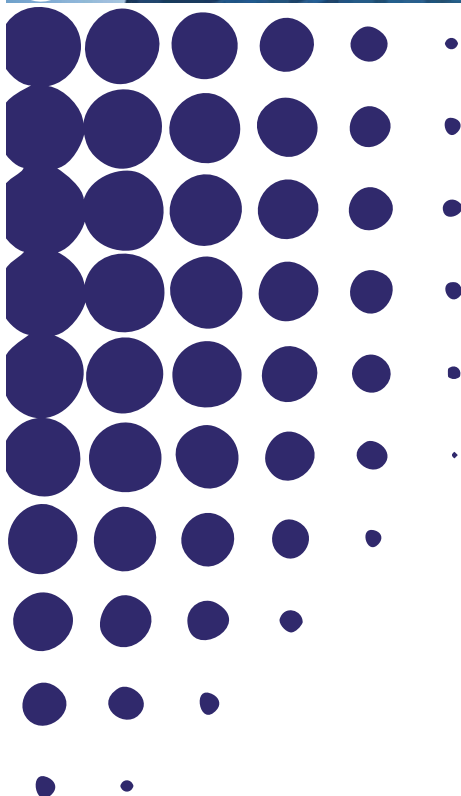


WP5/22 SEARCH WORKING PAPER

Local governance and social cohesion in Ukraine

Will Bartlett, Vesna Popovski

September 2013



The research leading to these results has received funding from the European Community's Seventh Framework Programme (FP7/2010-2.2-1) under grant agreement n° 266834

LOCAL GOVERNANCE AND SOCIAL COHESION IN UKRAINE

Will Bartlett and Vesna Popovski

London School of Economics, European Institute

Abstract

Local governance and social cohesion are important political principles which feature prominently in Ukrainian politics but there are many obstacles to their effective implementation. Despite many discussions about the need for the reform of local government, both in political institutions as well as in civil society, there is no political will to draft a plan and an action plan with a view to implement it. A divided political opposition and diminished civil society mean that there is little impetus to reform the system. The local political elite is still not able to take over the running of local government. The majority of them are still tuned into the centralised model and they do not have the political education to run their local councils independently. Both the psychology of local politicians as well as the administrative structure still favour the centralised model. Centralisation has been taking place since 2010 and political and economic power is concentrated in the office of the President and the ruling elite. The 2008 crisis, on top of the 20 years of economic problems, impoverished the majority of the Ukrainian population which exacerbated their retreat from the political sphere. On the one hand, they felt and still feel that the ruling elite does not want them in the corridors of power. They are invited and wooed to vote but no more than that. They also perceive the ruling elite as corrupt and guided by their economic interests. On the other hand they decided to withdraw because they needed to concentrate on developing survival strategies. Networks play an important role in developing and supporting the strategies of survival. Through these networks Ukrainians are able to obtain a wide variety of support, from food to help with education, health care and the search for employment. These networks are a backbone of Ukrainian state and society and as such they are a part of all different groups of Ukrainian society. Networks are vital political, social and economic structures. As much as they are helping some Ukrainians to survive they are also helping a smaller minority to enrich themselves. Networks which base their existence only on the exchange of favours, *blat*, as in Soviet times, are based on a smaller number of trusted members. Since Ukrainian society embraced market forces, financial transactions have become more important in these networks. Corruption has become endemic to Ukrainian society and has permeated not only the economic sphere but also public services such as education, health care and social services. As a result of political centralisation, only lip service is paid to the reform of local government and to the process of decentralization. The process of centralization together with the economic recession and high levels of corruption is creating a fragmented society in which there are increasingly less connections between different groups in society.

1. Introduction

Local governance and social cohesion are both concepts which entail and explore participation and inclusion. Local governance addresses changes in the style of governing and advocates participation of a wide range of not only political but social groups in government. It also highlights the importance of involving the local population so that it can influence the decisions of government. Social cohesion studies were very much inspired by the quality of life research arguing that there is a need to analyse how political and economic changes influence transformation, processes and structure of a society not only how its individuals are affected by these changes. And with the 2008 banking crisis and recession the research on social cohesion is of vital importance since it is analysing a growing gap not only between different countries but within both developed and developing countries. The growing gap has potentially destructive effects on social cohesion and risks exacerbating societal tensions.

In the first part of the paper, we present a literature review of concepts of local governance and social cohesion. Local governance, as we argue, stands for participation understood as taking part in the exercise of power between a variety of actors who are members of different networks and who are expected to behave responsibly; that is to promote the common good rather than personal gain. Participation also means the empowering of the local population while acknowledging that the state still plays an important role because of all the resources it has. Social cohesion entails the participation of all members of a community in different aspects of their community life. Therefore we approach social cohesion through the instruments of social inclusion. If we analyse social cohesion only through participation we are putting a boundary between those included and excluded and we feel that it is important to address those who are excluded and through instruments such as education, health care and alleviation of poverty include them in our society.

The second part of the paper analyses quantitative data collected by different surveys on the same concepts which is followed by data which was collected during fieldwork in Ukraine. All the quantitative research shows that the Ukrainians hardly trust their politicians, political parties, the President and its government. However one has to bear in mind they also do not trust organisations which belong to Ukrainian civil society since they feel betrayed by the majority of them. There is a widespread corruption amongst Ukrainian politicians and growing social inequalities. Civil society, which is vital for democracy to develop and function, is on the margins of the society. If there is hardly any trust between the majority of population and political elite there is trust among family members and close friends and these networks are important for the survival of many of the people in Ukraine. Decentralization never figured prominently in the rhetoric of the political elite in Ukraine as it did in some other countries of Eastern Europe. When there was a discussion about it, it usually finished with a verbal declaration only. Importantly, the local political elite is still not able to take over the running of local government. The majority of them are still tuned into the centralised model and they do not have the political education to run their local councils independently. Both the psychology of local politicians and administrative structures still favour the centralised model. The Ukrainian population trusts local politicians more than central government but the levels of trust are again very low. The last banking crisis impoverished

the majority of population which as a result had to engage in developing survival strategies. They turned towards family and friends in a time of need. It is therefore possible to conclude that Ukraine is a highly centralised and socially fragmented country in which local governance is not on the political agenda.

2. Literature Review

2.1. Understanding Governance

The concept of governance began to be widely employed in the 1990s in relation to shifting patterns in the style of governing. It questions both the role which the government and its bodies play as well as the need to involve different types of communities in the process of governing. Therefore it questions the role which the state plays in the process of democratisation and economic development. (Bevir, 2011, pp. 4-10) It also highlights the issue of democratic accountability. The model of government in a democratic nation state is in theory characterised by clear channels of participation and transparent lines of accountability for executive action. However, in practice, the state is seen as getting either too involved in regulating markets or capitulating to the market forces as well as being “captured by ... corrupt politicians and unaccountable bureaucracies”. (Hirst, 2000; Pierre, J., ed., 2000) Based on neoclassical economics, in the early 1990s governance was understood as new public management; contracting-out, franchising and introducing new forms of regulation. (Stoker, 1998, p. 18; Rhodes, 2000, pp. 56-57) The role of the state was to be minimal. New public management strategies address the issue of governance in relation to their policies towards the public sector and public administration. These strategies consisted of privatisation of public industries and services and of their quality control. Furthermore, they introduced commercial practises and management in public administration.¹ A visible line of responsibility and accountability between the welfare state and its citizens was now replaced by a triangle of customers, service providers and share-holders, to whom the providers were as equally committed as to customers.² In the late 1990s a new approach was introduced based on partnership, networks and trust where the state was seen as a facilitator, guaranteeing a space for different types of communities.³ This type of governance, often called negotiated social governance, developed on the micro and mezzo level and is therefore seen as democracy in action.⁴ It embraces different actors; from members of the local government to local businessmen, from trade unions to trade associations as well as NGOs and less permanent groups, who organise themselves around the issue in question. The state

¹ “The new paradigm denounced bureaucracy and public officials, and championed markets and entrepreneurs. It turned away from what was now derided as big government, bloated bureaucracy, and uniform solutions, and toward a private sector that was now lauded as competitive, efficient, and flexible. This paradigm shift was also one from institutional definitions of good government, which emphasised clear-cut divisions of responsibility set in a context of hierarchical relationships, toward new definitions of efficient processes defined in terms of service-delivery and outputs with an attendant emphasis on transparency, user-friendliness and incentive structures.” Bevir, M. (2011), p. 9.

² It is important to highlight the consequences of turning citizens into customers and therefore stripping them of their rights and their responsibilities towards the state and their local community.

³ “When social scientists inspired by sociological theories of rationality studied neoliberal reforms of the public sector, they were often highly critical. They argued that the reforms exasperated problems of coordination and steering; they promoted networks and joined-up government. The advocates of networks distinguish them from hierarchies as well as markets.” Bevir, M. (2011), p. 9.

⁴ Sometimes also labelled as democracy from below and viewed as an important part of the essence of democracy.

and government have been attacked both from the right and from the left. These attacks have in common “what might be called a ‘post-political’ search for effective regulation and accountability”. (Hirst, 2000, p.13) It is important to add participation to this ‘post-political’ project. The state and government have been criticised, especially from the left, for not including its citizens into the process of governing and for only courting them during an election campaign. (*ibid.*, pp. 14-19)

To these two understandings of the concept of governance we need to add another three approaches which are discussed in the literature. 1. International development agencies and western governments introduced the concept of good governance as an important component in the process of economic growth and development. ‘Good governance’, promoted by the World Bank, means creating a social and political environment which encourages the development of the private sector in the economy and in the rest of the society. 2. Important problems in our societies can only be solved on a global level (global warming, regulation of financial markets, war on terror, human trafficking *etc.*). ‘Governance without government’, in the field of international institutions and regimes, discusses the role of international organisations which are not accountable to any state or nation as well as the need for these organisations to change to be more transparent before and during the decision-making process. 3. ‘Corporate governance’ primarily relates to the Anglo-Saxon commercial world where professional managers run companies not involving shareholders. The concept is synonymous with transparency and accountability. (Rhodes, 2000, pp. 55-63)

Issues raised in these different approaches are important because they highlight different, as well as discuss the same, aspects and therefore enable and facilitate an analysis of dimensions of governance.

Governance entails the participation of different actors, governmental institutions, civil society, corporate interest as well as international organizations.⁵ It is important to stress the participation of these different actors in the decision-making process and its delivery for two reasons, both of which relate to the issue of legitimacy. “The exercise of power needs to be legitimate... A legislation deficit undermines public support and commitment to programmes of change and ultimately undermines the ability of power-holders to mobilize resources and promote co-operation and partnership.” (Stoker, 1998, p. 20) Beetham argued that for power to be fully legitimate three conditions are required: “its conformity to established rules; the justifiability of the rules by reference to shared beliefs; and the express consent of subordinate, or most significant among them, to particular relations of power.” (Beetham, 1991, in: Stoker 1998, p. 21) Building on three conditions which Beetham developed from empirical observations of the workings of political systems and bearing in mind the workings of the political system in Ukraine, it is important to add a fourth criteria; the familiarity and transparency of the rules. It is only when people are familiar with the rules and understand them that they can accept them, adhere to them and behave accordingly.⁶ Firstly, people who have a stake in their society or, in other words, who feel invited to the corridors of power where their contribution is welcome are ready to participate in the decision-making process and with their act of participation they are enhancing the legitimacy of governance and are

⁵ “It would be illusory to think that democracy consists merely in the competition for the access to government resources. Democracy in complex societies requires conditions which enable individuals and social groups to affirm themselves and to be recognised for what they are or wish to be.” Melluci, A. (1998) p.172.

⁶ There is always going to be ambiguity about rules. There are also always going to be people who do not accept them.

able to contribute to its workings. Secondly, the legitimization of local governance is based on the involvement of local communities as well responsiveness to the needs of local people. Ukrainians and Moldovans trust their local government precisely because they know who the local councillors are and feel that since both members of the community and local councillors have a stake in the community the local government is going to deliver on the promises which were made in collaboration between local government and members of the community. Governance seen as participation also shifts its concern towards the reality of everyday life. As some of my interviewees stressed, their concern was to improve local services (to sum up their thoughts) “today since it was not done yesterday”. Governance therefore is not primarily concerned with building a formal structure of government, which is important for functioning governance, but focusses on the complex, unpredictable and messy life of a community.

The concept of governance emphasises the power dependence between these different actors. Both central and local state are being ‘overloaded’ by tasks and demands placed upon them by the wider society. Therefore they have to rethink their role and develop strategies to share responsibilities for the production and delivery of public services. Governance depends on the co-operation and co-ordination of different actors in order to ensure that collective action fulfils its goal/s. Co-operation, in this context, means commitment to collective action and therefore exchanging resources according to the agreed rules (as discussed above). Co-ordination involves the organisation of different actors according to their resources. As a result, different types of partnership can be developed. Stoker argues that there are three possible forms which he names as: principal-agent relationship, inter-organisational negotiations and systemic co-ordination. (Stoker, 1998, p. 22) The first one is a relationship in which one party (principal) hires the other party (agent) to undertake a certain task. We would add that this is an unequal relationship in which partners partially know each other and therefore take a risk in working together to fulfil the task. Their co-operation is based on trust. The second type of partnership involves negotiations over the means of achieving a certain task. All actors negotiate from the point of view of their organisational goals and try to integrate different approaches. And we would argue that during negotiations trust gradually develops which makes this type of co-ordination more conducive to achieving a certain goal. The third type is not only about integrating different points of view but integrating organisations which, we would argue, makes them stronger and more visible at the negotiating table as a result of their combined resources. Although this type of co-ordination produces larger and more vocal organisations, there is also a possibility that certain organisations and their issues are silenced.

The concept of governance also entails a blurring of boundaries between these different actors and here the issues of responsibility and accountability are vital.⁷ Historically “(R)esponsibility referred as much to the character of politicians and officials as to their relationship to the public. Politicians and officials had a duty to respond to the demands, wishes, and needs of the people. To act responsibly was to act so as to promote the common good rather than to seek personal advantage.” (Bevir, 2011, p. 11) Today, because the state is stepping back and it is only one of the institutions which are involved in delivering public

⁷ Today responsibility and accountability are seen as synonymous. However, accountability does not entail the moral implications that are associated with the concept of responsibility; it is not a character trait. ‘Being called to account’ means that one has to answer questions, usually to his/her superior.

services, responsibility is shared between different agencies which often means that nobody is willing to bear responsibility. (Rhodes, 2000, pp. 76-78) Furthermore, discussions about the role of the welfare state have entailed a new approach towards citizenship which highlights both the rights and responsibilities of an individual. As a result, responsibility is no longer confined exclusively to an institution. The majority of institutions as well as individuals are passing it off to another institution and as a result a culture of blame, avoidance and scapegoating has developed.

Governance highlights the importance of the autonomy of self-governing networks or, in other words, governmental institutions should not impose decisions, but decisions should be the result of a blending of different opinions. Once actors/institutions are organised as self-governing networks they “involve not just influencing government policies but taking over the business of government”. (Stoker, 1998, p. 23) These networks are characterised by institutional interdependence, the exchange of resources, trust and autonomy from the state. As a result of these characteristics, there may be challenges related to accountability towards their own members as well as the broader community. What is going to happen with dissenting voices? Are they always going to be heard? Also there are issues related to the openness of these networks. How much are they ready to take on new members and hear new opinions? Although the state no longer occupies a privileged position, it is still trying to steer these networks.

The governance perspective acknowledges that the state, and therefore the government as well, still plays an important role both because of its authority, the resources which its institutions have gathered as well as the trust which some levels of government still command. However, from the point of view of governance it is important for the state not to command or use authority but to guide and steer. Because of its institutional resources, the state is able to identify stakeholders and develop linkages between them to achieve the desired goals.

Governance entails the participation of actors and institutions which belong to different sectors of state and society and should aim towards distributing power and influence widely among the local population. Governance is a political activity. It is a process of building up trust between these different players. Their power in the decision making process depends, on the one hand, on their human capital, the knowledge which they have about a certain issue and task, and social capital, the networks which they belong to and co-operate with. On the other hand, the state and government are still powerful since they have administrative and financial capacity (economic capital). For governance to function two requirements are needed; firstly, the state needs to use its authority to guide and steer (not command) during the process of decision making and secondly, all institutions/networks/actors need to be open and inclusive of different opinions. This approach clearly points out that a governance perspective provides an organisational framework for our research. It suits our fast changing times because its own characteristics are those of fluidity, shifting boundaries, adaptation, learning and experiment. It raises a myriad of questions. It is a mosaic where different actors/institutions do not always fit perfectly but are able to ask questions in their own way and tell us their views.

The concept of local governance highlights the importance of a spatial perspective in the styles of governing. Localities are vital in shaping participation and power dependence between different actors. Decentralization occurred in some parts of Central, Eastern and South East Europe (e.g. Poland, Bulgaria, Romania) as a reaction to the highly centralised communist system. In some other countries in these regions, centralisation was seen as the answer to primarily ethnic problems (e.g. the Ukraine) or wars and conflicts (as in the countries of the former Yugoslavia). Discussions relating to a new system of governing in the early 1990s, which took place among national as well as nationalistic elites⁸ in different Eastern European countries, led to re-thinking the Western European model of giving more power to local levels of government. Bearing in mind the struggle for independence there was a discussion about 'giving power to the people', to the local civil society activists and organisations. (Coulson and Campbell, 2008, p.1) If one looks at the results of the first local elections in the Ukraine in 1990 one can compile a long list of civil society organisations and activists which were elected. (Campbell, 1995, pp.122-124) Also there was a strong belief, especially among members of civil society organisations, that joining European nations meant both subscribing to different layers of identity, as European nations do, and developing democracy at different state levels. That way of reasoning, it was argued, was based on and supported by the Council of Europe's European Charter of Local Self-Governance of 1985. Even if these ideas were short-lived they highlighted the importance of local democracy. The major issue concerning local democracy was that, although it was demanded from below, it was imposed and managed from above, from the central state. This was not surprising bearing in mind that the new political elites were either the old communist elite or people who were brought up under communism and whose political culture and a style of governing was very much influenced by the communist regime's hierarchy.

The concept of local governance relates to decentralization, understood as a process of power redistribution from central to local authorities, since it addresses structure, functions and processes of power distribution within local authorities. Decentralization, according to the World Bank Institute, has three main dimensions: political, administrative and fiscal. Political decentralization addresses the transfer of power to the people and their elective representatives and therefore presupposes reform of the electoral system, the development of political parties and state support for the process of political participation. Administrative decentralization is understood as, full or partial, transfer of responsibilities to plan, finance and manage public services. It has three forms: deconcentration, delegation and devolution. "Deconcentration can merely shift responsibilities from central government officials in the capital city to those working in regions, provinces, or districts, or it can create strong field administration or local administrative capacity under the supervision of central government ministries. Through delegation central governments transfer responsibility for decision-making and administration of public functions to semi-autonomous organizations not wholly controlled by the central government, but ultimately accountable to it. Devolution usually transfers responsibilities for services to municipalities that elect their own mayors and councils, raise their own revenues, and have independent authority to make investment decisions." (Litvack, and Seddon, eds., 1999, p.3) Fiscal decentralization implies the right to make decisions about expenditure of the local government as well as decisions over whether to raise taxes locally or transfer them from central government. (*ibid.*, pp. 2-3) Decentralization is a key process in building a bottom-up democracy and encouraging

⁸ There is a difference between national and nationalistic elites. The first one builds their understanding of the nation state on the civic concept of the nation while the latter one on the ethnic concept of the nation.

political participation on the local level. The pace of its development is very much embedded in the political, economic and cultural history of a country in question.

Local governance in Ukraine relates to an administrative-territorial reform which has been advocated by the present government but not delivered. Ukraine is still a centralised country ruled by political and economic elites around President Viktor Yanukovich. On the local level it has a dual system of governance, local state administration, appointment by the President, and elected local councils. These two bodies do not have the same power due to financial resources which are allocated by the central state to the local state administration. As a result, party politics plays a much bigger role in allocating resources than the needs of the population in different administrative-territorial units. As nearly all of the interviewees stated, there is a problem with human capital. The majority of councillors are still not educated enough to be able to perform their roles. Oleksadr Solontay, a member of the Institute of Political Education in Kyiv, argues that the majority of the population does not realise that democracy is not only about elections. “Even to have proper elections we need to educate people. Ukrainians are still not aware of that. Our values system needs to change.”⁹ In Ukraine people are struggling to survive. According to the Institute for Demography, Academy of Sciences 42% of Ukrainians spend 60% of their income on food. (Komentary, No.18, 10th May 2013, p.4) So people have a few jobs and, as I was frequently told, there is “no time for politics”. There are two consequences of this withdrawal from politics. Civil society organisations are small in number and politics functions as an independent sphere from the rest of the society. People are disillusioned with both politicians and civil society activists. There is no longer interest in civil society organisations since people feel betrayed by the Orange Revolution and its leaders who were an important part of the civil society.¹⁰ A fundamental part of a functioning democracy is civil society. As we argued, the concept of governance entails participation of actors and institutions, of both state and civil society organisations. It also entails responsibility for actions taken and transparency. “My analysis suggests variation in local government transparency to be a function of the density of political and civil society, and the institutions that mediate between them, as opposed to socioeconomic development or locality size.” (Dowley, K.M. 2006) As will be further elaborated later in the paper, local government (as well as central government) is not sufficiently scrutinised by its citizens as a result of political apathy.¹¹

The system of administrative-territorial structure is defined according to the 1996 Constitution of Ukraine¹², Chapter IX¹³, Article 133, in Paragraph 1.¹⁴ In Paragraph 2 Crimea

⁹ Interview with Oleksandr Solontay, 24th May 2013.

¹⁰ Interview with Igor Kohut, 21st May 2013.

¹¹ Interview with Igor Kohut, 21st May 2013.

¹² In 2010 the Constitutional Court made a decision to revert to the 1996 Constitution, after 6 years of discussion and debate which focussed especially on two bills. One of these bills related to the introduction of parliamentary democracy and the other one related to the reform of local government.

¹³ **Article 132.** The territorial structure of Ukraine shall be based on the principles of unity and integrity of the State territory, the combination of centralization and decentralization in the exercise of the state power, and the balanced socio-economic development of regions taking into consideration their historical, economic, ecological, geographic, and demographic characteristics as well as ethnic and cultural traditions.

Article 133. The system of the administrative and territorial structure of Ukraine shall include: the Autonomous Republic of Crimea, oblasts, rayons, cities, city districts, settlements and villages.

and oblasts are listed together with the cities of Kyiv and Sevastopol. In paragraph 3 it stated that these two cities are given a special status but what a special status entails is not clearly stated. One can speculate that since they are listed together with oblasts and Crimea they have the same status as oblasts and Crimea. This speculation is not based in the law. It is not stated at all in Article 132 what is the rationale for the hierarchy of administrative-territorial units. Especially since two categories are mixed: rayons and oblasts which belong to administrative and territorial structure and cities, towns and villages which are categories of urban planning. (Tkachuk, *et al*, 2012, p.46) The relationship and remit of these different levels is not stipulated. This becomes more transparent if one analyses Chapter VI, The Cabinet of Ministers of Ukraine. Other Executive Authorities, Articles 118 and 119, do not at all address the duties of executive bodies but only the way they are constituted and to whom they are responsible (i.e. the President of Ukraine). Local state administration is also accountable to local council for authorities delegated to them by local councils. This type of wording creates lines of conflict between different levels of government especially since there is not a clear division of duties and responsibilities of these different levels. Chapter XI, Local Self-Government, Article 140, states that local self-government is based on the rights of citizens. However it does not address what a local settlement is, nor does it state where its (geographical) boundaries are and therefore where its jurisdiction finishes. Therefore it does not come as a surprise that the Articles 118, 119, 133 and 140 have been taken quite a few times for the interpretation to the Constitutional Court. (*ibid.*, p.47) “In Ukraine there has been no major change since 1990, just the gradual progress of territorial fragmentation. The municipal tier has remained very weak both in functional and financial terms, while the devolvement of functions has largely stopped at oblast and rayon levels. So far, only the (very weak) municipal tier enjoys full self-government status, while on the upper tiers we notice a domination of administration which is nominated by and subordinated to the centre. The territorial organisation requires also complete delimitation of geographical boundaries of local units and clarification of the situation regarding the chaotic relationship between two (or more) local government units of the same tier which operate on the same territory (for example a village within the territory of the city).” (Swianiewicz, 2006, p.618)

Legal difficulties are embedded in the centralist heritage of the communist state. Jerzy Regulski argues that in all countries of Central, Eastern and South East Europe decentralisation was dependent on five monopolies: 1. the monopoly of the Communist Party; 2. top to bottom ruling; 3. the monopoly of state property; 4. the monopoly of state budget and 5. the monopoly of central state administration. In Ukraine these monopolies

Ukraine shall be composed of the Autonomous Republic of Crimea, Vinnytsia Oblast, Volyn Oblast, Dnipropetrovsk Oblast, Donetsk Oblast, Zhytomyr Oblast, Zakarpattia Oblast, Zaporizhia Oblast, Ivano-Frankivsk Oblast, Kyiv Oblast, Kirovohrad Oblast, Luhansk Oblast, Lviv Oblast, Mykolayiv Oblast, Odesa Oblast, Poltava Oblast, Rivne Oblast, Sumy Oblast, Ternopil Oblast, Kharkiv Oblast, Kherson Oblast, Khmelnytskyi Oblast, Cherkasy Oblast, Chernivtsi Oblast and Chernihiv Oblast, the City of Kyiv, and the City of Sevastopol.

The cities of Kyiv and Sevastopol shall have special status determined by the law of Ukraine.

¹⁴ This system is based on the administrative-territorial system of Soviet Ukraine. According to the 2001 Population Census there are 27 oblasts (including AR of Crimea and Kyiv and Sevastopol); 490 rayons and 174 cities of rayon status; 11632 units which have status of local self-government (449 towns, 790 townships, 10280 village councils and 122 districts of cities); and 29000 settlement units which do not have an automatic status of local self-government.

played an important role and they are still embedded in the present culture. The only difference is that now there is a monopoly of private property and the party in power. Presently it is The Party of Regions which is challenged unsuccessfully by the disunited political opposition. “Over 14 years have passed since the adoption of the new Constitution of Ukraine in 1996; nevertheless, no fundamental law on the administrative and territorial structure has been passed, while contemporary issues relating to the administrative and territorial structure continue to be resolved in accordance with the Decree of the President of the Verkhovna Rada of the Ukrainian SSR “On the procedure addressing issues related to the administrative and territorial structure of Ukrainian SSR” of March 12, 1981.” (Tkachuk, *et al*, p.53) In 1997 the Law on Local Self-Government was adopted and in line with the Constitution confirmed and strengthened the self-government status of towns and villages. In practice it gave this status only to oblasts and rayons and their executive power was a part of central administration. The central administration was in turn dependent on presidential administration. (Swianiewicz, 2008, p.67)¹⁵ It is therefore not surprising that the majority of my interviewees stated that there is no real interest in local government, “It is not high on the Central Government agenda.”

Local governance, in summary, therefore stands for participation understood as taking part in the exercise of power between a variety of actors who are parts of different networks and who are expected to behave responsibly in a manner that promotes the common good rather than personal gain. Participation also means the empowering of the local population while acknowledging that the state still plays an important role because of all resources it has.

2.2. Social Cohesion

The concept of local governance entails the participation of local communities with the aim of improving the quality of life of the local population. Studies of quality of life and social cohesion are interwoven. Social cohesion studies were very much inspired by quality of life research arguing that there is a need to analyse how political and economic changes influence transformation, processes and structure of a society not only how its individuals are affected by these changes. (Berger-Schmitt, 2000) The quality of life as well as social cohesion studies are very much back on the forefront of social sciences research because of the 2008 banking crisis. The recession has generated challenges to living standards which are still largely defined on the basis of income.¹⁶ The recession has also highlighted a growing gap between the rising of income per capita and poverty not only between developed and developing world but within both developed and developing countries and runs a risk of exacerbating societal tensions. According to Stiglitz, Sen and Fitoussi the quality of life has the following dimensions: material living standards (income, consumption and wealth); health; education; personal activities including work; political voice and governance; social

¹⁵ See also Law of Ukraine on Local Self-Government in Ukraine, Article 2, Paragraph 2.

¹⁶ However, Amartya Sen argues that income is not easy to measure. He argues that we desire income but it does not have an impact we think it should have. Income is only a small part of the good life. There is a difference between life we think is good and we come to believe it is good. Non-income factors are vital for the good life (for example, disabled people value access to prosthesis or mental health care). According to this line of reasoning, the quality of life should not only be measured according to income but also on the basis of the degree to which individuals are free to live a good life.

connections and relationships; environment (present and future conditions); and insecurity, of an economic as well as a physical nature. (Stiglitz *et al.*, 2009, p.14-15) The quality of life, as measured using social indicators, focuses on an individual and more recently on households. (Moller and Huschka eds., 2009, p.2; EBRD, 2011) Which indicators are going to be used depends on one's conceptual approach. Three approaches are usually stated and they belong to different philosophical traditions; utilitarianism, social justice and new welfare economics. The first one focuses on subjective well-being and it is connected with measurements of happiness. An individual is seen as the best judge of one's needs. The second approach addresses "the capabilities of people, that is, the extent of their opportunity set and of their freedom to choose among this set, the life they value." (Stiglitz *et al.*, 2009, p.15) People should have equal opportunities while society should respect the different abilities of an individual to pursue a goal of his/her choice. The third approach is related to the fair allocation of resources where the state intervenes or makes arrangements regarding the distribution of income with a belief in the equality of all its members. (*ibid.*, p.42) As much as improving the quality of life of an individual is an aim in its own right, it is also important as an instrument for the creation of a more equal society, a society in which people live together however different they may be. These differences can be cultural, ethnic and/or economic and the issue is how to develop, on the one hand trust between these different communities and on the other how to empower people so that they have opportunities to choose the way of life they value.

The concept of social cohesion traces its origins to the work of French sociologist Emile Durkheim who tried to understand what holds together newly industrialised societies in the absence of traditional sources of authority. He developed his theory in opposition to the liberalism of Jeremy Bentham and the individualism of Herbert Spencer. He also rejected the views of Auguste Comte who advocated a strong role for the state in society. He argued that, in French terminology, *social solidarite* is embedded both in the state and civil society. He acknowledged that as the population grows and the economy develops 'collective conscience' lags behind until a new form of solidarity emerges, a transition from 'mechanic' to 'organic' solidarity. He worked on his theory of social cohesion all his life so it is not surprising that he has influenced differing conceptions of social cohesion. Green *et al* have argued that 3 differing regimes¹⁷ of social cohesion can be discerned; labelled as 'liberal', 'social market' and 'social democratic'. The liberal regime of social cohesion bases its legitimacy on an individual and his/her freedom. The individual is valued more than the state and freedom more than equality. There is a belief in equality of opportunity, freedom to choose and reward according to merit. The role of civic institutions is important in addressing issues raised by individuals. State institutions maintain respect for law and order. The social market regime combines private enterprise with state regulations to form a society which promotes the market economy and social solidarity. In its welfare approach it insists more on solidarity than equality. The social democratic regime has at its heart equality and social solidarity. Social cohesion is driven and guaranteed by the state. There is a social partnership between state and its citizens. Social solidarity is visible in the work place where wages are set through the bargaining between trade unions, corporations and the state. Generous welfare continues to be a part of the recent 'flexicurity system', which eased rules in hiring and firing. Another crucial foundation of social cohesion is comprehensive education. (Green *et al*, 2009, pp.19-22, p.78).

¹⁷ These regimes are in general constructed as 'ideal types' in the Weberian sense.

The concept of social cohesion has been used by policy makers in Europe especially since the 1980s because of the effects which economic and political changes had on the social fabric. It has become more widely employed since the 2008 banking crisis. With the rise of inequalities and diversity accompanied by globalisation there are threats to social cohesion which are defined either as rising income inequalities, unemployment and crime, the decline of traditional family, increased immigration as well as segregation of the migrant communities, the proliferation of identity politics and prevailing mores of individualism and self-interest and political extremism and terrorism. (Green *et al.* 2009, p.4) Social cohesion defined through these causes clearly points out that it is used as a normative concept. It is a goal and a means to achieve this goal. But one has to bear in mind that how a socially cohesive society should look depends on one's point of view (either that of a researcher or a policy maker). Furthermore it presupposes that social cohesion is always beneficial to the development of a society.¹⁸ Cohesion implies inclusion which highlights that certain communities and/or individuals excluded. Some authors like Ralph Dahrendorf argue (using emotive language) that one (of two) elements of social cohesion is inclusion (the other is social capital). "People belong; they are not allowed to be excluded." (Dahrendorf *et al.*, 1995, p.vii)

The concept of social cohesion has a multiplicity of meanings which all stress its multidimensionality. (Novy, *et al.*, 2012, p.1874) Definitions entail characteristics which relate to social attitudes and behaviour as well as to institutional characteristics. As a result, a majority of definitions would include the following; shared values and goals, a sense of belonging and common identity, tolerance and respect for other cultures and individuals, interpersonal and institutional trust, civic cooperation, active civic participation and law-abiding behaviour as well as institutions for the sharing of risk and providing social protection, redistributive mechanisms to foster equality or equality of opportunity (such as welfare state) and conflict resolution mechanisms. (Green, *et al.*, 2009, p.8)

For the purpose of our paper we feel that the best way to approach social cohesion is by concentrating on social exclusion and by employing social inclusion mechanisms to develop a socially cohesive society. Social inclusion mechanisms primarily relate to policies which alleviate poverty, unemployment, low level of education and poor health. (Atkinson, Marlier, Nolan, 2004, pp. 6-12) These mechanisms address both individuals and their households. Social cohesion entails, on the one hand, inclusion, which also means that certain groups may be excluded. Therefore, the above listed dimensions address also exclusion and the deprivation of an individual, in the form of his/her inability to participate in the social, political and economic life; especially to participate in distributional and relational aspects of the state since an individual, for the purpose of the state, is defined through these aspects. The former aspect perceives state as a distributor of welfare due to lack of individual and/or household resources while the latter concentrates on the disruption of social ties in a society since state institutions are not able to integrate individuals. On the other hand, these dimensions address social capital understood as network building and trust between different individuals and their communities, organisations and institutions. Putman (2000) sees social capital as 'horizontal associations' between people and as 'networks of civic engagement'. Coleman (1988) adds the layer of vertical associations that is clubs, political parties, companies *etc.*, while North (1990) includes formal as well as informal organisations. Social

¹⁸ Olson argues that it can lead to economic sclerosis. Marx argues that it prevents the alleviation of injustices in society.

capital is not only viewed as bonding and bridging social capital but also includes state institutions, as well as a wide spectrum of social, economic and political institutions.

2.3. Quantitative Data on Local Governance and Social Cohesion

Quantitative research has been undertaken on local governance, social cohesion and the quality of life by European Quality of Life Survey¹⁹, European Working Conditions Survey²⁰, European Social Survey²¹ and EBRD Transition in Life Survey²². The four surveys share in common an argument that the quality of life needs to be broadly defined as the well-being of an individual and his/her satisfaction with the society/state in which they live. They also agree that well-being is best measured by social indicators. According to the available data it is not clear how they deal with survey questions which address evaluation, in other words, how they cater for understanding the worldview or perspective upon which individuals judge services provided by their respective states. To be able to understand people's worldviews or perspectives we need to be aware of adaptation and contextual influence, both being processes of change. People adapt easier to improved circumstances than to declining ones. People are influenced by the community in which they live as well as the one they observe. In order to gain a more nuanced understanding of perceptions relating to the quality of life it is important to supplement large-scale survey data with qualitative interviews that focus on the lived experience of individuals. Results based on field-work undertaken in Ukraine clearly indicate the need to combine an analysis of data obtained by using both quantitative and qualitative research methods. Quantitative data from these four big surveys will be organised as much as these data allows us around indicators which we selected in the previous

¹⁹ The European Quality of Life Survey is based on research at the Dublin Economic and Social Research Institute. It defines quality of life using seven indicators: 1. income, living standard and deprivation; 2. subjective well-being; 3. work-life balance; 4. family life, 5. housing and local environment, 6. health and health care and 7. quality of society. Quality of life studies focus on the individual and refer to the overall well-being of individuals measured by social indicators. (Nolan *et al.*, 2003)

²⁰ European Working Conditions Survey argues in the Introduction of the Executive Summary, "Work is an important dimension in many long-standing European policies and norms, covering aspects such as equal opportunities for men and women, active ageing, working time, lifelong learning, work organisation, work-life balance, health and safety, labour standards and the prevention of discrimination, work-related stress and in-work poverty. The EWCS can contribute to discussions on the importance of work in relation to well-being at individual and societal level." (Eurofound, 2012a, p.8)

²¹ European Social Survey, as its first coordinator Roger Jowell argues, is "dedicated to discovering more about the changes in Europe's social, political and cultural fabric (and) providing a means by which societies can judge themselves –at least partly- according to how their citizens feel about and fair in the world they inhabit." (European Social Survey, 2012b) These changes are investigated using "twelve broad topics": 1. trust in institutions; 2. national, ethnic, religious identity; 3. political engagement; 4. well-being, health and security; 5. socio-political values; 6. demographic composition; 7. moral and social values; 8. education and occupation; 9. social capital; 10. financial circumstances; 11. social exclusion and 12. household circumstances. The survey is undertaken every two years and at each round some additional topics are investigated.

²² EBRD together with the World Bank has undertaken research on individuals and households in 2006 and 2010 in 30 countries of Eastern Europe and Central Asia, with the aim of understanding how people's lives have been changed and shaped since the late 1980s. The 2010 survey covers five broad topics: 1. impact of the global economic crisis; 2. attitudes and values; 3. governance and public service delivery; 4. corruption and trust and 5. gender differences in social integration.

subchapters since the indicators were starting points in formulating our interview questions. Both local governance and social cohesion (analysed, as we argued concentrating on social exclusion) imply participation, networks and trust. The role of local governance is to include different local actors and their networks in the process of power where all of them can take part in decision-making processes as well as to take responsibility for improving the quality of life of the local population and for developing mechanisms of social inclusion. (Atkinson, Marlier, Nolan, 2004)

Countries like Ukraine, Croatia and Romania, which were hit hard by the economic crisis in 2008, have seen their quality of life declining and, as a result, their perception of their national governments' performance is very low. Less than 5% of Romanians and Croatians think that their governments have performed well, while 10% of Ukrainians agree that their government performed well. In 2010 the number was higher for Moldova and Bulgaria (15% and 25%), (EBRD, 2011, p.13) but as we know from the present political events in Bulgaria there is hardly any trust in the national government and the political elite.²³ Moldova has experienced strong economic growth from -6% in 2009 to 7.1% in 2010 as well as, despite changes of government, a continuing support for democracy, the market economy as well as the EU. (EDRD, 2013, p.128; EBRD, 2011, p.22) 61,6% of Ukrainians strongly agree that their government does not have policies to address differences in income level. That is the highest score among all surveyed countries. Only Bulgaria is ahead if we add 'agree' and 'strongly agree', 86,4% while Ukraine scores 85,5%. (Golovaha and Ljubiva, 2012, p.38) This low opinion of governmental performance in all six states has also been based on the lack of state support for its citizens. According to the European Social Survey only 0,2% and 0,8% of surveyed Ukrainians received in 2011 unemployment benefit or any other social benefit. (*ibid.*, 2012, pp.39-40) As we pointed out above, institutions such as welfare state play an important role in policies of social inclusion. The public safety nets were only able to provide support to a small proportion of people effected by the economic downturn. As the EBRD Life in Transition Survey argues, only a proportion of the poorest third of the households were eligible for benefit support; 11% in FYR Macedonia, 12% in Moldova, 15% in Croatia and Ukraine and 20% in Romania and 25% in Bulgaria. (EBRD, 2011, p.11) The last two countries, as members of the EU, have had financial support from the EU structural funds (Matiuta, 2013, p.143) and have incorporated the EU priorities regarding restructuring of social policy. The populations of South East European, Central and Eastern European countries are more dependent on private safety nets and reducing expenditure as a way of coping with economic crisis than on the state benefits. Households affected by economic crisis in Ukraine, Moldova and Belarus depend on their family and friends for financial support (nearly 50%) and a majority of them (75%) had to cut their spending of staple food (bread, milk, fruit and vegetables) and over 70% continue to reduce spending on bills, luxury goods, holidays, alcohol and tobacco, health, use of car and financial support to family and friends. In comparison with other transition countries, citizens in Ukraine and Moldova are more proactively looking for work and are more dependent on both public and private safety nets. Affected households of South East Europe are one step ahead (in other words they still have more financial resources) and over 80% of them are cutting expenditure on bills, luxury goods, holidays, alcohol and tobacco, health, use of car and financial support

²³ In Bulgaria there has been a winter of discontent against corruption, unemployment, energy price rises and poverty which provoked the resignation of the centre-right government in February 2013. In June the Parliament, led by the Socialist Party in coalition with the party representing ethnic Turks, appointed Delyan Peevski as the Head of the State Agency for National Security. His appointment provoked protest since he is seen as a corrupt media mogul. The government is pretending not to see what is happening in the streets.

to family and friends. But even in this region over 60% of these households are also reducing spending on staple food. (EBRD, 2011, pp.10-11) Nearly 80% of Bulgarians and over 70% of Romanians report that they struggle to meet subsistence needs. (Eurofound, 2012b, p.39) 72,8% Ukrainians state that they and their families can not live comfortably on their income. (Golovaha and Ljubiva, 2012, p.41) Bulgarians and Ukrainians are worried about financial security in old age and feel that it is “the government’s responsibility” to security adequate living standard of its population.²⁴ This understanding of responsibility could be primarily a part of the communist legacy but is also a result of an understanding that the state still has an important role as an instrument of social inclusion through its welfare policies.

Comparing data on life satisfaction from 2006 and 2010 all our six countries experience ‘middle class squeeze’; the middle classes are less satisfied with their life in 2010 than in 2006.²⁵ According to the EBRD, one of the most important measures of life satisfaction is income.²⁶ Furthermore, life satisfaction has a positive correlation with employment (which is not only viewed as a source of income), education (especially university education), good health, gender (in general women are happier than men), age (follows familiar U-shape, younger and older are happier than middle aged) and marital status (both being married and single are positively correlated in comparison with those who are being divorced, separated and widowed). (EBRD,2011, pp.19-21)

In February 2013 an Omnibus Survey took place in Ukraine and their results differ from the Life in Transition Survey.²⁷ According to this survey, the factors which influence life satisfaction can be divided into three groups. The first group which most influences life satisfaction consists of family (members of the family being available for communication and help), personal (intimate) life and attitudes and behaviour of people around the respondents. The second group is less important and consists of an opportunity to realise one’s abilities, behaviour and development of children, level of material security, sense of optimism, one’s own knowledge, experience and skills, employment, opportunity to be independent and living standard. The least influential elements are: opportunity to participate in public life, the economic situation in the Ukraine, the quality of environment in settlements where respondents live and safety in the Ukraine. According to the European Social Survey 2011, Ukrainians and Bulgarians were the least satisfied among 26 nations with the quality of their everyday life. They were (together with Greeks) least satisfied with their economy and were joined by Portuguese and Croatians. Greeks, Ukrainians, Portuguese, Croatians and Slovenes were also least satisfied with their governments as well as with the way their democratic system functioned. However they were happy and they view their quality of life as satisfactory despite problems with the economy, government and democracy. (*ibid.*, 2012, pp.78-79) The same survey also shows that hardly any Bulgarians and Ukrainians got

²⁴ European Social Survey (2012a), p.4. It is not clear from the report what ‘adequate’ living standard means.

²⁵ Life satisfaction measured as subjective well-being or happiness poses a lot of methodological problems, most of which are culturally determined (expectations, education, beliefs, environment).

²⁶ EBRD (2011), p.21. However, income alone can’t explain why nearly 50% of Croatians are satisfied with their life and only 18% of Romanians when the economy in Croatia is in many respects in a worse state than Romania (Croatia has unemployment in double-digits and Romania in single digits due to low pre-crisis rates and high public sector employment).

²⁷ Omnibus Survey took place in February 2013 in different regions of Ukraine. In total, 2023 respondents were interviewed. The Survey was carried out by Prof. Valeriy Khmelko and his team of the Kyiv International Institute of Sociology.

involved in civil society organisations. Only 1,6% Bulgarians and 2,2% Ukrainians volunteered to help these organisation. That was the lowest engagement among all the surveyed countries. (Golovaha and Gorbachik, 2012, p.27) This is in keeping with the Omnibus Survey as well as data that was collected during my field-work in Ukraine.

The squeeze on public spending has been one of the most visible outcomes of the financial crisis. In all six countries, the population mirrored their opinions on life satisfaction when asked to choose government spending priorities, so older people asked for higher pensions, the ill for better health care *etc.* In transition countries in general, the population agrees that government spending should prioritise health care, education and assisting the poor. These are three clear priorities. However, the population of FYR of Macedonia and Moldova (above 10%) and Croatia (below 10%) are willing to contribute to governmental spending either by donating a part of their income or paying higher taxes while the population of Ukraine, Bulgaria and Romania are not ready to contribute towards government expenditure. (EBRD, 2011, p.24) We can test these data against the claim, stated by EBRD, that ‘government trust’²⁸ is directly correlated to economic growth and that governments of the countries with a long-term growth, even if there are fluctuations in short-term, experience trust of its citizens. One has to bear in mind that the Ukrainian economy started to grow in 2010 but at the same time inflation has risen as food, electricity and gas prices were passed on to the population. In Romania and Bulgaria there was a very slow recovery and both countries introduced major reforms of social benefits and public sector wages which in reality meant cuts in both sectors. The Moldovan economy in 2010 experienced the highest growth, among our six countries, founded on remittance-based consumption and credit expansion. The Macedonian economy was growing slowly and, at the same time, the budget deficit was low as well as inflation. By 2010 Croatia had still not recovered from the economic crisis. (EBRD, 2012 pp.120-164) However, it was negotiating the last two chapters of the EU accession treaty and there was a huge expectation among the public that the accession will help Croatia economically as well as symbolically (that it will join Europe where “it belongs”).

According to the Transparency Perception Index 2010, more than three quarters of the surveyed states scored below 5% which meant that there was a serious corruption problem. Ukraine and Moldova (2.1% and 2.7%) perceive their government more corrupt than Bulgaria and Romania (3.6% and 3.7%) and Croatia and FYR of Macedonia (4.1%). (Transparency International, 2011, pp.8-9) Although in all six countries there is a serious corruption problem, it is possible to speculate that the economic recovery in Moldova and accession treaty negotiations in Croatia mostly contributed to the willingness of their population to support the government in public spending. Moldova has had four governments since 2009 and all of them have declared themselves pro-European which is important for the population of Moldova since the majority of them would like to be economically closer to Romania and the EU than to Russia. The population of Croatia was hopeful, since the government finally had to deal with corruption, even when it showed surprise and claimed that it had not been aware of some cases. Many argued that it was due to the negotiations with the EU that he scandals were not that much uncovered as its existence acknowledged, since most of them had been discussed in the oppositional media.

²⁸ Government in this particular context refers to the head of the state, parliament, government/council of ministers and, if applicable, regional and local governments.

According to the European Social Survey 2011 respondents in Ukraine, Croatia and Bulgaria hardly trust politicians, and show only slightly more trust towards political parties and their respective parliaments. These are the three countries which least trust their politicians, political parties and parliaments among all surveyed countries. Ukrainians also feel less close to any political party in 2011 than ever before. Only Greece and Ireland had a higher drop. In 2005 52,6% of Ukrainians felt close to a political party and in 2011 only 33,5%, a drop of nearly 20% in 6 years. (Golovaha and Gorbachik, 2012, p.32) Research undertaken on the satisfaction with the work of the President at the Institute of Sociology, National Academy of Sciences of Ukraine, shows that there is a huge gap between expectations and results for all three Ukrainian presidents (Kuchma, Yushchenko and Yanukovich) even when the political orientation of the respondent was taken into account. Expectations are measured by two indicators; trust in the President and the political views of the respondents. Results are measured using 12 questions which describe social changes and their influence on the life of a respondent. The research results show that respondents judged expectations raised by their three presidents (which all have been twice in power) primarily on their political orientations and that when the results were shown all of them failed “miserably”. However, respondents were ready to yet again believe their promises and allowed themselves to be disappointed. The author argues that this is due to the low level of political culture as well as cynicism of the President in office which both contribute to the formation of “the irresponsible political elite”. (Dembyckij, 2012, p.88) Cynicism in this context means, saying in public what the public would like to hear while helping in office the ruling elite.

Rather worryingly there is less support for democracy. The worry is that there is no distinction between what is practised in the name of democracy and what democracy is about. It feels as a *deja vu*, experiencing again the legacy of communism just in the different form. According to the European Social Survey Bulgarians and Ukrainians were in 2011 least satisfied with the state of democracy in their countries. They differed because the Bulgarians were getting more satisfied while Ukrainians still had not reached the level of satisfaction displayed during the Orange Revolution. (Golovaha and Gorbachik, 2012, p.35) However, in Bulgaria there are clear signs that people question the present style of governing not democracy *per se*. Only FYR Macedonia and Moldova have experienced growth in support for democracy from 2006 to 2010 but even in these two countries the support is just over 50%. In Croatia the support fell below 50%, in Bulgaria stagnated on 45%, while in Romania fell to just above 40% and Ukraine experienced a fall of more than 10% with the support for democracy being just below Romania. There is even less support for the market economy. Again in Moldova and FYR Macedonia, the support for the market economy has risen but not very much above 40%. In Bulgaria support for the market economy has hardly grown to 38% while in Romania and Ukraine it fell to around 35% and in Croatia it fell to 30%. (EBRD, 2011, p.22) The declining support for the market economy can be explained by the contraction of economies in the whole of the region and especially Latvia, Lithuania and Romania were effected during the financial crisis. In 2009 Croatia was faced with a huge budget deficit and high unemployment and an emergency budget was introduced to cut public spending and national debt. The government, as a result, was highly unpopular and its policies were seen as a result of austerity measures promoted by the market economy. Furthermore, Croatia is experiencing a protracted economic recession which is also still felt in the whole of South East Europe. In Ukraine economic growth has slowed down and the fiscal policies are not pertinent to the business environment. In Bulgaria there is growing support for democracy, market economy and EU, possibly because of the street protests in

2013.²⁹ People are in the streets because they are against democracy which supports corruption, dysfunctional institutions and political apathy. They are empowered and furious. But they are not coming up with a political programme. As pointed out in 1968 in Paris, “They know what they do not want but do not know what they want.” From the survey, it is not clear if people who support democracy support the market economy but what is clear is that there is less support for the market economy than democracy, which could be interpreted as support for the social market or social democracy model of economy as pointed out above.

2.4. Conclusion

Although social cohesion and local governance are important political principles in all six countries, there are many obstacles to their effective implementation. Social cohesion seen as inclusion and social capital, and local governance as participation are interwoven processes since participation is based on the process of inclusion, cherishing trust and developing networks. However, trust and networks are processes of exclusion as much as inclusion since they set boundaries. It depends very much on its members how these boundaries are perceived and kept. Participation means inclusion and the blurring of boundaries. Therefore, a space for negotiations depends on dialogue between its citizens, civil society organisations and state institutions.

All the quantitative research above shows that the Ukrainians hardly trust their politicians political parties, the President and its government. However one has to bear in mind they also do not trust organisations which belong to Ukrainian civil society since they feel betrayed by the majority of them. They strongly believed in them in the time of the Orange Revolution and, together with the oppositional politicians, “they did not deliver”.³⁰ There is a widespread corruption amongst Ukrainian politicians and growing social inequalities. As a result civil society, which is vital for democracy to develop and function, is on the margins of the society. If there is hardly any trust between the majority of population and political elite there is trust among family members and close friends and these networks are important for the survival of many people in Ukraine.

Decentralization never figured prominently in the rhetoric of the political elite in Ukraine as it did in some other countries of Eastern Europe. When there was a discussion about it, it usually finished with a verbal declaration only.³¹ There is a deconcentration of power to local level with some elements of delegation. Only oblast and rayons are given more powers to make decisions in relation to public facilities while they have hardly any financial resources to support these facilities despite the changes introduced with the Budget Code. The Budget Code allocated a stable list of its own revenues as well as shares in national taxes to individual tiers of sub-national government and introduced the formula-based allocation for major services (health, education and social services). This formula-based allocation was simplified, “as a number of people and a norm by customers”, and it did not vitally change

²⁹ The EU justice commissioner Vivian Reding came to Sofia and did something that the Bulgarian prime minister had failed to do: talk to the people.

³⁰ Interview with Interview with Volodymyr Tarnoy, 16th May 2013.

³¹ Interview with Oleksandr Demyanchuk, 15th May 2013.

how the services were financed.³² Importantly the local political elite is still not able to take over the running of local government. The majority of them are still tuned into the centralised model and they do not have the political education to run their local councils independently. Both the psychology of local politicians and administrative structure still favour the centralised model. Ukrainian population trusts local politicians more than central government but the levels of trust are very low. The last banking crisis of 2008 impoverished the majority of population which as a result had to engage in developing survival strategies. They turned towards family and friends in a time of need. It is therefore possible to conclude that Ukraine is a highly centralised and socially fragmented country in which local governance is not on the political agenda.

During my field-work I wanted to gather different opinions on local governance and social cohesion. I wanted to address the issues of the current state of local government as well as explore differing visions of its reforms. I also wanted to analyse the involvement of the local politicians as well as local population in local government and their opinions on major public services; that is health, education and social services as well as support for SMEs. I wanted to gain a mosaic of different opinions on participation in local community and government as well as the levels of trusts and the importance of networks.

3. Fieldwork

3.1. Methodology and Data Collection

Our methodology was very much coloured by the acknowledgement of the importance of intellectuals who are involved in the topics we set to explore; involved either as researchers or as participants (i.e. politicians, policy-makers or members of civil society).³³ In targeting specific groups in the population we therefore opted for a non-probability sample. “The statistical accuracy of probability sampling is less important than the criterion of ‘fit for purpose’.” (May, 1997, p.87) Among these samples we used purposive and snowball samples. The first one, purposive sample, is used in a situation where a selection of people who are to be interviewed is made according to the known characteristic. In our case it enabled us to approach people who have done research as well as influenced policies relating to local governance and social cohesion. Because I went to Ukraine for the first time in May 2013 and had minimal pre-existing contacts, I also had to rely on the snow ball sample as a means of meeting people to interview them. Both these samples enabled me to meet researchers, policy makers and members of civil society organisations. The main problem with purposive sample is that it targets a very specific group or groups whose views are not representative. But as I already pointed out they are ‘fit for purpose’. The main problem with snowball sample is that it may lead a researcher to collect data which belongs to a particular perspective. (May, 1997, pp.119-120) I tried to meet people of different political opinions as

³² Interview with Yuri Hanushchak, 22nd May 2013.

³³ The preparation for the field-work was organised by both Will Bartlett and Vesna Popovski. However Vesna Popovski undertook the field-work. Therefore in this subchapter we use both we and I as appropriate.

well as different nationalities.³⁴ I also met so called ‘ordinary people’ whom I befriended to a smaller or a larger scale and I had conversations with them especially about trusts and networks. We strongly agree with Alona Ledeneva that it helps to spend time talking to people, to build trust so that one can hear not only what people think researchers would like to hear but also express more freely their own thoughts and opinions. As Ledeneva argued, presenting her research on *blat*, it also helped that she came from Russia. (Ledeneva, 1998) People told me that I was able to understand them since I come from Eastern Europe and therefore we had shared experiences. Furthermore, I spoke to them either in English or Russian. A few of my respondents mentioned that it did not matter that we spoke Russian (“the language of the oppressors”) since I am not Russian so they were able to tell me their thoughts openly.

Our interviews were organised around a semi-structured questionnaire because we wanted to learn from the respondents as well as to be able to respond to the issues they raised and guide them towards issues we researched. “Qualitative information about the topic can then be recorded by the interviewer who can both seek clarification and elaboration on the answers given. This enables the interviewer to have more latitude to probe beyond the answers and thus enter into a dialogue with the interviewee.” (May, 1997, p.111) The problem with this type of the interview is standardisation and comparability. However, during the interviews I tried to gather information and to formulate different points of view as well as “to check them and re-check them against each other”. (Hammersley and Atkinson, 1996, p.44)

I met a few people who were ready to talk to me under the condition that I do not reveal their identity. It is difficult to decide whether to use the data collected in this manner. After having a discussion I decided, judging each case separately, if I should use the data obtained in the interview. I opted to use some of the observations when it helped to clarify or illustrate some data gathered by the above mentioned surveys and interviews.

The major problem which I faced was to try to gain the trust of policy makers. They were suspicious of me, seeing me as yet another foreigner, who came on a flying visit to Ukraine. I am pleased that I gained their trust and could have discussions which I found rewarding, often forgetting how frustrated I had felt as I tried to establish contact with them and arrange an interview.

3.2. Field-work

3.2.2. Introduction

We argued that local governance means participation and inclusiveness. However all my respondents, without hesitation, argued that local government reforms are not on the agenda of the present President and Government. What the majority of politicians are thinking about is the next presidential elections in 2015 which Viktor Yanukovich is determined to win and

³⁴ I also attended demonstrations of different political parties where I tried to engage people in conversation. The demonstrations took place in Kyiv on Sunday, 19th May 2013.

hence is keeping Yulia Tymoshenko, the only person who could challenge him and win, in prison. What they also clearly stated was that the concept of local governance is not a part of the political culture and therefore political reality in the Ukraine. All respondents saw its advantages as well as a need for it. All of them felt not only that the society is divided between the ruling elite (that is political and business elites) and population but, more importantly, that there is no political will to include the population in the governing process. And all of them also agreed that the process of centralisation has been taking place since 2010 when Viktor Yanukovich and his Party of Regions came to power.

Interviews, observations and material gathered in Ukraine clearly showed that Ukraine is a fragmented society in which people felt excluded not only from local government but from the political, economic and cultural spheres. They felt that politically they were taken for granted, and seen mostly as a voting machine. Economically they felt deprived since the wealth of the country was confined to a small elite causing high unemployment and low salaries.³⁵ Furthermore, there has been hardly any support for SMEs which have been driving economic growth and development in Eastern Europe. As one of my respondents argued, there has been a strong emphasis on dealing and trade while the production of goods has been neglected. And culturally they felt impoverished since they “have been living on a staple diet of Ukrainian mass media while books and theatre tickets are too expensive to buy”.³⁶ The level of corruption is high and, as a result, a degree, a job and health care can be bought. To be able to survive in a society where the market has moved from the economy into different spheres of society the majority of population is turning towards their families and friends.

3.2.3. Two waves of the Reforms of Local Government

How did the respondents explain that there has been mostly only lip service paid to the reform of the local government? In the Ukraine there have been two waves of the reform of the local government, one between 1992 and 1994 and the second one between 2004 and 2006. The first wave was linked with the determination to reform the Central Government. There were two ideas: 1. to introduce a federal system as in Germany or to adopt a system of French regional structure; or 2. to build a unitary state where discussions centred on who will control local authorities; the President, Central Government or local authorities themselves.³⁷ The first option was very quickly ruled out because of the worries that a federal system would facilitate disintegration of the Ukraine and that Eastern Ukraine will succeed and join the Russian Federation. Furthermore the results of the 1994 presidential elections clearly showed the division between the Eastern and the Western Ukraine, personified in Leonid Kuchma and Leonid Kravchuk.³⁸ Therefore it was argued by the political elite that the most important issue was how to build a unitary state in the wake of the 1993 miners and student strikes caused by a steep decline in manufacturing output, hyperinflation and quarrels with Russia over nuclear missiles and the Black Sea Fleet. After the second round of the 1994 parliamentary elections still 112 MPs (out of 450) were not elected. (Trochev, 2011) “So it

³⁵ Interview with Igor Kohut, 21st May 2013.

³⁶ Interview with Anastasia Stanko, 16th May 2013.

³⁷ Interview with Sergiy Tolstov, 14th May 2013.

³⁸ The country looked like its flag, a clear line between blue (in the east and south) and orange (in the west).

does not come as a surprise that the discussions about the reform of the local government were quickly abandoned.”³⁹

The 2004 constitutional reform was a result of the Orange Revolution and the compromise made with the outgoing President Leonid Kuchma who was ready to accept the opposition candidate Viktor Yushchenko instead of his hand-picked Viktor Yanukovich if presidential powers were curbed and the power was transferred to the Parliament. (Wilson, 2005) The Parliament adopted the constitutional reform and President Kuchma immediately signed the constitutional changes and the changes to the election law knowing that he acted against the Constitution.⁴⁰ It was only when Yushchenko and Timoshenko came to power that they voiced their opinion against the tinted constitutional reform. However there was a division between the allies; Yushchenko blocked any political changes resulting from the constitutional reform while Timoshenko voiced her opposition and constantly threatened to challenge the reforms in the Constitutional Court. Whereas Yushchenko, as the President, wanted more powers, Timoshenko, as the Prime Minister, did not want to rush into any changes since she wanted to run for the office of President in the next round. It is clear that the winners of the Orange Revolution fought the inter-personal battles and were judging, in this case, the timing of the need for the changes of the constitutional reform according to their planned career trajectory. As we already pointed out, they lost popular support but they also did not build the support in the Parliament. And finally they did not have support among the judges of the Constitutional Court. When Yanukovich came to power as the Prime Minister in 2006 he banned the Constitutional Court from reviewing the legality of the 2004 constitutional reform. And when he won the presidential elections in 2010 he immediately decided to bring back the 1996 Constitution and the Constitutional Court promptly obliged. During his time in the opposition as well as when he was Prime Minister and President, Yanukovich kept his eyes constantly on the Constitutional Court and appointed judges who supported him and successfully opposed judges who did not support him. (Trochev, 2011)

3.2.4. Local Councils and Local State Administration

Local government in Ukraine consists of a two tier system; the local state administration, which is appointed by the President and the Central Government, and elected local authorities. All my respondents argued that the system is not working. The local state administration has more say and influence since it provides the financial means for the workings of the local government. When I interviewed respondents I would start my sentence, According to the Budget Code the local authorities in towns, villages and settlements are given budget for, I quote Article 88 of the Budget Code “1) local self-governmental bodies of towns, villages, settlements; 2) education: pre-school education; general secondary education (schools with kindergartens); 3) primary medical and sanitary

³⁹ Interview with Sergiy Tolstov, 14th May 2013.

⁴⁰ According to the Articles 155 and 159 of the 1996 Constitution it is stipulated that the constitutional reform bills need to be passed by at least 300 votes, twice at the consecutive parliamentary sessions and approved by the Constitutional Court prior to their adoption. Kuchma would have not had problems to push these changes through the Parliament and the Constitutional Court since he had support in both places so he had knowingly violated the law hoping that these violations could be later used as a pretext to appeal against unfavourable court judgments. Yushchenko did not oppose Kuchma since it enabled the re-run of the second round of the presidential elections which brought him electoral victory. He knew he was going to win since, according to all election observers, the elections results of the second round were falsified.

aid, out-patient and in-patient aid (district hospitals, ambulatory centres, first-aid and obstetrics centres and first-aid stations); and 4) palaces of culture, clubs, and libraries in towns, villages, and settlements.” Furthermore they have the right to raise taxes to cover other needs, like for example roads and transport as well as programmes of local importance.” (The Budget Code of Ukraine, articles 86-91) All the respondents mentioned that the reality differed from the Budget Code. Yurii Hanushchak, who was a member of the team which wrote the Budget Code, argues that the Budget Code was “a window of opportunity” and if one follows it “the level of impartiality is 95%”.⁴¹ He strongly believes that formulas which he suggested would be “easy and impartial if it was not for the politicians.” And this statement was supported by Viktor Rachkevych who argues that the Budget Code has “clear and transparent rules to distribute budgets to oblasts, rayons and roughly 180 cities. Other cities and towns, around 400 of them have to negotiate their budget with rayons.”⁴²

All my respondents argued that in reality local authorities are subordinated to the local state administration precisely because it holds the purse in which there are also extra funds for workings and needs of the local authorities. And the local state administration is subordinated, in the last instance, to the President and his office. So the system stayed highly centralised as it was in the Soviet times. One example of it is a budget system. “The budget planning system is based on a top-down approach, which means that the national, state-level budget is prepared and adopted first, after which the lower-level structures prepare their budgets. The Budget Code requires that local budgets have to correspond with the state budget.” (UNDP, 2011, p.11) Local state administration does not have authority in its own right, its authority is delegated and its legitimation is based in the President and Central Government. Local council is elected by the local electorate and its legitimacy is based in the local community which it represents. However these two bodies do not always coordinate its work primarily for political reasons. If they belong to different political parties they are frequently locked in conflict and the local population suffers as a result. “There are details in the Budget Code which allow the Central Government to underestimate local budgets; it could be manipulated.”⁴³ Some local authorities as well as mayors of towns and cities raise their voices against these wrongdoings. But they are in minority. Everyone agreed that local authorities need to be more vocal but also that Ukraine is lacking human capital “primarily due to quality of education and the lack of civic education as well as because of the brain-drain of highly educated people.”⁴⁴

Earmarked expenditure allocated to each local authority (for local administration, education, health and culture) usually comes to 90% of the expenditure. The remaining 10% go to: housing maintenance, community property maintenance, utility infrastructure, road maintenance and a number of other local programmes. However in reality this 90% is not enough. The Central Government underfunds local governments so they have to use funds from the taxes they collect to fund earmarked services and, as a result, do not have money to, for example, repair the roads. When a budget is agreed and approved, in the last instance, by Verkhovna Rada it is often cut. Local authorities therefore overestimate their expenditure. The size of the budget cut depends on the political affiliation of the local authorities.

⁴¹ Interview with Yurii Hanushchak, 22nd May 2013.

⁴² Interview with Viktor Rachkevych, 20th May 2013.

⁴³ Interview with Viktor Rachkevych, 20th May 2013.

⁴⁴ Interview with Igor Kohut, 21st May 2013.

Ukrainian Government signed the Kyiv Declaration adopted by the European Ministers responsible for Local and Regional Government at their 17th Session of their Council of Europe Conference in November 2011 which clearly states, “Cuts, where unavoidable, should be distributed by objective formulae to ensure their equity and political neutrality.” (Davey, ed., 2012, p.34) All respondents argued that local authorities closed to the Party of Regions get a bigger slice of the budget. Viktor Rachkevych argued, “State budget has additional money to help whom they want.” And the funds are usually given to “loyal oblasts” in the Eastern Ukraine such as Donetsk, Dnipropetrovsk, Luhansk and Kharkov as well as to the city of Kyiv and Autonomous Province of Crimea (APC) “to buy their loyalty”. President Yanukovich comes from Donetsk oblast and both he and his Party of Regions have built electoral support in these oblasts. 95% of state budget allocated for emergency funds went in 2012 to these four oblasts, city of Kyiv and APC. “The funds were part of the subvention from the National Budget to local budgets to compensate the losses of local budgets incurred due to the difference in approved heating tariffs and service cost.”⁴⁵

Local authorities have tax raising powers and are expected to fund locally important programmes (in relation to education, culture, sport, environment, housing, social security,) as well as to fund fire brigade, look after local transport and roads, and manage communal property. The majority of my respondents out of all these programmes mostly addressed roads in Ukraine. Just by walking in the streets of Kyiv and taking an occasional taxi one can immediately realise why – both roads and pavements are not looked after and they feel hazardous. And I was told that this was Kyiv where the state of both roads and pavements was much better than in the rest of the country. The road network is in a bad state since its maintenance depends on local council. As already pointed out local council spend their locally raised taxes often on earmarked expenditure. Secondly, since boundaries between different local authorities are defined in such a manner that they overlap in certain territorial units (for example, it is not clear where boundaries of some regional centres, towns or cities finish and a region starts) no one is ready to look after the roads. Thirdly, there are roads which are only in parts well maintained since they cross boundaries belonging to different authorities.⁴⁶ Everyone agrees that the road network needs to be improved both in the cities and in the countryside.⁴⁷ The railway network has also not been maintained and developed since independence so as a result there is no railway line which connects western and eastern Ukraine; there is no direct train from Lviv to Donetsk.

Funding for locally important programmes does not only come through locally raised taxes. I was told about mayors of some towns and cities who work very actively to raise funds for local projects (especially mayors of Vinnytsa and Lviv were mentioned) and about some of them who also try to involve the local community. A mayor of Vinnytsa, in Central Ukraine, Volodymyr Groysman has approached the Government of Israel to help to repair roads and to build a medical centre and the Government of Israel has both helped to repair roads and built a medical centre.⁴⁸ There are mayors who openly ask the local business community for funds to build new facilities or to maintain the existing ones. When local businessmen are not ready

⁴⁵ E-mail from Viktor Rachkevych, 30th May 2013.

⁴⁶ Interview with Oleksandr Demyanchuk, 17th May 2013.

⁴⁷ I met four British businessmen on the plane to Kyiv and all of them agreed that the transport network (together with corruption and tax system) holds back foreign investment in Ukraine. One of them argued that it takes him 6 hours to reach a factory which is 300km east of Kyiv.

⁴⁸ Interview with Oleksandra Betliy, 23rd May 2013.

to help they are often blackmailed (they are told that their future application will wait longer, their tax returns will be closer scrutinised, when they compete for the next council project the council will also approach their competitors *etc.*)⁴⁹ As a result they provide funds and I was told about a playground built in a town in Western Ukraine on the basis of blackmail. Igor Kohut argued that nobody thought that the mayor did anything wrong. The rationale was, “since corruption is all around us why should you not make it work in favour of the local community.” Another example is a small village in Kirovograd region. “In smaller settlements, towns and villages, the local authorities often ask local businesses to help them with some infrastructure projects, since parents cannot help. And the local businesses help because they know that, if they do not, they can be inspected or have problems next time they go to the town hall. Local businesses also bribe local authorities in order to win tenders for projects. For example, in a village in Kirovograd region, 4 million hryvnias was paid to prune trees. And 7,000 hryvnias was allocated for sport education at the same time. So somebody was bribed. It is not only members of the ruling party, but also the opposition. They are not innocent at all. They want their share of money as well. We joked that they should have given money to us and we would have done pruning and exercised at the same time.”⁵⁰ Nearly all my respondents pointed out that members of local councils receive bribes. Local councils are in charge of the city property, houses and land so they can sell and rent premises and land. Majority of bribes are paid for being allowed to buy or rent premises and/or land.

Town twinning is not developed in Ukraine and is often described as a vodka drinking occasion for respective mayors.⁵¹ Igor Kohut had taken his choir as a part of a cultural exchange programme to a small Polish border town of 11,000 inhabitants and “we were surprised what we saw.” The local council with a support of the local business community had built a football pitch, aqua-park and a small hotel. The small hotel with its conference centre attracts business people during the week and on weekends, in collaboration with the aqua-park, families. Because of the number of visitors some new businesses started to develop in the town itself. If the town continues to develop SMEs there is a chance that the EU will give money back to the business community to motivate them to continue investment in the local community.⁵² Igor Kohut argues that visits like this one help people to understand the value of belonging to the EU, not only because it provides funds (and that how it is usually valued) but also because it is about “real resources, information and investment in one’s own community”. The think tank Agency for Legislative Initiative founded in 2005 Ukrainian School of Political Studies which is a part of the network of Schools of Political Studies of the Council of Europe. The School organises meetings in different cities of Ukraine to inform people about basic facts relating to the EU. Igor Kohut argues that this school is not a classical educational institution because “it is about communication and obtaining information”. It is “a community of political scientists and businessmen” who are willing to learn from each other. He argues that having information is a backbone of local governance. So the School organises meetings where they invite mayors, local councillors, members of local councils and State Parliament to come and talk to each other about different projects which they are pursuing. The School pays attention to discussions about values in Ukrainian society and encourages them by offering additional meetings and clubs so that people can talk informally. As often phrased, a lack of values manifested as tolerance of

⁴⁹ Interview with Igor Kohut, 21st May 2013.

⁵⁰ Interview with Svitlana, Garashchnko, 20th May 2013 (1 hryvnia = 0,77 pence)

⁵¹ Interview with Igor Kohut, 21st May 2013.

⁵² Interview with Igor Kohut, 21st May 2013.

corruption, if not active support, is seen as an obstacle to the development of a democratic state. “NGO, Institute of Political Education, was founded in 2001, because we realised that a Soviet person cannot turn easily into a person who cherish democratic values.”⁵³ They organise 40 seminars a year with 30 people usually attending each seminar. Often the seminars are financed with the help of West European embassies. The seminars are on topics which relate to political issues discussed in Ukrainian society. They are also introducing capacity building seminars “to help local councillors to learn what the local government office is about. There are 300,000 councillors in Ukraine and we can maximum enrol 1,200 a year. And 1,200 is a drop in the ocean. We try to stay in touch with people who attended our seminars. Some come back to attend more, some as speakers and some do not respond to our letters. What we noticed is that once some of them become MPs they do not want to continue their education.”⁵⁴ The Party of Regions founded their own centre on political education but is not willing to collaborate with the Institute, it sees it as a competitor, “which is pity since there is a space for many more centres or institutes”.⁵⁵

Local governance understood as the participation of local actors has not been actively promoted and developed in Ukraine. There is pressure from the EU to promote local governance and introduce administrative-territorial reform. “Our government puts on a show for the EU and in essence does nothing.”⁵⁶ The ruling elite is, in my opinion, very much aware that the reform of the local government as well as the administrative-territorial reform means the reform of the whole government system. If local government is developed and supported, this process stands for the ‘hollowing out’ of the central state government, giving some of its powers to local levels. (Rhodes, 2007) To use a term from the same cook-book, Ukrainian Central Government is only ready for fattening up.

3.2.5. 2009 Draft Legislation on Local Government

Centralization has been taking place since 2010.⁵⁷ “In 2011, the central government did not take any real steps to improve the situation with local governments. On the contrary, the state made steps or attempts to limit the local government authority and capacity to render services to citizens as prescribed by the legislation. This situation requires local government associations to enhance their local government advocacy activities.”⁵⁸ In 2009 The Law on Local Government Associations was adopted which stipulates that the Central Government and its bodies had to consult local associations on legislation and regulations which relate to regional and local development. Viktor Rachkevych collected data on submission of draft legislation to regional and local authorities by state authorities as well as data on opinion of draft legislation by these regional and local authorities. The Ministry of Regional Development was most dutiful and sent for consultation over 50% of draft legislation to the regional and local authorities in 2009. By 2011 it sent only 30% of draft legislation. The data on opinions expressed in relation to draft legislation over the same period shows that 61% of draft legislation was accepted without any reservation, 29% was accepted with reservations

⁵³ Interview with Oleksandr Solontay, 23rd May 2013.

⁵⁴ Interview with Oleksandr Solontay, 23rd May 2013.

⁵⁵ Interview with Oleksandr Solontay, 23rd May 2013.

⁵⁶ Interview with Oleksandr Demyanchuk, 17th May 2013.

⁵⁷ Interview with Viktor Rachkevych, 20th May 2013. Interview with Oleksandr Solontay, 24th May 2013.

⁵⁸ Quoted from the material given to me during the interview with Viktor Rachkevych, 20th May 2013.

and only 10% was returned to be redrafted from scratch. Regional and local authorities had been working on the draft legislation and their opinion could hardly be an excuse for consulting them less and less as the time progressed. There is a division between oblasts in Western and Central Ukraine which are more ready to respect the 2009 Law and those in the Eastern Ukraine which are more ready to ignore the Law.⁵⁹ According to the NGO Association of Ukrainian Cities:

“1. The Law of Ukraine “On Local Government Associations” is useful, but properly observed only by the Ministry of Regional Development at the national level and at the regional level, as of January 1, 2012, its provisions are implemented acceptably only in 28% of the regions and mostly at the oblast level.

2. Considering experience of seven oblasts in the AUC Regional Offices in providing conclusions on the regulatory and legal documents drafted by local state administrations as well as in consultations between AUC Regional Offices and local state administrations on the issues of local and regional development one may draw a conclusion that it was useful as a mechanism to account for the interests of territorial communities in oblast and rayon-level development programs. However, judging by the data obtained the conclusions of AUC Regional Offices on the specific draft documents are heeded by local state administrations much more often. The above may be indicative of AUC Regional Offices insufficient advocating skills for the interests of the local self-governance in the course of consultations.

3. Provisions of the Law remain virtually unclaimed at the rayon level in all regions.

4. Poor observance of the Law is mainly explained by the attitude assumed by the central state executive agencies, oblast state administrations and Rayon State Administrations leadership towards both this Law’s provisions and CMU Resolution No. 531 of May 23, 2009. Prosecution authorities also fail to inspect central state executive agencies and state executive agencies at the local level as to their observance of the Law and the CMU Resolution.

5. In the process of consultations, among other on budgets, the Associations do not have sufficient tools to influence their partners, which explain why they fail to provide satisfactorily for at least the most urgent budget needs of the territorial communities. Successful implementation of the Law is mainly explained by the fact that high-ranking positions in some of the state executive authorities are under people hailing from local self-governance who realize its importance and needs.”⁶⁰

⁵⁹ “According to reports from 19 out of 25 AUC Regional Offices, the Law is observed more or less adequately in Vinnytsya, Volyn, Luhansk, Lviv, Odesa, Khmelnytskyi and Chernihiv oblasts (all in all seven oblasts). As we see five of them belong to Central and Western macro-regions and only two - to Eastern and Southern. Provisions of the Law are abided by from time to time or hardly at all in the other ten oblasts: Zhytomyr, Ivano-Frankivsk, Mykolaiv, Rivne, Ternopil, Kharkiv, Kherson, Cherkassy, Chernivtsi, and in the Autonomous Republic of Crimea. Accordingly, six of these regions belong to the Central and Western macro-regions and four - to the Eastern and Southern.

The information provided by Donetsk and Sumy AUC Regional Offices as well as failure to submit relevant information from AUC Regional Offices in Dnipropetrovsk, Zakarpattia, Zaporizhzhya, Kirovohrad, Kyiv and Poltava oblasts indicates that the Law is not observed at all or is hardly observed there.” From the material prepared by the Analytical Centre of the Association of Ukrainian Cities (2012) Implementation of the Law of Ukraine “On Local Government Associations”: inter-action of the Associations with the state executive, collected during the interview with Viktor Rachkevych, 20th May 2013.

⁶⁰ Analytical Centre of the Association of Ukrainian Cities (2012) Implementation of the Law of Ukraine “On Local Government Associations”: inter-action of the Associations with the state executive. E-mail correspondence with Viktor Rachkevych, 20th May 2013.

These conclusions are clearly stating that the Law on Local Government Associations is implemented in 28% of regions but only at oblast level and not in rayons at all. Prosecution authorities are failing to inspect the application of the law to this day.⁶¹ The process of consultation is dependent on people who are both ready and have skills to pursue the consultation process as well as on people who respect the law and therefore see the need to persist with policies which promote regional and local development. This analysis of the consultation process and the levels of involvement of local government is just yet another example which sheds light on the issues of participation, inclusion, networks, trust and social capital in Ukraine. Another two examples discussed above relate to local councils which do not share power with local state administration, as legislation requires, since they do not have financial means on the same scale as the local state administration. Furthermore, if the local councils do not share the same political affiliation with the local state administration they also loose financial support from additional funds available from the central budget and cannot fulfil or develop local programmes. Therefore, as Viktor Rachkevych pointed out, mayors sometimes change sides and join the party in power. He showed me a working paper, compiled in 2012, which analysed mayors who ‘migrated’, changed sides since 2010. Out of 455 mayors in total in Ukraine, 30 changed sides. 19 of these were independent mayors who joined the Party of Regions and 11 were mayors who became independent, having previously been affiliated to a political party. As a result, 217 mayors belonged to the Party of Regions.⁶²

“The present system of the administrative and territorial structure in Ukraine faces many problems that need to be urgently solved. The system is complicated and confusing.” (Tkachuk *et al*, p.61) Yurii Hanushchak stood by these words when I interviewed him in May 2013. In 2009 Ministry of Regional Development and Construction of Ukraine drafted two laws, Draft Concept on Administrative and Territorial Structure Reform in Ukraine and The Concept of Local Self-Government. He and his colleagues felt and he still argues today that “(P)robably for the first time in Ukrainian history, two interconnected documents appeared simultaneously, providing answers to real questions and outlining not only how territorial demarcation in the jurisdiction between executive power and local government bodies should be carried out, but also how competences should be distributed between executive bodies and local self-government bodies and between local self-government bodies of different levels of the administrative and territorial structure, as well as how the state should exercise control over legality of decisions made and actions performed by local self-government bodies.” (*ibid.*, p.77) As Hanushchak pointed out, after four years the ruling elite is “still thinking about it”. He was a member of the team which drafted the above two laws. During the drafting process four options were discussed:

1. Redistribution of competences and responsibilities without enlarging or merging communities.
2. Enlargement through the voluntary merger of communities and distribution of functions based on existing contractual agreements.
3. Community enlargement through centralised mergers, including forced mergers.
4. Fragmentation of existing rayons into smallest units capable of performing the delegated competences and formation of communities around economic development centres. (*ibid.*, 2012, pp.82-88)

⁶¹ Interview with Viktor Rachkevych, 20th May 2013.

⁶² E-mail correspondence with Viktor Rachkevych, 20th May 2013.

The first three options were ruled out and the fourth one labelled socio-economic model of community formation was put forward. This model was partly adopted because it has been successful in other European countries, such as Poland, UK, Germany, Norway, Denmark, Belgium, the Netherlands and it has been also discussed in France. This option envisages a three tiers system; oblasts, rayons and communities. Communities are economic centres, usually towns or cities, whose main role is to be service providers as well as to unite business interests and the level of service provision. The draft law does not draw fixed boundaries for each single town or city since gravitation zones differ for cultural and historic as well as economic and political reasons. According to this proposal, communities will be given more power and the administrative services which are now provided by rayons will be provided by the communities. The powers of both rayons and oblast will be limited. The rayon council will represent all communities and will primarily deal with in-patient care facilities and monitor the legality of the actions of the local self-government. Oblast councils will represent all rayons and will primarily deal with issues relating to regional development and roads relevant for the whole of the oblast. Oblast administration will be a representative of the central government. (*ibid.*, 2012, pp.89-91) Yurii Hanushchak argued that “this reform stands for decentralisation, both political and fiscal, and powerful local self-government since centralization is not our future”. He added that using a single mathematical model of budgetary transfers would make this model, financially efficient, psychologically effective and, as much as possible, corruption free. The middle tier is cut out so the funds go directly to communities. The budget is set according to the needs of communities, that is bottom-top and however much communities differ they require the same standard of service provision. In response to my question of how the reform would cater for different levels of development between and within different oblasts, rayons and cities, Hanushchak conceded that these draft laws have possibly not addressed all the relevant issues. Quite a few of my respondents agreed that “the back-bone of the administrative-territorial reform should be providing services, not bigger or smaller rayons or oblasts”.⁶³ They also added that the business interests which are highlighted in this option should be transparent so that business groups cannot keep local government in their pockets. Sergiy Tolstov rightly pointed out that this reform also dealt with still important issue of federalism and that “since oblasts are ethno-regional units their enlargement within any administrative-territorial reform would be seen as a move towards federalism and therefore it is much easier to enlarge the rayon as the draft laws of 2009 suggest”.⁶⁴

Since 2005 there have been attempts to reform the administrative and territorial system. To start with, in 2005, there was a discussion about the above mentioned third option which was named as the ‘social model of community formation’. It was ruled out because forced mergers were seen as counter-productive since, it was agreed, the resistance of local self-governing bodies would be high. The dimensions which were retained from this model are as follows; strengthening community self-governance, providing equal service standard to all communities and high level of subsidiarity in service providing.⁶⁵ The socio-economic model of community formation is the basis of draft laws which have never reached the parliamentary stage. Yurii Hanushchak has been sceptical about the implementation of the reform because both the party in power and opposition are not in favour of the reform. In his opinion, politicians of all colours are populists and are ready to “promise permanent payments to various categories of citizens and local self-government bodies without any

⁶³ Interview with Igor Kohut, 21st May 2013.

⁶⁴ Interview with Sergiy Tolstov, 14th May 2013.

⁶⁵ Interview with Yurii Hanushchak, 22nd May 2013.

reference to the real capacity of the state. Their desire to woo the electorate with promises not to change anything while simultaneously guaranteeing additional spending prevents them from implementing reforms. The desire to govern without making decisions can become the main reason for reforms being rejected.” (*ibid.*, p.105) The government does not fulfil its role of the regular enactment of policies and decision. ‘To govern without making decisions’ has been seen as a major characteristic of Ukrainian government which prevents the state from functioning. Valeriy Tertychka pointed out that, “at the moment 21 reforms were discussed in the Parliament but the question is if a single one will reach a stage of implementation”.⁶⁶ Sergiy Tolstov felt that this absence of decisions in general and obvious lack of courage to discuss the draft laws in particular together with constant misuse of nationalism keeps the country in a state of permanent hysteria. And unfortunately, after a while “it is boring” so people do not pay attention to politics and that is what the ruling elite wants.⁶⁷ These statements point not only towards a lip service paid to the reforms of local government but, more importantly, towards the withdrawal of the Ukrainian population from the process of governing.

Draft laws never reached the Ukrainian population as well, since they have been published only on official web-sites and presented at special events. If, as Igor Kohut argues, “A first stage of good governance is providing information.” the Ukrainian Government is failing from the start to include its population in a consultation process. This type of information is seen “naturally, ... too complicated for most people to understand and is disseminated through official governmental sites or news agencies whose audiences are rather limited.”. (*ibid.*, 2012, p.106) This comment shows a lack of belief that Ukrainian people can understand the draft laws and also presupposes that there is no interest in analysing the draft laws. My understanding is that there has not been an attempt to present adequately the draft laws to the public, despite being stipulated by different laws that the public needs to take part in the consultation process. Mechanisms of inclusion, such as consultation meetings, which play an important part in building social cohesion, have not been developed. These inclusion mechanisms are written into the legislation but they are not supported by the ruling elite.⁶⁸ However there is also no interest among the general population because the majority of them are involved in survival strategies and are far too cynical about the ruling elite. “There are usually the same faces in these consultation meetings, a small minority of middle class people who are devoted to the issues discussed.”⁶⁹ The majority of people see laws as a part of a ruling elite game which is there for their own profits. “Ukraine, after all, is a business for them.”⁷⁰ Among policy makers and NGO members there is an agreement and acceptance that there is no interest among general public in political events. They argue that there is no trust in the ruling elite or opposition. “There is a bankruptcy of trust.”⁷¹ They also argue that, since survival of the majority of population depends on their friends and families, they have withdrawn to these circles and mostly trust only them. This observation is also supported by the European Social Survey where Ukrainians together with Greeks, Bulgarians, Portuguese and Croatians argue that the majority of people primarily look after themselves and their families. (Golovaha and Ljubiva, 2012, p.93) According to the same survey, people believe that the general public is more likely to take advantage of them than help them. It is obvious

⁶⁶ Interview with Valeriy Tertychka, 14th May 2013.

⁶⁷ Interview with Sergiy Tolstov, 14th May 2013.

⁶⁸ Interview with Volodymyr Tarnoy, 16th May 2013.

⁶⁹ Interview with Volodymyr Tarnoy, 16th May 2013.

⁷⁰ Interview with Anastasia Stanko, 16th May 2013.

⁷¹ Interview with Igor Kohut, 21st May 2013.

why there is an agreement on the lack of interest and involvement into the political sphere and events since people openly argue that they are not interested because they cannot influence politics of their country. Ukrainians are also not prone to keep informed of politics as reported in the media.⁷²

All my respondents raised the issue of a value system in explaining the lack of involvement in political events. They all argued that Ukraine lost a ‘moral compass’ and does not have a value system which binds the majority of population together. The main reason for this is not primarily the huge differences between the rich and the poor but the manner in which the rich 10% have made their money and are still making it. Shared values do not exist and the ruling elite is not interested in developing any value system. “They are silent since they are all about money.”⁷³ Therefore Igor Kohut argues that one has to question whether it really is the right moment to introduce administrative-territorial reform. He argues that with the present government in power this is not the right time to introduce it. The government does not always specify its reasons for stalling the reform but he does. He is worried that decentralisation will form a “feudal system in Ukraine where local politicians will be in the pockets of the business elite. The problem is that only a small number of people think of local government as administration not as power.”⁷⁴

3.2.6. Fragmented Society

It is important to raise the question of why there is such widespread acceptance that people do not take part in political events. Why is it accepted that it is “naturally too complicated for most people to understand” draft laws, in this particular case? Even if it is difficult to understand legal jargon (which it is) why is there no an attempt to conduct meetings, events, consultations *etc.* where the draft laws could be discussed? Especially since everyone I interviewed argued that there is a need to do something so that the country should not be used as the spoils of the ruling elite. My discussions with political scientists and a sociologist made me aware of how the country is socially fragmented. Some respondents argued that civil society slept, some that it was dead, some that it was too small to have any influence. Whatever the truth is, there are not organisations with a programme to engage people on a larger scale. Members of the NGOs, which I interviewed, work on their respective projects and talk among themselves, as they themselves pointed out. It is a small world where nearly everyone knows everyone or of everyone and has handy they mobile phone numbers and e-mails. The same situation I experienced with the academic members of staff at universities and academies of sciences. They these days are trying to survive. As a part of middle class they are getting “poorer and poorer in the last 20 years” and a majority of them are opening a consultancy business as a strategy to maintain a standard of living. The ruling elite has isolated itself from the state and society in which it lives. Different social groups have withdrawn into their own social worlds and these worlds live next to each other and not with each other. They even hardly meet. They are divided socially and spatially.⁷⁵ It is commonly

⁷² Golovaha, and Gorbachik, 2012, pp.62-73.

⁷³ Interview with Igor Kohut, 21st May 2013.

⁷⁴ Interview with Igor Kohut, 21st May 2013.

⁷⁵ Walking in the streets of Kyiv, I noticed that the majority of people during the lunch break took their home made lunches or food bought in supermarkets to a park to eat. At the same time, expensive cafes were full with people who gladly showed their wealth wearing designer cloths, having two mobiles and an iPad on the table

stated in Ukraine that “10% are rich and 90% are poor”. However, such statements overlook the degree of social fragmentation that exists amongst the 90%.

Igor Kohut relates this mentality of being closed to higher and higher levels of poverty which prevent people from being mobile, from learning foreign languages and from engaging with the media via the internet. Svitlana Oksamytna argued that there is hardly any social mobility, as we shall analyse later, and that spacial mobility, as expected, is much higher among the educated than uneducated. “A university degree is not any longer a ticket to a job and social status as it was in the Soviet Union. Even with a degree it is difficult to find a job and that especially relates to women.”⁷⁶ Also my respondents argued that one of the major problems in Ukraine is a small number of people who speak foreign languages and that especially relates to places outside the capital. Russian could be still heard, especially among older population while younger one is learning English. Speaking English is considered a ‘lunch ticket’ since this opens up the possibility of working for foreign agencies. “My daughter studied economics and now works for a British company. She went for a weekend to St Petersburg and I have treated myself to a cup of tea at the Bulgakov Museum. I am a doctor and can not afford a weekend in St Petersburg.”⁷⁷ When I talked to a few students at Taras Shevchenko University they argued that Russian was a foreign language which does not hold the same value as English, German or French. These are the languages of Europe where ‘Ukraine belongs’. The Russian language is seen as a political tool, as a part of Putin’s strategy of trying to keep Ukraine politically and economically close to Russia. Since “the mass media is a political resource of the big business and civil society does not have media to spread its ideas” the internet is seen as a source of information. However 41.4% of Ukrainians do not have access to internet either at home or work, while 18.2% never use it. Only 21.7% use it every day.⁷⁸ What needs to be stressed is that the number of people who use the internet every day has grown rapidly, from 1% in 2005 to, as mentioned, 21.7% in 2011. However, Igor Kohut argued that people who are using the internet are less active. People express their opinion in private, sitting in front of the computer and not taking part in demonstrations. Oleksandr Demyanchuk pointed out also that the internet keeps people at home and that is what the ruling elite wants. On the other hand, people have an illusion of being active.

Therefore we argue that the above questioned acceptance is a result of not knowing different social groups and not showing willingness to meet them. It is also a result of the lack of interest in politics since 90% of people are struggling to survive and turning, as they say themselves, towards their family and friends for help and support. As Ledeneva’s research on *blat* pointed out, after the collapse of the Soviet Union, the networks are getting smaller and they developed a new dimension; money started to be involved in the exchange of favours. (Ledeneva, 1998, Ledeneva, 2006)⁷⁹

and paying £3 for a cappuccino. One can get a cup of coffee for 70 pence from one of the numerous coffee cars in the centre of Kyiv.

⁷⁶ Interview with Svitlana Oksamytna, 20th May 2013.

⁷⁷ Discussion with Tatyana X, 17th May 2013.

⁷⁸ Golovaha and Gorbachik, 2012, pp.60-61.

⁷⁹ I was also amazed by the number of Bentleys and the lack of parking spaces in Kyiv. But each Bentley was given a space since traffic wardens working for Kyiv Transport save spaces for its regular customers. In exchange they are given money. The transaction takes place openly.

3.2.6.1. Networks as an Instrument of Survival

In the Soviet period *blat* was important and it continues to be. *Blat* could be summarised as an exchange of favours. Important dimensions of *blat* were and still are providing information and sometimes also a recommendation as well as introducing one to useful people. “I am lucky that I have family and friends who always help. With their help I get things done.”⁸⁰ And ‘things’ differ; it is help with obtaining a place in a kinder-garden, school or university or seeing a consultant as well as obtaining a permit to start a business *etc.* In this particular type of *blat*, memory plays an important role. Furthermore, *blat* means respect for each other as well as trust in each other. People either do someone a favour or through their network organise that a friend or family member is helped. And this act is remembered and returned. There is no need and often a possibility for the instant reward. (Ledeneva, 1998, p.142) This sheds light on people’s acceptance of values around them as well as on the vision that the system is here to stay and therefore they will be able to return the favour. Values which are part of this understanding of *blat* treat the state and their own network/s differently. Within one’s own network solidarity and mutual help are developed. But in relation to the state one tries to get away with as big a slice of cake as possible and is not worried that as a result someone else is getting a smaller slice or that soon nothing will be left to share. Or as one of my respondents put it, “Public services are for grab and whoever comes first grabs as much as s/he can take.”⁸¹ And this understanding of *blat* continues to be a part of Ukrainian society.⁸² It could be also seen as a survival strategy since people depend on each other’s help. As some of my respondents admitted themselves, they often do not have financial means to pay for a favour but because of their own network they can provide a favour in return. This particular type of *blat* is significant for networks which are getting smaller because money has entered Ukrainian society and a smaller number of family and friends are ready to offer their services for free and wait until they need a favour.

Networks are vital social, economic and political structures. They are and have been a backbone of both Ukrainian state and society. Like in the rest of the former Soviet Union, in Ukraine networks were and still are informal micro units based on personal contacts. There are advantages in being an informal structure since its workings cannot be traced because they are not documented. They were always dependent on personal contacts and “mediated by the rhetoric of friendship”. (Ledeneva, 1998, p.37) In some cases, according to my own experience from the former Yugoslavia, they were mediated through the rhetoric of comradeship, which was a way to justify dealings taking place as a result of personal contacts. One, after all, “has to help a comrade who has done so much for our state and society”. Networks were and still are rooted in the institutions of power as much as in the rest

⁸⁰ Discussion with Yelena, Chamber-maid at IBIS Hotel, Kyiv, 19th May 2013.

⁸¹ Interview with Volodymyr Kuprii, 23rd May 2013.

⁸² Interview with Oleksandr Demyanchuk, 15th May 2013. Oleksander Demyanchuk argued that the present political situation in Ukraine reminds him very much of discussions in Mancur Olson’s book *Power and Prosperity about “roving and stationary bandits”*. In his book Olson discussed how different types of government influence economic growth and development and he especially concentrated on anarchy and tyranny. Roving bandits or as Demyanchuk re-labelled them, temporary bandits, steal and destroy while stationary bandits care about their population. Since they would like to continue building economic wealth, they need their people to produce wealth. He felt that in Ukraine there were many more temporary bandits than stationary ones. If one follows Olson’s argument, Ukraine is in a state of anarchy and still has not reached a stage of tyranny since in tyranny social change is slowly ushered in as it progresses towards democracy. This is a devastating analysis of the Ukrainian state.

of the society. Today a financial transaction is added to the rhetoric of friendship: “There are three powerful networks at the top of our state who have power and money and they fight each other for business support so that they can give support to Yanukovich in his presidential bid for 2015 Presidency. They are a combination of a few powerful politicians and businessmen. One of them (the Family) sent their men to the offices of an independent channel TVi and asked them to leave premises claiming that the channel was sold. When we phoned the investor he did not know that he had sold the channel. Personnel from TVi has been trying to uncover and report on untold stories, stories mostly connected with corruption.”⁸³ According to Anastasia Stanko they were expelled from their offices because they exposed the dealings in relation to the presidential residence near Kyiv.⁸⁴ Another untold story relates to the President being given \$2,000,000 (two million American dollars) by a company which does not publish books for a book which was not published. The official story was changed and the money was declared to be an advance for a book given to the President by a Donetsk Publishing Company.⁸⁵ “However, 35 people had to leave their premises two weeks ago and we are now trying to start an independent project on the internet.”⁸⁶ They would like to continue to tell untold stories, primarily of corruption in Ukraine. Their public is going to be very small, since only 1/5 of the Ukrainian population uses internet on a daily basis, and probably they are going to tell these stories to ‘already converted’, to the people who know about these stories in general if not about each single one in particular.

Networks are important for each strata of the society and they function differently. Among big business and political elite, networks are defined primarily by financial transactions. These networks function because their members financially reward each other. Even if money is not exchanged what is exchanged has a monetary value since the market has spread outside the economic sphere into state and society. (Sandel, 2013) Financial transactions have spread into healthcare, education and work place. “People think they need to pay for everything. Everything could be done legally but it takes long time.”⁸⁷ So why people do not persist in respecting the law? “I do not have time to go to the state hospital. I also feel sick when I see the levels of corruption. I do not want to give them my money.”⁸⁸ I was told that the majority of people are demotivated and do not think that anything could be done since the ruling elite is not prepared to change the rules of the game. “Due to the centralised system people who are close to the ruling elite take pretty much everything.”⁸⁹ There is no understanding among the ruling elite that, “To realize all the gains from trade, then, there has to be a legal system and political order that enforces contracts, protects property rights, carries out mortgage agreements, provides for limited liability corporations, and facilitates a widely used capital market that makes the investments and loans more liquid than they would otherwise be. These arrangements must also be expected to last for some time.” (Olson, 2000, p.185)

⁸³ Interview with Anastasia Stanko, 16th May 2013.

⁸⁴ <http://www.opendemocracy.net/od-russia/serhij-leschenko/yanukovych-luxury-residence-and-money-trail-that-leads-to-london>

⁸⁵ A few respondents told me the President had previously plagiarized a book which was withdrawn from the shelves. They thought it was unlikely that the new book would ever be published.

⁸⁶ Interview with Anastasia Stanko, 16th May 2013.

⁸⁷ Interview with Anastasia Stanko, 16th May 2013.

⁸⁸ Interview with Volodymyr Kuprii, 23rd May 2013.

⁸⁹ Interview with Volodymyr Tarnoy, 16th May 2013.

My respondents also argued that the opposition is not a proper opposition and, pointed out, that it would have done the same (“robbed the country”) if it had power, as was the case after the Orange Revolution. The civil society is neither vocal nor heard. The value system of the ruling elite is based on money and their own needs. Oleksandr Demyanchuk defined them as people of *blat* and bribes. For them, to borrow a saying, Ukraine is a business playground. Even supporters of the Party of Regions admit that there is a widespread corruption but a few, whom I met during the demonstrations on Sunday 19th May 2013, argued that the opposition made a bigger deal out of it than it should have done and that their party was at least and at last trying to address corruption. When I asked how, they had to leave to fetch their buses, since the Party of Regions, as well as other political parties, organised a bus service to take their supporters to Kyiv. According to the media reports people were paid to come to Kyiv. And this trip, for some of them, was an exchange of favours as well as a financial transaction.⁹⁰

Michael Sandel argues that if market enters certain spheres of life it destroys values and attitudes as well as undermines the goal. He raises the question of whether it is possible for everything to be up for sale, including public goods like education, health and social services (Sandel, 2013) We are addressing these three spheres since they are important mechanisms of social inclusion and therefore important elements in addressing social exclusion and in building a socially cohesive society. Social cohesion entails both social inclusion and social capital. As we argued above, social inclusion as a policy instrument has a distributional aspect as well as a relational aspect. The former aspect through the welfare state helps individuals and families while the latter aspect addresses the disruption of social ties. As stated above only 15% of poorest households has received a social benefits in Ukraine in 2011. 50% of households receives a support from family and friends and 75% had to cut down on staple food. 42% of Ukrainian households spend 60% of their income on food. Igor Kohut asked himself the question if it could get worse and he felt that Ukrainians still have not reached the rock bottom. “People do not suffer because of the grey economy which is at least 50% of our economy. People do not declare their real salary, they usually half it and they do not pay tax if they can avoid it. So they still have a cushion which they enjoy which ever story they tell.”⁹¹ Although it is difficult to prove this statement, however true it rings, it became valid once I had opportunity to chat (after interviewing) to some of my respondents. I heard stories of undeclared income and rents and each time shoulders were shrugged and nothing was added. I challenged some of them and their answers ranged from, “It is acceptable since everybody does it.”, to, “It is wrong but we are not robbing the country as our ruling elites have done.” And also, “We are keeping what belongs to us.” and “What we think is important but we need to survive.” Some of these people were very much aware that they pushed themselves in a trap. They were pointing out that there was a lack of a value

⁹⁰ They came to Kyiv and boosted the numbers of the Party of Regions but they also used the trip to visit a famous monastery complex and one of the holiest sites of the Orthodox Church, Lavra. They were there with their banners, T-shirts, peak-caps and bottles of water taking photographs while their comrades were marching. They were obviously not worried; why would they otherwise take photos? And probably the party officials were not worried since the buses were full when they came and left Kyiv. And the state media showed photos and footages of crowded buses and demonstrations with a sea of flags. The streets of Kyiv, around metro station Arsenal’na were covered with leaflets proclaiming – In Europe without Fascism. The Party of Regions Supports Multinational World and Harmony. Fight for the Right to Speak Your Mother Tongue. And again when I asked who were fascists in Ukraine, there was no answer. I was amazed that no one whom I approached was able to come up with any explanation even with a directive. But I also have to accept that maybe they did not want to communicate with a foreigner. Since I experienced that a few times among policy makers.

⁹¹ Interview with Igor Kohut, 21st May 2013.

system in Ukraine but, at the same time, claimed that they could not financially afford to live up to values which they aspired to. And it was not their fault that they were pushed onto the margins of society.

In Ukraine, as my respondents argued, parents are ready to pay in goods or cash to get a child to the right schools and university. Education is treated “as a source of private gain rather than an instrument of the public good.” (Sandel, 2013, p.35) Instrumental approach towards education – to buy an entrance into an educational institution at the expense of somebody else who maybe deserves it on a merit – clearly shows how society is fragmented and does not have a value system which glues it together. Education is not valued any longer in its own right, it is also not seen as a public good which we all have a right to share equally. It is seen as a step towards financial gain. Therefore, it is not surprising that all my respondents argued that educational level has gone down since it is seen as a means towards a goal not as a goal in its own right.⁹² Also in the last 20 years the number of universities have grown dramatically. Today there are 345 universities in Ukraine in comparison with 149 universities and 2 institutes 20 years ago. On the one hand there is a problem with filling the posts of educators while on the other hand some universities enrol all people who apply so they have to drop their standards. Svitlana Oksamytna, who does research on inter-generational mobility measured by levels of education and class, argued that there were huge shortages of pre-school education, from age 3 onwards, especially in rural areas and that the quality of pre-school education in rural areas was very poor. So children from rural areas are disadvantaged from the start. “There are a bigger variety of primary schools in urban areas since some of them offer teaching of foreign languages (not one but two or three) and some of them have computers. It is not like in the Soviet times when schools had only a single curriculum which the state proscribed for all of them. The schools I mentioned are in demand and usually in parts of the town where better off people live. Although the schools have to enrol children according to distance of their home from the school there is a lot of manoeuvring going on. If the school is oversubscribed it has a right to choose whom to enrol. Often children are accepted because their parents buy equipment, a computer for example, and commit themselves to support the school. I have heard of schools where parents help with basic repairs since the budget funds usually cover only teachers’ salaries and often nothing more is left in schools purse. The above mentioned schools often have good results because they attract good quality teachers. Although their salaries are not higher than in other schools in the same area, teachers have a lot of support not only because parents help with the equipment and repairs but also some of them get involved in the school.”⁹³ A few of my respondents expressed the same concerns. Primary schools are not too bad but the curriculum changes too often and it is still not broad enough, especially when it comes to foreign languages, history and literature. When it comes to secondary schools a distance criterion does not apply, so there is a bigger space for manoeuvring on the part of the school and parents put a lot of effort to get their children into the ‘right’ school. And the right school leads to a more prestigious university. Oleksandr Demyanchuk pointed out that there were more university places than number of pupils who leave secondary education.⁹⁴ “There is an overproduction of people with university degrees. It is not like it was in the Soviet Union that a degree led to a job and job to usually a higher class status. Unemployment rate is high

⁹² Interview with Tatyana Ragozovskaya, 17th May 2013.

⁹³ Interview with Svitlana Oksamytna, 20th May 2013. Children must start nursery school at the age of 5, primary school at the age of 6 and secondary school at the age of 10. Secondary school lasts 7 years.

Compulsory education is from the age of 5 to 17.

⁹⁴ Interview with Oleksandr Demyanchuk, 17th May 2013.

among young people with degrees, higher among women than men. High unemployment among young people with degrees, both men and women, is a social problem.”⁹⁵ The official unemployment rate is around 15-17% but unofficial one is double and even that number according to Nikolai Shulga is not correct since it does not take into account all the migrants. “Our statistic is running to produce what is good to show not what is actually happening on the ground.”⁹⁶ He reckons that 6-7 million Ukrainians work abroad. As my discussion with young students at Taras Shevchenko University clearly showed, they all were expecting not only any job but a good job since they were going to have a university degree. They saw a university degree as a ‘lunch ticket’ since some of them as well as their families were making financial sacrifices. Only 40% of students receive state support while 60% have to pay fees. And the fees differ from university to university since more prestigious universities charge higher fees. For example a politics degree at Kyiv Mohyla University costs \$3,000 per annum, at Taras Shevchenko \$2,000 and in Lviv \$1,500.⁹⁷ Some of these students worked as tourist guides and some in the bars. Students who spoke English, French or German and worked as tourist guides were earning a “decent income”, not wanting to state how much money that meant, and were able to rent a “decent flat”.⁹⁸ Svitlana Oksamytna argues that, according to her research results, there is hardly any social mobility in Ukraine. Children usually stay in the same class category as their parents. Although in the independent Ukraine there are many more universities, they do not help people move from one class category into the other. “Only children who come from socially advantaged background are upwardly socially mobile, and socially advantaged background is based primarily on money since jobs cost a lot to buy.”⁹⁹

When one mentions the health care system in Ukraine, the first words which are spoken relate to the importance of bribes and networks, with an emphasis on the former. According to the EBRD data, corruption is perceived to be the most prevalent in the health care system, followed by the education system. (EBRD, 2011, p.111) Being ill costs money and not everybody is able to pay for it and therefore does not receive a proper care. “I understand that doctors are underpaid but I wish they can give me a proper attention.”¹⁰⁰ Oleksandra Betliy pointed out that the Government initiated a reform of the health care system in 2011 precisely because there were complaints about the quality of care as well as access to health care facilities. The quality of care has been undermined by the level of education falling as well by poor equipment. Medical degrees can be bought like any other degree and, as my respondents added, hopefully young doctors learn as they perform their job. They are also supervised to start with and follow older and more experienced doctors. “The administration is ruling the health care system. We doctors are not heard. They decide from which company the equipment is bought. It does not matter what we as doctors suggest. They do not mind if the equipment is bad quality or expensive.”¹⁰¹ Access to health care facilities differs very much from oblast to oblast, region to region, town to town and the boroughs in a city. In general rural areas do not have the same quality of care facilities as urban areas. But as one of my respondents argued, “It does not help me to know that Kyiv has better health care system than

⁹⁵ Interview with Svitlana Oksamytna, 20th May 2013.

⁹⁶ Interview with Nikolai Shulga, 23rd May 2013.

⁹⁷ Interview with Oleksandr Demyanchuk, 17th May 2013.

⁹⁸ It is expensive to rent a flat in Kyiv, especially if it is close to a Metro station. I was told that a one bedroom flat can cost on average 3,500 hryvnias (roughly £270), a two-bedroom flat 4,500 hryvnias and a three-bedroom flat 5,000 hryvnias. An average salary is around 2,500 hryvnias. Discussion with Yulia, 18th May 2013.

⁹⁹ Interview with Svitlana Oksamytna, 20th May 2013.

¹⁰⁰ Discussion with Yulia, 18th May 2013.

¹⁰¹ Discussion with Tatyana X. 17th May 2013.

other cities when the care I receive is poor. Please do not take me wrong. I am pleased that some people get good health care. I am these days asked to pay to see a doctor or a nurse when I go to a Polyclinic. They say, It is not for us personally, we need to buy some basic material to be able to run the Polyclinic. And what am I supposed to do? I am pleased that despite being older I am healthy and I now use Chinese medication. I read about it and then talk to my friends about their experiences and use it.”¹⁰²

According to the 2011 legislation the Government started a pilot scheme in three oblasts, Donetsk, Dnipropetrovsk, Vinnytsia and the city of Kyiv. The new system consists of centres of primary care, hospitals and specialist hospitals. Everyone needs to go to the centres of primary care to see their doctor and s/he decides if a patient needs to see a consultant. One can choose a doctor and needs to stay with him/her for a year and then can change a doctor. This was done so that the doctors have an incentive to look after their patients without asking for bribes. Their salary comes from the state budget via local government. It depends on the number of patients as well as the quality of their care. In towns and cities one doctor has to have 1,500 patients on his/her list and in villages 1,200. If they have more patients they receive a bonus. The quality of doctor’s care is measured especially by early diagnosis of illnesses and also, for example, by vaccination of children. The old system, which is still running, has surgeries which have ‘therapists’ (GP for adults) and paediatricians (a GP for children). The next level are polyclinics, which at the rayon level, combine their care with care of ‘narrow’ specialists (such as, ophthalmologist, otorhinolaryngologist, neurologist, gynecologist) and the final one hospitals. In the present system some polyclinics are tied up with hospitals and some not. Patients can skip going to surgeries and most of them go directly to polyclinics because they hope to benefit from a better quality of care. “The first reports coming from the three oblasts and the city of Kyiv argue that people are not happy and do not want to go to centres of primary care but directly to polyclinics as they are used to. Paediatricians and therapist are asked to retrain so that they can cater for all patients irrespectively of their age. Paediatricians are complaining that they cannot retrain in 6 months let alone in 4 months since the period of retraining has been shortened. They do not want to retrain, that is the bottom line. They are against the reform because it would mean more work and, at least to start with, the same salary. They also worry that they will not receive bribes.”¹⁰³ Two doctors I spoke to hinted that the hospital administration receives bribes from big companies which produce medical equipment. They said that they receive \$250 monthly. But they have husbands who work, one has a daughter who also works and they have dachas on which they grow fruit and vegetables. “Yes, \$250 does not go far, it covers food and bills and one has to be careful where to go and buy food as well as all other things for the household. I can afford to buy cloths only on sale. Yes, our salaries are small but that is not a problem. The problem is that we losing ideals and that is sad. The only values in our society are material values. People sometimes do not understand, even my daughter does not understand, that my job is my vocation. I am ready to stay in hospital longer to help children and that makes me happy.”¹⁰⁴ However, a Survey of Doctors took place in 2005 and 2006 asking them the following question, If your salary was \$1,000 would you refuse informal payments? And the social context is important since the survey took place immediately after the Orange Revolution when ideals were still running high. Nearly everyone said, No. As Oleksandra Bently, who took part in conducting the survey, argued, there have not been that many people who are ready to fight corruption. Also Business Enterprise Survey, which takes

¹⁰² Interview with Tatyana Ragozovskaya, 17th May 2013.

¹⁰³ Interview with Oleksandra Betliy, 23rd May 2013.

¹⁰⁴ Discussion with Tatyana Y. 17th May 2013.

place 3 times a year, constantly produces the same figure when asking managers of all different companies if corruption is an obstacle. Only 3-5% see it as an obstacle. Corruption is a part of the system, culture and mentality. And also it creates a space for the shadow economy which is an important part of the Ukrainian economy.¹⁰⁵

Some of my respondents argued that the health care system in Kyiv is in a complete mess since the reform was introduced without prior consultation and information so a minority of people try to go with it while the majority try to ignore it. The GPs themselves try to sabotage it by arguing that they will leave surgeries and that the retraining process would be too short to enable them to deal with both adults and children. They knowingly or unknowingly put pressure on the patients to opt out of the reform. These opinions were supported by Oleksandra Bently who added that the Ministry of Health Care opted for a reform of the national health system without prior consultation. “They did not have the data on which to base the reform. They did not produce an action plan. They did not give information to local government and they did not provide full funds for the reform.”¹⁰⁶ On top of all these the Central Government decided to speed up the reform process by introducing the reform into more oblasts although the reform, pending on the pilot scheme reports, was due to be rolled out in 2015. The reform was changed into a National Plan and signed by the President. So again there is no action plan and there are no funds for the reform and again the local government was not informed about it, not to mention informing and consulting the public. This shows that the ruling elite is completely cut off from its own population and is in keeping with our depiction of Ukraine as a fragmented society.

Everyone argues that there is a need for the reform of the health care system but certain procedures need to be respected so that the reform can be prepared and written and then piloted and implemented. These procedures were not at all respected so a needed reform is undermined. “Reform of the health care system is seen by the population as evil. Everything is blamed on it.”¹⁰⁷ The reform is highly politicised and the opposition would like to stop it. However, the Central Government blames local governments for the problems with the implementation of the reform. Local governments claim that they have been underfunded and not informed. “On the health reform population does not trust local government since they claim that the local government would like to gain from it. Central government also argues that the implementation of the reform is a responsibility of the local government but the local government has not been involved in the process of drafting it at all.”¹⁰⁸

The ruling elite has “successfully consolidated all power in its own hands.”¹⁰⁹ That is both political and economic power. Nearly all my respondents talked in the terms of Ukrainian society being divided into 10% of rich and 90% of poor. “The middle class is disappearing, fighting to survive and is not any longer able to introduce and push for a social change.”¹¹⁰ Oleksandr Demyanchuk hopes that SMEs will be able to take over the role of the middle classes and push for changes. They stood up to President Yanukovich and his business

¹⁰⁵ Interview with Igor Kohut, 21st May 2013.

¹⁰⁶ Interview with Oleksandra Bently, 23rd May 2013.

¹⁰⁷ Interview with Oleksandra Bently, 23rd May 2013.

¹⁰⁸ Interview with Oleksandra Bently, 23rd May 2013.

¹⁰⁹ Interview with Oleksandr Demyanchuk, 15th May 2013.

¹¹⁰ Interview with Oleksandr Demyanchuk, 15th May 2013

partners when in early November 2010 the Parliament approved tax reform legislation aimed at balancing the national budget, and reducing tax evasion. As Demyanchuk pointed out, critics of the bill have argued that the laws would give tax breaks to major industry, while increasing tax audits and operating fees on small- and medium-business. Demonstrations against a government plan to increase taxes on businesses began across the country after the bill was passed by the parliament, with the largest protests taking place in the capital Kiev. Hundreds of protesters, supported by a pair of opposition parliament members, by mid-November had erected and occupied the Maidan Square putting up military tents, a field kitchen, field heaters and 24-hour security. Ukrainian police after 3 weeks broke up a camp erected by opponents of planned tax rises on small- and medium-sized businesses.¹¹¹ Ukrainian President Viktor Yanukovich vetoed an early version of the controversial tax bill, in a concession to the protesters that brought him into open conflict with his own political party. Ukraine's Parliament passed a revised version of the tax code but protest organisers said the amended law remained regressive. And they continued to fight the President and the parliament. However, SMEs are also a very much part of the system. "They themselves do not declare tax, since there are so many taxes to pay, and they do not report bribes which they pay to speed up the process of registration, or change of premises or change of business."¹¹² This is not surprising since 2010 more than 1,000,000 SMEs closed down as a result of the taxes going up. SMEs are perceived as a life-line for a lot of people who try to supplement their income. University professors and NGO members have their consultancy companies. All of them complained about the regulations for starting a business as well as running it. Although, at least since January 2013, they do not need any longer to report each quarter on their business activities but just once a year. They reported that their business time could have been easily eaten up with filling in all the forms and visiting different offices. Also, on a positive side, one-window shop has been opened and they hoped that, after initial problems, it is going to function better and therefore reduce time which is now spent running from one office to another, for example, going to pension, than income, than tax office *etc.* However, they do not feel supported by the Government although they feel that SMEs are engines of economic growth and development.

4. Conclusion

Ukraine is a highly centralised state and fragmented society. Political decision are made by a small ruling elite that combine political and commercial interests. As a presidential democracy the power is in the hands of the President Viktor Yanukovich and he makes sure that it stays there. Since he came to power he has been trying, successfully, as my respondents argued, to centralise power. The legislation on local government and administrative-territorial reform which was drafted in 2009 and, to this day, has not been discussed in the Parliament since the Central Government claims that the local government is functioning. The same Government pays lip service to the legislation on local government proposed by the Council of Europe. "We clearly and consistently adhere to the policy of attracting the European local government experience, realizing that in the course of reform, the Ukrainian model of local government will be one of the most advanced in Europe." These

¹¹¹ More than 150 riot police in body armour, supported by some 300 uniformed officers, arrived at Maidan square shortly after 5 am. An estimated 100 demonstrators occupying the site left the camp voluntarily, without resisting. By 7 am, the police had dismantled the camp and herded the protesters, who had started to come to the square when they heard that the police was dismantling the camp, into a corner of the square.

¹¹² Interview with Igor Kohut, 21st May 2013.

are the words spoken by the chairman of the state fund of support for local government, Serhiy Malikov, when the Ukrainian Delegation reported to representatives of the Congress of Local and Regional Authorities of the Council of Europe on the reform of local government. According to Malikov, Ukraine has actually created a concept of local government reform with the involvement of European and Ukrainian expert circles. It has been widely discussed at the level of nongovernmental organizations and takes into account the current European standards and wishes of territorial communities – rural, urban and regional. It is expected that this document will soon be approved by the Council of Regions under the President of Ukraine. The concept anticipates the delegation of broader powers to self-government bodies, creating larger financial resources for their activities and for the improvement of the legal system. “Having implemented a clear-cut mechanism, we will achieve two goals: in particular, any service of a local government agency should be as close to the person as possible, and by its qualities it should not depend on the location of that person – whether it is a village or a city,” he said.¹¹³ The Council of Europe produced the Strategy for the Local Self-Government as well as the Action Plan two years ago and the Parliament has been discussing it for the last two years. This autumn the Parliament will propose its own action plan as Malikov informed the Council of Europe. The majority of my respondents stated that they were not hoping for any major decision to be made since the Government will continue to use the same strategy with Europe, paying a lip service and postponing discussion on the proposed action plan in the Parliament by claiming that it needs to involve local governments in the discussion and that this process takes time. According to the respondents, the Central Government will do everything to subvert the process of consultation. Furthermore, the Parliament and the President opted to reveal their action plan in September, just two months before the Vilnius meeting. Sergiy Tolstov is right when he argued that the present political situation in Ukraine is characterised by the absence of decisions. Administrative-territorial reform and discussions about the importance of the local government have not been on the governmental agenda since 2011. The reason is ideological because it is not in the interest of Kyiv banking lobby, party nomenklatura and big business. When it comes to the health reform there is definitely not an absence of decisions; it feels more like an over-production of decisions which have not been thought through. But what these both processes share, as quite a few respondents commented on, is the silence of the ruling elite and hardly any need to justify its behaviour since the society is so fragmented and “self-isolated”. They call it silence, despite a lot of noise, because nothing substantial is said. There is a cacophony which after a while can not be heard. Sergiy Tolstov also argued that decentralisation is seen by the ruling elite as a socialist idea, giving power to the people, and therefore silently ruled out.¹¹⁴ My respondents argued that decentralization is the only way forward for Ukraine and a part of the process of decentralization is giving more powers to local government. The role of the Central Government is to work together with the local government but what is happening in Ukraine is that the Central Government, using local state administration causes a friction in the local government and seeks to divide and rule. The reform of the local government, which has the support of the European Union and the Council of Europe, is vital for the development of democratic state and society but as the Council of Europe argues, “In a context of increasingly volatile and uncertain economic conditions, effective responses by local governments, in harmony with the policies of central governments, are crucial to sustainable growth and sound fiscal outcomes. Policy co-ordination between the central and sub-central governments is of profound importance to the

¹¹³ Ukraine reports to Strasbourg on local government reform, 22.03.2013.

¹¹⁴ Interview with Sergiy Tolstov, 14th May 2013.

effectiveness of both.” (Davey, ed., p.15) Analyses of draft legislations on administrative-territorial reform and local government as well as on the health reform clearly showed that the processes of participation and inclusion are not followed. As we argued, local governance means including the population in the process of governance and developing different ways to facilitate their participation. The draft legislations have not been discussed at all by the general public and they are known exclusively to policy makers and experts. The general public, to my knowledge, is not aware of these draft laws at all. When it comes to the Law on Health Care, it has been implemented without prior dissemination of information and consultation and then by a Presidential *fiat* turned into the National Plan. In both cases the procedures which exist in Ukrainian legislation have not been respected. People “are robbed” of their right to decide their future since the President and his ruling elite, still subscribe to and behave like a *hazyayin*.¹¹⁵ The ruling elite does not value local governance since, as they judge it, it would deprive them of political power and economic wealth. They want to make decisions, not to delegate them or to devolve them, and they want to allocate financial resources not to distribute them. These clearly shows that the political elite is ready to exclude population from the process of governing and therefore that they are not ready to support local governance. As my respondents argued, the ruling elite wants to keep people out of politics and does not pay attention to the fact that “The current crisis gives rise to doubt and pessimism at all levels of governance. At a time when people are worried about the future, local and regional authorities have to re-establish their citizens’ confidence and hope, and perspectives on how we can find ways and means to create a coherent framework for action.” Davey, ed., p.21)

As a result of the 2008 economic crisis, on top of the previous 20 years, the majority of people are struggling to survive. They have turned to their family and friends and are not getting involved into politics. As Igor Kohut pointed out, “Ukrainians live according to the proverb (which relates to the name of the country and translates as borderland or on the edge), Our house is at the very end.”¹¹⁶ Nearly all respondents commented on the psychology of Ukrainian people which makes them trust only a very small circle and being closed towards “anything new”. But as we pointed out there are also political and economic reasons. According to both the survey data as well as my interviews people do not trust the political elite but also do not trust civil society. The people are rather cynical about everyone who is involved or interested in the political sphere. They see both the ruling elite and political opposition as people who are there to gain wealth for themselves. And they have developed their own networks and they trust them and depend on them not for producing wealth but for survival. Ukraine is a fragmented society in which networks are either instruments of survival or of wealth creation. *Blat* still plays an important role in Ukrainian society, one can argue even more since the 2008 economic crisis because people are impoverished and rely on close networks which can help to obtain certain services and goods without paying for them. However, these types of networks are getting smaller since people are not ready to wait for the time when they shall need a favour. What they want in exchange is money. Corruption is everywhere in Ukraine and it is undermining, as we saw, education and health care as well as social security and job market. Education, and health care are not any longer the public good but they are a private gain. Both education and health care as well as jobs can be bought and they are seen as means to a goal (personal wealth creation) not a goal in its own right. They

¹¹⁵ Interview with Volodymyr Kuprii, 23rd May 2013.

¹¹⁶ Interview with Igor Kohut, 21st May 2013.

are not instruments of social cohesion as we argued they should be, but contrary to that they are instruments of social exclusion. Families who do not have money or connections could be deprived of equal service standard in education and health care. And as Svitlana Oksamytna pointed out money buys social mobility. Social mobility is not merit based but a part of financial transaction.

My respondents pointed out that support for the local government is a support for a democratic Ukraine in Europe. They felt that local government would know and understand local issues much better than the central government. Local councillors also have special incentives to get things done since they are a part of the community, either as citizens who would like themselves to enjoy investments in the local community or as councillors who would like to be voted back in power. But they also pointed out that presently local government is lacking politically educated people who are able to deal with the issues on the ground and therefore often certain projects cannot be done. And that also applied to the projects from the EU where in addition to the lack of the knowledge of issues there is a lack of the knowledge of foreign languages. Also local government has not been vocal enough in expressing their opinion, partly because of the lack of education in general¹¹⁷ and political knowledge in particular¹¹⁸ and partly because some of them are loyal to the Central Government and do as they are told. (Tkachuk, et al., p.105) A part of the political education in Ukraine is to educate local councillors that their loyalty is with their people and democratic state and that expressing one's opinion and criticising somebody else is a part of the democratic debate.¹¹⁹

Ukrainian ruling elite does not promote let alone strengthens local government, capacity building and citizens' democratic participation at local and regional level. Civil society is too weak to put pressure on the President and the Parliament and Ukrainian citizens show little interest since they do not trust the ruling elite.

Bibliography:

Atkinson, T., E.Marlier and B. Nolan (2004) Indicators and targets for Social Inclusion in the European Union. <http://economics.ouls.ox.ac.uk/12685/1/WP151.pdf>

Bartlett, W., Malekovich, S., and V. Monastiriotis (2013) Decentralization and Local Development in South East Europe. Houndmills, Basingstoke and New York: Palgrave Macmillan.

Beetham, D., (1991) Legitimation. London: Macmillan.

Berger-Schmitt, R. (2000) Social cohesion as an aspect of the quality of societies: concepts and measurement. EuReporting Working Paper No. 14, Centre for Survey Research and Methodology, Mannheim

¹¹⁷ Interview with Oleksandr Demyanchuk, 17th May 2013.

¹¹⁸ "Out of 450 MPs only 30 have attended our seminars." Interview with Oleksandr Solontay, 24th May 2013.

¹¹⁹ Interview with Oleksandr Solontay, 24th May 2013.

Bevir, M. (2011): Democratic Governance: A Genealogy. *Local Government Studies*, 37:1, pp. 3-17.

The Budget Code of Ukraine (2001)

http://www1.worldbank.org/publicsector/pe/BudgetLaws/Ukraine%20Budget%20Code%202001_.pdf

Campbell, A. (1995) Regional and Local Government in Ukraine, in: Coulson, A. (ed) *Local Government in Eastern Europe*. Aldershot: Edward Elgar.

Coleman (1988) Social Capital in the Creation of the Human Capital. *American Journal of Sociology*, 94, Supplement: Organizations and Institutions: Sociological and Economic Approaches to the Analysis of Social Structure, pp. S95-S120

Coulson, A. and A. Campbell (eds) 2008 *Local Government in Central and Eastern Europe*. London and New York: Routledge.

Council of Europe, Action Plan for Ukraine 2011-2014.

Dahrendorf, R. *et al.* (1995) Report on Wealth Creation and Social Cohesion in Free Society. London: Commission on Wealth Creation and Social Cohesion.

Davey, K. (ed.) (2012) *Local Government in Critical Times: Policies for Crisis, Recovery and a Sustainable Future*, 2011. Council Of Europe.

Dembyckij, S (2012) Rolj ochykuvanj, sprostubannja ta polytichnoi pozyciji u formubanny zadovolenosti haselennja prezidentskoju vladoju, in: *Ukrainske cuspyljctvo 1992-2012: Stan ta dinamyka zmyu, Socyologychnij monitoring*. Kyiv: Nacyonaljna akademyja nauk Ukrainy. Ynstitut sociologii.

Dowley, K.M. (2006) Local Government Transparency in East Central Europe. *Local Government Studies*, 32, 5, pp. 563- 583.

EBRD (2011) *Life in Transition*. London: EBRD.

EBRD (2012) *Transition Report 2011. Crisis and Transition: The People's perspective*. London: EBRD.

EBRD (2013) *Transition Report 2012. Integration Across Borders*. London: EBRD.

Eurofound (2012a), *Fifth European Working Conditions Survey*, Publications Office of the European Union, Luxembourg.

Eurofound (2012b), *Third European Quality of Life Survey - Quality of life in Europe: Impacts of the crisis*, Publications Office of the European Union, Luxembourg.

European Social Survey (2012a) *Exploring Public Attitudes, Informing Public Policy: Selected findings from the first three rounds*.

European Social Survey (2012b) *Monitoring Attitude Change in over 30 Countries*.

Golovaha, E. and A. Gorbachik (2012) Tendenciy socialjnyh zmin v Ukrainy ta Evropy: za resuljtatami Evropejckogo socialjnogo doslydzhenja 2005-2007-2009-2011. Kyiv: Nacionaljna Akademiya Nauk Ukrainy, Institut Sociologiyi.

Golovaha, E. and T. Ljubiva (2012) Dovyra do derzhavno-polytichnih ynstytutu y reform v Ukrainy, in: Ukrainske cuspyljetvo 1992-2012: Stan ta dinamyka zmyu, Socyologychnij monitoring. Kyiv: Nacyonaljna akademiya nauk Ukrainy. Ynstitut sociologii.

Green, A., J.G. Janmaat and Ch. Han (2009) Regimes of Social Cohesion. London: Institute of Education.

Hammersley, M. and P. Atkinson (1996) Ethnography: Principles in Practice. London: Routledge.

Hirst, P. (2000) Democracy and Governance, in: Pierre, J. (ed.) Debating Governance: Authority, Steering and Democracy. Oxford: OUP. Pp.13-35.

Komentary. 18 (354), 10th May 2013

Ledeneva, A. (2006) How Russia Really Works? Ithaca, NY: Cornell University Press.

Ledeneva, A. (1998) Russia's Economy of Favours. Cambridge: Cambridge University Press.

Law of Ukraine on Local Self-Government in Ukraine

Litvack, J. and Seddon, J. (eds) (1999) Decentralisation: Briefing Notes. Washington, DC: World Bank Institute.

Matiuta, Ch. (2013) Decentralization and Regional Policy in Romania and Bulgaria, in: Bartlett, W., Malekovich, S., and V. Monastiriotis, Decentralization and Local Development in South East Europe. Houndmills, Basingstoke and New York: Palgrave Macmillan.

May, T (1997) Social Research: Issues, Methods and Process. Buckingham: Open University Press.

Melluci, A. (1998) Nomads of the Present. London: Hutchinson Radius.

Moller, V. and D. Huschka (eds) (2009) Quality of life and the millennium challenge: advances in quality-of-life studies, theory and research. Dordrecht: Springer,

Nolan, B. with T. Fahey and C.T. Whelan (2003) Monitoring Quality of Life in Europe. European Foundation for the Improvement of Living and Working Conditions. Luxembourg: Office for the Official Publications of the European Community.

North, D. (1990) Institutions, Institutional Change and Economic Performance. Cambridge: Cambridge University Press.

Novy, A., D. Coimbra Swiatek and F. Moulaert (2012) Social Cohesion: A Conceptual and Political Elucidation. *Urban Studies*, 49:9, pp.1873-1889.

Olson, M. (2000) *Power and Prosperity*. New York: Basic Books

Pierre, J. (ed) (2000) *Debating Governance: Authority, Steering and Democracy*. Oxford: OUP

Putman (2000) *Bowling Alone: The Collapse and Revival of American Community*. New York: Simon and Schuster.

Regulski, J. (2010). *A Practical Guide to Building Local Government, The Polish Experience, Local Government and Public Service Reform Initiative*. Budapest: Open Society Institute.

Rhodes, R.A.W. (2000) in Pierre, J. (ed) *Debating Governance: Authority, Steering and Democracy*. Oxford: OUP

Rhodes, R. 2007. 'Understanding Governance: Ten Years On', *Organization Studies*, 28, 1, 243 – 246

Sandel, M. (2013) *What Money Can't Buy: The Moral Limits of Markets*. London: Penguin.

Stiglitz, J., A. Sen and J-P Fitoussi (2009) Report by the Commission on the Measurement of Economic Performance and Social Progress. http://www.stiglitz-sen-fitoussi.fr/documents/rapport_anglais.pdf

Stoker, G. (1998) Governance as theory; five prepositions. *International Social Science Journal*, vol. 50 (1), pp. 17-28.

Swianiewicz, P (2006) Poland and Ukraine: Contrasting Paths of Decentralization and Territorial Reform. *Local Government Studies*, 32, 5, pp. 599 – 622.

Swianiewicz, P (2008) Poland and Ukraine: Contrasting Paths of Decentralisation and Territorial Reform, in: Coulson, A. and A. Campbell (eds) *Local Government in Central and Eastern Europe*. London and New York: Routledge.

Tkachuk, A., Tkachuk, R. and Hanishchak, Yu. (2012) *Reforms in the Administrative and Territorial Structure of Ukraine: Glimpses of History 1907-2009*. Kyiv: Legal Status.

Transparency International (2011) *Transparency Perception Index 2010*. Berlin: Transparency International.

Trochev, A. (2011) A Constitutional Convenience in Ukraine. *JURIST – Forum* January 2011. <http://jurist.org/forum/2011/01/jurist-guest-columnist-alexei-trochev.php>

Ukraine reports to Strasbourg on local government reform, 22.03.2013. <http://www.modernukraine.eu/ukraine-reports-to-strasbourg-on-local-government-reform/>

Ukrainske suspyljstvo 1992-2012, Stan ta dinamyka zmyzn sociologychnij monitoring. Kyiv, 2012: Nacionaljna Akademiya Nauk Ukrainy, Institut Sociologiyi.

The Ukrainian Week, The Economist, Special Report. No.8. Vol.50. April 2013.

UNDP (2011) Ukraine: Local Governance and Decentralization: Project Assessment. UNDP

Wilson, A. (2005) Virtual Politics: Faking Democracy in Post-Soviet World. New Haven, CT: Yale University Press.

APPENDIX 1:

Interview with Prof. Sergiy Tolstov, Head Of Department of Transatlantic Studies, Institute of World Economy and International Relations, National Academy of Sciences of Ukraine. 14th May 2013.

Interview with Prof. Valeriy Tertychka, Adviser, The National Academy of Public Administration, Office of the President of Ukraine. Also Director of the Institute for Policy Analysis and Strategy. 14th May 2013

Interview with Prof. Oleksandr Demyanchuk, Director of the Institute of Civic Education, Department of Political Sciences, National University of Kyiv-Mohyla Academy. 15th May 2013 and 17th May 2013.

Interview with Volodymyr Tarnoy, Director of NGO, Centre for Political Studies and Analysis. 16th May 2013.

Interview with Anastasia Stanko, Member of NGO, Stop the Censorship. 16th May 2013.

Interview with Tatyana Ragozovskaya, Curator at the Mihail Bulgakov Museum in Kyiv. 17th May 2013.

Interview with Viktor Rachkevych, Member of US Aid team in Kyiv, 20th May 2013.

Interview with Dr. Svitlana Oksamytna, Dean of the Faculty of Social Sciences and Social Technologies, National University of Kyiv-Mohyla Academy, 20th May 2013.

Interview with Prof. Valeriy Khmelko, Faculty of Social Sciences and Social Technologies, National University of Kyiv-Mohyla Academy. Director of Kiev International Institute of Sociology, 20th May 2013.

Interview with Svitlana Garashchnko, PhD student at Department of Political Sciences, National University of Kyiv-Mohyla Academy, 20th May 2013.

Interview with Igor Kohut, Director of Think tank Agency for Legislative Initiative. 21st May 2013.

Interview with Prof. Larysa Antonyuk, Director of the Institute of Higher Education, Vadim Getman Kyiv National Economic Institute. 21nd May 2013

Interview with Yuriy Hanushchak, Adviser to Yulia Tymoshenko. 22nd May 2013.

Interview with Vladimir Ristovski, Ambassador. Council of Europe. 22nd May 2013.

Interview with Volodymyr Kuprii, Executive Director of NGO Creative Centre. 23rd May 2013

Interview with Dr. Oleksandra Betliy, Senior Research Fellow, Centre for Economic Studies. Institute for Economic Research and Policy Consulting. 23rd May 2013.

Interview with Prof. Nikolai Shulga, Deputy Director at the Institute of Sociology, Ukrainian National Academy of Sciences. 23rd May 2013.

Interview with Oleksandr Solontay. Member of NGO, Institute of Political Education. 24th May 2013.

Discussion with Nina, Helper at the Mihael Bulgakov Museum in Kyiv, 17th May 2013.
Discussion with Tatyana X, GP for children. 17th May 2013.
Discussion with Tatyana Y, GP for children. 17th May 2013.
Discussion with Yulia, Receptionist at IBIS Hotel, Kyiv, 18th May 2013.
Discussion with Yelena, Chamber-maid at IBIS Hotel, Kyiv, 19th May 2013.

APPENDIX 2:

Framework for Conducting Interviews:
Provisional questions:

Questions on Current System:

1. Please tell me about the current system of local government in the Ukraine.
2. Does local government involve the local population in its discussions before making decisions in relation to its services, be it, education, housing, health or support for SMEs? (prompts, what are the established channels of communication?, does the local government actively support the formation of different civil society organisations or single issue movements?)
3. What advantages does local government have over central government? What kind of issues are most effectively addressed by local rather than central government? (prompts: in what areas is local government more responsive?)

Questions about Reforms to Local Government:

4. What reforms of local government have taken place in the Ukraine?
5. What is your opinion of the impact of these reforms? (prompt: any impact on political views (e.g. opposition parties) and public opinion?)
6. Please can you tell me about current discussions and debates related to potential government reforms (prompt- different government proposals? Who has been making these proposals. What is the underlying rationale for these proposals?).
7. What is the likely impact of the proposed reforms? (prompt- impact on education, business, housing, health?) How would the proposed reforms devolve the powers between different levels of government? (prompts, is there a need for local government to make and take decisions on education, business, housing, health?, how would these decision influence the local community?)

8. In your opinion how can local government address issues related to health, education, employment and support for SMES?