Russian Federation were united in their opposition to the Soviet Centre and Mikhail Gorbachev. After the collapse of the USSR, President Boris Yeltsin’s

---

<sup>5</sup> Ibid, p.93.

<sup>6</sup> Ibid, p.92.

supremacy over Gorbachev and Ukraine's declaration of independence, the former Soviet Centre was transferred to the Russian Federation and the axis of confrontation then shifted from Gorbachev-Yeltsin to Yeltsin-Kravchuk. The priority changed for Yeltsin and Gorbachev from a Soviet/Russian power struggle to one of maintaining a confederal Soviet Union and preventing at all costs, Ukrainian secession.

However, Russia failed to do so. After independence, Ukraine refused to discuss the status of the Crimea with Russia, believing it purely an internal matter of the country. But the Russian thinking is opposite to the Ukrainian belief. The former Vice-President of Russia Alexander Rutskoi said, "Crimea must never be allowed to be Ukrainian because from time immemorial, it has been Russian land and it is soaked with the blood of our ancestors".<sup>7</sup> Many Russian nationalist groups have developed close working relations with extremist groups in Crimea and have established regional branches of the National Salvation Front (NSF).

Ukrainian-Russian relations continued to worsen over Crimea. Throughout 1992-93, the Russian Parliament escalated its demands towards the Crimea and Sevastopol. The Russian Parliament passed a resolution in May 1992 declaring the 1954 transfer of Crimea illegal. In the following months, the Russian Parliamentary factions made it clear that Sevastopol has a special status and it should not be under Ukrainian sovereignty.

---

<sup>7</sup> Taras Kuzio, "Russia-Crimea-Ukraine: Triangle of Conflict", *Conflict Studies* (London), 267, January 1994, p.14.

Situation changed by the time and in July 1996, “the Ukrainian government had issued an order to open a border-crossing checkpoint at the Sevastopol Commercial Seaport for purposes of international traffic, giving foreign non-military vessels the right to enter the port. Previously the Sevastopol port, the base of the Black Sea Fleet, was closed to foreign ship”.<sup>8</sup>

It would be a grave mistake to describe the Crimea as a Russian, united, homogeneous unit. “In the Crimea the potential for a crisis exists because of the presence of two factors – Tatars who are now subjugated under new rulers after the collapse of the USSR and a large Russian minority that came to Crimea only after the Second World War now finds itself abroad. The forced deportation of the Tatars in 1944 fundamentally changed the ethnic balance of the Crimea. Ethnic Russians were brought in to fill their place. Tatars only began to return to Crimea in the Gorbachev period”.<sup>9</sup> In the December 1991 Ukrainian independence referendum, the Crimea gave the lowest vote – 54 per cent in a low turnout (65 per cent). This was higher than the predicted 45 per cent for the Crimea. Until January 1991, it was an oblast like any other in Ukraine. “The growing Ukrainian nationalist movement during 1989-90, led to a drive for separatism in the Crimea, headed by Nikolai Bagrov (then chairman of the Crimean oblast council and first secretary of the Crimean Communist Party)”.<sup>10</sup> A month after the Ukrainian declaration of independence the

---

<sup>8</sup> *The Current Digest of Post-Soviet Press*, vol.XL VIII; no.30 (1996).

<sup>9</sup> Taras Kuzio, no.7, p.19.

<sup>10</sup> *Ibid*, p.20.

Crimean Parliament adopted its own declaration of sovereignty. And in the beginning of 1992, there began a campaign to collect signatures to hold a referendum on the Peninsula's fate, which soured relations with Ukraine. Nationalist groups in Ukraine demanded tough action against Republican Movement of the Crimea (RDK).

Relations between the Crimea and Kiev further deteriorated on the issue of deleting the words "within the confines of Ukraine" from the opening line "The Crimean republic is a democratic state...".<sup>11</sup> However, the Ukrainian Supreme Soviet adopted the Law on the Constitution of the Autonomous Republic of Crimea in March 1996 which reads "The Crimean Constitution is declared to be an integral part of Ukrainian law that cannot be changed unilaterally. In the text of the Crimean Constitution, the law changes the words 'citizens of the Republic of Crimea' to 'citizens of Ukraine living in Crimea', 'the people of Crimea' to 'the population of Crimea' and the name 'Republic of Crimea' to 'Autonomous Republic of Crimea'.<sup>12</sup> President Kravchuk sent a strongly worded open letter in April 1991 to the Crimean population condemning the referendum campaign and warning that Kiev would not tolerate any border changes.

The Crimea is a far more complex problem than most Western accounts acknowledge. The northern part of the Crimea is predominantly Ukrainian and it is least influenced by the decision of Simferopol or Sevstopol. "The Ukrainian minority in the Crimea, nearly a third of the

---

<sup>11</sup> Ibid, p.21.

<sup>12</sup> *The Current Digest of Post-Soviet Press*, vol.XLVIII, no.12 (1996).

population, was subjected to an overwhelming policy of rustication during the Soviet era. During 1990 and 1991, particularly, physical violence occasionally occurred against them, or meetings were banned and premises refused".<sup>13</sup> It was only during the second half of 1992 that Kiev began to take note of the conditions of its co-nationals in the Crimea. The Tatars who have returned to Crimea from their enforced exile on the whole, are solidly pro-Ukrainian. In the on-going territorial dispute between Moscow and Kiev over the Crimea, the Tatars have always backed the latter. With the formation of the Crimean Tatar National Movement (OKNR) the question of Crimea has become more complex.

In March 1996, Ukrainian Supreme Council approved the Crimean constitution but refused to recognize some articles which make Crimea a subject of international law. Between April 1996 to January 1997, several efforts were made to internationalize the Crimean issue. According to the Moscow Mayor, Yury Luzhkov, "The Russian side is prepared to seek a peaceful solution to the problem of Sevastopol, but the trouble is that the Ukrainian side is unwilling to discuss it with Russia. If this attitude persists, this matter will be taken to the World Court".<sup>14</sup> Russian claim over Crimea, mainly its southern part seems a security and strategic compulsion. In the words of Moscow Mayor, Yury Luzhkov, "Russia's rights to the city of Sevastopol are confirmed by documents. There were never any documents transferring Sevastopol to Ukraine. It was a separate

---

<sup>13</sup> Taras Kuzio, no.7, p.25.

<sup>14</sup> *The Current Digest of Post-Soviet Press*, vol.XLIX, no.3 (1997).



administrative unit. Sevastopol was and always will be a city of Russian Federation, 'a city of naval glory' without which Russia's southern borders will not be able to withstand various geo-political shifts. The city's status has a direct bearing on Russian security".<sup>15</sup>

### **The Black Sea Fleet Agreement: Beginning of a New Phase**

From the security point of view, "the signing of three inter-governmental agreements on the Black Sea Fleet (BSF) on 28 May 1997 by Russian Prime Minister Viktor Chernomydin and then Ukrainian Prime Minister Pavlo Lazarenko came as a surprise"<sup>16</sup> because attempts to divide the Black Sea Fleet during 1992-93 had failed. The Russian side had less inclination to divide the Fleet, arguing that it could not physically be undertaken. "In June 1992 a summit was held between President Kravchuk and Yeltsin at Dagomys. The 18-point agreement resolved to divide the Fleet in equal proportion by 1995, but agreement collapsed and both Presidents had to hurry to Yalta to sign a second agreement two months later. The Yalta agreement more clearly spelled out how the Fleet would be staffed and supplied".<sup>17</sup> But the situation deteriorated by April-May 1993 and over 80 per cent of the ships raised the Trasirt St. Andrew flag showing their allegiance to Russia. The Ukrainian Defence Ministry demanded that those ships which had raised the Russian flag, should be withdrawn from Ukrainian territory.

---

<sup>15</sup> Ibid., vol.XLVIII, no.49 (1996).

<sup>16</sup> James Sherr, "Russia-Ukraine Rapprochement? The Black Sea Fleet Accords", *Survival* (IISS, London), vol. 39, no. 3, Autumn 1997, p.33.

<sup>17</sup> Taras Kuzio, no.7, p.16.

To settle the lingering dispute, President Kravchuk then proposed further talks with Russia. “On 3<sup>rd</sup> September, 1993, both Presidents met again at Massandra to resolve the Black Sea Fleet and other outstanding questions, although in a more heated atmosphere. The Russian side refused to discuss the proposal put forward by the Ukrainian members on the division of Fleet, instead of using Ukraine’s economic crisis and the threat of halting energy supplies to try and force it to agree to the proposals put forward by Moscow”.<sup>18</sup> The Defence Minister Morozov resigned, partly in response to his opposition to the accords. The Massandra accords were condemned by nearly all Ukrainian political parties who formed a congress in ‘total opposition’ to President Kravchuk, whom they demanded to be impeached for national reason.

As a party to the Tripartite Accords of 14 January 1994 and the Budapest Declaration of December 5, 1994, Russia had officially guaranteed Ukraine’s borders as well as its sovereignty. But the question was always how Ukraine could exercise this sovereignty given the BSF’s extensive presence, and the Fleet’s control of more than 1,000 Crimean installations throughout the Sevastopol region. From the time Ukraine regained its independence in 1991, plans for state visit by Yeltsin to Kiev and the signing of an inter-state treaty was cancelled by the Russian Federations authorities seven times. “President Yeltsin was supposed to have paid off an official visit to Kiev in January 1995, at the end of March

---

<sup>18</sup> Ibid, p.17.

1995, at the end of April 1995, on June 8, 1995, in the second half of March 1996, on April 4, 1996 and finally October 1996, but he never did. This was doubtless unprecedented in world diplomacy".<sup>19</sup> The Kremlin was prepared to sign the Russian-Ukrainian documents only as a package, but the lack of a settlement to the problem of the Fleet was preventing this.

However, the principle of a 50:50 division to take effect from December 1995, was accepted at the June 1992 Dagomys and August 1992 Yalta summits. Several summits later, the Sochi accord of 9 June 1995 outlined the principles that would govern the division of the Fleet. "A separate document 'Sochi Protocol' clearly stipulated that Crimea formed part of Ukraine. A second Sochi agreement signed in November 1995, mapped out an inventory and a schedule for division".<sup>20</sup> After the first stage of division led to recriminations, however, the second stage and the hand over of 52 warships to Ukraine failed to take place as scheduled in February 1996. This was formally cancelled by Russia's then Minister of Defence, Pavel Grachev in April 1996. However, "The Sochi agreement between Presidents Boris Yeltsin and Leonid Kuchma (1995), which established that 81.7% of the ships would go to Russia, while Ukraine would get 18.3%, was of great importance in determining the criteria for approaching a final resolution of the question".<sup>21</sup>

In summer 1996, progress resumed. In August, the joint Russian-Ukrainian Commission co-chaired by Chernomyrdin and Lazarenko, agreed

---

<sup>19</sup> *The Current Digest of Post-Soviet Press*, vol.XLVIII, no.13 (1996).

<sup>20</sup> James Sherr, no.16, p.36.

<sup>21</sup> *The Current Digest of Post-Soviet Press*, vol.XLIX, no.20 (1997).

to establish a sub-Commission on state borders. On the same date, the delegations negotiating the second and more prominent issue on the division and basing of the BSF, reported to Kuchma that they were close to finalizing agreements on the 'status and conditions' for deploying the BSF on Ukrainian territory. However, the situation changed dramatically "On 23 October, the Russian State Duma passed a resolution 'on discontinuing the division of the BSF'. Not only did this resolution suspend the Fleet's division pending international treaties regulating the 'whole range of relations between the Russian Federation and Ukraine, it also demanded measures to maintain the Fleet's combat readiness' as well as 'the Hero City of Sevastopol'.<sup>22</sup> The resolution came as a shock. What aroused alarm in Kiev was that it had passed 'virtually unanimously', in Kuchma's words. In a real sense "November 1996 marked the lowest point in Russian-Ukrainian relations in virtually all areas of state life in the entire period since the two largest Slavic states acquired independence. The problem of the Fleet had moved into the forefront and had simply squelched the possibilities of developing other spheres of relations between two countries".<sup>23</sup>

The negotiating process had been intensive since late 1996. "The Russian position was based on a package approach - in order to improve relations with Kiev, a new Treaty of Friendship, Cooperation and Partnership should be signed, but this could be done only if the question of

---

<sup>22</sup> James Sherr, no.16, p.37..

<sup>23</sup> *The Current Digest of Post-Soviet Press*, vol. XLVIII, no.46 (1996).

BSF and a number of other problems, primarily economic ones, were resolved at the same time".<sup>24</sup> This approach ultimately proved correct because it was in the interest of both sides. A total of 14 inter-governmental documents (signed by Chernomyrdin and Lazarenko on 28 May) and inter-state documents (signed by Yeltsin and Kuchma on 31 May) were concluded during the two visits. "The three agreements signed in Kiev stipulate that the Russian Black Sea Fleet will use for its purposes Sevastopol's main bays (Yuzhnaya, Sevastopolskaya and Karantinnaya) with all the necessary infrastructure. BSF will also use facilities at Feodosia, two airfields and test ranges. The Ukrainian Navy will be based together with BSF in Sevastopol's Streletskaya Bay, as well as at other Ukrainian ports".<sup>25</sup> The term of the lease on the Fleet's main base will be 20 years, with the possibilities of an automatic five-year extension if neither side objects. The principal concession to Ukraine is the implementation of joint basing "both sides can derive comfort from the provision allowing 'certain BSF ships in bays where Ukrainian Navy Ships are stationed and, accordingly, the deployment of Ukrainian ships in bays where the BSF is stationed".<sup>26</sup>

The economic aspects of the accords are not as favourable to Ukraine as they first appear. "Russia pledged to make a one-time infrastructure lease payments of \$526 million to Ukraine. The annual lease payment will

---

<sup>24</sup> Ibid., vol.XLIX, no.22 (1997).

<sup>25</sup> Ibid, p.2.

<sup>26</sup> James Sherr, no.16, p.42.

be \$98 million for BSF facilities. As a result, Moscow will pay Kiev a total (adding all future payments together) of about \$2.5 billion over the lease's 20-year term. However, Ukraine's state debt to Russia is now \$3 billion".<sup>27</sup> This figure, only slightly higher than Russia's initial offer of \$72 million and considerably lower than \$423 million per annum that Ukraine first demanded, represents a Russian victory. Ukraine's agreement upto a 20-25 year Russian naval, military and intelligence presence on its territory, abandoning the 'special partnership' with NATO, would make Ukraine dependent on Russian economy.

#### **NATO's Expansion: Changing Security Environment**

NATO's relationship with Ukraine began soon after the country achieved independence in 1991. Ukraine joined the North Atlantic Cooperation Council (NACC) thus demonstrating its commitment to a cooperative approach to its security. Ukraine also signed up to the partnership for peace programme in February 1994 and was determined to play an active role in it. Ukraine has participated in several exercises in the Partnership for Peace (PFP) framework and hosted a number of PFP exercises on its own territory. However, "in the days immediately following independence in 1991, Ukraine's foreign and security policy was characterized by three key features: a commitment to neutrality, non-bloc status and a preparedness to rid itself of nuclear weapons".<sup>28</sup> President

---

<sup>27</sup> *The Current Digest of Post-Soviet Press*, vol. XLIX, no.22, (1997), p.3.

<sup>28</sup> Roman Wolczuk, "Ukraine in the Context of NATO Enlargement", *The Ukrainian Review* (Toronto, Canada), vol. 44, no.3, Autumn 1997, p.3.

Kuchma's visit to NATO in June 1995 strengthened and helped to raise NATO-Ukraine relations to a qualitatively new level.

The cordial relationship between NATO and Ukraine was underlined by Secretary General Solana's visit to Ukraine in April 1996. On his second visit in May 1997 he inaugurated the NATO Information and Documentation Centre in Kiev, the first of its kind in any partner country. "On 7 May, NATO Secretary General Javier Solana and Ukrainian Foreign Minister Gennady Udovenk cut a blue ribbon and officially inaugurated the NATO Information and Documentation Centre in Kiev. The Centre aims to provide accurate information on NATO policies and structures as well as highlighting the ways in which Alliance and Ukraine can work together".<sup>29</sup> Ukraine became the first Commonwealth of Independent States (CIS) country to join the partnership for peace programme in 1994 and in 1995 Ukraine and NATO decided to upgrade the political level of their relations beyond the NACC/PFP framework by establishing an enhanced relationship. Thus, it was quite natural that the two sides agreed to develop a new and distinctive partnership by the time of the Madrid Summit.

High level meetings had continued throughout 1996 and the beginning of 1997. After several months of detailed discussion and exchange between senior NATO and Ukrainian officials, agreement was reached on a 'Charter on a Distinctive Partnership between NATO and Ukraine'. "On July 1997, NATO Heads of State and Government and

---

<sup>29</sup> Donald McConnell, "Charter with NATO Will Help Ukraine Regain its Rightful Place in Europe", *NATO Review* (Belgium), July-August 1997, p.25.

Ukrainian President Kuchma signed the 'Charter on a Distinctive Partnership between NATO and Ukraine'. This document is a testimony to the Alliance's recognition of the potential of Ukraine to play a strong role in European security and to develop a real, substantive cooperative relationship with NATO".<sup>30</sup> In the Charter, NATO allies reaffirm their support for Ukrainian sovereignty and independence, its territorial integrity and democratic development. Cooperation will also include defence planning, budgeting, policy, strategy and national security concepts, and defence conversion. "The signing of the Charter thus not only meets Ukraine's concern but also represents a strong Western political commitment to support Ukraine's 'sovereignty and independence, territorial integrity, democratic development and economic prosperity', as stated in article 14 of the Charter, as well as the first formal recognition of Ukraine as an inseparable part of the Central and Eastern European region, are of tremendous importance to Ukraine".<sup>31</sup> To ensure the dynamic character of the new partnership, Ukraine and NATO will establish a Ukraine-NATO Commission to meet at least twice a year at the level of the North Atlantic Council.

NATO's enlargement throws up more questions than it answers in terms of its implications for Ukraine's relations with both the West and the East. During his dialogue with Bill Clinton in Helsinki on 21 March 1997,

---

<sup>30</sup> Ibid, p.22.

<sup>31</sup> Ihor Kharchenko, "The New Ukraine-NATO Partnership", *NATO Review* (Belgium), September-October, 1997, p.29.



Boris Yeltsin declared that Russia did not recognize NATO's enlargement and was not going to sign any agreements with the Alliance until its demands had been fully satisfied. "These demands included: the Baltic states and Ukraine should not be admitted to NATO; that no nuclear and additional conventional arms should be deployed on the territory of the new members; and that NATO should not use the former Warsaw Pact's military infrastructure".<sup>32</sup> The Kremlin spokesman, Sergei Yestrzhembsky, on the eve of a US-Russian Summit meeting in Helsinki, said that "President Yeltsin and the Russian leadership are convinced that NATO's plan to expand to the East, if realised, could be the West's biggest strategic mistake since the end of the cold war".<sup>33</sup> However, it is important to note that "Russia took a fairly relaxed view of NATO's Partnership for Peace Programme when the idea was first suggested in late 1993. It was not until the PFP Framework Documents was published and Partnership for Peace actually launched in January that the Russian press mounted a massive anti-NATO campaign."<sup>34</sup>

In reality, Moscow's motives in opposing NATO enlargement are based on its geopolitical interest rather than on any perception of a growing military threat. Therefore, Russia's most important demand of NATO is that Ukraine and the Baltic States should be recognized as a zone of

---

<sup>32</sup> Serhiy Tolstov, "Ukrainian Foreign Policy Formation in the context of NATO Enlargement", *The Ukrainian Review* (Toronto, Canada), vol. 44, no.2, Summer 1997, p.12.

<sup>33</sup> *International Herald Tribune* (Paris), 20 March 1997.

<sup>34</sup> Tatiana Parkhalina, "Of Myths and Illusions: Russian Perception of NATO Enlargement", *NATO Review* (Belgium), May-June 1997, p. 11.

Russia's vital interest. Such recognition would, in fact, mean a division into spheres of influence in Europe. However, in Helsinki, Bill Clinton did not agree with Yeltsin's view that the former Warsaw Pact countries must remain within Russia's sphere of influence. "Realising from the Helsinki meetings that the West was unwilling to make concessions, Russia began to search for ways of implementing an anti-NATO policy – to unite around itself Asian countries such as China, India and Iran on a common anti-American platform."<sup>35</sup> It is clear that Russia has little chance of China or India to an open anti-American policy. Thus, Russia's main anti-NATO efforts will be concentrated on an attempt to change the balance of forces in Central and East Europe.

Russia demands that NATO should not deploy its forces on the territory of the new members but at the same time has its own military units stationed in countries which are not formally its military allies. "After the collapse of the USSR, Russia inherited 50 per cent of its airfield network. Today the Russian Air Force possesses about 100 airfields with concrete runways. Sixty-five per cent of them are situated in the European part of Russia. Therefore, the signing of a treaty with Belarus on the common use of the airfield network will, according to General Petr Deynekin, the Commander-in-Chief of the Russian Air Force, provide wide opportunities for maneuver during the implementation of the tasks of their air force in the security of Russia's western borders, and is an adequate response to

---

<sup>35</sup> Serhiy Tolstov, no.32, pp. 12-13.

NATO's eastward enlargement."<sup>36</sup> The desire to avoid renewed confrontation between NATO and Russia, and to achieve stability and security in Europe implies a need to change the starting point of the dialogue between NATO and Russia. "...for many Russians, especially those of the older generation, the problem of interaction with the West is above all psychological. It is heavily influenced by the Russian cultural tradition. Russia has always feared the negative influence of Western values on society and culture, which limited the scope for cooperation."<sup>37</sup>

However, all the major Russian political parties and blocs opposed NATO enlargement on the grounds that the majority of Russian citizens are presumed to be suspicious of NATO's plans. In December 1996, the Russian Public Opinion Foundation conducted a nationwide poll in 56 communities in 29 regions, territories and republics covering all economic and geographic zones of Russia. The respondents were asked the question, "What policy should Russia pursue with regard to NATO?" The answers were as follows:

1. Russia should obstruct NATO enlargement: 31 per cent
2. Russia should itself become a member of NATO: 22 per cent
3. Russia should agree to NATO enlargement in exchange for a good treaty on cooperation with the NATO countries: 10 per cent
4. Russia should not obstruct NATO enlargement: 2 per cent

---

<sup>36</sup> Ibid., pp. 13-14

<sup>37</sup> Tatiana Parkhalina, n.34, pp. 11-12.

5. Do not know: 35 per cent.”<sup>38</sup>

This figure shows that from the Russian point of view, it is difficult to interpret NATO expansion in general as anything other than a threat. However, NATO expansion is even more insidious for Moscow in that it poses a threat to the Russian armament industry.

From the Ukrainian perspective, the main source of concern is that each of the two main actors see Ukraine as the medium by which their respective objectives can be attained. “Kuchma is convinced that Ukraine will have no chance of remaining independent without Russian consent. Equally, he believes that there will be no chance of securing Russian consent unless Ukraine has strong ties with the West and unless the West displays a strong stake in an independent Ukraine.”<sup>39</sup> In other words, Ukraine is performing a balancing act, playing one partner off against the other. Like Kiev’s balancing act between Russia and the West, Ukrainian politics since independence have been typically represented as a regional clash between East Ukraine and West Ukraine, with the former aiming for closer ties with Russia and the CIS and the latter clamouring for a stronger relationship with Europe. This is best exemplified by recent opinion polls on regional attitudes towards NATO which showed a ‘West’ clearly in favour of stronger ties with the West, and an ‘East’ similarly so inclined towards the East, significantly the largest proportion preferred Ukraine to maintain non-aligned status.

---

<sup>38</sup> Ibid., p. 12.

<sup>39</sup> Roman Wolczuk, no. 28, p. 12.

**TABLE 4.1**  
**PERCENTAGE RESPONSES IN ANSWER TO THE QUESTION**

‘How would you like to see Ukraine in the future?’

	Independent/ Non-bloc status	In a bloc with Russia and Belarus	In a new USSR	In the CIS	As part of Russia	In a Bloc with Western states	Hard to say
Kyiv	25	15	13	07	05	23	13
North	17	17	12	05	02	15	33
Centre	43	13	06	03	02	09	24
North East	17	27	20	14	07	11	04
North West	44	10	05	04	00	19	19
South East	28	20	16	12	02	09	14
West	32	02	02	00	00	50	13
South West	28	06	09	09	00	18	30
South	08	32	23	12	03	08	14
Crimea	09	22	25	20	08	03	14
East	20	26	19	16	03	07	09
<b>Ukraine</b>	<b>25</b>	<b>19</b>	<b>14</b>	<b>09</b>	<b>03</b>	<b>15</b>	<b>17</b>

Source: *The Ukrainian Review* (Toronto, Canada), vol.44, no.3, Autumn 1997, p.16

In this context, it is important to know that a similar predictable regional disparity emerges in perceptions of NATO as an aggressive military bloc though again, a significant proportion perceived it primarily as a defence organisation.

**TABLE 4.2**

**PERCENTAGE RESPONSE IN ANSWER TO THE QUESTION**

**'In your opinion, what kind of organisation is NATO?'**

	Aggressive Military Bloc	Defensive union	Peace- Keeping Organisatio n	Other	Hard to say
Keiv	10	53	14	05	18
North	08	27	17	00	47
Centre	14	24	17	01	44
North East	19	32	18	02	29
North West	03	42	22	00	33
South East	23	26	22	01	29
West	06	28	33	00	34
South West	03	17	14	00	66
South	22	16	10	00	52
Crimea	25	18	17	00	40
East	27	28	10	01	35
<b>Ukraine</b>	<b>16</b>	<b>27</b>	<b>17</b>	<b>01</b>	<b>39</b>

Source: *The Ukrainian Review* (Toronto, Canada), vol.44, no.3, Autumn 1997, p.17.

The figure presents a highly significant statistical correlation between language and attitudes towards East and West. "On the Russian factor, the West and East (of Ukraine) have diametrically opposed attitudes,

setting the stage for a political confrontation...‘Pro-Russian’ touches on sensitive issue of both internal and external policy in Ukraine: the status of language and the status of Ukraine vis-à-vis Russia and the CIS.”<sup>40</sup> The Ukrainian political spectrum can be characterized by three viewpoints on NATO expansion: favourable to expansion, against expansion and the policy of Ukrainian government, favourable to conditional expansion.

National democrates are in favour of close cooperation with NATO, while, as far as the Left is concerned, it is strongly pro-CIS, pro-Russian, anti-capitalist, anti-West and oppose eastward expansion of NATO. In the category of favourable to conditional expansion comes official policy. There is no need to mention once again that Kiev’s attitude towards NATO has always been positive.

Of particular concern, in the context of NATO enlargement, is the possibility of nuclear weapons being deployed on the territories of the newly joined members of the Alliance, something that NATO consistently refuses to rule out. The 1991 NATO Strategic Concept declares that “a credible Alliance nuclear posture and the demonstration of Alliance solidarity and common commitment to war prevention continue to widespread participation by European Allies involved in collective defense planning in nuclear roles, in peacetime basing of nuclear forces on their territory and in command, control and consultation agreement.”<sup>41</sup> This verbal juggling of the US is somewhat confusing and contradictory and it

---

<sup>40</sup> Ibid., p. 14.

<sup>41</sup> Ibid., p. 20.

was not very clear to Kiev that what exactly nuclear non-proliferation was supposed in this context to mean.

The Clinton Administration which had been crying itself hoarse about non-proliferation, the top agenda of US foreign policy adopted a neglected approach towards Ukraine over the question of nuclear status, at least in the beginning. "This neglect was clearly evident from the fact that until May-June 1993, when "Clinton's top adviser of Commonwealth of Independent States (CIS) matters, Strobe Talbott, and later his Secretary of Defence, Les Aspin, visited Kiev, cleaning up the nuclear mess in Ukraine was more or less seen as a headache for the Russians and not for the United States."<sup>42</sup> Although every nation was aware of Ukraine's nuclear potentiality after the disintegration of the USSR, but the visit of the US Secretary of State, Warren Christopher, (25-26 October 1993), had tremendously heightened international concerns about the future of Ukraine's nuclear possessions.

### **Nuclear Question: After Independence**

It is important here to note that when separated from the former USSR, Ukraine had more nuclear weapons than both Britain and France put together, and even today, after having surrendered all its tactical nuclear weapons to Russia, it still possesses nearly 2,000 nuclear warheads aboard its nuclear bombers and intercontinental ballistic missiles. As far as START Treaties are concerned, Ukrainian Parliament voted in favour of

---

<sup>42</sup> Swaran Singh, "Ukraine: An Acid Test for US Nuclear Non-Proliferation Policy", *Strategic Analysis* (New Delhi), vol. XVI, no.10, January 1994, p. 1307.



TABLE 4.3

ESTIMATED STRATEGIC NUCLEAR WEAPONS LOCATED IN  
UKRAINE

Base Location	Delivery Vehicles	Estimated Warheads	Warhead Assumptions
Khmel'nitskiy 90	SS-19 ICBMs	0,540	6MIRVs <sup>1</sup>
Pervomaysk 46	SS-24 ICBMs	0,460	10 MIRVs
Pervomaysk 40	SS-19 ICBMs	0,240	6 MIRVs
<b>Subtotal 176</b>		<b>1,240</b>	
Uzin 22	Tu-95H Bear Bombers	0,352	16AS-15 ALCMs <sup>2</sup>
Priluki 20	Tu-160 Black-jack Bombers	0,240	12 AS-15 ALCMs
<b>Subtotal 42</b>		<b>0,592</b>	
<b>Total 218</b>		<b>1,832</b>	

1. MIRV: Multiple Independently Targetable Re-entry Vehicle
2. ALCV: Air-Launched Cruise Missile.

Source: *Strategic Analysis* (New Delhi), vol.XVI, no. 10, January 1994, p.1310

notifying START-I, but they had laid down as many as thirteen conditions for starting its implementation. “Former Prime Minister Kuchma presented the argument that Ukraine should be allowed at least, temporarily, to keep its 46 SS-24 ICBMs since these were not slated for destruction under the original START-I that was signed by Presidents George Bush and Mikhail Gorbachev in Moscow on 31 July, 1991.<sup>43</sup>

Kuchma’s argument was the manifestation of Ukraine’s continuing reluctance to abide by its original declarations of intentions to become a

<sup>43</sup> Ibid., p. 1312.

non-nuclear state. Once independent Kiev sought formal recognition and economic aid. It also sought to define its role in European security as a barrier against Russian expansionism. As a respected Ukrainian security analyst pointed out in December 1991 – "Ukraine has to be integrated into the Western security system in order to protect Europe from Russia. Russia is the major threat to Ukraine's security. Without Ukraine the rest of Europe is vulnerable to Russian irredentism."<sup>44</sup> A few months later it became clear that nuclear weapons on Ukraine soil would pose a lasting problem for the international community. "Although most of the former Soviet Union's ballistic missile industrial base is located in Russia, numerous defence enterprises that once were integral to designing and producing strategic missiles and military space systems now belong to Ukraine. Among the largest and most prominent is the Southern Machine Building Plant Association. This conglomerate of missile research, design and production facilities, still known as *Yuzhnoye* or 'Southern' is reportedly the world's largest integrated rocket and satellite manufacturing enterprise."<sup>45</sup>

Although *Yuzhnoye* is facing major economic challenges, the industry enjoys substantial national backing. "Yuzhnoye and related enterprises designed and manufactured over 400 military and civilian satellites and produced several of the most advanced Soviet inter-

---

<sup>44</sup> Eugene B. Rumer, no.2, p. 136.

<sup>45</sup> John C. Baker, "Redirecting Ukraine's Missile Industries", *Adelphi Paper 309* (IISS, Oxford), May 1997, p. 31.

continental ballistic missiles (ICBMs) and space boosters, technologically equal or superior to those used by other space powers. Such international recognition supports the strong sense of pride that Ukrainian leaders have in their country's aerospace industry."<sup>46</sup> Ukrainian leaders are determined to preserve and make use of those firms and skilled workforce to help rejuvenate the Ukrainian economy.

However, the signing of the January 1994 trilateral Ukrainian-Russian-US agreement "which committed Ukraine to surrender nuclear weapons, marked yet another turn in Kiev's nuclear saga, but it did not put the issue to rest. Ukraine had begun shipping nuclear warheads to Russia where it is being dismantled. Ukrainian-Russian relations are likely to undergo many difficult tests before the last nuclear warhead leaves Ukraine."<sup>47</sup> As a sovereign state Ukraine has every right to make the preparations it thinks necessary for its security. Even if nuclear weapons provide some ultimate safeguard for Ukraine's sovereignty, they clearly do not solve all of its security problems despite the myth that nuclear weapons are cheap but are in fact quite expensive for most states. "If Ukraine wished to become a medium nuclear power on the order of Britain or France, it would have to spend at least \$3 to \$5 billion per year on its nuclear capabilities. Given Ukraine's economic needs and constraints, the sum

---

<sup>46</sup> Ibid., p. 33.

<sup>47</sup> Eugene B. Rumer, no.2, p. 139.

associated with a medium nuclear capability will surely be painful for Kiev.”<sup>48</sup>

Another major problem to maintain its nuclear status which Kiev has been facing is the risks of proliferation. “A series of reports have suggested that Ukrainian officials have not tried hard enough to stop leakage of missile-related technologies, expertise or even complete systems from its aerospace industry. One incident suggests that Ukraine has been helping Iraq in its efforts to resurrect a ballistic missile capability. According to a subsequent press report, US intelligence analysts believe that some Ukrainian officials have concluded an agreement to supply Libya with either SS-21 or Scud-B Short-range ballistic missiles that Ukraine inherited from the Soviet Union”.<sup>49</sup> Ukraine’s missile non-proliferation policies have been a major issue for countries such as the US that are seeking to control proliferation in developing countries. There remains a general agreement that “Ukraine today clearly lacks some of the most crucial elements that are essential for maintaining integrated command and control systems. The Ukrainians are in no position to fight a nuclear war with the Russian Federation which has a nuclear force nine times larger than that of Ukraine but also actually controls the ultimate nuclear button for all the CIS nuclear weapons and has the capacity to block the launching of Ukrainian missiles and preventing their warheads from detonation”.<sup>50</sup> So far the escalation of

---

<sup>48</sup> Steven E. Miller, “The Case Against a Ukrainian Nuclear Deterrent”, *Foreign Affairs* (New York), vol. 72, no.3, Summer 1993, p. 77.

<sup>49</sup> John C. Baker, no.45, p.35.

<sup>50</sup> Swaran Singh, no.42, p.1316.

war between Ukraine and Russia is concerned the chances are bleak as both the countries have successfully resolved their problems related to the division of the Black Sea Fleet.

### **Ukraine: Between Russia and the West**

Following the collapse of the USSR, the Ukrainian leadership was reluctant to sign any union agreement with the other former Soviet republics, which might compromise its declaration of independence. Although Ukraine had signed a treaty to establish an economic community, it refused to enter any new political union. The then President Kravchuk changed his stand and agreed to establish the Commonwealth of Independent States (CIS) with limited central power. “The then President, Leonid Kravchuk had played a leading role in the disintegration of the Soviet Union. The leaders of Belarus, Russia and Ukraine, who met at Belovezh near Minsk on 8 December 1991, denounced the Union Treaty of 1922 and proclaimed the establishment of the CIS in place of the USSR. It was only subsequently that other republics of the Soviet Union – Armenia, Azerbaijan, Moldova and the Central Asian States – joined in, raising the membership of the CIS to eleven.”<sup>51</sup>

In course of time, Ukraine became the strongest critic of the CIS as it had serious differences over the way it must evolve. “When Ukraine signed the Belovezh Agreement, it had expected the CIS to evolve on the pattern of the European Community (EC), with all the states enjoying fruitful and

---

<sup>51</sup> Nirmala Joshi, “Ukraine and the Commonwealth of Independent States”, *Strategic Analysis* (New Delhi), vol. XVI, no.10, January 1994, p. 1367.

cooperative relations. Importantly, it was clear that there was to be infringement of the sovereignty and independence of any member states.”<sup>52</sup> However, Ukraine refused to sign the CIS charter on closer political and economic cooperation agreed upon by seven other CIS members in January 1993 claiming that it was a threat to Ukraine’s independent status. Ukraine’s non-cooperative attitude towards the CIS initially to a large extent, was influenced by the fact that Russia wanted to dominate the CIS activities. “President Kravchuk remarked that the military still considered themselves part of the USSR. Their loyalty was not to the new states. If they showed respect for leaders of these states and their military commanders had agreed about their action with them 70 per cent of the acute issues would be removed.”<sup>53</sup> The dispute with Ukraine had been problematic for Russia before signing the Black Sea accord. Now tension between the countries has eased. Whatever might have been the initial compulsions for different member states to join it, after the demise of the USSR, the need for having a common platform was being increasingly felt. “This is not simply a question of economic necessity. A century or more of living together in a single country has made separation all the more difficult.”<sup>54</sup>

Since its independence, Ukraine has stressed its desire to be closely integrated into European structure and processes. A number of important

---

<sup>52</sup> Ibid., p. 1368.

<sup>53</sup> Ajay Patnaik (ed.), *Commonwealth of Independent States: Problems and Prospects*, (Delhi, Konark Publishers, 1995), p.83.

<sup>54</sup> Ibid., pp. 93-94.

steps have been taken to strengthen Ukraine's ties to Europe. "In June 1994, the EU signed a partnership agreement with Ukraine, the first such agreement signed with a CIS states. The agreement granted Ukraine a most favoured nation status and contained a commitment to consider establishing a free-trade zone in 1998 if Ukraine exhibited sufficient progress in developing a viable market economy. However, the accord made no mention of possible EU membership."<sup>55</sup> Ukraine's relationship with the EU has undergone a qualitative transformation within six to seven years since the collapse of the Soviet Union. At the end of 1994, the EU agreed to provide an 85 million ECU (\$105 m) balance of payments loan to Ukraine. But the overall "EU assistance to Ukraine has been meager. In 1995, Ukraine received about \$5 bn in foreign financial assistance for stabilization and debt rescheduling. The main donors were Russia, the International Monetary Fund, Turkmenistan and the World Bank. The United States of America and Canada also made significant contributions. The EU contribution was 85 m ECU in credits. However, 60 m ECU of this 85 m ECU were deducted for food imports in 1992."<sup>56</sup> Notwithstanding the limited nature of the assistance, this type of gradual integration with the world economic system brought immediate benefits to the beleaguered Ukrainian economy.

---

<sup>55</sup> F. Stephen Larrabee, "Ukraine's Balancing Act", *Survival* (IISS, London), vol. 38, no.2, Summer 96, p. 153.

<sup>56</sup> *Ibid.*, pp. 153-54.

As part of its effort to stress its European identity and orientation, Ukraine has sought to strengthen ties with Eastern and Central Europe and other regional bodies like the Visegrad group and the Central European Innovative (CEI). “In 1989, Italy, Austria, Hungary, Yugoslavia and subsequently Czechoslovakia came together to form the Central European Initiative. In October 1995, at a meeting of the leaders of the CEI members in Warsaw, Poland, Hungary and the Czech Republic came out in strong support of full Ukrainian membership of the organization. Eventually, in June 1996, Ukraine became a full-fledged member. Earlier in 1993, Ukraine’s application for membership had been rejected by the CEI members.”<sup>57</sup> Ukraine’s effort to establish closer institutional ties to the Visegrad group have elicited little enthusiasm in Central Europe, largely because of the slow pace of economic reform in Ukraine. “The Visegrad triangle, was set up to coordinate the efforts of Poland, Hungary and the then Czechoslovakia in their interactions with European political and economic institutions. Visegrad states rejected Ukraine’s application for membership in February 1992. And Ukrainian efforts to accepted as a Central European Trade Association (CEFTA) member have also been frustrated.”<sup>58</sup>

Ukraine achieved another important breakthrough in November 1995 when it became the second CIS state after Moldova to be admitted to the Council of Europe. “Ukraine applied for membership in July 1992. On 4

---

<sup>57</sup> Roman Wolczuk, no.1, p. 42.

<sup>58</sup> Ibid., pp. 42-43.



September 1995 the Political Committee of the Council came out in support of Ukrainian membership, followed on 8 September by unanimous agreement on the recommendation for Ukrainian membership by the Committee. Ukraine finally acceded on 9 November 1995 becoming the 37<sup>th</sup> member of the Organisation.”<sup>59</sup> However, relations between Ukraine and the WEU (Western European Union) are limited to regular exchanges of visits and information.

Within Europe, Germany has taken the strongest interest in Ukraine. “During his visit to Kiev in June 1993, Chancellor Helmut Kohl stated that Bonn intended to pursue a ‘balanced’ relationship with Ukraine and Russia and would not give preference to Russia.”<sup>60</sup> Germany is Ukraine’s second largest trade partner, behind the United States. The United Kingdom has also sought to strengthen ties with Ukraine. “The UK has been particularly active in supporting Ukraine’s economic transformation through the Know-How Fund which provides financial assistance to Ukrainian small businesses and other activities in the banking and financial sectors as well as supports for British companies considering investing in Ukraine.”<sup>61</sup> Considerable animosity and mistrust have historically marked Polish-Ukrainian relations. However, “since 1990 Poland has made a concerted effort to overcome this legacy of mistrust and improve relations with Ukraine. Poland was the first country to recognise Ukraine’s independence,

---

<sup>59</sup> Ibid., pp. 44-45.

<sup>60</sup> F. Stephen Larrabee, no. 55, p.155.

<sup>61</sup> Ibid., pp. 155-156.

on 1 December 1991.”<sup>62</sup> Poland has also strongly supported efforts to strengthen Ukraine’s ties to the West and integrated Ukraine into European institutions. Relations with Hungary have improved significantly since 1990. The two countries have signed a treaty of friendship and cooperation in 1991. Ukraine signed a treaty of friendship and cooperation with Slovakia in July 1993 and a similar treaty was signed with Czech Republic in April 1995, which have contributed a lot in normalising Ukraine’s relations with these two countries.

Ultimately, Ukraine’s relations with European countries will, to a large degree, depend on the pace of economic and political reform in Ukraine.

---

<sup>62</sup> Ibid., p. 157.

## **CHAPTER - V**

## **CHAPTER-V**

### **CONCLUSION**

The main objective of this work has been to present various pictures of Ukraine's political and economic development since its independence as well as to have a closer look at its relations with Russia and the West. An attempt has also been made, in the same direction, to understand and examine the various factors, which partially or fully forced Ukraine to follow a neutral foreign policy. Stress has been laid on political-economic study of Ukraine. On the basis of general trends in political and economic spheres, the study also tries to find out the process of continuity and change in domestic politics and how far it has influenced the political values and culture of independent Ukraine. Although, special emphasis has been given on developmental aspects, there is a comparative study of Ukrainian economy prior to its independence and post-independence period.

Ukraine emerged as an important nation among the former Soviet republics, after the disintegration of the Soviet Union. Its strategic location, along with the accumulated stockpiles of nuclear weapons and desire to remain as a nuclear power state attracted worldwide attention. The mounting pressure on Ukrainian leadership from the nationalist forces to join hands with the West for its economic, political and security reasons and

Russian attempt to foil it, made the study of this area more challenging and interesting.

The period comprising few years, especially 1988-91, were of immense importance for Ukraine, as the political developments in these years greatly contributed to the nationalist movement in the country. Rukh (Popular Movement of Ukraine) directed the nationalist movement and emerged as a pioneer organisation advocating for national democracy and complete independence. The political situation in 1990 was very complex as the supporters of national democracy were not ready to compromise with the USSR, less than the question of Ukrainian independence. The March 1990 elections to the Supreme Soviets further supported Ukrainian independence, autonomy and freedom of choice in all affairs, which reflected the national sentiments. The Soviet leadership applied all possible means to stop the growing influence of nationalist movement on the common people.

In March 1991, the all-Union referendum was held on the future of the USSR. Though people supported some kind of renewed federation, the majority supported complete independence. Separatist political parties including some radical groups, demanded full implementation of Ukraine's 'Declaration of Sovereignty' and denied the legality of Ukraine's incorporation into the USSR. It was the right time for Kravchuk, once a well known hard liner and for the other pragmatic communist leaders, who by overnight became the propagator of complete independence and

supported nationalist democratic movement to take over power. At the end of 1991 majority of people supported the referendum on independence and Kravchuk's support for independence ensured his election as the President of the Republic.

Throughout 1992-94, President Kravchuk tried to make presidential post more powerful than before by adopting various methods. Economic policy became a major instrument in the hands of politicians during the same period to consolidate their positions. The then Prime Minister Kuchma's dispute with President Kravchuk over the question of economic reforms and his timely resignation from the post, secured him presidential post in the March 1994 election for the Supreme Council. The massive support for the Communist and left wing parties together with independent candidates marked the (beginning of a new pattern of politics in Ukraine). This time nationalist cause did not appeal to the voters, who voted in favour of economic well being of the country.

The post-election political development has enhanced group politics and factionalism in domestic politics. The result of the elections confirm the existence of political division between eastern and western Ukraine and highlights its political behaviour. The July presidential elections, in which Kuchma secured majority, demonstrated the same voting pattern that had been identifiable in the parliamentary elections of March. Kuchma, after becoming the president took fresh initiatives in the field of economic reforms. A new constitution was adopted in late 1996 to demarcate the

president's power from the Supreme Council. Following the adoption of the constitution, Kuchma talked about his commitments of building a sovereign, independent, democratic and law-governed state, in which individual's life, honour and dignity, inviolability and security are recognized as the highest values in society, which confirms that Ukraine has embarked on the path of democratisation.

Kuchma's tenure is the repetition of Kravchuk's period in some manner as the political dissidents were sidelined by the president. Kuchma in his brief period of presidency forced three prime ministers to resign or tender their resignation on various grounds. At the close of 1997, political parties called for development of a parliamentary republic in which the Supreme Council would elect the president. In between, Kuchma tried to consolidate his position by creating president's administration and blamed the government and the parliament for all troubles in the country and criticized them. Instead of retrospection Kuchma warned the dangers of populism and stressed the need to elect people who are competent, possessed integrity and moral purity.

It is true that parliamentary process delayed and obstructed the way of economic reforms, but other reasons could not be simply ignored. In the period immediately after independence, there was a delay in laying out a comprehensive strategy for economic reforms. It was also affected by the absence of transitional institutional structure of the market economy. Comparative study of the Ukrainian economy presents the changing faces

of economy and the challenges before it. For Ukraine, 1991-95 was the period of major socio-economic disappointments. The years after 1995 indicated some positive signs in economic developments. At the end of 1997, there was no major breakthrough in Ukrainian economy. Its mixed performance in economic field was closely linked to Ukraine's inability to create new economic institutions. Ukrainian economy is in a gradual process of recovery. It was the question of economic reforms which only resulted into political instability in the country. So, the success of political democracy would depend to a large extent on the economic stabilization and its positive growth.

TH-7293

From the very first day, Kravchuk pursued highly visible pro-Western and anti-CIS/Russian political economic and security policies. However, Ukraine's attempt to increase tensions with Russia were clearly not in favour of Ukraine but it did so to gain Western confidence. Crimea will remain a major factor in determining Ukraine's relation with Russia. Although Ukraine has joined hands with Western countries, for its much-needed energy to run Ukrainian economy, it is still dependent on Russia. Ukraine's desire to integrate itself closely with the European structure was the clear manifestation of its dire economic needs as well as to come under the European security umbrella. Since independence Ukraine has tried hard to establish friendly and cordial relations with countries, inside as well as outside Europe. Ukraine's relations with these countries would to a large degree, depend on the economic and political reforms in Ukraine. Its



dependence on western countries as well as on Russia at the same time has compelled it to adopt a policy of neutrality. The success of which is contingent on political stability and economic growth.

## BIBLIOGRAPHY

### Primary Sources:

OECD *Economic Outlook*, Paris, 1997.

Soviet Ukraine, Academy of Sciences of the Ukrainian Soviet Socialist Republic, Kiev, 1969.

*The Current Digest of Post-Soviet Press*, Columbus, Ohio.

*The Summary of World Broadcast*, BBC Monitoring.

The World Bank Annual Report, Washington D.C., 1995

Trends in Developing Economies : *A World Bank Book*, Washington D.C., 1995.

World Economic and Social Survey: *Trends and Policies in the World Economy-UN*, New York, 1997.

### Books:

Armstrong, John A., *Ukrainian Nationalism*, (Englewood, Colorado, Ukrainian Academic Press, 2<sup>nd</sup> edn., 1990).

Bilinsky, Yaroslav, *The Second Soviet Republic: The Ukraine After World War II*, (New Jersey, Rutgers, University Press, 1964).

Bilocerkowycz, Jaroslaw, *Soviet Ukrainian Dissent: A Study of Political Alienation*, (Colorado, Westview Press, 1988).

Bremmer, Ian and Taras Ray (Eds.), *New States, New Politics Building the Post-Soviet Nations*, (Cambridge University Press, 1997).

Elwood, Ralph Carter, *Russian Social Democracy in the Underground: A Study of the RSDRP in the Ukraine, 1907-1914*, (The Netherlands, Van Gorcum, 1974).

Farmer, Kenneth, *Ukrainian Nationalism in the Post-Stalin Era: Myths, Symbols and Ideology in Soviet Nationality Policy*, (The Hague; Martinus Nijhoff, 1980).

- Guthier, Steven L., "The Popular Basis of Ukrainian Nationalism in 1917", *Slavic Review*, vol.38, no.1, (March 1979), pp.30-47.
- Hamm, Michael F., *Kiev: A Portrait, 1800-1917*, (Princeton: Princeton University Press, 1993).
- Hosking, Geoffrey A., (ed.), *Church, Nation and State in Russia and Ukraine*, (London: Macmillan, 1991).
- Hunchak (Hunczak), Taras, (ed), *The Ukraine, 1917-1921: A study in Revolution*, (Cambridge, Harvard Ukrainian Research Institute, 1977).
- Krawchenko, Bohdan, (ed.), *Ukraine After Shelest*, (Edmonton, CIUS, 1983).
- , *Ukrainian Past, Ukrainian Present*, (London: Macmillan, 1993).
- , *Social Change and National Consciousness in Twentieth Century Ukraine*, (Oxford: St. Antony's/Macmillan, 1983).
- Kuzio, Taras, (ed.), *Dissent in Ukraine under Gorbachev: A Collection of Samizdat Documents*, (London: Ukrainian Press Agency, 1989).
- Kuzio, Taras and Andrew Wilson, *Ukraine: Perestroika to Independence*, (London: Macmillan, 1994).
- Liber, George, O., *Soviet Nationality Policy, Urban Growth and Identity Change in the Ukrainian SSR, 1923-1934*, (Cambridge, Cambridge University Press, 1992).
- Lewytzkyi, Borys, *Politics and Society in Soviet Ukraine, 1953-1980*, (Edmonton, CIUS, 1984).
- Mace, James, E., *Communism and the Dilemmas of National Liberation: National Communism in Soviet Ukraine, 1918-1933*, (Cambridge, Harvard University Press, 1983).
- Marples, David R., *Stalinism in Ukraine in the 1940s*, (London: Macmillan, 1992).

- Mazlakh, Serhii and Shakhrai Vasyl, *On the Current Situation in the Ukraine*, (ed.) by Potichnyj, (Ann Arbor, The University of Michigan Press, 1970).
- Motyl, Alexander J., *The Turn to the Right: The Ideological Origins and Development of Ukrainian Nationalism, 1919-1929*, (Boulder: East European Monographs, 1980).
- , *Dilemmas of Independence: Ukraine After Totalitarianism*, (New York: Council of Foreign Relations Press, 1993).
- Patnaik, Ajay (ed.), *Commonwealth of Independent States: Problems and Prospect,s* (Delhi, Konark Publishers, 1995).
- Pelenski, Jaroslaw, "Shelost and his period in Soviet Ukraine (1963-1972): A Revival of Controlled Ukrainian Autonomism", in Potichnyj, *Ukraine in the 1970s*, pp.283-305.
- Plokyh, Serhii M., "Historical Debates and Territorial Claims: Cossack Mythology in the Russian-Ukrainian Border Dispute", in S. Frederick Starr (ed.), *The Legacy of History in Russia and the New States of Eurasia*, (London: M.E. Sharpe, 1994), pp.147-70).
- Potichnyj, Peter J., "Elections in Ukraine, 1990", in Zvi Gitelman (ed.), *The Politics of Nationality and the Erosion of the USSR*, (London: Macmillan, 1992), pp.176-214.
- , *Ukraine in the 1970,s* (Oakville, Mosaic Press, 1975).
- Prizel, Ilya, "The Influence of Ethnicity on Foreign Policy: The case of Ukraine", in Roman Szporluk (ed.), *National Identity and Ethnicity in Russia and the New States of Eurasia*, (London: M E Sharpe, 1994), pp.103-28.
- Radziejowski, Janusz, *The Communist Party of Western Ukraine*, (Edmonton, CIUS, 1983).
- Rudnytsky, Ivan Lysiak,(ed.),*Rethinking Ukrainian History*, (Edmonton, CIUS, 1981).

- Rudnytsky, Ivan Lysiak, *Essays in Modern Ukrainian History*, (Edmonton, CIUS, 1987).
- Solchanyk, Roman, (ed.), *Ukraine: Chernobyl to Sovereignty*, (London: Macmillan, 1992).
- , "Language Politics in the Ukraine" in Isabelle T. Kreindler (ed.), *Sociolinguistic Perspectives on Soviet National Language*, (Berlin: Mouton de Gruyter, 1985), pp.57-105.
- Subtelny, Orest, *Ukraine: A History*,(Toronto: University of Toronto Press, 1988, Second Edition, 1994).
- Torke, Hans-Joachim and John-Paul Himka, (eds.), *German-Ukrainian Relations in Historical Perspective*, (Edmonton, CIUS, 1994).
- Wilson, Andrew, *The Crimean Tatars*, (London: International Alert, 1994).
- , "Ukraine" by Bogdan Skajkowski (ed.), *Political Parties of Eastern Europe, Russia and the Successor States*,(London: Longman, 1994, pp.577-604.
- Wilson, Andrew & Ihor Burako Vskyi, *Economic Reform in Ukraine*, (London: Royal Institute of International Affairs, 1996).

### Articles:

- Arel, Dominique, "The Parliamentary Blocks in the Ukrainian Supreme Soviet: Who and What Do They Represent?", *Journal of Soviet Nationalities*, (New Caledonia), vol.1, no.4, Winter 1990-91, pp.108-54.
- Backer, John, C., "Redirecting Ukraine's Missile Industries", *Adelphi Paper 309*, (Iiss, Oxford), May 1997, pp.31-53.
- Betram, Christoph, "Why NATO must enlarge", *NATO Review*, (Belgium), vol.45, no.2, March 1997, pp.14-17.
- Birch, Sarah, "The Likely Effects of Electoral Reform in Ukraine", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.1, Spring 1997, pp.30-37.

- Bojcun, Marco, "The Ukrainian Parliamentary Elections of March-April 1994", *Europe-Asia Studies*, (Oxfordshire, UK), vol.47, no.2, 1995, pp.229-49.
- Bremmer, Ian, "The Politics of Ethnicity: Russians in the New Ukraine", *Europe-Asia Studies*, (Oxfordshire, UK), vol.47, no.2, 1995, pp.229-49.
- Brezzezinski, Z., "The Cold War and its Aftermath", *Foreign Affairs*, (New York), vol.71, no.4, 1992, pp.46-50.
- Cowley, Andrew, "Ukraine: The Birth and Possible Death of a Country", *The Economist*, (Singapore), 331, 7862"S1-S18, May 7-13, 1994.
- Filatotchev, Igor., Frausum Yves G. Van, Wright, Mike and Buck Trevor, "Privatization and Industrial Restructuring in Ukraine", *Communist Economies and Economic Transformation*, (Carfax, Oxfordshire, UK), vol.8, no.2, 1996, pp.185-203.
- Furtado, Charles, F. Jr., "Nationalism and Foreign Policy in Ukraine", *Political Science Quarterly*, (New York), vol.109, no.1, 1994, pp.81-104.
- Gow, James, "Independent Ukraine: The Politics of Security", *International Relations*, (The David Davies Memorial Institute of International Studies, London), vol.11, no.3, (December 1992), pp.253-67.
- Hagen, Mark Von, "Does Ukraine have a History?", *Slavic Review*, (Science Press, Pennsylvania), vol.54, no.3, Fall 1995, pp.658-673.
- Hasiuk, Oksana, "Walking the Razor's Edge", *The Ukrainian Review*, (Toronto, Canada), vol.XLII, no.4, Winter 1994, pp.23-26.
- , "Ukraine's Media: A Cog in the State Wheel?", *The Ukrainian Review*, (Toronto, Canada), vol.XLII, no.3, Autumn 1994, pp.5-13.
- Hesli, Vicki, L., "Public Support for the Devolution of Power in Ukraine: Regional Patterns", *Europe-Asia Studies*, (Oxfordshire, UK), vol.47, no.1, 1995, pp.91-121.

- Holder, Sven, "Torn Between East and West: The Regional Factor in Ukrainian Politics", *Post-Soviet Geography*, (Columbia, USA), vol.XXXVI, no.2, February 1995, pp.112-132.
- Ishaq, Mohammad, "The Ukrainian Economy and the Process of Reform", *Communist Economies and Economic Transformation*, (Carfax, Oxfordshire, UK), vol.9, no.4, 1997, pp.501-517.
- Joshi, Nirmala, "Ukraine and the Commonwealth of Independent States", *Strategic Analysis*, (New Delhi), vol.XVI, no.10, January 1994, pp.1367-1376.
- Kachmarsky, Eugene, "1990 in Ukraine: The Empire Strikes Back", *The Ukrainian Review*, (Toronto, Canada), vol.XXXIX, no.1, Spring 1991, pp.3-9.
- Kharchenco, Ihor, "The New Ukraine-NATO Partnership", *NATO Review*, (Belgium), vol.45, no.5, September-October, 1997, pp.27-29.
- Kiss, Karloy & Sidenko, Volodimir, R., "Ukraine on the Way Towards Economic Stabilization and Independence", *Eastern European Economics*, (Armonk, New York), Winter 1992-93, pp.65-93.
- Kozak, Olena, "Foreign Investment Market in Ukraine", *The Ukrainian Review*, (Toronto, Canada), vol.43, no.2, Summer 1996, pp.10-16.
- Krasnov, Gregory V. & Brada, Josef C., "Implicit Subsidies in Russian-Ukrainian Energy Trade", *Europe-Asia Studies*, (Oxfordshire, UK), vol.49, no.5, 1997, pp.825-843.
- Kubicek, Paul, "Delegative Democracy in Russia and Ukraine", *Communist and Post-Communist Studies*, (Pergamon, UK), vol.27, no.4, 1994, pp.423-439.
- Kuzio, Taras, "Leonid Kravchuk - Old Fashioned 'Little Russian' Governor or New Ukrainian Hefman?", *The Ukrainian Review* (Toronto, Canada), vol.XXXIX, no.1, Spring 1991, pp.3-9.

- Kuzio, Taras, "The Multi-Party System in Ukraine on the Eve of Elections: Identity Problems, Conflicts and Solutions", *Government and Opposition*, (London), vol.29, no.1, Winter 1994, pp.107-27.
- , "Russia-Crimea-Ukraine: Triangle of Conflict", *Conflict Studies*, (London), 267, January 1994, pp.1-35.
- Larrabee, F. Stephen, "Ukraine's Balancing Act", *Survival* (IISS, London), vol.38, no.2, Summer 1996, pp.143-65.
- Lukinov, I., "The Social Reorientation of Ukraine's Economic Structure", *Problems of Economic Transition*, (Armonk, New York), vol.38, no.4, August 1996, pp.4-12.
- Mackin, Theodore, "England, Russia and the Ukrainian Question during the Great Northern War (Part I)", *The Ukrainian Review*, (Toronto, Canada), vol.XXXIX, no.1, Spring 1991, pp.26-34.
- Marchenko, Viktor, "Can Kuchma pull Ukraine out of the crisis?", *The Ukrainian Review*, (Toronto, Canada), vol.XLI, no.1, Spring 1993, pp.7-10.
- Marples, David R., "The Ukrainian Economy in the Autumn of 1994: Status Report", *Post-Soviet Geography*, (Columbia, USA), vol.XXXV, no.8, October 1994, pp.484-491.
- McConnell, Donald, "Charter with NATO will help Ukraine regain its rightful place in Europe", *NATO Review*, (Belgium), vol.45, no.4, July-August 1997, pp.22-25.
- Mearsheimer, John, F., "The case for a Ukrainian Nuclear Deterrent", *Foreign Affairs*, (New York), vol.72, no.3, Summer 1993, pp.50-66.
- Menil, George de, "The Volatile Relationship between Deficits and Inflation in Ukraine 1992-1996", *The Economics of Transition*, (Oxford University Press), vol.5, no.2, 1997, pp.485-497.



- Miller, Steven, E., "The case against a Ukrainian Nuclear Deterrent", *Foreign Affairs*, (New York), vol.72, no.3, Summer 1993, pp.66-80.
- Moroney, Jennifer, D.P., "The 'Chameleon' Nature of Ukraine's East-West Relations", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.3, Autumn 1997, pp.24-31.
- Morrison, John, "Pereyaslav and After: The Russian-Ukrainian Relationship"" *International Affairs*, vol.69, no.4, October 1993, pp.677-703.
- Morozov, Konstantyn, "The Formation of the Ukrainian Army", *The Ukrainian Review*, (Toronto, Canada), vol.43, no.1, Spring 1996, pp.8-17.
- Mroz, John Edwin & Pavliuk, Oleksandr, "Ukraine: Europe's Linchpin", *Foreign Affairs*, (New York), vol.75, no.3, May/June 1996, pp.52-62.
- Ostryzniuk, Evan, "The Ukrainian Countryside during the Russian Revolution, 1917-1919: The Limits of Peasant Mobilization", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.1, Spring 1997, pp.54-63.
- Parkhalina, Tatiana, "Of Myths and Illusions: Russian Perceptions of NATO Enlargement", *NATO Review*, (Belgium), vol.45, no.3, June 1997, pp.11-15.
- Pavliuk, Oleksandr, "Ukraine and Regional Cooperation in Central and Eastern Europe", *Security Dialogue*, (London), vol.28, no.3, 1997, pp.351-366.
- Pirie, Paul S., "National Identity and Politics in Southern and Eastern Ukraine", *Europe-Asia Studies* (Oxfordshire, UK), .vol.48, no.7, November 1996, pp. 1079-1104.
- Potichnyi, Peter, J., "The Referendum and Presidential Elections in Ukraine", *Canadian Slavonic Papers*, (Canada), vol. XXXIII, no.2, June 1991, pp.123-137.
- Pukhtayevych, Halyna, "The current state of the Ukrainian Economy: Strategy and Reform.", *The Ukrainian Review*, (Toronto, Canada), vol. XLII, no.2, Summer 1994, p.5-13.

- Pyrozhkov, Serhiy and Chumak, Volodymyr, "Ukraine and NATO", *The Ukrainian Review*, (Toronto, Canada), vol. 43, no.3, Autumn 1995, pp.9-15.
- Resler, Tamara, J., "Dilemmas of Democratization: Safeguarding Minorities in Russia, Ukraine and Lithuania", *Europe-Asia Studies*, (Oxfordshire, UK), vol.49, no.1, 1997, pp.89-106.
- Rumer, Eugene, B., "Eurosia Letter: Will Ukraine return to Russia?", *Foreign Policy*, (Washington, D.C.), no.96, Fall 1994, pp.129-144.
- Sekarev, A., "Crisis on the basis of vague Economic Policy", *Problems of Economic Transition*, (Armonk, New York), vol.37, no.9, January 1995, pp.40-55.
- Sen, Rajiv, "Roll of Ukrainian Nationalism and Ukraine – Russian relations in shaping CIS", *Strategic Analysis*, (New Delhi), vol.XV, no.1, April 1992, pp.3-16.
- Sherr, James, "Russia-Ukraine Rapprochement : The Black Sea Fleet Accords", *Survival*, (IISS, London), vol.39, no.3, Autumn 1997, pp.33-50.
- Silver, Brian, D., "Social Mobilization and Russification of Soviet Nationalities", *American Political Science Review*, (Washington, D.C.), vol.68, no.1, 1974, pp.45-66.
- Simon, Gerhard, "The Ukraine and the End of the Soviet Union", *Aussenpolitik*, (Inter-Press, Hamburg), vol.43, no.1, 1992, pp.62-71.
- Singh, Swaran, "Ukraine: An Acid Test for US Nuclear Non-Proliferation Policy", *Strategic Analysis*, (New Delhi), vol.XVI, no.10, January 1994, pp.1307-1320.
- Smith, Graham and Wilson, Andrew, "Rethinking Russia's Post-Soviet Diaspora: The Potential for Political Mobilization in Eastern Ukraine and North-east Estonia", *Europe-Asia Studies*, (Oxfordshire, UK), vol.49, no.5, 1997, pp.845-864.

- Smolansky, Oles, M., "Ukraine's Quest for Independence: The Fuel Factor", *Europe-Asia Studies*, (Oxfordshire, UK), vol.47, no.1, 1995, pp.67-90.
- Solchanyk, Roman, "The Politics of State Building: Centre –Periphery Relations in Post-Soviet Ukraine", *Europe-Asia Studies*, (Oxfordshire, UK), vol.46, no.1, 1994, pp.47-68.
- , "Russia, Ukraine and the Imperial Legacy", *Post-Soviet Affairs*, (V.H. Winston & Son, Florida), vol.9, no.4, (1993), pp.337-65.
- Syporluk, Roman, "Ukraine: From an Imperial Periphery to a Sovereign State", *Daedalus*, (Cambridge), vol.126, no.3, Summer 1997, pp.85-119.
- Tarapacky, Tanya, "A Brief Overview of Ukraine's International Position", *The Ukrainian Review*, (Toronto, Canada), vol.XL, no.4, Winter 1992, pp.3-6.
- Tolstov, Serhiy, "Ukrainian Foreign Policy Formation in the context of NATO Enlargement", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.2, Summer, 1997, pp.3-15.
- , "Ukraine's Foreign Policy: Course Correction or Change of Priorities?", *The Ukrainian Review*, (Toronto, Canada), vol.43, no.1, Spring 1995, pp.3-13.
- Weisskirchen, Gert, "The Ukraine at the Crossroads", *Aussenpolitik*, (Interpress, Hamburg), vol.45, no.4, 1994, pp.325-335.
- Wilson, Andrew, "The Ukrainian Left: In Transition to social democracy or still in thrall to the USSR?" *Europe-Asia Studies*, (Carfax, Oxfordshire, UK), vol.49, no.7, November 1997, pp.1293-1316.
- , "The New Ukrainian Constitution", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.2, Summer 1997, pp.48-54.

- Wilson, Andrew, "The Ukrainian Left: Still a Barrier to Reform?", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.1, Spring 1997, pp.30-37.
- and Bilous Artur, "Political Parties in Ukraine", *Europe-Asia Studies*, (Oxfordshire, UK), vol.45, no.4, 1993, pp.693-703.
- Wise, Charles, R. and Brown Trevor, L., "The Internal Development of the Ukrainian Parliament", *Public Administration and Development*, (New Jersey, USA), vol.16, 1996, pp.265-279.
- Wolczuk, Roman, "Ukraine in the context of NATO Enlargement", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.3, Autumn 1997, pp.2-23.
- , "Ukraine and Europe: Relations since Independence", *The Ukrainian Review*, (Toronto, Canada), vol.44, no.1, Spring 1997, pp.38-53.
- Yegorov, Valentyn, "Ukraine: Formation of a Macro-economic Policy in a Hyperinflationary Environment", *The Ukrainian Review*, (Toronto, Canada), vol. XLII, no.1, Spring 1994, pp.20-32.

### **Journals and Magazines:**

- Communist and Post Communist Studies (Pergamon, U.K.).
- Europe-Asia Studies (Oxfordshire, London).
- Foreign Affairs (New York).
- Post-Soviet Geography (Columbia, USA).
- Problems of Economic Transition (Armonk, New York).
- The Economics of Transition (Oxford University Press, U.K.).
- The Economist (Singapore).
- The Times (London).
- The Ukrainian Review (Toronto, Canada).