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POLICY NETWORKS, LOCAL GOVERNMENT REFORM AND THE PROCESS OF DEMOCRATIC TRANSITION: A CASE STUDY OF THE ASSOCIATION OF UKRAINIAN CITIES

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ABSTRACT

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By Veronika Ivanova

The thesis assesses the role of the Association of Ukrainian Cities (AUC) in the process of democratic reform of the local government system in Ukraine in the period from 1992 to 2002. The focus of the study is an investigation of the AUC's efforts to fashion a strategic role for the localities in local government reform by strengthening their internal capabilities and engaging in new mechanisms and procedures of policymaking. The study draws on the policy networks literature, in particular the dialectical multi-level Policy Network Analysis (PNA) of Marsh and Smith (2000, 2001) and the network typology of Marsh and Rhodes (1992), in order to structure and interpret the wealth of new empirical data. To assess the AUC's interactions with other institutions and actors in the field of local government reform, and the ways in which the AUC locates itself within the wider policy environment, the study examines various aspects of the transition process taking place in Ukraine. More particularly, a review of state and nation building, democratisation, economic reform, state-civil society relations and the nature of local government reform in Ukraine is undertaken to reveal the motivations behind the establishment of the AUC and the wider local government reform network. In addition, such a review allows for an assessment of the nature of membership and the patterns of interaction between individual actors within the local government reform network, as well as a consideration of their individual and collective impact on resultant policy outcomes.

The thesis argues that the local government reform network, in which the AUC is a key actor, represents the principal mode of governance in the politics of local government reform in Ukraine. The utility of the dialectical multilevel PNA model lies in conceptualising the increasing institutional nature of the links between local authorities and central government in the area of local government reform. Furthermore, an application of the chosen theoretical framework provides an insight into the increased complexity and differentiation of policy making brought about by the transition process. In particular, recognition of policy networks contributes to an understanding of post-Soviet governance, which involves the participation of numerous public and private institutions, actors, interests and policies.

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List of Abbreviations

AUC	Association of Ukrainian Cities
CFHT	Centre for Humane Technologies
CPP	Community Partnership Project
CPSU	Communist Party of the Soviet Union
DFID	Department for International Development
EC	European Council
EU	European Union
FAM	Financial Analysis Model
GONGO	Government Organised Non-Governmental Organisation
IDC	Innovation and Development Centre
IMF	International Monetary Fund
IULA	International Union of Local Authorities
LARGIS	Local Government Institutional Strengthening Project
LOGIN	Local Government Information Network
NGO	Non-Governmental Organisation
ODA	Overseas Development Administration
PACE	Parliamentary Assembly of the Council of Europe
PNA	Policy Network Analysis
RTI	Research Triangle Institute
TACIS	European Union Initiative for Eastern Europe, the Caucasus and Central Asia
USAID	US Agency for International Development
USPP	Union of Industrialists and Entrepreneurs
USSR	Union of Soviet Socialist Republics
VOCA	Volunteers in Overseas Cooperative Assistance

Introduction

The thesis assesses the role and impact of the Association of Ukrainian Cities (AUC) in the process of democratic reform of the local government system in Ukraine, which involves the establishment of new roles for local democracy, public policy making and service delivery, in the period from 1992 to 2002. In order to evaluate the AUC's influence, the thesis considers the AUC's efforts to fashion a strategic role for the localities in local government reform by strengthening their internal capabilities and engaging in new mechanisms and procedures of policy making. The thesis locates these efforts in the context of the wider policy environment where the AUC interacts with central government agencies, as well as other institutions and actors in the field of local government reform.

The majority of existing literature on post-communist democratic transition in Eastern Europe is focused primarily on the study of parliamentary and presidential state systems, political parties, political elites, electoral systems and the role of public opinion. Analysis of the role of interest associations in the political process, meanwhile, remains largely descriptive and underdeveloped. In particular, very little attention is devoted to the political influence, agendas, organisational structures and capacities of interest associations involved in facilitating post-Communist transition. Yet a challenge common to many countries undergoing democratic change is to create effective interest associations and networks to support the reform process. The claim of this study is that more can be learned about democratisation in Eastern Europe, and Ukraine in particular, through an evaluation of the role of interest associations in designing and managing policy change within environments undergoing political and economic transition. The AUC represents a particular research interest as its broad scope of activity on both national and local levels of policy making distinguishes it from other grass root organisations, which tend to focus on the everyday needs of their members. The AUC has demonstrated a capacity to exercise direct and indirect influence on the policy making process in local government reform by becoming a key partner in the system of interest intermediation between local authorities and central government.

In order to provide an adequate explanatory basis for evaluating the AUC's significance in the policy making process the study employs the policy network concept, the dialectical multi-level Policy Network Analysis (PNA) model developed by Marsh and Smith (2000, 2001), and the network typology of Marsh and Rhodes (1992). These approaches have collectively produced a method for identifying the existence of a policy network as a type of relationship between interest groups and government. In addition, the epistemic community approach (Haas, 1990, 1992; Miller and Fox, 2001), which emphasises the role of knowledge-, ideas- or ideas-based networks in the policy process, provides a complementary theoretical framework useful for the analysis of the relationships between different actors involved in the reform of local government in Ukraine. Within this framework, the study considers the motivations, actions and relationships between the actors involved, as well as assessing the resultant policy outcomes. The emphasis on policy

networks aims to further understanding of the links between the participants in the political process. In particular, the analysis establishes the AUC's role as the driving force behind, and a key actor within, the network; being involved in the design, implementation and execution of local government reform in Ukraine. Furthermore, the concept of policy networks conveys the idea that policy making in the area of local government reform in Ukraine no longer takes place within a hierarchically organised bureaucracy, but rather in a continuous relationship between interdependent groups of public and state actors and organisations. The term local government reform policy network offered by the study refers to this relatively exclusive group, which dominates the system of interest intermediation in the area of local government reform. Following the Marsh and Rhodes typology, the study uses 'local government reform network' as a generic term to describe the system of interest intermediation between the AUC as a professional association representing the interests of local authorities, and the central government of Ukraine. The application of the theoretical framework addresses the need to examine the role of the AUC as an interest association in the reform process. In addition, it facilitates a better understanding of the process of democratic transformation and that of local government reform within the context of the new governance arrangements that are emerging in Ukraine. Specifically, the study aims to expand the understanding of new governance arrangements and institutional performance in a transitional environment, through an analysis of local authorities' attempts to strengthen their autonomy of action.

The end of totalitarianism in Eastern Europe brought to a close the monopoly on governance by the central state and the Communist Party. The new governance arrangements that are now being established increasingly entail interdependence between organisations, increased involvement of non-state actors in policy making, and more extensive horizontal interactions, negotiations, bargains and agreements between actors and groups across many public and private bodies. Thus, policy making and policy implementation processes in transition are becoming increasingly reliant on multi-organisational relationships and the concerted actions of multiple agencies and groups. The new and more complex style of governance in Ukraine is increasingly dependent on the construction of horizontal co-ordinating policy making, which heightens the interest in middle-level theories that draw on policy community/policy network concepts. Policy Network Theory, which sees action as flowing from co-operative efforts of different interests and organisations (Judge et. al, 1995), represents a viable model for conceptualising the role of interest associations in the new governance arrangements in Ukraine. Thus, a related intention of the study is to add to the utility range of the PNA by extending it to include the transition to democracy, which with its multiplicity of different actors represents particularly fertile ground for studying and assessing network arrangements in policy making.

Methodology and Data Collection

Having gained familiarity with the 'policy network' concept and its models of analysis as part of my MA course in Public Administration and Public Policy, I identified the theoretical framework as having the greatest potential for understanding the relationships and political interactions between the state and society, the dynamics of the policy making process, and the new governance arrangements in the democratic transition of Ukraine. The wide range of associated theoretical and methodological issues leading to the choice of the dialectical multi-level PNA approach by Marsh and Smith for application in this study is dealt with more extensively in Chapter One.

For the purposes of this study, a detailed investigation into the AUC's activities over a 10-year period (1992-2002) was conducted. A significant part of the study's insight is built around the author's experience as an aid agency practitioner involved as a participant observer during the early stages of the AUC's formation. The opportunity to be present at the first meetings and consultations of the AUC served as an incentive for the choice of research topic. It was also of great value in obtaining inside knowledge about the AUC and the development of a local government reform network. As a result, the author was well placed to carry out a study on this subject area. The availability of such exclusive access gives the research the nuances, detail and firsthand data necessary to gain a full insight into the complex dynamics both within the AUC and the local government reform network more generally.

In order to follow the AUC's involvement in the policy process the research employs the case study method, which is also useful in terms of evaluating relationships among individuals and groups within the network. Research further entailed undertaking a number of semi structured open-ended interviews, as well as informal discussions with key network participants including local and regional officials, AUC executive personnel, AUC leadership figures, and other individuals involved in various aspects of local government reform in Ukraine. Questions were asked regarding their own activities and perspectives, as well as those of the other actors both within and outside the network. The interviews and discussions were conducted in a range of formal and informal settings, such as offices, on the fringe of conferences and in restaurants. The semi-structured format of interviews seemed to be the best way of soliciting the type of information I was seeking. It was hoped that alongside the semi structured interviews, the flexibility with regard to choice of venue would make the respondents feel free to share their views and opinions in an open and candid way, thus contributing to the accuracy of the information obtained. The semi-structured format of interviews also allowed me to modify the questions in the process of an interview and change the direction of the discussion to follow any new issues that emerged. In addition, it allowed interviewees to define issues that were important to them and provide their own explanations.

The semi-structured format of interviews does raise the issue of potential interviewer bias, which may influence the answers given by the respondent. Interviewer bias, as a result of the presence,

behaviour or reactions of the interviewer, has the potential of altering the course of an interview and jeopardising the validity of any findings. As a consequence, in an attempt to overcome the interviewer bias I tried to avoid expressing my own opinions, and commenting on the answers received. Also, the issues of possible misrepresentation of information and interviewee bias were addressed by undertaking a wide range of interviews across the spectrum of local government reform, supported and supplemented by a wealth of primary and secondary material. The issue of interviewee bias was further mitigated by my inside knowledge and personal understanding of the nature of policy making in the reform of local government in Ukraine, which helped me to gauge the agendas, views and motivations of each interviewee. Finally, the study of powerful institutions and actors within an unstable political environment, and the sensitivity of the issues involved required a degree of discretion to be maintained between the interviewer and interviewees. In particular, many interviewees requested and were granted anonymity as a precondition of their participation.

In addition to firsthand interviewing and observation, empirical qualitative data was obtained from a wide range of sources. In particular, the case study builds on the AUC's internal and externally produced documentation. The author also consulted reports, project documents and publications of various aid agencies, such as the United States Agency for International Development (USAID), the World Bank, and the Local and Regional Government Institutional Strengthening Project (LARGIS). In addition, archival material, journals and newspaper articles, polling and survey data, and existing legislative acts of Ukraine were examined and utilised in order to give the study an extra analytical dimension. Internet editions of newspapers, which generally have more freedom to report in Ukraine than other sources of information, proved to be a valuable store of information providing a greater diversity of views and opinions across the political spectrum. A great deal of work has been done in a number of libraries both in the United Kingdom and Ukraine. Kharkiv University and state libraries of Ukraine were particularly useful in obtaining information written by Russian and Ukrainian scholars and analysts on various aspects of democratic transition in Ukraine. These studies were important as they have not been translated and made available in the West. Such a wide range of material served both to contextualise and broaden the findings of the study, as well as provide information on the finer aspects of policy making within local government reform in Ukraine. However, I was careful to critically assess the information that was collected from Russian and Ukrainian-language sources, by making every attempt to offset any suggestion of bias by cross-referencing the material with alternative sources.

Since the beginning of my studies in 1999 the political and economic life of Ukraine, including the course of local government reform, has witnessed great turbulence, instability and uncertainty. This has meant that the thesis now includes information on developments, which could not have been foreseen in 1999, and this situation forced me to extend the word limit of my thesis. In addition, the unstable political situation has meant that difficulties have been experienced with organising research trips and arranging interviews. The problem was exacerbated by the fact that

interviews had to be arranged far in advance while still being in the UK. There have also been a number of situations when city officials/AUC members that I had planned to interview lost their jobs before interviews could take place. While other potential interviewees felt unable to talk due to the ongoing political situation. However, despite everything the balance and range of interviewees was maintained and any gaps were filled with existing primary information.

Structure

The study consists of this introduction, and seven chapters, the last being the conclusion.

Chapter One considers the evolution of the dialectical multi-level model of Policy Network Analysis (PNA) developed by Marsh and Smith (2000, 2001), which is employed in this study to evaluate the role of the Association of Ukrainian Cities in the reform of the local government system in Ukraine. For this purpose the chapter provides an overview of the key developments in American and British literature on policy networks. It presents the origins of the concept of policy networks and summarises its key implications as a model of interest group intermediation. The chapter also follows the development of the key postulates of the dialectical multi-level model of PNA by Marsh and Smith as an outcome of the theoretical debate and methodological findings of the British literature on interest groups and policy networks. The chapter singles out such developments within British policy network literature, as the policy network concept, the Marsh and Rhodes (1992) typology and the dialectical multi-level PNA model by Marsh and Smith in order to study the role of the Association of Ukrainian Cities as a professional association in the area of Ukrainian local government reform. The chapter also identifies the utility of the dialectical multi-level PNA model by Marsh and Smith for conceptualising the relationships between state and society and for understanding the dynamics of political interactions and policy making processes in Ukraine. Finally, the chapter suggests the ways in which the Western-originating concept of policy networks and dialectical multi-level PNA can be adapted to explain process of democratic transition that has occurred in Eastern Europe during the last decade.

Utilising the dialectical multi-level PNA model by Marsh and Smith, Chapters Two, Three and Four provide the macro-level political, economic and social context of the study by analysing the patterns of post-Soviet democratic transition in Ukraine and the challenges they present to local actors. In particular, Chapter Two employs the quadruple framework offered by Kuzio (1998, 2001), which distinguishes the four major areas of democratic transition in Ukraine as nation building, state building, democratisation and marketisation. Kuzio's work helps to explain the unique multiple nature of the transition process in Ukraine and demonstrates its impact on the nature of the state and political system, the current dynamics of policy making, and the role of various state actors and groups within it. Moreover, the framework allows an assessment to be made of the ways in which certain legacies of the Soviet era continue to dominate the present system of policy making, which affect not only the process of democratic transformations, but also the formation and activity of interest groups and policy networks in Ukraine. The chapter makes

clear that the emphasis on state and nation building during the early stages of transition hindered progress in the democratic and market areas of the quadruple transition model referred to above. The chapter concludes that the high degree of authoritarianism in the state and political systems of Ukraine have been shaped by totalitarian legacies and the quadruple nature of the transition.

In a continuation of the macro-analysis, Chapter Three focuses on the societal aspect of the quadruple democratic transition model offered by Kuzio. The chapter proposes that detailed consideration of the societal aspect of democratisation is important for an understanding of the nature of state-civil society relations, which, according to Marsh and Smith (2000), constitute an integral element of the macro-environment analysis. In addition, incorporating the societal aspect into the macro-level analysis contributes to an understanding of the dynamics of political interactions, and the relationships and processes among actors involved in the reform process in Ukraine. The chapter assesses the development, character and role of civil society groups in Ukraine and their role in the process of democratic consolidation. It further looks at the different characteristics and activities of public organisations in Ukraine, as well as their historical origins and stages of development. In addition, the impact of Western development and assistance programmes on the political environment in which interest associations operate are considered. The chapter establishes that, driven by the ongoing process of democratic and economic transition, policy making in post-Soviet Ukraine is beginning to develop in a horizontal manner, which requires the involvement in public policy making of multiple independent political and social players such as political parties, interest associations, NGOs, and the mass media. At the same time, however, an effective civil society with associated institutions, which exists in Western democracies, has yet to become a fully-fledged constituent of state-society relations in Ukraine. The chapter also contends that the nature of state-civil society relations in Ukraine and, consequently, the role of interest associations in policy making are affected by the nature and sequence of the transition process, the authoritarian tendencies of the state system and the persistence of former Soviet elite networks and corporatist arrangements.

Chapter Four completes the macro-level contextualisation of the case study of the AUC by focusing on the development of local government as an essential constituent of democratic transition in Ukraine. The chapter considers the key arguments of the well-established body of Western academic literature concerning the role of local government in a functioning democracy, as well as stressing the importance of local government reform in strengthening a juvenile democracy. The chapter provides an insight into the role of local government in the centralised system of the Soviet Union. It demonstrates that until 1991 local government remained strictly subordinate to the higher levels of government, performing mostly executive and technical functions. Under these conditions local government bodies lacked the authority to initiate major policies and actively to engage in the policy making process. The chapter further outlines the direction of local government reform and the challenges faced by local authorities as they assume new roles and responsibilities with the democratisation and decentralisation of service provision.

The chapter argues that the success of the democratic process in Ukraine is reliant upon local government having adequate authority and fiscal resources to deal with the everyday needs of the population. Finally, the chapter concludes by arguing that if the role and influence of local government in the process of democratic reforms is to increase, it has to develop a representative mechanism to structure and voice its interests and demands when dealing with central government.

The case study of the AUC provided in Chapter Five, incorporates a range of empirical material to demonstrate the attempts on the part of Ukrainian local authorities to fashion a strategic role for the localities in the local government reform process. The chapter presents empirical data with reference to the micro- and meso-levels of the dialectical multi-level PNA framework. In particular, the case study looks at the origins of the AUC, which was reconstituted from the moribund Organisation of City Executives in January 1995, by the newly elected heads of city councils (mayors). The chapter evaluates the membership and structural scheme of the AUC according to its Statute adopted in 1999. Further, the case study considers the affiliation of the AUC with the USAID both during the early stages of the AUC's establishment and later, and focuses on the nature of the assistance provided. The case study lays out the wide range of AUC activities, which takes place at both the national and local levels of policy making. At the local level the AUC provides a number of services to its members including training of municipal personnel, information support, publishing and support of municipal programmes. The chapter also provides an overview of AUC activity and its interactions with other institutions and actors in the process of drafting local government legislation and national-level administrative procedures that impact on local government. The chapter focuses on the AUC's involvement in the budgetary reform process as one of the main actors on the Budget Committee, a vital part of any Policy Networks Approach. The chapter also highlights the significant role the AUC has played in achieving a number of legislative milestones, which have laid the foundations for democratic local government in Ukraine. However, the chapter demonstrates that the ability of the AUC in changing and improving the legal framework of local government has been only partial, with central and oblast (regional) governments retaining considerable control over local affairs. Finally, the chapter raises a number of analytical propositions concerning the role and influence of the AUC, which are dealt with via the prism of the dialectical multi-level PNA model in the following chapter.

Chapter Six, meanwhile, utilises the dialectical multi-level model of PNA in order to organise and interpret the wealth of empirical data provided in the previous chapters. At the macro-level of the PNA the chapter traces the events, motives and processes that have led to the formation of the AUC and the local government reform network. The chapter also demonstrates the ways in which macro-factors have shaped the wider political, economic and social context within which the AUC and the local government reform network were established and now operate. The network's structure, relationship patterns between its members and its policy outputs are all affected by the external environment. At the meso-level the chapter provides an overview of the agency's

structure, distribution of resources, and nature of relationships and interactions between members of a local government reform network concerned with the design and implementation of a radically altered local government system in Ukraine. Further, the chapter provides micro-level analysis of the AUC, as a key actor within the local government reform policy network. The chapter also identifies an issue network, as a group of actors peripheral to the main network, but which can sometimes play an important role in policy making in terms of knowledge transfer, practical experience and political support. Finally, the chapter isolates a series of policy outcomes resulting from AUC activity within the local government reform network. As discussed in Chapter One, policy outcomes form an integral component of the analytical framework utilised for the case study.

The concluding chapter summarises and highlights the findings of the study within the chosen analytical framework in order to assess the role of the AUC and its implications for the course of local government reform in Ukraine. It argues that the local government reform network, in which the AUC is a key actor, represents the principal mode of governance in the politics of local government reform in Ukraine. In particular, by bringing all levels of analysis together and examining the interaction between macro-, meso- and micro-level factors, the study reveals the motivations and reasoning behind the AUC and network formation. In addition, by establishing causal links between macro-factors the study provides an assessment of the nature of membership, relationships and interactions patterns between individual actors within the local government reform network, as well as their individual and collective impact on resultant policy outcomes. Finally, the emphasis on the policy network as a system of interest intermediation between local authorities and central government in Ukraine highlights the changing relationship between two levels of government, and the transitional nature of the governance process more generally. The conclusion identifies methodological contributions to PNA resulting from the application of Western-originated concepts and models to a diverse environment witnessing democratic transition. The conclusion also highlights the broader implications and relevance of the research as well as identifying possible future avenues of complementary research.

Chapter One

A Review of the Policy Network Literature: The Path to the Dialectical Multi-Level Analysis Model

Over the past decade the development of the policy network literature has been extensively reviewed and widely documented (Marsh and Rhodes, 1992; Mills and Saward, 1994; Marsh, 1998; Peters, 1998; Börzel, 1998; Rhodes, 1999). As space precludes this study from undertaking yet another extensive review of the findings, the intention of this Chapter is to provide a synopsis of the developments, concepts and approaches existing in American and British literature on interest groups and policy networks. Such a review of the policy networks field is important as it presents the background for the application of the policy network concept in the current study. The particular purpose and focus of Chapter One is to trace the evolution of the dialectical multi-level model of Policy Network Analysis (PNA) developed by Marsh and Smith (2000, 2001), which is employed in this study for the inquiry into the role of interest groups (the Association of Ukrainian Cities) in policy change in Ukraine. The Chapter is organised into five main parts. Part one presents the origins of the concept of policy networks and summarises its key implications as a model of interest group intermediation. Part two inquires into the emergence of interest groups studies, their role in the policy process in American political science, and the associated development of the policy network concept. Part three provides an overview of the current theoretical debates and methodological developments of the British literature on policy networks while retaining a central concern for the dialectical multi-level model of PNA by Marsh and Smith, and the network typology by Marsh and Rhodes (1992). Whereas the research on policy networks is abundant in American, British and European literature, such theoretical analysis is only beginning to emerge in Eastern Europe. Consequently, the Chapter suggests ways of tailoring the Western concept of policy networks and the dialectical multi-level model of PNA for the different political environment of the transition to democracy.

The Policy Network Concept: Origins and Key Implications

The idea of people joining groups or associations to advance their interests is hardly original. As even Aristotle wrote: 'Associates travel together with a view to profit of some kind or to procure some necessity of life; and it is for the sake of advantage that the political group too appears to have been formed and to continue in being...'(Ethics: 181). The model of policy networks is one of the more recent models of interest group intermediation and is rooted in the research on interactions between state and civil society, government and interest groups. Its development was compelled by the critique of the pluralist and corporatist models of group theory (Skilling, 1986).

In a popular definition by Schmitter, pluralism is a system of interest representation in which the constituent units (interest groups) are multiple, voluntary, competitive, non-hierarchically ordered and self-determined (as to type or scope of interest); are not specifically licensed, recognised, subsidised, created or otherwise controlled in leadership, selection or interest articulation by the

state; and which do not exercise a monopoly of representational activity (Schmitter, 1974: 93-94, 96; 1979: 15). Among the characteristics of the pluralist model of interest group representation are the large number of groups and competition among the members of these groups for influence over policy development and government, which is 'passive', but independent of the interest groups. Government's role and authority is seen as limited to the allocation of scarce resources, with its decisions reflecting the balance between the interest groups within society at a given time (Rhodes and Marsh, 1992a). Among the commonly cited limitations of the pluralist model is its failure to account for the fact that state actors have interests of their own, which influence the formation of policies (Rhodes, 1997; Smorgunov, 2001). Thus, the pluralist approach does not allow for the examination of politics as a system of interrelated relations between the state and society where the state is not just an agent responding to the pressures of interest groups, but an active participant in the process (Marsh, 1998). The critique of pluralism fuelled the development of corporatist literature as well as sub-government literature in American political science, which, in its turn, served as an impetus to the network approach.

The principal difference between pluralism and the analytical model of corporatism is that the latter sees the state as the most important constituent in the political process, which pursues its own interests while structuring the influence of the interest groups. According to a contrasting definition by Schmitter, corporatism is defined as 'a system of interest representation in which the constituent elements are organised into a limited number of singular, compulsory, non-competitive, hierarchically ordered and functionally differentiated categories, recognised or licensed (if not created) by the state and granted a deliberate representational monopoly within their respective categories in exchange for observing certain controls on their selection of leaders and articulation of demands and support' (Schmitter, 1979: 13). Corporatism has developed as an account of group politics in the context of powerful states in Western European democracies in the post-Second World War period. During this period, because of the centrality of the economy to politics, the state institutionalised producer groups' relationships to the state and to each other, particularly the relationship between the leaders of the private sector and the trade unions (John, 1998). Corporatist arrangements may entail government bargaining and negotiation with the organisations of large and small industrialists, with agricultural interests, with the financial sector, and with organized labour, or other important social groups like consumers or environmentalists (Maidment and Thompson, 1993). The corporatist model is characterised by a limited number of interest groups representing the major corporations (mostly economic and industrial ones); hierarchically structured groups, with group leaders able to 'deliver' their membership; close links between the corporations and government; and an active role for the state (Rhodes and Marsh, 1992a: 3). As a rule, corporatist literature is focused on the study of the most influential groups of business and labour, while overlooking the multitude of other participants in the political process whose relationship with the state are not built on a hierarchical basis (Marsh, 1998). Furthermore, it is argued that this approach stops short of providing an explanation of change of arrangements

over time (Marsh, 1998). It also implies that the political process is formed in the system of complete state-corporative consensus (Smorgunov, 2001). Thus, the corporatist model tends to overemphasise the role of the state, while ignoring the internal divisions within it (Hough, 1983). The other limitation of corporatism is that national experience is so variable and changeable that it is hard to account for a typical pattern of interaction (John, 1998).

The policy network approach is a modern variant of the institutional approach to politics, which focuses on 'behaviour within institutional contexts' (Gamble, 1990: 417). By the end of the 1970s the network concept, as observed by Kenis and Schneider, became 'an appropriate metaphor for responding to a number of empirical observations with respect to critical changes in the political governance of modern democracies' (Kenis and Schneider, 1991: 34). The decentralisation of powers to organisations implementing policies opened up hitherto unknown processes, and this required research to take interorganisational relations more directly into account (Bogason and Toonen, 1998). The interest in policy networks has also been enhanced by the realisation of the limitations in both pluralist and corporatist models as general typologies of relationships between government and interest groups, and specifically an inability of both to account for variations between policy sectors (Daugbjerg, 1997). In contrast to corporatism and pluralism, PNA disaggregates policy analysis into policy areas or sectors, stresses variation in government-interest group relations between policy sectors and areas; recognises that in many policy areas only a limited number of interests are involved, and emphasises the continuity in membership of policy networks (Rhodes and Marsh, 1992a). It is also argued that unlike pluralism and corporatism, PNA is better suited to capture the fluidity and complexity of the modern policy making process (Daugbjerg, 1997).

Among the key implications of PNA are the following (Schmitter, 1979; Marsh and Rhodes, 1992; Parsons, 1997; Rhodes, 1997; Börzel, 1998; John, 1998; Marsh and Smith, 2000):

- PNA represents the response to the changed nature of policy making and public administration, when hierarchical governance, which includes a large number of both public and private actors and organisations from different levels and functional areas of government and society, replaces government. Consequently, PNA's research strategy is based on taking into account the new nature of relationships between the state and society, and between public and private spheres of life. PNA treats the state as important, but not necessarily the dominant actor in the decision making process, while state structures are viewed as interlinked with other agents in politics.

- Though institutions are important, it is the links and relationships between them that are the focus of PNA's attention. PNA focuses on organisational interdependence between public organisations and private interests. It treats policy as a product of a complex interplay of people and organisations while emphasising continuity in the relations

between interest groups and government departments in the process of interest group intermediation.

- PNA provides a substantive means both for conceptualising the relationships between state and society as well as for understanding the dynamics of political interactions and the policy making processes. The network approach examines complex relationships as they shift and change, which corresponds to the fluid and changeable reality of policy making.

- It brings into focus a broad scope of formal and informal contacts and relationships, which form a policy making environment and shape policy agendas and decision making as opposed to the focus on the interaction between and within formal policy making organisations and institutions.

- PNA takes into consideration the underlying interests and power relations in which institutions are embedded. It also takes into account the moral dimension of governance and policy making by treating ideas, beliefs, values and consensual knowledge as having explanatory capacity in policy making.

The concept of policy networks has become an increasingly dominant paradigm for understanding both the nature of state-interest group relationships and the process of governance (Marsh, Richards and Smith, 2001). It is now commonly recognised as a useful methodological tool of public policy research, which advances explanations of policy change, reform and dynamics, as well as policy outcomes. This concept has been extensively applied to the study of public policy making on sub-sectoral, sectoral, national and international levels in various countries of Western Europe and the US with most of the case studies illustrating how private and government interests operate within networks to make policy. As a consequence, a diversity of theoretical and methodological approaches to policy networks has emerged with a number of typologies, and lists of characteristics of policy networks constructed by various authors (see, for example, Rhodes, 1986a; Wilks and Wright, 1987; Grant, et al, 1988; Van Waarden, 1992).

At the same time, the policy network in its present usage remains an umbrella concept characterised by vagueness and variety in its application and interpretation. The policy network is generally understood as '...a set of relatively stable relationships, which are of a non-hierarchical and interdependent nature linking a variety of actors, who share common interests with regard to a policy and who exchange resources to pursue these shared interests' (Börzel, 1998: 254). Beyond this basic understanding of what a policy network is there is very little agreement in the academic literature on definitions, conceptions, models and applications. Some academics, thus doubting its explanatory value, see the concept of policy networks as not more than an effective 'metaphor' used to describe the fact that policy making involves a large number of both public and private actors (Atkinson and Coleman, 1989; Dowding, 1994, 1995, 2001; Mills and Saward, 1994).

Others treat it as an effective analytical tool for assessing public policy making (Rhodes, 1988, 1997, 1999; Marsh, 1998; Marsh and Smith, 2000, 2001). According to this latter group, policy networks matter as they analyse aggregation and intermediation of interests, limit participation in the policy process and define the role of actors, decide which issues will be included and excluded from the policy agenda, shape the behaviour of actors through the rules of the game and substitute private government for public accountability (Marsh and Rhodes, 1992; Marsh and Smith, 2000). Yet another group see policy networks as a form of modern governance (Mayntz, et al, 1993; Rhodes, 1997; Börzel, 1998).

The study of interest groups and their role in the policy process began and developed initially in the US due to the dramatic growth in the number of interest groups in the 1950s and 1960s. The American school is credited with the development of the concept of 'a policy network', while the term itself was brought about by British political science (Jordan and Schubert, 1992; Marsh, 1998; Smorgunov, 2001).

American Literature

In American political science the development of 'group theory' is associated with the pioneering work by Arthur Bentley 'The Process of Government', first published in 1908. Bentley, the representative of the modern school of analytical pluralists, argues that group pressure is the basic force in both economic and political spheres of society, thus '...the great task in the study of any form of social life is the analysis of these groups' (Bentley, 1949: 208-209). Bentley defines group interests in terms of their conflict with one another where the larger interest usually defeats the smaller, more specialised one: '...activity that reflects one group, however large it may be, always reflects the activity of that group against the activity of some other group' (Bentley, 1949: 240). The outcome of group pressures is seen as the one and only determinant of the course of government policy. Thus, according to Bentley, the key to understanding government is considering it as 'the adjustment or balance of interests' determined by conflicting group pressures (Bentley, 1949: 264). Consequently, the focus of political science should not be on the legislative norms and formalities of the political organisation of society, but the actions of people who voluntarily join groups to achieve their political goals. Bentley uses group theory to offer a novel understanding of the political process by seeing government not as a rigid and static construction, which preserves its configuration due to force or public contract, but as a process where not the individuals, but the groups of interest play the key role. Thus, the Congress, President, Supreme Court and other political institutions are seen as the groups, whose activity overlaps with the activity of other groups. If the 'official' groups were strong enough, thought Bentley, they would be able to impose their decisions on the conflicting 'private' groups and provide for the establishment of 'law and order'. However, the stability of the official groups to a large degree depends not on their capacity to impose their decisions on the private groups, but on their ability to

bring the largest groups to a consensus. Bentley's conclusion is that consensus, not force, is the most stabilising factor of any political community.

The criticisms of Bentley's work included overemphasising group interests while disregarding the interests of the individual, failing to explain why the needs of the different groups in society would tend to be reflected in politically or economically effective pressure and failing to consider the causes of groups' organisation and activity (Bakun, 1999). The pioneering, albeit contentious work by Bentley received a rather lukewarm academic response, with the 1920s, and 1930s seeing the appearance of a very small number of studies of the group participation in politics (Skilling, 1986; Bakun, 1999). The growth of government and policy making activity in the post-Second World War era accompanied by a rapid escalation in the number of interest groups in the policy arena resulted in a wider and more complex policy dynamics. The modern extended and complex state grew chiefly as a decentralised network of multiple separate agencies, either quasi-governmental agencies, which controlled policy making only in a single policy area (Dunleavy and O'Leary, 1987). Policy making was becoming increasingly split between different agencies or tiers of government, with the evolution of a complicated system of intergovernmental and inter-agency relations.

The above-mentioned changes propelled the significance of interest groups to the attention of political scientists and advanced the shift of their focus from the 'formalities' of government such as constitutions and institutions, which were previously considered the conventional preoccupations of political science. The study by Truman 'The Governmental Process: Political Interests and Public Opinion', first published in 1951 marked a milestone in the development of the conception of interest groups. Truman's study looks at the role that interest groups, and the more formalised institutions of government, play in the operation of a complex society together with the circumstances and tactics of their involvement in the activity of governing. One of Truman's key arguments stems from the view that the role of groups in the governmental process cannot be adequately understood apart from their internal dynamics, which together with the formal structure are treated as interdependent aspects of group life.

Truman shared Bentley's vision of the society as a mosaic of overlapping groups of various specialised sorts. Through these formations its members experience a society, and in this way it must be observed and understood by its students (Truman, 1971). Following Bentley's lead Truman takes the concept of the interest or pressure group as a primary unit of analysis of the patterns of action on the governmental scheme that exists in the United States. In response to the critique of Bentley's theory Truman develops a sociological theory of voluntary associations and offers the following explanation of the causes of groups' emergence and organisation in a society. When a society becomes more complex and the needs of groups more numerous, varied effective associations will emerge to fill the needs and stabilise the relationships of the various groups in the society. Some groups, especially associations, 'develop more immediately out of crises and

disturbances within those groups in which the basic techniques of the society are institutionalised' (Truman, 1971: 44). These associations will acquire connections with the institutions of government whenever government is important to the groups in question (Truman, 1971).

Unlike Bentley, Truman (1971) provides a more concrete definition of the term 'interest group' as referring to any group, that on the basis of one or more shared attitudes, makes certain claims upon other groups in the society for the establishment, maintenance, or enhancement of forms of behaviour that are implied by the shared attitudes. According to Truman interest groups often enter some new state and acquire specific features if, in their aspirations to achieve their objectives they make their claims through or upon any of the institutions of government. Truman singled out such groups and described them as political ones. In essence he is talking about pressure groups as a variant of interest groups, which could be defined as a group of interests putting pressure on the institutions of government. Truman's analysis of pressure groups focuses on their external dynamics, particularly their political activity. Both the forms and functions of government in turn are a reflection of activities and claims of such groups. 'For example, the constitution-writing proclivities of Americans clearly reveal the influence of demands from such sources, and the statutory creation of new functions reflects their continuing operation' (Truman, 1971: 506-507). Furthermore, Truman sees overlapping membership among interest groups as the principal balancing force in the politics of a multigroup society such as the United States. In these conditions no single group would be able to subordinate state politics to its interests (Truman, 1971). The overall conclusion is that groups affecting the political process provide for the stability of the situation in the society and raise the level of political participation of citizens.

Truman has attempted to present some of the major variables affecting the activities of interest groups in order to examine them and their role in the formal institutions of government and to provide an adequate basis for evaluating their significance in the American political process. Thus Truman (1971: 506-507) argues that the extent to which a group achieves effective access to the institutions of government is the result of a number of interdependent factors, which he classified in three overlapping categories: (1) factors relating to a group's strategic position in the society; (2) factors associated with the internal characteristics of the group; and (3) factors peculiar to the governmental institutions themselves. In the first category are a group's status or prestige in society, which affects the ease with which it commands deference from those outside its bounds; the extent to which government officials are formally or informally 'members' of the group; and the usefulness of the group as a source of technical and political knowledge. The second category includes the degree and appropriateness of the group's organisation; the degree of cohesion it can achieve in a given situation, especially in the light of competing group demands upon its membership; the skills of the leadership; and the group's resources in members and money. In the third category, are the operating structures of government institutions, since such established features involve relatively fixed advantages and handicaps, and the effects of the group life of particular units or branches of the government (Truman, 1971: 506-507).

Among the main criticisms of Truman's work is that his theory presupposes that the compromise of interests takes place in a stable democratic environment and thus may not be applicable in different environments (Smorgunov, 2001). Another common criticism of the critique of pluralist democratic theory is that it does not take into account the fact that groups have unequal resources at their disposal in order to represent their interests in the political process. Thus richer and stronger citizens have greater capacities to form effective interest groups equipped with the personnel of hired professionals and lobbyists to influence government officials and the mass media (Bakun, 1999: 165). However, the significance of Truman's work should not be underestimated. He can be credited for synthesising and putting in order the materials in the field, detailing the theory of group participation in politics and thus offering a consistent conception of the role of interest groups in the political process.

Among other significant developments in American political science are the sub-government model and the concept of an 'iron triangle', which emerged as a critique of the pluralist model of interest group intermediation. The sub-government literature (Cater, 1964; Freeman 1965; McConnell, 1966; Ripley and Franklin, 1981) emphasised regular contacts between individuals in interest groups, bureaucratic agencies and government: 'Sub-governments are clusters of individuals that effectively make most of the routine decisions in a given substantive area of policy. A typical sub-government is composed of members of the House and/or Senate, members of Congressional staffs, a few bureaucrats and representatives of private groups and organisations interested in the policy area' (Ripley and Franklin cited in Jordan, 1990: 321). The main argument of the sub-government literature is that modern policy making takes place in sub-systems in which Congressmen, bureaucrats, and interest groups interact, and these resulting subsystems of government exclude other groups of interests from policy making. Cater (1964) and McConnell (1966) argue that the private interests involved in sub-governments could become dominant and even 'capture' the government agency designated to regulate their activities. The sub-government approach was subjected to criticism by pluralist authors who, pointing to a substantial growth in the number of interest groups lobbying national governments, argued that policy making is not limited to 'privileged' interest groups and that American executive institutions are autonomous and independent from the pressures of specific interests (McFarland, 1987).

Lowi (1969) introduced the notion of the 'iron-triangle' to characterise the sub-government model. In American politics 'iron triangles' normally refer to the triangular relationship between a Congressional Committee and subcommittee (and especially Committee staff), senior officials of the federal bureaucracy (civil service) and members of leading interest groups (especially their professional staff). These three sets of actors play key roles in decision making while maintaining strong relationships with each other. Thus, policy making in sub-systems or iron-triangles is taking place in relatively closed settings dominated by a few decision-makers. Other actors, even those representing the Congress and the executive are excluded from the decision making process. The proponents of the 'iron-triangle' see this relationship as an exchange or symbiotic one in the sense

that each actor of the triangle needs the other two to succeed, while all actors in the triangle have similar interests (Peters, 1986). However, these two concepts are criticised by pluralists who, though admitting the existence of iron triangles, disagree with the concept of a restricted nature of policy making by arguing that 'lively' and open issue networks have replaced 'the close circles of control' (Heclo, 1978; McFarland, 1987). Further, the concepts of the 'iron triangle' and 'sub-governments' were considered of limited applicability beyond the American context, as, for example in European democracies such as Britain the legislature plays a minor role in policy making (Marsh, 1998; Peters, 1998). Finally, as Marsh (1998) points out, the American literature has generally emphasised the micro-level of analysis, dealing with personal relations between key actors rather than structural relations between institutions. Nevertheless, the group approach to politics formulated in the foundational studies of American political science has paved the way for the development of the policy network concept in the UK.

British Literature

The study of interest groups in Britain, though well established from the 1950s, tended to play a relatively minor role in British political science until the late 1970s, which saw a shift in focus from the study of traditional institutions towards a different world of power – a post-parliamentary polity. The key argument of the post-parliamentary concept is that policy change generally took place only when the relevant 'policy community' agreed it was necessary and consensus existed on the direction of change (Richardson, 2000: 1006). American political scientists Heclo and Wildavsky, who had employed a policy community or group interaction approach for the analysis of the British Treasury in 1974, exported the policy network concept to the UK. Heclo and Wildavsky's study focuses upon the interpersonal relationships between the members of the network, who are 'sometimes in conflict, often in agreement, but always in touch and operating within a shared network' (Heclo and Wildavsky, 1974: xv). Heclo and Wildavsky used the concepts of policy networks and policy communities providing a large range of metaphors such as kinship, village life, communities and nuclear family to describe the close interactions between Treasury civil servants and their allies from Whitehall in order to offer an understanding of the structural, institutional and cultural context of decision making within the British Treasury. They argued that policy could be explained by the values and ideas present in this group rather than through the principle of democratic accountability (John, 1998). While their work is considered path breaking, it was criticised for not attempting to systematise or generalise the concepts of community and network or to integrate these concepts into a broader theoretical framework (Mills and Saward, 1994).

Richardson and Jordan - the first followers of the American-born approach among British political scientists - used the concepts of policy network and policy community in their work 'Governing Under Pressure: The Policy Process in a Post-Parliamentary Democracy' (1979) to indicate the close links between civil servants and interest group organisations in policy areas of education,

transport and local government. Following the tradition of the American literature they saw policy making in a number of areas in Britain as taking place in a fragmented collection of sub-systems: a 'series of vertical compartments or segments, each segment inhabited by a different set of organised groups and generally impenetrable by "unrecognised groups" or by the general public', rather than at the level of parliament or cabinet (Richardson and Jordan, 1979: 174). Their study represented a critique of institutional approaches to British politics arguing that policy is shaped by group politics within the executive and civil service as well as interest groups, rather than being determined by the institutions of Parliament and political parties. In their study they described such concepts as 'personal networks', 'issue communities' and 'policy communities' to describe the integration of bureaucratic and group politics. In line with Bentley's and Truman's argument, Richardson and Jordan stated that groups are essential constituents in the process of government. Richardson and Jordan were criticised for following the trend of embracing a metaphorical usage of the concepts based on certain characteristics they observed within policy making arenas, while not attempting to categorise the policy networks, policy communities and issue networks into formal typologies (Dowding, 1994; Mills and Saward, 1994). Their work was also criticised for being descriptive rather than explanatory. For example there was not much attention to why decisions emerge at some times and not at others, or an explanation of why policies are different between sectors (John, 1998).

The Rhodes Typology: The Starting Point of the Dialectical Multi-Level Policy Network Conception

Rhodes' work is considered to be the starting point of the majority of the British literature on networks. Unlike Richardson and Jordan, Rhodes (1981) draws on the European literature of inter-organisational relations to emphasise the structural relationship between political institutions as the crucial element in a policy network rather than the interpersonal relations between individuals within those institutions (Rhodes and Marsh, 1992). Rhodes' (1981) framework, which has attracted much attention and also criticism, is based upon the concept of power dependence among different groups of actors in the same policy area. In his study of central-local government relationships in the UK Rhodes argues that central-local relations are moving away from pluralistic competition and bargaining between local authorities and central departments towards a system in which organisations are aggregated in policy communities limited to the accredited spokespersons for local government (Rhodes, 1981: 115-125). Central-local relations are viewed as a 'game' in which both central and local participants manoeuvre for advantage by deploying their resources, whether constitutional-legal, organisational, financial, political, or informational in order to maximise influence over outcomes, while trying to avoid becoming dependent on the other 'player' (Rhodes, 1981). This 'game' takes place within a policy network, the set of interacting and interdependent organisations, operating within the power-dependency framework. Thus, Rhodes introduces an argument that the policy networks should be seen as a meso-level concept, which provides a link between the micro-level of analysis, which deals with the role of

interests and government in relation to particular policy decisions, and the macro-level of analysis, which is concerned with broader questions concerning the distribution of power within contemporary society (Marsh and Rhodes, 1992a). This model was subjected to a number of criticisms in the mid-80s, the most significant being the failure to distinguish between micro-, meso-, and macro-levels of analysis and to explore the relationship between them. It was argued that these failures stem from using corporatist theory to analyse the context of interaction patterns (Rhodes and Marsh, 1992a).

Rhodes' (1988) study 'Beyond Westminster and Whitehall: The Sub-Central Governments of Britain' provides the analysis of the emergence of policy networks in British government to demonstrate that British intergovernmental relations are not hierarchical, but rather based on complex resource interdependencies. In particular, central and local authorities depend on each other for such resources as legal authority, and the financial and professional expertise necessary to achieve their policy goals. Rhodes' overall vision of a national local government system (that is those groups that operate at the national level, but represent the interests of local government) can be developed by identifying a range of policy networks, which operate within it. These networks draw together the organisations that interact within a series of policy service or area interests within the national local government system. Such recognition of policy networks contributes to the understanding of the complex structure of inter-governmental relations in which local authorities exist and operate. Further, Rhodes modified his model to include a clear distinction between the three levels of analysis. The macro-level of analysis of intergovernmental relations involves an account of the changing characteristics of British government during the post-war period. Macro-level analysis was employed in order to examine 'those features of the national government environment which directly impact on the sub-central system' (Rhodes, 1988: 48). The meso-level of analysis focuses on the variety of linkages between the centre and a range of sub-central political and governmental organisations. Whereas the micro-level stresses the behaviour of particular actors, be it individuals or organisations. In this model the emphasis is on the interrelationship between the macro- and meso-levels of analysis, which is seen as crucial to explain network change and policy outcomes. While Rhodes contends that the concept of policy networks is particularly appropriate at the meso-level of analysis, he stresses the importance of examining policy networks at all levels of analysis in order to explain the policy making process. In his study of sub-central governments in Britain he begins his analysis at the meso-level in order to identify the characteristics of the broader macro-level context, which influences meso-level processes.

Rhodes' study (1988) utilises case-study material to provide a detailed analysis of the characteristics of the range of networks local authorities are involved in. He elaborates on Benson's definition of policy networks as 'a cluster or complex of organisations connected to each other by resource dependencies and distinguished from other clusters or complexes by breaks in the structure of resource dependencies' (Benson, 1982: 148). Rhodes introduces a typology comprising five types of policy network ranging along a continuum from highly integrated, stable and coherent

policy communities through professional, intergovernmental and producer networks to loosely integrated, unstable and atomistic issue networks. The Rhodes typology also postulates four dimensions, according to which the types of networks differ: interests that dominate them, membership composition, interdependence between members (vertical and horizontal) and the distribution of resources between members (Rhodes, 1988: 77-78). In addition to classifying policy networks into five types Rhodes model posits a set of characteristics inherent to each.

Table 1: Policy Community and Policy Network: the Rhodes typology

Type of Network	*Characteristics of Networks*
Policy Community/ Territorial Community	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation
Professional Network	Stability, highly restricted membership, vertical interdependence, limited horizontal articulation, serves interests of profession
Intergovernmental Network	Limited membership, limited vertical interdependence, extensive horizontal articulation
Producer Network	Fluctuating membership, limited vertical interdependence, serves interest of producer
Issue Network	Unstable, large number of members, limited vertical interdependence

Source: Rhodes, 1997: 38

For example, based on Rhodes classificatory schema (Rhodes, 1999: 138):
Policy communities are tight networks with few participants characterised by stability of relationships, continuity of a highly restricted membership, high degree of vertical interdependence based on shared service delivery responsibilities, limited horizontal articulation, and insulation from other networks, the general public and Parliament. The members of policy communities share basic values, ideology, consensus on policy outcomes and exchange resources. Policy communities are highly integrated and are normally based on the major functional interests in and of government. *Issue networks*, in contrast to policy community, comprise loose networks, which are characterised by fluctuating access, a large number of participants with a limited degree of interdependence, lack of stability and continuity, multiple decision making centres, differing views on policy outcomes and lack of consensus.

Amongst the most closely-knit networks are the territorial and policy communities, which are based around shared policy and service delivery responsibilities in various areas. These communities arose around the territorial ministries, local authorities and other governmental organisations of Scotland, Wales and Northern Ireland. Whereas the 'national community of local government' in

England is represented by a less tightly integrated network, which includes the Association of County Councils, the Association of Metropolitan Authorities and the Association of District Councils. According to the Rhodes typology this type of network is described as an inter-governmental one. The producer networks are those that deal with a particular industry, and the example of a professional network is the national health care system. While all above-described types of networks represent valuable analytical findings, it is the policy community that has attracted most attention and is often used interchangeably with the term 'policy network'.

The main strength of the Rhodes (1981, 1988, 1997, 1999) approach lies in its ability to recognise and portray the complexity of the policy making process. In addition, Rhodes' model raises some important empirical questions, which adds to the understanding of the policy making process and the distribution of political power between actors within a policy area. It introduces three levels of analysis, provides a typology of networks and definitional criteria, which can be used to identify types of networks in a particular policy area. Furthermore, it suggests a causal link between policy networks and policy change. Another contribution of Rhodes is the model of power dependence, which describes the existence of mutual resource dependencies involving a number of different actors. Policy networks are seen as sets of resource-dependent organisations whose relationships are characterised by power dependence, and to achieve their goals the organisations have to exchange these resources (Marsh and Rhodes, 1992; Rhodes, 1999). This model helps to explain why actors join networks, how network boundaries are established, and the nature of relations within the network itself.

Rhodes' model has been criticised on grounds of the theoretical weakness of its typology. In particular, some critics see it as 'incomplete' (Bogason and Toonen, 1998: 220) and 'too complex' (Smith, 1993). Rhodes himself recognises a number of weaknesses in his typology. The most fundamental criticism, acknowledged by Rhodes (1999: 139-140), questions the usefulness of the typology by arguing that while it is easy to see why the policy community and the issue network are at the opposite ends of the continuum, the location of the other types of networks on this continuum is less obvious. Rhodes' work is also criticised for being under theorised, in particular he fails to single out the macro-variables, which have most influence on the meso-level or show how these variables influence the meso-level (Atkinson and Coleman, 1992; Daugbjerg and Marsh, 1998). Saward (1992) also argues that networks do not necessarily differ according to their degree of integration, as they may differ according to which interests dominate them. While Toonen (1998) warns that labelling networks according to the Rhodes typology may prove complicated, as not all relationships constitute a network. Consequently, the analysis needs to be restricted to relationships where there is some form of inter-dependency.

The Marsh and Rhodes Typology: Revising Rhodes

Marsh and Rhodes publication in 1992 of 'Policy Networks in British Government' was significant in the extending the work of Rhodes. In order to review the Rhodes typology Marsh and Rhodes' study draws on the findings of a number of case studies in the area of agriculture, the National Health Services, the civil nuclear power programme, information technology; and the relationships between private and public actors at the European level. All the case studies reviewed by Marsh and Rhodes suggest that the existence of a policy network constrains the policy agenda and shapes policy outcomes. The outcome is a revised typology that provides further clarification of the distinctions between policy communities and issue networks.

The revision of the Rhodes typology includes the following number of amendments and clarifications. The set of characteristics of the policy community is expanded and elaborated to incorporate a limited number of members with some groups consciously excluded; a frequent and extensive interaction between all members; membership, values and policy outcomes that persist over time. There is general consensus with the ideology, values and broad policy goals and preferences shared by all participants. Overall, this model is seen as an ideal type of relationship between interest groups and government. The issue network is characterised by competition between a large number of participants and a range of interests; fluctuating interaction and access; the absence of consensus and the presence of conflict (Rhodes, 1999: 144). Unlike a policy community, the issue network involves only consultations (as opposed to the shared decision making via negotiation or bargaining) because of the lack of shared understanding either among interests or between the interests and the bureaucracy. The issue networks are seen as the exception, rather than the rule and their existence is limited to the periphery, rather than the core of the policy agenda (Marsh and Rhodes, 1992: 254).

Table 2: Types of Policy Network: Characteristics of Policy Communities and Issue Networks

Dimension	Policy Community	Issue Network
Membership		
Number of participants	Very limited number, some groups consciously excluded	Large
Type of interest	Economic and/or professional interests dominate	Encompasses range of affected interests
Integration		
Frequency of interaction	Frequent, high quality, interaction of all groups on all matters related to policy issue	Contacts fluctuate in frequency and intensity
Continuity	Membership, values, and outcomes persistent over time	Access fluctuates significantly
Consensus	All participants share basic values and accept the legitimacy of the outcome	A measure of agreement exists, but conflict is ever present
Resources		
Distribution of resources (within network)	All participants have resources; basic relationship is an exchange relationship	Some participants may have resources, but they are limited, and basic relationship is consultative
Distribution of resources (within participating organisations)	Hierarchical; leaders can deliver members	Varied and variable distribution and capacity to regulate members
Power	There is a balance of power among members - although one group may dominate, it must be a positive-sum game if community is to persist	Unequal powers, reflecting unequal resources and unequal access - power is a zero-sum game

Source: Marsh and Rhodes, 1992: 251

It is believed that no policy area will conform exactly to either list of characteristics; hence empirical research, rather than definition will establish the degree to which any one or set of characteristics is present. Further, the types of networks are not mutually exclusive, which means

that different types of networks can coexist within the same policy area. The Marsh and Rhodes typology treats policy communities and issue networks as types of relationships between interest groups and government, while 'policy network' is retained as a generic term. Indeed the implication of a continuum is that any policy network can be located at some point along it (Marsh, 1998). Essentially, the Marsh-Rhodes model and its conception of policy networks has produced a method of identifying the existence of policy networks. To a certain extent these models place policy making within a broader context, and increase the awareness of the environment from which policies are likely to emerge. Marsh and Rhodes draw a series of conclusions, which are relevant here (Rhodes, 1999: 159; Marsh, et al, 2001: 182): First, policy networks exist on a continuum from closed policy communities to open and flexible issue networks. The central features of the networks are based on resource dependencies, where the distribution and type of resources within a network explain the power of its members. Policy making occurs through resource exchange between network members. Second, the structure and type of networks affect policy outcomes through the ability to control entrants and issues within the network. Thus the causal connection between tight structure of the network and policy continuity is established. These arguments make the Marsh and Rhodes approach essentially a structural one, which emphasise the structural implications of the network, while downplaying the importance of agents. Third, the meso-level concept of 'policy network' has to be located in a number of macro-level theories of the state, and the articulation between the levels of analysis must be specified.

The publication of 'Policy Networks in British Government' (1992) by Marsh and Rhodes generated several critiques to challenge the key conceptions of PNA (Dowding, 1994, 1995, 2001; Mills and Saward, 1994; Robinson, 1997; Watt, 1997; Evans, 2001; and Raab, 2001). The major argument of the critique is that although policy networks represent a good metaphor or a descriptive model, it still lacks explanatory power in understanding policy outcomes and policy change (Mills and Saward, 1994; Dowding, 1995). Mills and Saward argue that in order for the concept to acquire explanatory power the following issues need to be addressed: how the networks develop, how they affect policy outcomes, the relations and links between networks, whether policy networks change policy outcomes at the macro-level, or influence micro-level relationships. Another important set of criticisms Mills and Saward make are that Marsh and Rhodes use macro-level variables in order to 'contextualise' networks rather than explaining the macro-level factors that affect networks, and integrate structure and context with other levels of analysis. While Marsh and Rhodes emphasise linking meso- and macro-levels they fail to integrate the different levels of analysis (Mills and Saward, 1994; Rhodes, 1997).

Marsh and Rhodes (Marsh and Rhodes, 1992; Rhodes, 1999) acknowledge the limitations of their model of analysis. They admit that while it is easy to see why the policy community and the issue network are at the opposite ends of the continuum, the location of the other types of networks on this continuum are less obvious. The framework fails to distinguish clearly between the micro-,

meso- and macro-levels of analysis and consequently does not adequately explore the relationships and articulation between the levels of analysis. Finally, any conclusions drawn from the application of the model by Marsh and Rhodes (1992) suffer from limitations in that the case studies are restricted to policy making in Britain.

Governance as Self-Organising Networks

In his later study 'Understanding Governance' Rhodes (1997) utilises policy networks as an innovative analytical concept to describe the outcome of reforms and processes (such as the 'hollowing out of the state'), which since 1945 have transformed British governing structures from the unitary state of a Westminster model to differentiated polity. In particular, according to Rhodes, as the result of the shift from direct to indirect central government controls over organisations involved in policy delivery, power is exercised through a series of overlapping networks that include actors from outside the core executive. While a strong executive has been replaced by a segmented executive characterised by bargaining games within and between policy networks of resource-dependent organisations. Drawing to an extent on the developments of European literature on policy networks, which displays a broader view of policy networks as a modern form of governance alternate to hierarchy and markets, Rhodes (1999) develops an innovative concept of governance as self-organising networks in order to characterise the outcome of the changes in British governing structures (Marsh, et al, 2001). Changes in the role of the state entail redrawing boundaries between public, private and voluntary sectors, state and civil society, and the shifting extent of state intervention (Bevir and Rhodes, 2003). Governance also encompasses the increasing influence of the European Union on British policy making and the multi-level links between local-regional governments, national government and supranational government (Rhodes, 1997). For example, Rhodes (1999) describes the system of government beyond Westminster and Whitehall as changing from a system of local government into a system of local governance involving complex sets of organisations drawn from the public, private and voluntary sectors involved in the delivery of local services.

Overall, the thesis of governance as self-organising inter-organisational networks, popularised by Rhodes (1997, 1999, 2000) contends that governing becomes increasingly dependent on the interaction of public and private sector actors in networks which are becoming removed from influence and control by the central state. Rhodes sees networks as a form of social coordination and managing inter-organisational links in both private and public sectors. They incorporate continuing interaction between network members, caused by the need to exchange resources and negotiate shared purposes with an emphasis on accommodation, consensus building and shared ownership of outcomes (Rhodes, 1999). These interactions are rooted in trust and regulated by rules of the game negotiated and agreed by network participants (Rhodes, 1999). In fact, Rhodes claims that trust is the key co-ordinating mechanism in networks, similarly to command and competition being the key mechanisms in hierarchies and markets. Finally, networks are self-

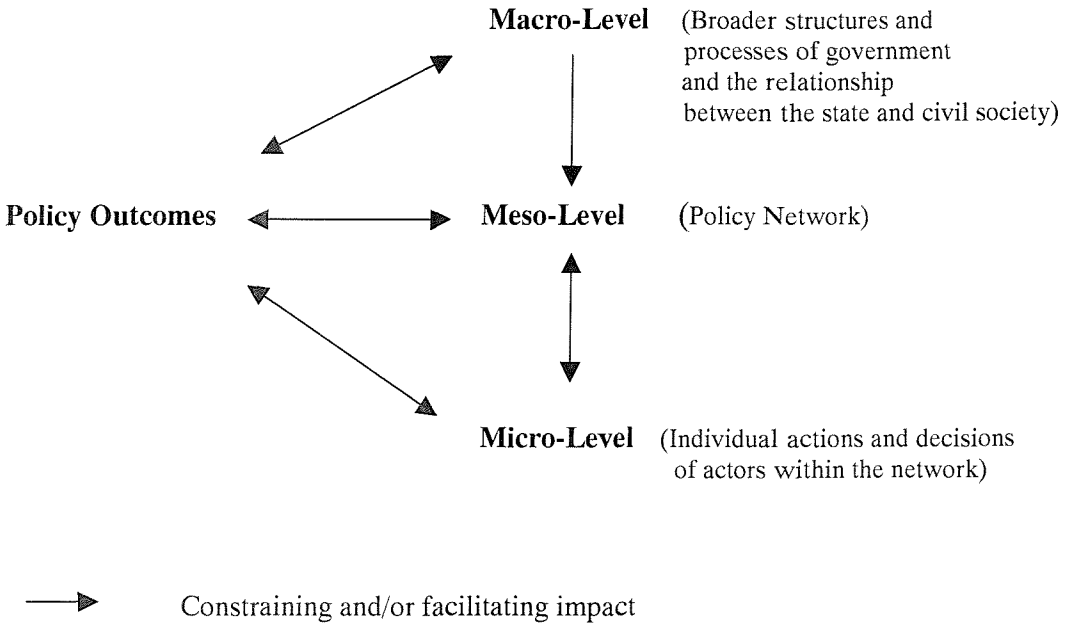
organising, self-governing, and characterised by a significant degree of autonomy from the State, which, having lost its sovereign position can now steer only indirectly and imperfectly (Rhodes, 1999).

Dialectical Multi-level Model of Policy Network Analysis (PNA) by Marsh and Smith: The Main Conceptual Framework for the Thesis

Marsh and Smith (2000, 2001), building on and incorporating the research of Rhodes and Marsh have constructed an integrated dialectical multi-level model of PNA in an attempt to answer the critique, and advance the explanatory value, of the policy networks model. They start by distinguishing four main approaches in the British literature on policy networks which, to different extents, treat policy networks as a potentially useful explanatory variable: the rational choice approach (Dowding, 1994, 1995, 2001), the personal interaction or anthropological approach (McPherson and Raab, 1988), formal network analysis (Laumann and Knoke, 1987) and the structural approach (Marsh and Rhodes, 1992). Marsh (1998) sees the common weakness of these approaches in emphasising exclusively either structure or agency. They also believe that all four approaches fail to recognise that using policy network as an explanatory variable requires recognition of three dialectical relationships between structure and agency, network and context, and network and policy outcome. The Marsh and Smith framework undertakes to reconcile and combine macro- and meso-levels of analysis with anthropological and sociological levels of analysis in order to construct a dialectical multi-level model of policy networks, which recognises the role of both structures and agents and emphasises the interactive relationship between them.

Marsh and Smith stress that their model combines the merits of the existing approaches, integrates them into an analytical framework and thus is capable of providing an explanation of policy making, policy change and policy outcome. The dialectical multi-level approach to PNA maintains that the explanatory value of the policy network concept will remain poor if it is limited to the analysis of interest groups themselves and/or the behaviour of their individual members. According to Marsh (1998), policy networks, as any model of interest group intermediation must deal with a series of questions regarding the number of the groups involved, the internal structure and organisation of these groups, relationships between them, and relationship between the groups and government. According to the dialectical multi-level PNA model the key to both the understanding of the operation of the network and to conceptualising how policy networks affect outcomes is the acknowledgement that the relationships involved in a policy network are both structural and interpersonal and are based upon information and communication exchanges which create 'resource dependencies' (Marsh and Smith, 2001). At the same time they maintain a plea for methodological and theoretical pluralism and integration. In particular, Marsh and Smith (2000) suggest employing qualitative, longitudinal, case studies and comparative methods for the study of policy networks. Table 3 (based on Evans, 2001) provides a concise illustration of the Marsh and Smith argument.

Table 3: The Dialectical Multi-Level Model of PNA by Marsh and Smith



The dialectical multi-level approach builds on the following premises (Marsh, 1998; Marsh and Smith, 2000, 2001):

Definition

Marsh and Smith suggest a modified version of Benson's definition of policy networks (Benson, 1982: 148), which gives prevalence to the structural aspects of policy networks over the role of individual agents. In the revised version, there is an emphasis on the importance of both structure and agency:

> ... a group or cluster of organisations, or indeed sections of organisations, represented by individuals/agents, connected to each other by resource dependencies, sharing complementary strategic agendas and aiming to achieve mutual advantage through collective action, which is distinguished from other groups or clusters by breaks in the structure of resource dependencies (Marsh and Smith, 1998: 30).

Classifying Networks

Marsh and Smith insist on the need to classify different types of networks, because: '...if policy networks are to be used as a key independent variable to explain change in policy outcomes (the dependent variable) then we must establish and characterise the variation between them; to put it another way independent variables must vary if they are to explain differences in outcomes'

(Marsh, 1998: 13). For classification purposes the Rhodes typology (outlined above) is adopted, which establishes a relationship between the type of network and policy outcomes.

Three Levels of Analysis

Marsh and Smith reinstate Marsh and Rhodes' (1992) claim that policy network should be seen as a meso-level concept (as distinct from a macro- or micro-level concepts), which needs to be integrated with macro- and micro-levels of analysis in order for the concept of policy networks to gain more explanatory power. A later study, which develops the model by Marsh and Smith, Daugbjerg and Marsh (1998), re-emphasises the importance of integrating macro structures and processes in the PNA by bringing in arguments that the existence of policy networks has 'broader socio-political consequences', as they are the reason and driving force for the rise of new social movements (Scott, 1990: 135-151). Furthermore, policy networks studies that examine the policy process without including the broader context of state institutions in the study make an error of excluding major explanatory variables from the analysis (Atkinson and Coleman, 1992: 155, 163, 168). Daugbjerg and Marsh (1998) argue that policy outcomes are not just a product of the meso- and micro-levels, of the network itself, they are also influenced strongly by the economic, political, institutional and ideological context within which the network functions. At the same time the actions and decisions of actors within networks might have crucial consequences for policy outcomes (micro-level). Consequently, in order to explain the membership of the network and the resulting policy outcomes, the meso-level policy network needs to be integrated with both micro-level and macro-level analysis (Daugbjerg and Marsh, 1998: 54).

Daugbjerg and Marsh offer their interpretation of the three levels of analysis where the macro-level of analysis deals with two broad sets of questions concerning the broader structures and processes of government within which any network operates, and the relationship between the state and civil society – that is state theory. According to Daugbjerg and Marsh (1998) the utility of macro-level analysis is not limited to a demonstration of how the network is affected by the constraints and pressures of the political, social and economic environment. It also accounts for the structure and form of the network and its membership patterns of inclusion and exclusion within it. In addition, it offers a hypothesis about how network structure and behaviour of its agents affect policy outcome and whose interests are served by the outputs from the network's activity. For example, such macro-level factors of a broader political system as a strong or a weak state tradition; and executive or a parliamentary dominance are likely to shape the networks and their operations as well as affecting policy outcomes. Daugbjerg and Marsh also emphasise 'the need to disaggregate both the state and the relationships between the state and interests within civil society' (Daugbjerg and Marsh, 1998: 55). Furthermore, an important organisational configuration, which influences meso-level policy process, is the internal division of authority within the state. It has an important impact upon the power of state actors versus private interests (Daugbjerg and Marsh, 1998). For example, the less centralised the state the more likely that multiple decision making centres will appear,

which, in turn, will change the balance of the relationship between the state and interest groups by limiting the powers of state actors. Indeed, as this study demonstrates in Chapters Two, Three and Four state structures shape the meso-level processes of policy network formation in the case of Ukraine.

The meso-level deals with the pattern of interest group intermediation, that is the policy network, and concentrates upon questions concerning the structure of the network. The micro-level of analysis deals with individual actions and decisions of actors within the networks and must be underpinned by a theory of individual behaviour such as rational choice theory (Daugbjerg and Marsh, 1998: 54). The integration of the three levels of analysis is seen as contributing to an understanding of the structural arrangements within the network, its membership, leadership, priorities of activity, and, ultimately, of policy outcomes. If PNA is to explain the behaviour and interrelations of individuals within the network it needs to integrate meso-and micro-level analysis. Daugbjerg and Marsh's vision of the micro-level of analysis is based on two elements: first, the need to utilise rational choice theory; second, the need to acknowledge the dialectical relationship between the structure of networks and the actions of the members of the network. Daugbjerg and Marsh are supported by Dowding in advocating the application of rational choice theory at the micro-level of the PNA, as it explains how individuals in networks act, given the exogenous and indigenous constraints with which they are faced (Dowding, 1994, 1995; Daugbjerg and Marsh, 1998).

The Dialectical Nature of the Multi-level PNA Model

Another important constituent of the dialectical multi-level PNA model identifies the dialectical nature of the relationship between three levels of analysis and policy outcome, which the established four approaches fail to recognise (Marsh and Smith, 2000). In fact, as highlighted by Hay (1998) and Marsh (1998) much of the empirical work in network analysis adopts a static approach by taking a snapshot of a network at a particular time. In their view every analysis of networks and their putative effect on policy outcomes should be more dynamic and accentuate network origins, development and, if appropriate, termination of networks. Marsh and Smith's analysis takes up Hay's (1998) dialectical reading of the relationship between structure and agency, where the notion of a dialectical relationship is defined as an interactive relationship between two variables in which each affects the other (Marsh and Smith, 1998).

According to Marsh and Smith (2000) PNA must recognise the dialectical nature of the relationships between the structure of the network and the agents operating within it, the network and the context within which it operates, and the network and policy outcome. In particular, the broader structural context within which the network operates affects both the network structure and the resources that are at the actors' disposal within the network. While the network's structure shapes preferences and behaviour of policy actors and has a constraining or facilitating effect on their activity, actors' actions affect both the structure and operation of the network (Daugbjerg and

Marsh, 1998). Finally, the dialectical or interactive relationship between network structure and agency shapes and interprets policy outcomes. The dialectical approach also emphasises that policy networks are dynamic, not static structures and are subject to change as the behaviour of their agents changes and/or because the broader context within which they operate changes (Marsh and Smith, 2000).

Structure Versus Agency

Marsh and Smith believe that in contrast to the existing approaches, which emphasise exclusively structure or agency, any analysis of policy networks needs to pay tribute to both roles of structures and agents, as well as to acknowledge the dialectical nature of the relationship between them. Agents operate within a structural context, which constrains or facilitates their actions and defines their roles and responses. Accordingly, the values and culture of the network influence the interests and behaviour of the actors by acting as a constraint on and/or opportunity for its members (Marsh and Smith, 2000). At the same time, the relationship between structures and agents should not be seen as one-sided as the agents, in turn, interpret and alter the structural context (Marsh and Smith, 2001). Networks not only shape the attitudes and behaviour of their actors, but also simplify the policy process by limiting the choice of actions, problems and solutions. Marsh and Smith see networks as involving the institutionalisation of beliefs, values, cultures and particular forms of behaviour. They argue that networks reflect past power distributions and conflicts and represent the structuration of past conflicts and present organisational power. Consequently, according to Marsh and Smith (2000), and contrary to the arguments of the rational choice theorists like Dowding (1995), any policy decision of the network is not simply the outcome of a rational assessment of available options, but rather the reflection of past conflicts and the culture and values of its actors.

Networks Versus Wider Context

According to Marsh and Smith (2000), the relationship between the network and its context is crucial for explaining change in both networks and outcomes. Most empirical studies of networks tend to explain network and consequent policy change by factors of an exogenous nature such as ideology, economy, technology, and knowledge exchange, which affect the resources and interests of actors within a network. However, Dowding (1995) believes that any policy change is a result of an endogenous change in the pattern of resource dependencies within the network. In contrast, Marsh and Smith suggest that changes within networks can be both exogenous and endogenous in origin. Yet, the focus on the dialectical relationship between networks and the broader context within which networks are located is necessary in order to understand both how networks change and how they affect policy outcomes: 'network structure, network change and policy outcome may be partly explained by reference to factors exogenous to the network but those contextual factors are dialectically related to the network structure and network interaction' (Marsh and Smith, 2000: 7). Marsh and Smith assert that exogenous changes can affect the resources, interests and

relationships of the actors within networks. Such changes can generate tensions and conflicts which lead either to a breakdown in the network or the development of new policies. However, all such changes do not have an impact independent of the network's structure and interactions within it, they are mediated through the understanding of agents and interpreted in the context of the structures, rules, norms and interpersonal relationships within the network (Marsh and Smith, 2000). They conclude that networks are often faced by very strong external uncertainties, which affect network structure, interactions and policy outcome. Marsh and Smith also contribute to the list of exogenous factors compiled by Rhodes and Marsh, which, as discussed above includes economic, political and knowledge-based changes, by introducing the factor of other networks. They argue that in a complex polity the relationship between the networks is significant as other networks form the context within which the network operates and thus have clear implications upon operation, network change and policy outcomes.

Networks Versus Policy Outcomes

According to Marsh and Smith (2000), the key to understanding how policy networks affect outcomes is the acknowledgement that the relationships involved in policy networks are both structural and interpersonal. Policy outcomes cannot be explained only by reference to the structure of the network. Outcomes are also affected by the agents who chose actions and policy options, interpret and negotiate constraints or opportunities and change structures. At the same time, these agents are located within a structured context, which is provided by the network, as well as by the broader political and social context within which the networks operate and which affect the actors' resources. While agents do not control either aspect of this structured context, they do interpret that context, in this way the relationship between structures and agents is dialectical. According to Marsh and Smith, network characteristics, network structures, and the resource dependencies, which they entail, are affected by the behaviour, actions and strategic decisions of the agents.

Marsh and Smith make several observations in order to understand the ways in which networks may affect policy outcomes. As emphasised by the proponents of the personal interaction or anthropological approach (McPherson and Raab, 1988), it is important to understand the cultural component of a network, and its effect on the behaviour of the actors and policy change. For example, the tight networks, or policy communities in the Marsh and Rhodes (1992) typology exhibit a shared worldview, a common culture, which acts as a structural constraint on the actions of network members. Similarly, the rules of the game within the network constrain the inclusion patterns as well as actions of the network's participants by limiting the types of behaviour, which are considered unacceptable. Those who do not abide by the established rules of the game are likely to be excluded from the network. Another factor affecting the range of problems and solutions which are considered is the shape of the network. Thus, tight policy networks persist

mainly due to a large degree of consensus not necessarily on specific policy but rather on the wider policy agenda. Additionally, shared values and ideology may privilege certain policy outcomes.

Proceeding from the established dialectical nature of the relationship between networks and outcomes, Marsh, and Marsh and Smith (Marsh, 1998; Marsh and Smith, 2000) point out that although policy networks may affect outcomes, these outcomes, in turn, may have an effect on the shape of the networks, the structural position of certain interests in civil society and the pattern of strategic learning of actors in the network. Thus, the explanation of policy outcomes builds from a number of constituents and includes references to the structure of the network and to the activity of its actors who chose actions and policy options, and interpret and negotiate constraints and opportunities within a two-tier structured context, provided by the network itself and by the broader political and social environment within which the network operates. Marsh, Daugbjerg and Smith (Daugbjerg and Marsh, 1998; Marsh and Smith, 2000) establish a set of dialectical correlations between policy networks and policy outcomes. They propose that while policy networks affect policy outcomes, these outcomes can affect the shape and composition of the policy network, produce changes in the behaviour of members, and alter the balance of resources within the network. Policy outcomes may also have an effect on the broader social structure within which networks operate, thus changing the structural position of a group of interests in civil society. Finally, policy outcomes may affect agents. Agents learn by experience and are therefore likely to pursue other strategies and actions if policy outcomes fail to benefit and/or satisfy their interests within the network, the organisation they represent, or the network as a whole.

Dowding: In Critique of the Policy Network Concept

Dowding (1994, 1994a, 1995, 2001) proposes the most challenging and comprehensive criticism of the PNA model, which builds on the following premises. Dowding sees the concept of policy networks as a metaphorical term characterising group-government relations, essentially 'an idea stretched too far' and describes the attempts to develop an explanatory theoretical model as futile (Dowding, 1994, 1995). Subsequently Dowding believes that the only viable theoretical model encompassing the insights of the policy network approach would incorporate the sociological network tradition and rational choice bargaining models. To support his claims Dowding (1994: 59-73, 1995: 136-158) moves on to identify 'four related confusions' in the policy networks literature. The main focus of the critique is on the Marsh and Rhodes model and typology. First, Dowding believes that the typology, which posits networks along a continuum from policy communities at one end, through professional networks, inter-governmental networks and producer networks to issue networks at the other end, results in a formal demarcation of the world into different types of networks. Dowding sees no reason for three 'intervening types' to be seen as a part of the continuum (Dowding, 1994: 62-64).

Second, Dowding (1994, 1995) disagrees with the Rhodes, and Marsh and Smith argument that policy network theory is most appropriate at the meso- as opposed to the micro- and macro- levels

of analysis. He believes that other levels of analysis are capable of constructing generalisations about policy networks, thus the policy network concept can be used at all levels of analysis in so far as it identifies structural features at those levels. In particular, at the micro-level it is possible to observe that the regular meetings of small groups of individuals coming from similar socio-economic backgrounds can form tight bonds, pursue common interests and hence affect policy outcomes. Dowding insists that rather than making definitional demands at the 'theory' stage the empirical research should establish which level of analysis is capable of, and best suited for, producing wider and more interesting generalisations about policy networks. In defence of Marsh and Rhodes it is possible to say that their choice of the meso-level for the application of the policy network concept is justified by the focus of their work on relations between government departments and interest groups. Moreover, they argue that their model of analysis must incorporate all three levels of analysis (Marsh and Rhodes, 1992).

Third, Dowding argues that the Marsh and Rhodes approach does not stretch beyond typology to specify causal relationships between network characteristics such as density of linkages and policy outcomes. According to Dowding, while the Marsh and Rhodes model succeeds in identifying characteristics in need of explanation, it fails to explain the processes by which issue consensus emerges, and how groups become excluded and networks' characteristics transformed. Although network analysis could be an important social science tool, which can demonstrate structural effects upon policy-formation and policy implementation, it remains underdeveloped and so confused by the distinctions between macro-, meso- and micro-levels that it fails to produce 'testable empirical implications' (Dowding, 2001: 89-90). Thus, in order for the concept of policy networks to move beyond metaphorical usage and produce explanatory models demonstrating the important structural features of networks, which cause certain types of policy outcomes, it needs to borrow more from the sociological network tradition and rational choice theory. Further, empirical research is needed to define the nature of power relations and the influences on policy outcomes.

The culmination of Dowding's argument (2001: 102-103) is that the different types of networks that exist have certain properties, which may be modelled in terms of agent characteristics and structural characteristics to produce descriptive and causal inferences. Empirical work would be best suited to examining these characteristics to see how far the structural ones (approached thus far almost exclusively by network analysis and rational choice) and the agent-centred ones affect policy outcomes, institutions and the nature of governance. Dowding propagates quantitative network, formal modelling analysis and statistical techniques, while asserting that qualitative work has generally low explanatory power (Dowding, 2001: 95). He believes that formal modelling in terms of agent and structural characteristics will allow the establishment of causal relationships, determining the most important independent variables, and deriving predictions. Statistical techniques are needed to analyse the relationships between the variables to test the model predictions. Dowding argues that the aim of network theory should be to produce testable hypotheses and formal models to generate hypotheses about the relationship between the network

and policy outcome, which can be tested one way, or another against data gathered from the 'real world' (Dowding, 2001: 92). He sees the underlying weakness in the fact that the characteristics which define the five types of networks in the Rhodes typology are in fact the characteristics of the agents which populate them, rather than structural features of the networks themselves. The driving forces of explanation are not the network characteristics but rather the characteristics of components within the networks (their members), which explain both the nature of the network and the nature of the policy process (Dowding, 1995). True theory building is possible only by concentrating on these characteristics, unpacking them, formalising their relationships in equations or examining them in more systematic and quantitative ways in order to discover the underlying causal mechanisms (Dowding, 2001).

In contrast, the theoretical and analytical frameworks of Rhodes, Marsh, Smith and Daugbjerg are used to establish which social relationships are observable and to interpret the uncovered results. They believe that formal models are less appropriate in social science because of the complexity of social reality, which involves reflexive agents, and a lack of available data to test formal models. Moreover most formal rational choice models are partial as they assume preferences and a decision making scheme thus ignoring crucial questions about the origins of both (Marsh and Smith, 2001: 533). They emphasise the importance of structure and establish the link between structures and preferences, in that policy network' structures shape the preferences of actors within them. These preferences should not be assumed, but explained by a meso- or macro-level theory. Dowding is also criticised for focusing on the micro-level processes involving bargaining and the role of actors within the networks, thus privileging agency over structure, and disregarding the fact that a network structure may affect the process of bargaining. In short, Dowding is accused of reducing his analysis to the preferences and actions of agents (Daugbjerg and Marsh, 1998; Marsh and Smith, 2001). As summarised by Rhodes, Dowding's approach does not rely on the characteristics of networks to explain actions but on the properties of actors, for example on the resources individuals can deploy, and not their nodal position in the network (Rhodes, 1999).

The Strength of Adopting the Model by Marsh and Smith to a Post-Soviet Environment

As mentioned above, the majority of empirical applications of PNA are restricted to policy making in Western Europe and America. Western academics base their theoretical constructions on the realities and practices of environments with stable democratic traditions and imply stable policy making environments, stable memberships and stable relationships within the networks (Richardson, 2000). Consequently, the instant application of the given constructions to the analysis of the policy making in transition to democracy is not viable. Thus, one of the tasks of this study is to explore how the Western academic literature on policy networks can be applied to the study of policy change in countries undergoing transition.

In particular, the present study proposes to draw on the policy network concept, the Marsh and Rhodes typology and the dialectical multi-level model by Marsh and Smith in order to explain the role of the Association of Ukrainian Cities (AUC) as a professional association of local government in policy making in the area of local government reform in Ukraine. Apart from the above-mentioned reasons the choice of the Marsh and Rhodes typology is driven by the fact that it is based upon the study of central-local relations, as opposed to the models developed for the study of government-industry relations (Wilks and Wright, 1987 and Grant, et al, 1988). Moreover, Rhodes' vision of a local government system, developed by identifying a range of policy networks that operate within it, contributes to an understanding of the complex structure of inter-governmental relations in which local authorities exist and operate in Ukraine.

It is believed that the dialectical multi-level PNA approach by Marsh and Smith not only offers a sophisticated analysis of the policy network concept, but also has the greatest potential in terms of mapping the processes involved in coalition formation and explaining policy outcomes arising from a network's activity. This approach attempts to incorporate all levels of analysis by integrating the properties of the actors, the characteristics of the network itself as well as contextualising the research. It is important to stress that this approach is best suited for understanding the dynamics of political interactions and policy making processes, as well as for conceptualising new governance arrangements in Ukraine. The ability of the policy network concept to describe political phenomena, given the complexity of modern decision making, is its major virtue. It is believed that, unlike corporatism and pluralism, the dialectical multi-level model of PNA is capable of serving as an empirical instrument for the analysis of unstable, fragmented, fluid and complex policy making in transition, characterised by the appearance of a large number of new public and private actors in the policy making arena, such as local government, political parties, non-governmental organisations and voluntary associations.

As described further in the study, the growth in the number and activity of policy networks reflects the change in the relationship between the state and society in Ukraine from a strict partition between the two under the Soviet Union. Policy making in Ukraine is no longer the prerogative of the Communist Party, and changing boundaries of the state mean that modern governance involves multiple state, private, and voluntary sector actors as well as different agencies and tiers of government. This study argues that the empirical application of the model to the post-Soviet environment of democratic transition will help to map the pathway of the establishment of policy networks as new governance arrangements. At the very least the concept of policy networks represents a useful notion for transition studies as it recognises the changing conditions in which modern policy making and governance takes place. In fact, the very use of policy network (meso-level analysis) is a de facto recognition that much contemporary policy making takes place within multi-layered, self-organising networks (Evans, 2001).

At the same time, in spite of a number of revisions the persisting weakness of the Marsh and Smith model is its vagueness in integrating the levels of analysis. The main strength and focus of their framework is still at the meso-level. This study proposes that one of the ways of dealing with this weakness is to broaden the analysis by introducing more macro- and micro-variables, and tracing their links as well as influence on policy outcomes. It will use macro level analysis to set the political and institutional context of the study by tracing and evaluating the challenges presented by emerging patterns of the transition process for the new role and purpose of local authorities within it. Consequently, macro-level analysis becomes a key to understanding the capacity of the AUC to support and enhance the new roles of local democracy, direct service delivery, and public policy making as well as the corresponding powers and responsibilities of local authorities in Ukraine. Furthermore, it will shed light on how and why the relationships between central and local authorities form within a network, and what the implications are for policy outcomes. It is hoped that this approach will help to integrate macro- and meso-level variables, thus adding analytical depth to the model.

Additionally, the emphasis of Marsh, Smith and Rhodes on the meso-level in the application of the policy network concept is justified by the fact that their study is focused on the relations between government and interest groups. While for Dowding it is the bargaining between the actors that goes on within policy networks, which affects outcomes (Dowding, 1995: 145-146). By taking on board Dowding's reasoning (1994: 60-65, 1995: 140), this study argues against attempts to specify the 'proper level' of analysis at the 'theory' stage. It is believed that empirical evaluation should establish which level of analysis is best suited for producing generalisations about policy networks and policy outcomes. In particular, the focus of the current study is on the role of the Association of Ukrainian Cities (AUC) as a key actor within the policy network for the reform of local government. This warrants the need to give greater attention and emphasis to the micro-level of analysis (as advocated by Dowding), that is the role and actions of individual actors within the network, their bargaining strategies, power resources and coalition possibilities. At the same time, the study proposes to integrate micro-and meso-level analyses in order to explain the role of individual actors within the local government reform network, the nature of their relationships and interactions within the structured context, and their individual and collective impact on policy outcomes.

Furthermore, Marsh and Smith propagate the inclusion of state theory at the macro-level of analysis. However, this study takes on board the argument by Mills and Saward that policy networks are a multi-theoretical field where no one macro-theory can provide encompassing explanations of the phenomenon in question, or of its variations, though each might provide insights that have value in providing part of the picture (Mills and Saward, 1994: 88). Instead, this study proposes that the analysis must thus start with the unlocking of the complex of macro-level elements and components in the process of democratic transition in Ukraine. The macro-level analysis will contribute to locating the dominant forces or components within the network as well

as the major breaks or divisions within network morphology (Evans, 2001: 548). Thus, for the purposes of this study policy network structure becomes a dependent variable as the study examines the effects of interest groups, institutions, resources and ideas on a network.

In light of the many theoretical problems associated with policy networks, a number of alternative approaches have been suggested to further the understanding of the concept. The affiliated models and ideas of inquiry into government-interest group relations and their influence on public policy include the model of epistemic communities (Haas, 1990, 1992; Miller and Fox, 2001), policy oriented learning (Hall, 1993; Sabatier and Jenkins-Smith, 1993; Dolowitz and Marsh, 2000; Gibson, 2001) and of policy transfer (Dolowitz and Marsh, 1996; Evans and Davies, 1999; Stone, 1999). This study suggests that these concepts represent important elements in the analysis of the interactions between different actors involved in the reform of local government in Ukraine, as well as policy outcomes in the case of the local government reform network (see Chapter Six).

Finally, Rhodes, in his utilization of the multi-level approach for the study of sub-central governments in Britain, starts with meso-level analysis and then attempts to identify the characteristics of the broader macro-environment, which influences the meso-level that is 'those features of the national government environment which directly impact on the sub-central system...'(Rhodes, 1988: 48). Starting the analysis from the meso-level in order to trace the macro-level variables may be more appropriate for the countries with stable democratic systems, as well as for cross-sectoral comparative research. In the transition to democracy, the number of macro-level variables is likely to be greater and their influence and constraints more pronounced, whereas the exogenous political, socio and economic environment is more fluid and precarious. This makes policy networks in transitional environments even more vulnerable to changes in the exogenous environment and such changes more potentially disruptive. This thesis argues that these features warrant starting the integrated analysis from outlining the characteristics of the macro-level environment and then establishing the causal links between macro-level explanatory variables and meso- and micro-level variables, and, finally, with policy outcome.

Conclusion

It has become evident in this Chapter that PNA provides a substantive means both for conceptualising the relationships between state and society and for understanding the dynamics of political interactions and policy making processes. PNA has provided a useful tool and a fertile ground for analysing public policy making in the Western democratic environment. Though its weak points remain the subject of academic debate and criticism, the PNA concept is generally regarded as a useful methodological device for analysing and conceptualising the relationship between the state and various interest groups. The concept of policy networks has also contributed to the understanding of modern governance: 'Instead of emanating from a central authority, be this government or the legislature, policy today is in fact made in a process involving a plurality of both public and private organisations' (Mayntz, 1993: 5). The efforts of American academics

updated the institutional accounts of the political process with the idea that groups are an aspect of policy making that can be studied alongside legislatures, parties and government bureaucracies (John, 1998). While Bentley initiated the conceptualisation of the group approach, Truman developed the correlations of the indicators of group behaviour with the political process and completed the formation of the concept. Lowi's contribution was in accumulating experience and providing details of the analysis of political process from the position of the group approach. Finally, Truman's (1971) presentation and analysis of some of the major variables affecting the activities of interest groups, as well as their role in the formal institutions of government, provided an adequate basis for evaluating their significance in the political process and seemed to serve as a precursor of the dialectical multi-level PNA model. It also raised a series of important points regarding the ways of examining the influence of interest groups, which receive further development and application in the analysis of the AUC case study.

Rhodes' work has become the starting point for the development of the network approach in British political science, which has taken the place of the group approach in the study of public policy making. Unlike the group approach, which studies the effect of the presence of groups of interests in the policy process, the network approach uses networks as a research tool to study the relationships between the actors involved in policy making. Rhodes attempts to move from the descriptive usage of the concept to use network as a more explanatory one by introducing the context within which networks exist and operate, and by providing explanations of network existence and influence on outcomes. In particular, Rhodes (1988) has extended the understanding of policy communities and policy networks offered by Heclo and Wildavsky (1974) and Richardson and Jordan (1979) by recognising that there are different levels of analysis involved and offering a comprehensive typology of policy networks as well as an account of how they differ from one another in terms of the constellation of interests, membership, vertical and horizontal interdependence, and resource distribution. Finally, Rhodes outlined a method for the integration of macro- and meso-level analysis. Marsh and Rhodes (1992) have developed the Rhodes typology and demonstrated that it is possible to treat government-interest group relations as a continuum with a policy community at one end and an issue network at the other. It is argued that Marsh and Rhodes have developed a tool superior to other network classifications operating with fixed categories, as it provides a degree of flexibility in empirical research as opposed to fixed categories by Atkinson and Coleman (1989), Jordan and Shubert (1992), and van Waarden (1992) (Daugbjerg, 1997). However, Marsh and Rhodes' model does not address a set of important issues such as how the levels of analysis are integrated, why and how networks change over time, and the model's lack of explanatory power, compared with later versions.

The model assembled and developed by Marsh (1998), Daugbjerg and Marsh (1998); and Marsh and Smith (2000, 2001) appears to be the most successful attempt at theory building around the network concept. The starting point of Marsh and Smith's model was to outline the limitations of the four main existing approaches in an attempt to reformulate the analysis of policy networks into

a new approach offering a better understanding of the correlations between structure, agency and policy outcomes. As described above, the dialectical multi-level integrated model of PNA draws on the strengths of the main competing approaches, in particular the one by Marsh and Rhodes (1992), and integrates them into a coherent analytical model (Marsh and Smith, 2000). It starts with reinstating and developing an earlier argument by Marsh and Rhodes that the explanatory range and utility of the policy network concept will be limited if used on its own. Thus, macro, meso and micro levels of analysis need to be integrated in order to examine the affect of the policy network on policy outcomes. Further, this approach emphasises the dialectical or interactive relationship between structure and agency, and develops an explanatory model of PNA, which claims to provide an explanation of policy continuity and policy change. The dialectical multi-level PNA model achieves reconciliation of the relationship between actors and structures by introducing the claim that policy networks cannot be distinguished from the actors who are participating in them. Thus it emphasises both structural relationships, which define organisational rules and imperatives and interpersonal (information and communication exchange) relationships within networks (Evans, 2001). Finally, it is believed that the dialectical multi-level integrated analysis offers a persuasive answer to the critique of the limited explanatory utility of the policy network model by viewing and interpreting networks not as isolated, but as dynamic components of broader structures shaped by the values, interests and resources of its actors.

Chapter Two

The Quadruple Transition in Ukraine

As discussed in Chapter One the macro-level of analysis in the dialectical multi-level Policy Network Analysis model by Marsh and Smith (2000, 2001) deals with state theory, that is the relationship between the state and civil society, and more specifically with the broader political, economic and social processes within which the policy network is located and operates. Hence, the application of the aforementioned model in this study necessitates taking into consideration the macro-characteristics of the post-Soviet transitional environment in Ukraine. As a consequence, this Chapter provides a concise analysis of the different aspects and general nature of the transition process taking place in Ukraine focusing on the characteristics of the current political system. Chapter Two employs the quadruple framework offered by Taras Kuzio (1998, 2001), a British academic writing on the issues of nationalism and foreign policy in Ukraine, in order to understand both the unique nature of the transition process in Ukraine and to demonstrate its impact on the state and political system, the policy making dynamics, and the various actors involved in the policy process. Finally, the Chapter provides an insight into the legacies of totalitarian rule, which have shaped the nature and course of transition, as well as the formation and activity of interest groups and policy networks in Ukraine.

The Declaration of Independence

In the late 1980s Mikhail Gorbachev led the Soviet Union into a new era. However, on coming to power in March 1985, he spoke conservatively, as had previous Soviet leaders: 'Gorbachev's maiden speech revealed little sign of a major policy shift. In it and other early addresses there are timeworn references to "combating shortcomings, strengthening discipline" and "inculcating patriotism and internationalism"' (Diuk and Karatnycky, 1993: 5). But within a year the terms of reference changed, *glasnost* and *perestroika* were introduced into the Soviet lexicon and the first signs of internal, nationalistic disintegration appeared (Diuk and Karatnycky, 1993). This shift was necessitated by the dramatic weakening of the economy that in 1986 had plunged to a growth rate of only 1.4 percent, with the simultaneous drop in the price of oil and gas (Dziewanowski, 1993). As Gorbachev sought to reform and redirect the Soviet economy (*perestroika* in Russian) and to overcome the stagnation of the Brezhnev years, he chose a path that loosened the controls over public debate. Motivated in part by his need to counter the resistance of the Soviet bureaucracy, he introduced *glasnost* (which in Russian means both openness and publicity) to mobilise public opinion to support his reforms (Dziewanowski, 1993). The new freedoms of debate and discussion quickly became an attack on the Communist Party and ran beyond the intentions of its author. 'Gorbachev's attempted pursuit of radical economic reform also made it impossible for him to consolidate control of the party without destroying its authority in the process' (Motyl, 1993: 39).

In Ukraine the sequence of four events pushed the country towards independence: the disaster at Chernobyl (May, 1986), the declaration of sovereignty by the Baltic states (1989-1991), the resurgence of 'national communism' (1989-1990) and a hunger strike for independence by Ukrainian students in the autumn of 1990 (Motyl, 1993; Wilson, 1997; Kotkin, 2001). The first not only contributed to the urgency of Gorbachev's reforms, but also '...its mishandling by the party officials in Moscow and Kiev greatly contributed to a growing sense of unease and anger and to the erosion of party legitimacy' (Motyl, 1993: 44). The disaster at Chernobyl, which resulted in a wave of hatred towards Moscow, was a major precondition for Ukraine's independence. The second led to Ukraine's own declaration of sovereignty on 16 July 1990, which, though Ukraine was still subordinate to Moscow persuaded many '...that change, substantial change, was inevitable and that Ukraine really could control its own destiny' (Motyl, 1993: 46). The third event is critical, at least for independence, as it allowed the ruling elite, or at least that part which was so disposed, to 'Ukrainianise' the country's political leadership (Wilson, 1997). The hunger strike was an act that helped bring down the inept Ukrainian government (Kotkin, 2001).

The abortive coup (19-21 August 1991) against Gorbachev provided the final push. While the events unfolded, those not yet committed to 'national communism' in Ukraine hoped that the coup would be successful, but by the time the coup collapsed, the nationalists were in full control. The Supreme Soviet of the Ukrainian Soviet Socialist Republic issued its declaration of independence on 24 August 1991. This declaration also called for a 'republican referendum' to be held on 1 December 1991 (Magocsi, 1996). Over 84 percent of the eligible voters participated and support for the declaration of independence was 90.3 percent (Wilson, 1997: 128). But one should note that some commentators believe that this was less an expression of grass-root support and more a reflection of nationalist and national communist agitation and propaganda (Prizel, 1997). The final step was the gathering in Belarus of the leaders of Russia, Ukraine and Belarus - Yeltsin, Kravchuk, and Shushkevich. At this meeting the participants rendered null and void the original 1924 Union treaty between the three Slavic republics, which created the USSR, thus formally and legally dissolving the imperial superstructure and removing any superior claims to Ukraine's sovereignty (Mihalisko, 1997).

Totalitarian Legacies as a Leitmotif of Post-Soviet Development in Ukraine

This study maintains that the democratic transition in Ukraine must be interpreted as post-totalitarian in order to include the important variable of post-communist development, and in particular the burden of the legacies of the old regime. George Kolodko, an academic and an ex-first deputy Prime Minister in Poland, attributes policy mistakes made by transitional governments largely to the fact that the legacies of communism were not understood and not taken into consideration when reforms were undertaken (Kolodko, 2000). The present study argues that an initial insight into totalitarian legacies is crucial to advance understanding of the nature of democratic transformations and policy making in Ukraine. Moreover, as demonstrated throughout

the study these legacies, alongside the current political dynamics, represent the macro-level variables, which, following the argument by Marsh and Smith (2000) shape the actions, decision choices and the nature of bargaining between the actors within the local government reform network.

Unlike Russia or other Eastern European states to the west, which had retained national identity and autonomy under the socialist system, Ukraine was a new state established in 1991. Never before had there been an independent state as the sole occupant of the territory known as sovereign Ukraine (Prizel, 1997; Solon'ko, 2001). The entire history of Ukraine is one of foreign and totalitarian rule, and consequently the new state was faced with many complicated legacies arising from its inheritance of external domination and totalitarianism (Kuzio, 1998). The Ukraine that emerged from seventy years of Soviet domination was deficient in democratic traditions, rule of law, democratic rights and individual freedoms. Additionally, there was a lack of the associated concepts of nation-state, civil society, democratically oriented national elites, national consciousness and culture, and economic and political pluralism (Babkina and Gorbatenko, 2001). Ukraine's population suffered severely from communist totalitarianism. During 1932-1933 Stalin forcibly imposed rural collectivisation despite the resistance of the peasantry. As food was requisitioned and military force was used to prevent supplies from entering villages, 7 million people had lost their lives (Matveev, et al, 2001: 158). According to demographic calculations, if it not been for the Stalinist repressions and the Second World War the population of Ukraine would have been 100 million as opposed to 50 million (Polokhalo, 1998).

As Schöpflin (1999) points out the greatest damage done by communism, as perceived in the aftermath of the Soviet Union's collapse, was the destruction of authentic institutions. For over 70 years the Moscow-run one-party system blocked the emergence of authentic institutions in the republics, because they were seen as potentially detrimental to the monopoly of the Communist Party. Such a complex legacy left Ukraine with political, economic and administrative structures woefully inadequate to meet the needs of an independent country and an emerging market democracy. Basic institutions such as the ministry of foreign affairs had to be established from scratch and such practices as collecting revenues and establishing a state budget had to be learned (Hague, et al, 1995). The institutional legacy powerfully shaped the present political and economic make-up of the Ukrainian state.

Although some of the old political and economic institutions were discredited and discarded, a number of old administrative structures, institutions and practices persisted in spite of significant changes having taken place and these represented a serious obstacle towards democratisation. Their preservation is due to the fact that Ukraine has not experienced fundamental regime change as the former Communist elites have retained control of their old positions and networks, by transforming themselves into a new, market-oriented economic and political elite (Sørensen, 1998). As indicated below, among the other legacies affecting democratic transition in Ukraine are

the bureaucratic administration, the structural dependency on Russia, a bankrupt infrastructure, over-industrialisation, a huge foreign debt, a resource deficit, high militarisation and dormant collective farms. As discussed further in this Chapter and in Chapter Three, characteristics of the post-communist institutional framework pose severe difficulties for the democratic reforms, the introduction of a market economy, the development of a civil society and establishment of a local government system.

Elite Succession in Ukraine – Bureaucratic Revolution or Transition from Above

The degree of continuity with the old system seems to be much higher in Ukraine than in many other post-socialist states. As Polokhalo points out countries such as Poland, Hungary, and the Czech Republic have entered independence with the preserved rudiments of civil society, a middle class and a pool of independent small farmers. Moreover, a significant part of the elites of these countries was not incorporated by the Soviet regime as it had a nationalistic orientation and did not subscribe to the ideas of 'socialist internationalism' (Polokhalo, 1998: 11). These elites formed the basis of the opposition to the communist regimes, and in the late 1980s became a driving force behind the system's breakdown. Conversely, the process of democratisation in Ukraine began not in the form of a popular movement against colonial rule, but by the former communist elite capturing the state apparatus after they had foreseen the collapse of the Soviet Union. As Prizel (2002) points out, in such countries as Poland, Czechoslovakia, and Hungary during the collapse of communism a revolutionary transfer of power took place, in which genuine democrats such as Lech Wałęsa, Václav Havel, and Jozsef Antal replaced the ruling elite. While in Russia, the combination of Gorbachev's introduction of pererstroika, the subsequent coup, and Yeltsin's dismissal of the Parliament in 1993 led to a potentially beneficial shift away from the communist bureaucracy.

In contrast the ex-party apparatchiks in Ukraine outlasted their leadership in Moscow, and still retain considerable control today. In particular, Ukraine's first President Leonid Kravchuk was the Communist Party secretary in charge of ideology until a few months before the collapse of the Soviet Union (Prizel, 2002). As Motyl points out, 'Not surprisingly, Ukraine's incipient state was immediately seized by former Communist Party functionaries who retained their positions of central, regional and local dominance. Although some had an interest in economic and social change, most did not' (Motyl, 1998: 4-5). While the intellectual elites in Russia and the Baltic republics joined democratic popular fronts with the coming of perestroika and pushed for democratic elections, the former communist elites of Ukraine resisted change (Prizel, 1997).

After more than three hundreds years of Russian rule, including seven decades of a totalitarian regime, Ukraine's elites that had previously belonged to the middle and low ranks of the Soviet bureaucracy were left with the task of running a newly independent country. However, communist training of the administrators made them accustomed to functioning within a colonial and totalitarian system; they were inexperienced and untrained in how to govern an independent

country (Machkuv, 2000). As Motyl (1993) contends, Ukraine's inexperienced and untrained post imperial elites had to cope with the Herculean task of transforming a former colony into an independent state and creating everything that totalitarianism had destroyed or stifled, a civil society, a market, the rule of law, democracy, and the machinery of the state.

Hughes and John (2001) extend the analysis by arguing that in spite of the collapse of the dominant institutional structures of the CPSU regime in 1990-91, its values and culture have persisted in the administrative elite now overseeing the transition process in Ukraine. Although the present appearance of the ruling elite includes young entrepreneurs, managers, political leaders, government officials and representatives of the intelligentsia its nucleus remains largely unchanged and is still represented by the former communist nomenklatura. The reason being that there is still a very low level of permeability in the recruitment of liberal, young, educated, professionals for leading roles in the government (Polokhalo, 2001). Further, the 'new' old elite has little interest in the development of true democratic institutions and in conducting effective economic reforms that would inevitably threaten its privileged status (Matveev, et al, 2001: 78). As argued further in this Chapter and in Chapter Three, the old-Communist elites and the totalitarian legacies retain an influence in contemporary decision making structures, and contribute to the skewed balance of political and economic power in Ukraine at the present time.

The Dilemmas of a New State

According to Daugbjerg and Marsh (1998) insight into the nature of state tradition represents an important aspect of macro-level analysis, as it is likely to influence networks, their operation and subsequent policy outcomes. In the context of Ukraine it was generally understood that as the country had never been a truly independent state, with little or no history of indigenous or native political systems, and with a social, political and policy environment dominated by the legacies of past imperial masters, its policy transformation had to be comprehensive and extensive (Sakwa, 1999). Kuzio (1998, 2001) has identified the characteristics of a quadruple transition that Ukraine must undertake: nation building, state creation, democratisation and economic transformation. To this list, two other factors are often cited: the reconstruction of elites and the rebuilding of the governmental bureaucracy (see Dergachov, 1997 and Nordberg, 1998). As this Chapter demonstrates Ukrainian transition is an evolutionary process with the process of democratisation occurring '...slowly, sequentially, haltingly and deliberately with one eye to economic reform and the other to social peace and political stability' (Motyl, 1993: 145).

Nation and State Building

State independence in Ukraine pre-empted the formation of the nation. A Ukrainian nation or ethnos was historically split between a number of states and, for almost 70 years prior to 1991 Ukraine was a constituent part of the totalitarian Soviet state. While the southern, eastern and most of the central regions of Ukraine aligned with Russia in 1654, its western regions were a part of the Polish-Lithuanian Commonwealth and later of the Austrian-Hungarian Empire and Poland

(Subtelney, 1994; Cook and Zayets, 1999). Stalin united the regions in the Ukrainian Soviet Republic only in 1939 as a result of annexing the western regions. As argued by some academics (Garnett, 1994; Wise and Brown, 1998; Wilson, 1999) such divisions continued into Ukraine's independence and contributed to ethnic, linguistic, confessional and regional polarisation between Russian-speaking east and south and nationalistically oriented west. As a result of a historical divide of Ukraine's regions between different empires, people inhabiting newly independent Ukraine possess a wide variety of ethnic characteristics. In addition to a substantial Russian population, which, in most independent republics has been left in an uncomfortable position after the collapse of the Soviet Union, Ukraine is also the homeland to Jews, Belarusians, Moldovans, Poles, Bulgarians, Hungarians, and Romanians, each group numbering at least 100 000 (Motyl, 1993: 7).

Thus, Ukraine was faced with the need to create national unity from a population marked by historical divisions, ethnocultural and linguistic diversity, and regional distinctions. As summarised by Kuzio (2001), the Ukrainian multi-ethnic state inherited national minorities, secessionist threats, a need to define the 'we' and find the basis for national integration. In addition, there was a need to obtain legal recognition of inherited borders and establish a constitutional framework within a short period of time (Kuzio, 2001: 170). The prescriptions by Western advisors, international financial institutions and governments to post-communist Ukraine advocated simultaneous and rapid transitions to democracy and a market economy. Yet, in a country such as Ukraine the requisite mechanism for such change was lacking. As Rustow (1970) pointed out, a country cannot even start on a road to liberal democracy until it forms some, even minimal, sense of national identity. Canovan (1996) also saw nationhood, which requires a state and political communities, as a precondition for the creation of a liberal democracy. As argued by Wilson (2000) and Riabchouk (2000), the absence of a tradition of continuous statehood and of a unified nation with cultural influences on the national elite identity, were among serious barriers in the way of Ukrainian reforms. Finally, some academics argue that post-independence elites took advantage of the unique circumstances of Ukraine's transition, which enabled them to consolidate their position of power without facing the risk of economic and political reforms challenging its grip on power (Prizel, 2002).

Consequently, for Ukraine the first task and a necessary first step in the sequence of reforms was to create a nation out of a new state. Looking back to the nascent stage of Ukraine's sovereign independence, Motyl proposes that such necessary elements of democratic transformation such as the development of democracy, a civil society, rule of law and a market economy were and had to be subordinated to '... sequential and, hence slow and evolutionary change' focusing first on nation and state building (Motyl, 1998: 1). The pressure from the West for rapid reform in exchange for substantial foreign aid, eagerness to distance itself from its former master, Russia, and to integrate into Western structures made the Ukrainian government eager to come up with a state ideology and a consolidating doctrine. In the early stages, the national idea and the idea of state building proved to

be both a winning philosophy and a condition necessary for legitimising an independent state (Dergachev and Polokhalo, 1996). Ukraine's early political doctrine relied on 'nationalist emotionalism' – an appeal to patriotic and anticommunist sentiment to win the support of western Ukrainians and democratic groups in order to build a domestic consensus for reform (Kuzio, 1995: 38).

The process of state building in Ukraine was quite successful as the country was able to place itself on the political map of the world as a sovereign state and become an internationally recognised, politically strategic country. Ukraine was the first among former Soviet republics to adopt a new Constitution in 1996. It signed treaties of friendship and cooperation with its neighbours, established its borders - the main attributes of state building - introduced a new currency, and created an army and security services. In February 1994, Ukraine joined NATO's Partnership for Peace initiative, participated in many exercises and has taken advantage of extensive military exchange as well as training programmes (Cook and Zayets, 1999). The Constitution gave the right to own private property, and Ukraine's laws on religion and social organisations moved closer to Western democratic standards. In addition, Parliament (Verkhovna Rada) passed legislation to prohibit the use of the death penalty. Among other significant changes were the giving up of nuclear arms, the third largest nuclear arsenal in the world, and closing Chernobyl (Zlenko, 2001). Ukraine also built a foreign policy aimed at pursuing relations and greater economic cooperation with the West as well as Russia and the CIS countries. Today, sovereignty and territorial integrity seem to be the attributes natural to the Ukrainian state. However, the process of state building was not straightforward, as Ukraine had to settle the disputes with Russia on the division of the Black Sea Fleet and the status of the navy base in Sevastopol, which was given to Russia under the temporary leasing agreement. It also managed to diffuse the separatist demands in Crimea by granting it a degree of autonomy and establishing the Autonomous Republic of Crimea (for more details see Solchanyk, 1998; Wise and Brown, 1998).

Thus, during the first five years of independence, Ukraine focused primarily on state and nation building under both of its first two Presidents, Kravchuk and Kuchma (Motyl, 1998). However, as this Chapter subsequently demonstrates such a political course chosen by the Ukrainian government was detrimental to the process of structural change in the country. While stateness, as Kuzio (2001) remarks, requires a relatively short timeframe and can be resolved by legislation and decrees, consolidating national identities might take generations. Not surprisingly, building a national identity has proved to be more elusive a goal than constructing a state. As Wilson contends 'despite winning independence in 1991, Ukraine remains an amorphous society with a weak sense of national identity' (Wilson, 2002: 31). A historically weak national identity continues to hinder progress in domestic reforms, including reform of local government (Kuzio and Moroney, 2001).

In addition, the regional divide between the eastern and western regions of Ukraine remains a persistent legacy of the country's historical development, and its effect on the political situation

within the country and on its foreign policy choices are still significant. The socio-economic grievances in the heavily industrialised and largely urban Russian speaking eastern regions often assume pro-Russian undertones, with around 30 percent of the population of the East (compared with 0.8 percent in the West) supporting the idea of Ukraine as a member of a renewed USSR (Bureichak, 1998). As post-Soviet Ukraine stumbled through democratic reforms and market transformations the language issue became indicative of the wider economic and political difficulties. Ethnic Ukrainians resent the continued widespread use of Russian in the eastern Ukraine and doubt the commitment of Russian speakers to the independence of Ukraine. Political and religious affiliations also polarise the West and East of Ukraine. The parliamentary elections of 1994, 1998 and 2002 unfailingly demonstrate the overwhelming support for the right and nationalist parties in Western Ukraine, while the Communists and Socialists enjoy overwhelming support in the East. While the overwhelming majority of Ukrainians are Russian Orthodox, a minority of population (10 percent) mainly in the West belong to the Greek-Catholic Church, which accepts the pope as its spiritual leader (Bureichak, 1998). Historically, the relationship between the two churches has not been amicable, which contributes to the regional divide (Prizel, 2002). As Shulman (1998) notes these regional communities, apart from struggling to promote the advancement of their respective cultures, also tend to disagree on the extent Ukraine should integrate with Western Europe and North America or with Russia and the Commonwealth of Independent States. It is also worth noting, that while in 1991 all regions of Ukraine held an overwhelming vote for independence, by 2001 in some Russian-speaking regions of Ukraine people opposed to independence have outnumbered those in favour by a ratio of 2:1 (Prizel, 2002).

As discussed above, many scholars believe there is a direct link between national identity, civil society and, ultimately, the success of democratic transition. In his seminal article Rustow argues that stable democracies require not only sound economies, but also a consensus on certain beliefs and values and a prior sense of community through which people are united, boundaries established and the composition of citizenship is made 'continuous' (Rustow, 1970: 350). Finally, Kuzio (2001) contends that mobilisation of civic (inclusive) rather than ethnic nationalism (exclusive) can reinforce civil society. Inclusive or civic nationalism emphasises civic and territorial loyalty while downplaying ethnic origin (Szporluk, 2000). Indeed, in such countries with strong civic national identities as Poland and the three Baltic states nationalism has been both a driving force behind breaking away from totalitarianism and an impetus for democratic transition. At the same time, a divided titular nation as Ukraine with an atomised population lacking trust with other citizens in the same country impedes the formation of national integration and therefore by default the rise of civil society (Kubicek, 2000; Kuzio, 2001). According to Kuzio (2001), it is precisely the weakness of civic nationalism resulting from Ukraine's totalitarian past, which is proving to be a negative influence upon the post-Soviet transition process and making the mobilisation of groups and networks in support of political and economic modernisation less likely.

Economic Transformations

Economic transformations in Ukraine had to start from scratch with the total dismantling of pre-existing socio-economic relations, which were based on the monopoly position of the state (Filipenko, 2000). In the centralised and integrated system of the command economy of the Soviet Union, Moscow's bureaucratic headquarters held the reins of control over the bureaucracies and enterprises in all Soviet republics, as well as their economic assets. Moscow also dealt with economic planning and determined the redistribution of all resources including the gains from foreign trade, while the republic's authorities controlled approximately five percent of the GNP created by its own territory (Hague, et al, 1995). Under the system of all-Union division of labour the allocation of production was decided by the centre according to a wide range of social, demographic, cultural and political factors. Ukraine was not only the 'bread basket' of the Soviet Union, but also a heavily industrialized republic with a big percentage of its production concentrated in heavy industry, big military enterprises and the mining industry.

Ukraine has one-third of the world's 'black soil' and its agricultural sector has always been significant for the country's economy. Before the break-up of the Soviet Union, Ukraine accounted for about 25 percent of the USSR's total agricultural output, and exported grain and meat to other Soviet republics (Economic Research Service, US Department of Agriculture, 2001). It also had a well-educated and highly skilled labour force, a big pool of 52 million domestic consumers, as well as rich natural resources of coal and iron ore (Wise and Brown, 1998: 127). Moreover, as noted by Shen (1999), Ukraine was the most tightly controlled and regulated republic in the former USSR as its productive potential was of strategic importance to Moscow. All these factors together with Ukraine's unique economic infrastructure inherited from the Soviet Union set it apart from the other newly independent states.

The economic legacies and consequences of the totalitarian regime facing Ukraine were overwhelming and devastating. Indeed, according to Machkuv (2000), out of all ideological goals the socialist Soviet states were most successful in replacing markets with a centralised planned economy. At independence in 1991 Ukraine inherited a large and archaic industrial base that was dependent on low-cost Russian energy supplies, and was closely linked to other economies of the former republics of the Soviet Union. With the collapse of the Soviet Union and the socialist regimes of Central and Eastern Europe, Ukrainian enterprises were cut off not only from their Moscow controllers, but also from the suppliers, trading partners, and sources of finance. Ukraine lost protected markets and cheap energy, and found it difficult to manufacture products that met world quality standards.

In addition to the legacy of trans-Soviet production cycles, the process of economic transformation is aggravated by the economic heritage of over-dependence of the Ukrainian economy on Russian oil, natural gas, and raw materials. Post-independent Ukraine was left with obsolete energy-consuming industries, while Russia retained most of the energy-producing areas. Ukraine, which

has limited natural resources of oil and gas, is 90-95 percent dependent on the import of oil and 75 percent on natural gas (Bilyatski, 2001: 20). An agricultural sector of dormant collective farms that needed deep structural reform further complicated this situation. Despite its vast agricultural potential, Ukraine is not currently a major exporter of foodstuffs. Yet, effective agricultural reform to improve efficiency and productivity could transform Ukraine into a major exporter, particularly of wheat. Such economic legacies give Moscow levers for exerting pressure on its neighbour.

In addition, a large proportion of the military-industrial complex in the Ukrainian economy became a significant burden for the newly independent state at the start of the reform process. Apart from a significant share of arms and a military-industrial complex of 1 840 enterprises with 1.5 million employees Ukraine inherited one of the most powerful military formations in Europe of approximately 800 000 personnel, equipped with nuclear weapons and a wide range of conventional weapons. However, these armed forces did not represent the military of an independent state as Ukraine inherited only individual elements of the Soviet military machine (The State Programme of the Ukrainian Armed Forces Reform and Development Until 2005). The new Ukrainian government was faced with a set of unique and complex tasks in the reform of Ukraine's defence sector, which was the part of the Cold War Soviet military structure. It had to dismantle about 4 000 nuclear weapons on its territory, accommodate ex-Soviet troops repatriated from East Germany, Poland and Hungary, solve the dispute over the ownership of the Black Sea Fleet and, simultaneously, reduce personnel strength and heavy equipment by roughly 50 percent (Cook and Zayets, 1999). Furthermore, the need to reform the armed forces inevitably raised the problems of retraining and releasing large numbers of ex-military personnel onto the employment market. The restructuring and reorganization of the whole defence establishment, including the armed forces, as well as the process of adoption of new legislation necessary for integrating the military into an emerging democratic society is still underway. And the reform effort is hampered by the lack of resources in the state budget, which remains the main source of finance for the defence sector.

The 'Washington Consensus' reform package produced for the introduction in Ukraine in the early 1990s by the IMF and Western experts included a set of economic transformation measures to liberalise the country's economy (Filipenko, 2000; Bilyatski, 2001). Since the 1980s such a package had been advocated as a general model for all countries to follow (Standing, 2000). The package included the liberalisation and restructuring of the economy, freeing prices from state control and regulation, reducing state subsidies to large enterprises, shrinking government spending and maintaining a minimal role of the state in economic processes. It also stipulated the reduction of the budget deficit and inflation, promoting the rapid privatisation of state property, economic stability and the opening of borders for foreign imports (Filipenko, 2000; Machkuv, 2000). However, as Wise points out, at the time of independence Ukrainian policy makers shunned the radical economic reforms employed by countries like Poland, the Czech Republic and Russia. For instance, 'when Russia sought to liberalise its economy in January 1993 by freeing prices and opening its economy to competition, Ukraine's response was to reinforce Soviet-style

administrative controls which further distorted the economy' (Prizel, 2002: 370). The cautious steps that were taken to liberalise prices, though not foreign trade, taken by the first President of Ukraine, Leonid Kravchuk, were moderate, intermittent and tightly regulated by government (Wise and Brown, 1998). As discussed above, at the time of independence, Ukraine's primary focus was on state and nation building, while democratisation and economic reform were initially of secondary concern.

Ukraine's second President Leonid Kuchma won the presidential elections in 1994 on a platform of radical economic reforms, which included price and trade liberalisation, reduction of the budget deficit, mass privatisation and land reform. Since 1994 the government has followed this course of reform, but in a rather cautious and piecemeal manner (Wise and Brown, 1998). In a number of Post-Soviet countries such as Poland, Hungary, Slovakia, and the Czech Republic, which pursued more radical economic reform alongside the introduction of a largely free press and a fully functioning parliamentary democracy, the market reforms produced rapid positive results (Cox and Mason, 1999). At the same time the process of economic reform undertaken by Leonid Kuchma's government after 1994 to liberalise the economy and reform the government was hampered by political instability, the absence of reformed political and administrative structures, and appropriate legal frameworks (Hague, et al, 1995). As discussed in Chapter Four, the slow progress of economic transformation, and a lack of reform of political, administrative and legal structures contributed to problems of service delivery at the local level. In particular, the financial and economic difficulties of the transition period on the one hand accelerated the transfer of powers, functions and responsibilities to the localities, but on the other did not allow sufficient funds to be allocated for these new functions to be performed effectively. As a consequence, the development of an effective system of local government was hindered by the resource deficiencies of the external environment, which according to PNA (Rhodes, 1997) serves as an impetus for network formation.

In the summer of 1998 Zbiginiew Brzezinski, the former US National Security Council Advisor visited Ukraine as a part of an official United States delegation sent to review the progress of Ukraine's transition. His opinion was that Ukraine had done a good job at becoming an internationally recognised, politically strategic country, but had failed to make any attempts towards securing its economic position in the global marketplace. Ukraine's economic development and its transition to market economics are, at best, limited. All post-Communist countries, whether subjected to state-led gradualism or elements of shock therapy, saw dramatic drops in GDP. In Ukraine, despite holding off price liberalisation, introducing rather cautious privatisation programmes and not paying Russia immediately for gas supplies, the inflation and asset stripping were even more severe than elsewhere in Eastern Europe (Kotkin, 2001). Production, at least in the 'white' (official or tax-paying) economy, collapsed and in 1999 Ukraine's GDP amounted to 37 percent of its 1989 level, compared to 120 percent for Poland and 58 percent for Russia (World Bank, July 2000). Hyperinflation skyrocketed and was estimated at 10 000 percent in 1994 by the European Bank for Reconstruction and Development (Hare, Ishaq and Estrin, 1998).

Hyperinflation in 1994-95 and the 1998-banking crisis affected all aspects of political and economic transformation in the country. This period wiped out most Ukrainians' savings, resulted in wage and pension arrears, barter trading, and the further weakening of the fiscal base as economic activity migrated from the formal to the shadow economy. While Ukraine achieved some success in stabilizing its new currency, the Grivna, subsequently lost about 40 percent of its value in just a few weeks during the financial crisis in the Russian Federation in September 1998. By 2000 Ukraine found itself among the 10 poorest countries in Europe (Prizel, 2002). In addition, the 'white' economy has nearly collapsed with the informal ('shadow') economy expanding beyond the reach of government regulations and taxes. Some commentators assert that the 'shadow' economy now makes up 60 percent of total economic production (Tedstrom, 1998). Rising unemployment and a dramatic drop in living standards followed liberalisation, inflation and the decline in industrial output, while privatisation increased wealth disparity. The side effects of economic reforms, such as the ending of free health care and higher education, the inefficiency of post-totalitarian elites and the subsequent political scandals contributed to general disillusionment and alienation of the population. According to a poll conducted by the Centre for Sociological and Political Research in 2000, 48 percent of respondents would have voted against independence if a referendum had taken place at that time. A significant proportion of respondents, over 60 percent, were also dissatisfied with the pace of economic reform ('Sociopolis', 2000).

Mass privatisation of state property was not accompanied by a reorganisation and modernisation of industry and failed to lead to the necessary restructuring of enterprises. The poor record of privatisation in Ukraine is seen in the continuing over-regulation of the public sector economy as well as the on-going state support for bankrupt enterprises (Machkuv, 2000: 55). It is argued that the outcome of mass privatisation has benefited the ex-Soviet elite rather than strong independent entrepreneurs, and contributed to the emergence of corporatist structures rooted in the symbiotic relationship between senior government officials and industrial oligarchs (Bilyatski, 2001; Prizel, 2002). The development of small business has also been limited. The number of small businesses officially registered in Ukraine is less than 200 000 compared to 2 million in Poland; a fact blamed on high taxes and administrative corruption. After the collapse of the Soviet Union agricultural production, consumption and trade in Ukraine declined. The livestock sector was hit the hardest, with inventories and output contracting by over 50 percent (Economic Research Service, US Department of Agriculture, 2001). Further, Russia's economic crisis led to a drop in demand for Ukrainian agricultural goods. The fall of the centralised command economy put an end to state subsidies that had supported the production and consumption of livestock. At the same time institutional reform in Ukrainian agriculture has been rather slow and limited. Although most agricultural prices have been liberalised and most trade restrictions removed, little reform has occurred at the farm level concerning organisation, management and worker incentives (Economic Research Service, US Department of Agriculture, 2001).

At the same time, however, as Bilyatski (2001) indicates a number of positive changes have taken place since Ukraine's independence. Firstly, the mechanism of the command economy has been mostly dismantled and replaced by a pluralist mixed economy that includes private ownership and property, while the problem of having a limited range and number of goods and services is now being overcome. Secondly, small-scale privatisation, however imperfect, contributed to the rise of a middle class, a key element to any embryonic democracy. Thirdly, limited progress was achieved in privatisation, the liberalisation of prices, and the reduction of trade barriers and state subsidies. Finally, on a macroeconomic level the government of Ukraine managed to achieve a stabilisation of the currency and maintain a moderate level of inflation by the end of the 1990s (Bilyatski, 2001).

There was some glimmer of hope for the 'white' economy due to the efforts of the former Prime Minister Yushenko (appointed by the President under international pressure to demonstrate Ukraine's commitment to the reform process) and his government, which saw Ukraine's economy grow by 6 percent in 2000. This was the first time since independence following the 1991 Soviet collapse that Ukraine had witnessed economic growth: a welcome boost for a nation impoverished and wearied by a decade of decline. More particularly, industrial output increased by 12.9 percent and agricultural growth was an impressive 7.6 percent; a good performance after years in which Soviet-era state farms atrophied and much of the country's rich black earth lay fallow (Revenko, 2002). More remarkable has been the performance of private family farms, which now produce more than 70 percent of agricultural output on less than 20 percent of the available arable land (USAID Programme Data Sheet 121-1130, 2001). In 2001 Ukraine also made some progress on key reform laws. It is hoped that the new Land Code will help to develop a land market that is crucial for a more efficient agricultural sector. Parliament also passed a law on bankruptcy, which is critical to improve the regulatory environment for the private sector. However, in April 2001 Ukraine's reform effort suffered a significant setback as the oligarchs and communists, with 'behind the scenes' support from the President, voted out the reform-oriented Yushenko government (Kuzio and Moroney, 2001: 125). The consequence is that the country still has a long way to go to make up for the years of decline, and to catch up with the smaller, more successful neighbours in Eastern Europe.

While it can be conceded that the transformation of Ukraine's economy is far from complete, it is important to remember that the mistakes made by Ukraine in its eagerness to follow the 'shock-therapy' recipes and quick solutions imposed by the IMF are neither new nor original. Caiden, writing about problems that were facing newly independent former colonies, explained that these new states attempted to cram hundreds of years of western development and experience into less than a decade of reform and how '...in this, most were doomed to failure. They attempted to do too much too quickly and fell victims to their own maladministration' (Caiden, 1970: 102). Moreover, as this Chapter reveals, in the early days of independence both the economic and social politics of Ukraine became hostage to the hurried process of securing its independent status in the international arena. As discussed above, another formidable obstacle to the establishment of a

market economy in Ukraine has been the presence of the old-Soviet nomenklatura, and its lack of interest in, and resistance to, the reform effort.

Democratisation

For over 70 years Ukraine was held together and run by the centralised rule of the Communist Party and by the vertical control structure of Moscow ministries. After the collapse of the Soviet Union, the end of party rule, and the disintegration of the centralised economy, Ukraine was faced with the need for the simultaneous reform of its public administration and political system, a process directly linked to nation building and to political-economic transformation. As Kuzio argues: 'The development of new institutions and a public administration geared toward democratic and market economic values are essential for the success of Ukraine's nation and state building project' (Kuzio, 1998: xii). Further, by developing Rhodes' (1997) concept of new governance it is possible to say that Ukraine needed to 'hollow out' the state containing the old elite, the old institutions and practices and 'fill in' the state with new democratic institutions, a new elite, a professional civil service, a commitment to the rule of law, and a civic culture.

The start of the political reform process came in the spring of 1990, with the election of a new Ukrainian Parliament. This was the first step on the way to a parliamentary democracy and the creation of a legal state with a true separation of powers. A few months earlier, legislation had been passed providing the Parliament with legislative authority at the expense of the Communist Party. Among the other steps taken was the proclamation of Ukrainian independence in August 1991 and the first presidential elections in December 1991. Alongside the institutionalisation of parliamentary democracy, the process of establishing a multi-party system and an independent mass media was taking place (see Chapter Three). It was hoped that the adoption of a new Constitution in June 1996 would be the final act in the process of creating a state system based on presidential and parliamentary rule. However, as demonstrated below, a full twelve years after obtaining its independence Ukraine has yet to develop a functioning democratic political system.

The Characteristics of the State and Political Systems of Ukraine

The political system of Ukraine is still undergoing a process of transformation with the outcome still uncertain. The political system formed in post-Soviet Ukraine is complex and contradictory in nature as it includes elements of Soviet totalitarianism, as well as characteristics of a democratic system. It represents the fusion of presidential rule, parliamentary republicanism and post-totalitarianism. Machkuv (2001) describes such a system as a quasi-democratic authoritarian regime based on the combination of formally democratic principles and a political culture of subordination. Ukraine, as a system of this type, involves some democratic principles such as limited freedom of information, association and conviction; regular free elections at national, regional and local levels; a multi-party system and, at least on paper, an adherence to the principle of separation of powers. Indeed, this and the following Chapters support the findings of the survey 'Nations in Transit', by demonstrating that after 12 years of transformation some democratic and

free market characteristics continue to co-exist with a high degree of authoritarianism, significant state involvement in economic life, a lack of accountability of state institutions, corporatism, and restrictions on civil liberties, curtailing the freedom of the press and the freedom of association (Karatnycky, et al, 2000, 2001). This suggests a harsh environment in which to develop interactive, multi-level processes of policy making, as envisaged by the Western policy network theory.

Most of the world's democratic nations share certain characteristics including a democratically elected, stable and accountable executive branch of government, an independent legislative branch, and an independent judiciary. According to the Constitution of 1996, Ukraine has three branches of government comprising the executive (President, Prime Minister and a Cabinet of Ministers), the legislature (Parliament or Supreme Rada), and the judiciary. Power in Ukraine is divided between an elected President and Parliament, with a Prime Minister and Cabinet of Ministers appointed by the President, confirmed by the Parliament and accountable to both. However, as Wise and Brown argue mixed presidential-parliamentary systems like Ukraine's may be characterised by '...continued destabilising conflict between contending political forces; and the emergence of authoritarianism from destabilising institutional conflict, as strong leaders or concentrated bureaucracies use the position of President and the relative weakness of a divided Parliament to centralise power' (Wise and Brown, 1999: 26). The key to avoiding such dangers lies in the establishment of a working division of powers between the executive and legislative branches of government (Shugart, 1996).

As Iskandar (2000) points out, in all countries undergoing post-Communist transformation, the role of the state and the establishment of an appropriate balance between different branches of power, as well as between national and local levels of government are critical and often highly controversial issues. The outcome is crucial in determining the character of a new political order and the extent to which decision making is moved closer to local communities, and governments are made more responsive to local needs (Iskandar, 2000). However, the lack of a proper balance of power and a mutual respect between these branches of government in Ukraine allows authoritarian tendencies to take hold and is detrimental to the quality of the political system in the country. The mechanism for the separation of powers between the legislature and the executive remains underdeveloped, which has led to chronic and destabilising conflicts between these two branches, to legislative paralysis, and to the executive acquiring authoritarian tendencies. The root of the problem is in the lack of legal regulations defining the political role and balance of power between the President, the Cabinet, the Parliament, and the Judiciary. According to Victor Yushenko (a former Prime Minister of Ukraine), Ukraine lacks a democratic separation of powers due to the fact that the President as head of state resists the adoption of laws which would separate the competencies of the different branches of power and establish a proper set of checks and balances (Forum, 30.09.02).

The lack of a strong and independent judiciary, one of the essential elements required for a modern democracy, contributes to a skewed balance of power in Ukraine. Although the Ukrainian Constitution provides for an independent judiciary, in practice the judiciary is subject to considerable political interference from the executive branch, which results in selective and discriminatory enforcement (Jurist, 2003). The court system, where the judges are appointed by national government for a period of five years, is strongly susceptible to political pressures and has been used to weaken the legislative branch of government (from author's interviews). The law supposedly guarantees the impartiality of judges and specifies penalties for attempting to influence or limit judicial independence. However, in practice, high-ranking members of the executive, usually in the form of personal requests or orders, commonly subject the courts and prosecutors' offices to significant pressure (Karatnycky, et al, 2001). Such a lack of judicial independence effectively emasculates the Parliament, by making it very difficult to push through laws that are opposed by the President (from author's interviews). Moreover, as Prizel (2002) points out, as with its political and economic systems, Ukraine's legal system is burdened by the legacy of the Soviet system. In particular, Ukraine has retained the office of the Soviet general procurator, who has the dual authority to issue warrants and prosecute court cases, and has become a tool of the presidency to silence opposition (Prizel, 2002). In addition, the judiciary is overburdened, it lacks sufficient staff and funds, which generates inefficiency and corruption and increases its dependence on the executive (Jurist, 2003). There is evidence to suggest that only one in four court decisions is executed due to the high workload of court officers and the general inefficiency of the court system (Galuh, 2002).

The rule of law is a necessary component of a democratic system, which means that laws must be enforced and be applied to all, including the organs of the state (Kubicek, 2001). The rule of law is based on a democratic set of stable and comprehensive judicial and regulatory institutions, which remain underdeveloped in Ukraine. According to Kubicek (2001) the problem is twofold. First, there is the general breakdown of authority and the inability of the state to enforce its own laws, which means that individuals and groups experience difficulties when attempting to defend themselves and their rights. The problem is rooted in the lack of an independent judiciary and the associated issue of corruption. Second, is the fact that state officials are often law-exempt (Kubicek, 2001). Further, the Ukrainian bureaucratic apparatus is overstaffed and unstructured, and therefore incapable of effectively administering law and taxation, and maintaining order (Motyl, 1993). Such a situation not only discredits the whole justice system, it also contributes to the criminalisation of many spheres of life (Galuh, 2002). The absence of a proper rule of law hinders the ability of civil society to organise, restrains the development of small businesses and, as discussed in more detail in Chapters Four and Five, restricts the progress of democratic reform of local government.

Presidential and Parliamentary Disunity: The Effects of Inter and Intra Branch Conflict

According to the dialectical multi-level PNA model, insight into the macro-level factors of the broader political system such as executive or parliamentary dominance is important, as they are likely to shape networks, their operation, and policy outcomes (Daugbjerg and Marsh, 1998). The relationship between the executive and legislative branches of power in Ukraine is dominated by the ongoing struggle for power and control between the President and the Parliament. These institutions created in 1990 and 1991 are regularly at odds regarding who has the authority to oversee key policy areas such as privatisation, the reorganisation of the agricultural and energy sectors, the control over industrial enterprises, and the responsibilities of local and regional government. Furthermore, the debilitating confrontation between democratically oriented and leftist factions in the Parliament inhibits the progress towards democratic reform.

The position of Ukrainian President, introduced into the then Soviet-Ukrainian constitution in July 1991, was strengthened by a number of amendments adopted in February 1992. Ukraine's first President Leonid Kravchuk, elected in December 1991, therefore became the head of state, with chief executive powers, including rights to appoint key state officials, to issue decrees by rule of law, and to form administrative and consultative bodies. In March 1992, meanwhile, the adoption of a new law bestowed the President with a mechanism of administrative control, which introduced a centralised vertical structure of presidential representatives as the 'highest organs of state executive power'. The representatives had the power to make decisions at the local level that were 'binding on all bodies of political, economic and civil bodies', as well as the right to annul decisions taken by local councils (Article 14, the Power Bill). Moreover, the representatives were accountable only to the President, and could remove any office-holder and halt the activity of any association deemed to contradict the President's wishes. This was a powerful brake on the development of local democratic and independent bodies.

In the two-stage presidential elections of June and July 1994 a former Prime Minister, Leonid Kuchma, was elected. After the elections Kuchma took a series of steps to strengthen further presidential power at the central and local levels arguing that strong presidentialism was necessary to implement economic reform. Since then, under presidential threats of dissolution, the Parliament has acceded to a variety of compromises, which further increased presidential power, while diminishing the role of the Parliament in the policy making process. In particular, the post-Soviet Constitution of 1996 provided for a 'semi-presidential system' built on a strong presidency and a subordinated Parliament and government. Among the powers the President has gained since 1996 is control over key state members of the police force, the security services, and the legal and tax services. The President also has the power to appoint and dismiss ministers, the chairmen of local state administrations, as well as the exclusive right to propose the nomination of the Prime Minister (Kuzio, 1997).

As Prizel (2002) points out, in reality the President's power is even greater than indicated by the Constitution because of the executive's habit of allowing members of the presidential administration to assume the responsibilities of various ministries. However, the Parliament is not entirely impotent as it does have the power to reject prime ministerial candidates, rebuff the government's legislative programme, and veto presidential decrees if they are deemed to be unconstitutional. In addition, the Parliament retains the right to pass votes of no confidence in the government or individual ministers, and the power to initiate impeachment procedures against the President (Wise and Brown, 1999). Thus, although according to Article 113 of the Constitution the cabinet of ministers is controlled by and responsible to the President and not to the Parliament, the Parliament has the right to dissolve the cabinet or remove a minister on the adoption of a resolution of no confidence.

Further, Wise and Brown argue that the constitution fails to provide clear rules for the structure or formation of the government. In particular, the constitution does not 'clearly stipulate the relationship between the President's administration and the cabinet, nor to whom the Prime Minister and Cabinet were subordinate, Parliament or President' (Wise and Brown, 1999: 39). In such an institutional environment, a given ministry may receive contradictory communications from the President's staff, the Prime Minister's staff, the Parliament Chair's staff, and from the relevant parliamentary committee chair. The balance of authority between these actors was to be worked out in a new piece of legislation. However, it has not yet been signed by the President, one of a number of important laws regulating the authority and activities of the government that have not been given their assent (Kryzhanovskaya, 2001). The uncertainty surrounding such legislative acts inevitably contributes to presidential and parliamentary disunity, thus hampering the progress of reform.

Another important contributing factor that has hindered the process of political and economic reform was the lack of a functional pro-reform majority in the Ukrainian Parliament. As highlighted earlier in the chapter, the totalitarian legacies of Ukraine's ethno-cultural and regional divisions, particularly between East and West, remain important and have prevented reformist parties gaining a majority in the Rada. Indeed, during the mid-1990s the communist and socialist oriented parties were able to establish an effective anti-reform majority. Such a disposition of forces successfully blocked the introduction of a number of important market reform and privatisation measures that had been initiated, sometimes reluctantly, by President Kuchma under pressure from the West (Karatnycky, et al, 2000: 12). The existence of a powerful anti-reform lobby within the Parliament also meant that the few structural reforms that were agreed were generally inadequate. In addition, important areas such as tax reform and the balancing of tariffs on services were not addressed, and as demonstrated in Chapter Four the lack of progress in these areas has seriously hindered the evolution of local democracy.

However, despite the fact that anti-reform 'leftist' parties held the upper hand in the Parliament, the tensions between the 'leftists' on the one hand and the pro-reformists (incorporating presidential-supporting groups) on the other led to a serious split within the Parliament in early 2000. The Parliament's coherence had been at risk for some time, with the President trying to play one parliamentary faction off against the other. The President managed to develop a certain *rapprochement* with the pro-reform element within the Parliament who saw the President as the least of two evils, when compared to the intransigence of the unreconstructed leftist parties in the Rada. The tensions were such that in January 2000, the Parliament split into two rival bodies, pro-presidential and leftist, and held separate sessions. Although the separate sessions lasted only for about two months, the President quickly exploited the situation and used the deadlock in Parliament to initiate a referendum over constitutional amendments with the purpose of greatly strengthening his powers. In April 2000 the referendum was held, with over 80 percent of the participating electorate voting 'yes' to the proposed changes in the belief that reform would make the Parliament more effective. Among the amendments was the proposal to transform the 450-seat Parliament into a 300-seat bicameral legislature, with the upper house composed of unelected regional governors, appointed by the President. Other proposals included a presidential right to disband the Parliament and call new elections if legislators failed to form a majority within a month, or to approve a state budget within three months, and the introduction of limits on deputies' immunity from arrest and criminal prosecution. Despite there being no constitutional provision for a referendum, the Constitutional Court ruled that the results are binding and the amendments are now pending before the new Parliament elected in 2002.

The referendum and its outcome had important ramifications for the balance of power within Ukraine's constitutional structure, and distracted attention away from the reform process. In addition, the referendum worsened Ukraine's relations with the West, which was increasingly concerned about the country's commitment to democratic values. According to international observers and the Parliamentary Assembly of the Council of Europe (PACE) the way the referendum was organised and conducted was neither free nor democratic, as well as having a weak basis in law (Karatnycky, et al, 2001). As Kuzio and Moroney point out the stripping of parliamentary immunity will make it easier for state authorities to apply pressure on parliamentary deputies to fall in line with presidential policy. Moreover, the two-chamber structure of the Parliament together with the upper house composed of regional governors, appointed by the President and smaller lower chamber will significantly hamper the ability of the Parliament to counter-balance the power of the executive (Kuzio and Moroney, 2001). PACE's assessment of the Ukrainian referendum expressed deep concern regarding its possible consequences for the separation of powers in the country, with the likely further weakening of the system of checks and balances, an extra increase in presidential power and a commensurate decline in the role of the Parliament (Expert Center, 05.06.02).

The authoritarian tendencies of the President, the divisions within the Parliament, and the poor record of political and economic reform have contributed to Ukraine being considered an outsider with regard to mainstream European and transatlantic structures (Rahmanin and Mostovaya, 2002). A US Congressional Resolution (No. 205) on the 2002 parliamentary elections in Ukraine registered concern over corruption in the government and reluctance on the part of the Ukrainian authorities to pursue democratic reform, support human rights, and rule of law. It also warned that 'the violation in the course of the election campaign of the democratic norms of the OSCE can annul the efforts of Ukraine to integrate into Western structures' (Kommersant, 19.02.02). In addition, the attempts of Ukraine to secure associate membership status of the European Union and accession to the World Trade Organisation, which would have opened up markets and help to attract inward investment have amounted to nothing.

According to Daugbjerg and Marsh (1998), the internal division of authority within the state represents an important organisational configuration, which influences the meso-level policy process. Therefore, in spite of the delineation of power stipulated in the Constitution of 1996, the parliament and the judiciary are too weak to counterbalance the power of the executive. The poor system of checks and balances is incapable of preventing the President from increasing his authority and scope of power to a level, which is harmful for the development of democratic institutions including those at the local level. As discussed in Chapter Three, such a skewed balance of power affects the relationship between the state and interest groups by limiting the powers of non-state actors and hindering the appearance of multiple decision making centres. Following the line of argument by Daugbjerg and Marsh (1998), Chapters Five and Six demonstrate that the internal division of authority within the Ukrainian state has an important impact upon the structure of the local government reform network, the distribution of power and resources between its actors, and subsequent policy outcomes.

Conclusion

The countries of Central and Eastern Europe share similar characteristics and face similar problems in the process of establishing multi-party parliamentary democracies and market economies. Yet the case of Ukraine may be distinct from the others. The degree of continuity with the old system seems to be significantly higher in Ukraine than in other states, which were more successful in breaking away from the past. While in many countries of central Europe the post-Soviet transformation of political systems resulted in the emergence of parliamentary democracies, in Ukraine it has led to the establishment of a presidential republic. As the Chapter argues, the presence of former Soviet elites exacerbated by the absence of a constitutional democratic tradition, allowed a presidential republic to be established that limited access to power and consolidated the position of the old elites in a post-Soviet system.

Further, it is believed that the 'quadruple' approach of Kuzio (1998, 2001), which distinguishes the four major areas of democratic transition in Ukraine as nation-building, state-building,

democratisation and marketisation, is necessary to address and understand the unique and complex nature of macro-level environment of policy making. The utilisation of Kuzio's framework in this Chapter not only unlocks the complex macro-level components of democratic transition, but also locates and helps to comprehend the nature of the political process and the dynamics between various actors within it. Moreover, the model allows tracing of the ways in which certain legacies of the Soviet era continue to dominate the present system of policy making.

As the Chapter argues, the quadruple character of transition in Ukraine was both caused and shaped by the legacies of Ukraine's totalitarian past such as the historic deficiency in state sovereignty, the lack of democratic tradition and democratic elites, and the absence of a consolidated nation. The legacies of Soviet rule, as the study shows, are still strong in the fabric of institutional, political and legal frameworks. They affect not only the process of democratic transformation, but also the formation and activity of interest groups and policy networks in Ukraine. In order to assess fully the nature of the on-going democratic transformation process, the application of PNA must incorporate a consideration of the totalitarian legacies inherited by Ukraine. In addition, the impact of totalitarian legacies on the post-Soviet meso-level policy making process and the role of the various actors within it must also be evaluated.

As Ukraine did not exist as an independent state for any significant period of time prior to 1991, all democratic reforms had to be preceded by and subordinated to a process of self-identification and independent sovereign discovery. However, as this Chapter points out, such a concentration on state and nation building in the early stages of transition was detrimental to progress in the other areas of the quadruple transition. The most prominent and positive changes in Ukraine took place in state building with the country creating the main attributes of a state, adopting a Constitution, and avoiding the dangers of regional fragmentation, ethnic violence and absorption by the Russian Empire. Ukraine holds contested elections, has a multi-party system and a relatively free mass media. Geopolitically Ukraine moved towards greater cooperation with the West, removed Soviet weapons to Russia, and signed the nuclear Non-Proliferation Treaty. However, a mixed economic record, and the slow progress towards the decentralisation of power and the building of democratic civil society have offset these significant achievements. Moreover, although Ukrainian statehood is now recognized in the main as a permanent reality, neither national identity nor nationalism has consolidated in a similar fashion (Kubicek, 1999; Riabchuk, 2000; Wilson, 2000). As will be demonstrated in Chapter Three Ukraine's weak national identity is one of the main causes of the fragility of civil society. Finally, the vacuum created by poorly developed political and economic institutions has been quickly filled by strong presidential power possessing authoritarian tendencies.

Even though the constitution and the organs of the state are underpinned by democratic procedures, its state system can still be described as authoritarian in nature, particularly when the role of the President is considered. Ukraine is yet to create a stable and accountable executive,

fully developed legislative and judicial branches of government, an independent and freely competitive representative party system, and procedures for the smooth accession of elites competing for elected office. Though some of the pieces of the democratisation puzzle have been put into place, Ukraine clearly has many major hurdles to conquer: 'It is clear that the establishment of democracy, let alone its consolidation, is far from complete' (Prizel, 1997: 43).

Chapter Three

A Paradigm of Democratic Transition: State-Civil Society Relations in Ukraine

Following the dialectical multi-level PNA model by Marsh and Smith, Chapter Two set out the macro-level analysis of the case study. It concentrated attention on the complex nature of the transition process that Ukraine is undergoing as well as the characteristics of its political system. Daugbjerg and Marsh (1998) emphasize the need for the macro-analysis to disaggregate between an assessment of the state system and of the relationship between state and civil society. Consequently, a focus on structural and procedural dimensions of the democratisation process is not a sufficient guide to the dynamics of the macro-level environment. Therefore this Chapter incorporates the societal element of the democratisation process in the macro-analysis, which represents one of the four major macro-level elements of democratic transition in Ukraine. It is thought that bringing the societal element to the analysis of the macro-environment provides a better understanding of the dynamics of political interactions, relationships and processes involved in the democratisation process. Furthermore, it adds to the understanding of why Ukraine is experiencing certain problems in its attempts to construct new, more democratic institutions and governance arrangements. Finally, and most importantly, it contributes to the notion of 'transition to democracy' by emphasizing the need to place the role of interest associations at the centre of post-communist studies.

In order to understand the nature of state-civil society relations in Ukraine this Chapter considers and identifies: a) the character of civil society and its role in the process of democratic consolidation; b) different characteristics and activities of public organisations, as well as their historical origins and stages of development; c) the impact of Western development and assistance programmes on the political environment in which interest associations operate today; d) the challenges faced by Ukrainian public organisations in the current political and economic context, and traces the roots of some of these problems back to Ukraine's totalitarian past. In particular, the Chapter demonstrates that the relationship between the state and civil society in Ukraine is still dominated by corporatist arrangements and tendencies. Such a deliberation on the nature of state-civil society relations provides an important insight into the role of interest associations in policy making under the new governance arrangements.

Strengthening Civil Society as a Key Element for the Success of Democratic Consolidation in Ukraine

Rustow (1970) describes the process of transition to democracy as occurring in three often overlapping phases: the preparatory phase, characterised by a political struggle leading to the breakdown of the non-democratic regime; the decision phase, where the elements of a democratic order are established; and the consolidation phase, where the new democracy is further developed and eventually democratic practices and institutions become ingrained in the political culture.

According to Linz and Stepan (1996) and Wise and Brown (1998), democratic consolidation requires more than elections and markets. They argue that consolidated democracy cannot be achieved just by establishing democratic procedural minimums as it is also concerned with the structure of political institutions, participation in policy making and state-society relations.

As Chapter Two and the present Chapter demonstrate, virtually all of Ukraine's post-Soviet developments could be attributed to a long-lasting stage of democratic establishment, when the first free democratic elections were held, major democratic political and societal institutions were established and elements of a free market were introduced. However, Ukraine has not yet attained complete democratic consolidation. As Chapter Two showed the present political system in Ukraine exhibits both democratic elements, as well as constraints on competition, participation and civil liberties. Following Rustow's (1970) model it is possible to say that Ukraine is still trapped in the decision stage, that while it has made some significant steps towards democracy it is far from completing the transition. The most urgent test that Ukraine's embryonic democracy faces today is that of consolidation, which means pushing forward with political, institutional, economic, and social reforms in order to deepen democracy and securely embed it within the country's political culture. However, the progress toward consolidated democracy is constrained by political and economic crises and setbacks, and thus is lengthy and not at all easy. The slow pace of societal democratisation and the overbearing institutional legacies of totalitarian rule have also affected progress toward consolidated democracy.

One of the postulates of the literature on transition to democracy points out the seminal role of civil society in the process of regime breakdown, as well as the stabilisation and consolidation of democracy (Di Palma, 1990; Przeworski, 1991; Gill, 2000; Howard, 2003). As summarised by Manor (1999: 1), civil society has been widely seen as 'an increasingly crucial agent for limiting authoritarian government, strengthening popular empowerment, reducing the socially atomising and unsettling effects of market forces, enforcing political accountability, and improving the quality and inclusiveness of governance'. Moreover, as Manor (1999) continues, reconsideration of the limits of state action has also led to an increased awareness of the potential role of civic organizations in the provision of public goods and social services, either independently or in partnership with state institutions. Parrott defines civil society as 'a form of political society based on a dense network of nongovernmental associations and groups established for the autonomous pursuit of diverse socio-economic interests and prepared to rebuff state efforts to seize control of these activities' (Parrott, 1997: 22).

The structure of civil society in Western democracies includes such non-state institutions as an independent mass media, political parties, professional associations, interest groups, business lobbies, trade unions, churches and charitable organisations. In a democratic society such public organisations form vibrant interactive links between the state and its citizens. However, as this Chapter argues, the mere presence of such organisations in Ukraine has not yet been sufficient to

create a civil society infrastructure close to the density and durability of those social networks in long-established democracies. If one defines civil society as self-organized, independent networks of citizens, who are capable of checking state power and influencing political authorities (Kubicek, 2000; Fish 1994), then it will be premature to speak of the presence of a strong and effective civil society in Ukraine. The vacuum left by the collapse of the Soviet system, was filled not by the underdeveloped institutions of civil society in Ukraine but by authoritarian presidential power.

The history of Ukrainian civil society over the past 70 years is one of a long and complex struggle. At first, the totalitarian regime attempted to crush or absorb civil groups into the gigantic structure of the Soviet state. Since 1991, as described in Chapter Two, the question of civil society has taken a back seat to the other ongoing institutional and ideological developments, as Ukrainian power elites concentrated their efforts on state and nation building and later on economic reforms. As a result, Ukrainian civil society and its actors have developed sporadically and largely autonomously from the state (Lychko, 2001). Fish (1994) distinguishes between 'civil society' and 'movement society' in which hurriedly assembled groups calling themselves 'associations' and 'parties' more closely resemble temporary political campaigns than effective institutions linking state and civil society and making organized demands on the state (Przeworski, 1991). One can argue that Ukrainian civil society resembles what Fish calls 'movement society' as it exhibits the following characteristics: '... undifferentiated agendas ... weak internal obligatory capacities; narrow or barely existent channels of access to official sources of power; underdeveloped mechanisms for exerting leverage over state institutions; and a shortage of guarantees protecting groups against arbitrary state intervention' (Fish, 1994: 60). These traits of modern civil society in Ukraine are deeply rooted in its debilitating colonial past under Soviet rule.

In order to appreciate the difficulties faced by post-independence Ukraine in re-building its civil society it is useful to draw comparisons with other countries of Central and Eastern Europe. At the time of disintegration of the 'socialist camp' its ex member-countries found themselves at different stages of democratic transition due to differences in their social, political and economic spheres. As Gill (2000) argues, the degree to which the forces of civil society had been able to maintain themselves under authoritarian rule is a significant factor in structuring the course of, and prospects for democratisation. Consequently, those countries where the elements of civil society were preserved during authoritarian rule had a much greater chance for rapid transition to democracy than where civil forces had been crushed, dramatically weakened or incorporated by the system. In Poland, the Czech Republic and Hungary elements of civil society had managed to survive to a greater extent than in Ukraine. The communist regimes in these countries had failed to destroy the middle class, the farmers and peasantry, as well as being unable to incorporate into the system a significant share of the nationally oriented intellectual and cultural elites. Prizel (1997) points out that in Poland, despite 40 years of communist rule, a national church, Peasant Party and independent worker organizations persisted as important players in Polish politics and cultural life. Finally, when the time came, the elites in such countries as Poland, the Baltic States and the Czech

Republic were able to form into powerful political groups opposing the faltering communist regimes.

In Ukraine this was not the case. As indicated in Chapter Two, the country entered independence lacking the necessary preconditions for effective democratic development such as a democratically oriented national elite, a unified nation, a national church, a consolidated opposition, or labour movement, as well as political parties and a well-developed network of civil society institutions. The centuries of foreign rule and totalitarianism meant that Ukrainian elites were assimilated into Polish and Russian cultures, while the church was separated from the state, and political pluralism was extinguished. Economic classes were liquidated along with private property, while opposition political parties, local government, and social movements were destroyed or weakened, which meant that the building blocs of civil society were missing. The associations of independent interest representation were banned, suppressed, or incorporated into the hierarchy of state and ruling party structures (Cox and Mason, 1999). Thus, public opinion in the Soviet Union was denied both communication and organisation, which are the first steps to political influence (Brzezinski and Huntington, 1970). Instead, all political, economic and social power and decision making was highly centralised, authoritarian, and concentrated in the hands of the Communist Party elite - the only legal subject of political activity (Skilling and Griffiths, 1971). Consequently, all participation in political life and any involvement in the decision making process in the Soviet Union were only possible through the Communist Party and party-linked organisations. Any attempt to question, oppose or challenge this arrangement would lead to prosecution.

Moreover, most manifestations of public and private life as well as art, literature, theatre, cinema, architecture and science were forced into the Procrustean bed of official standards. The totalitarian system, incompatible with independent or autonomously functioning organisations (Skilling, 1986), ensured that the interests of all citizens were contained in, and channelled through, state-generated, endorsed and controlled organisations, such as the Unions of Writers and Artists, and various sporting and cultural associations and societies. The totalitarian state controlled society both 'vertically' and 'horizontally', that is the state attempted to penetrate all social institutions in depth and in breadth (Motyl, 1993). Virtually all-formal structures were characterised by vertical relationships, individuals and institutions reported up, commanded down and were allowed little horizontal links or interactions. The few horizontal connections that existed among individuals and groups were primarily through informal groups, family and friends outside work. Thus, the totalitarian system of the Soviet Union undermined civil society through alienation from decision making and atomisation of individual citizens. For instance, Matveev (Matveev, et al, 2001) argues that the growing gap between elites and the masses resulted in the apathy of the population, uninterest, disdain and alienation from politics, all hidden behind the façade of the unity of the people and the party.

A general alienation from the country's government and policy-formation processes, and a high fragmentation of society persist as the legacies of the Soviet system, and continue to shape the course of democratic transformations in Ukraine. The capacity of civil society to influence the affairs of state and thus to represent its members remains severely limited and underdeveloped. In fact, some academics (Babkina and Gorbatenko, 2001; Polokhalo, 1998) argue that the preservation of the relative social-political stability and national consent in Ukraine (which the authorities claim credit for) is explained by the inability of weak and underdeveloped civil society to challenge autocratic state power. As this study argues, the meso-level of policy making in Ukraine is hamstrung by underdeveloped political structures; the lack of influential and authoritative political parties, non-governmental organisations and independent mass media; the low level of political culture of the population; the long-existing symbiosis of elements of parliamentary republicanism, presidential rule and post-totalitarian legacies; and the legal vagueness of the relationship between different branches of state power.

The Party System in Ukraine

At the beginning of the 20th century Ukraine had over 40 parties including those representing left-radical, extreme reactionary, chauvinistic, and nationalistic (Russian, Polish and Jewish) groups (Lychko, 2001). However, the further development of a multi-party system was cut short by the establishment of Soviet totalitarianism in the mid 1920s, which crushed the existing parties (the Communist Party excepted), as well as an embryonic Ukrainian state (Matveev, et al, 2001). For almost 70 years since the 1920s the political spectrum of the Soviet Union was monopolised by the Communist Party (CPSU), which by the mid 1980s had a 20 million-strong membership. The hierarchy of CPSU committees penetrated the fabric of the whole society from collective farms to government ministries. Ultimately, the CPSU was a 'spinal column' of Soviet statehood, which controlled all aspects of life in the country. If in the early 1920s the illusion of independence of the state from the party was retained at least on paper, Article 6 of the Constitution of the Soviet Union of 1976 shattered the illusion emphasising 'the leading and managing' role of the CPSU in society. Thus, the power of the CPSU became not only all embracing and all encompassing, but also autonomous from and unaccountable to, society.

However, the proclamation of perestroika spurred the growth of alternative political structures in the Soviet Union. Thus, modern political pluralism on the territory of Ukraine can be seen to have originated in the late 1980s with the first political parties appearing in 1988 in the Western part of the country (Matveev, et al, 2001). Among the parties were the Democratic Union, the Ukrainian Helsinki Union and the Ukrainian National Party, all vigorously anticommunist and pro-independence and headed by former dissidents (Kirilyuk, et al, 2000). In fact, the Ukrainian Helsinki Union was the first political organisation to proclaim the need for an independent Ukrainian state (Babkina and Gorbatenko, 2001). These political organisations, which appeared in Ukraine during the period from 1988 to 1990 helped to establish a multi-party system. The late

1980s saw the appearance of mass democratic coalitions, such as Narodnyi Rukh, which embraced national-democratic groups, with their ideological background including independence and sovereignty for Ukraine. In 1989, the Rukh organisation, whose core was formed out of a nationalistically oriented intelligentsia, held its founding congress and put forward an agenda for pluralism, democracy, national revival and independence.

A new stage in the establishment of the multi-party system in Ukraine started in 1989-1990 with the cancellation of Article 6 of the Constitution of the Soviet Union and the adoption of the Law on Public Associations, which brought an end to the monopoly of power held by the CPSU and opened up the possibility for other political parties to be formed (Kirilyuk, et al, 2000). By the parliamentary and local elections of spring 1990 there were more than 20 parties and coalitions with a total membership of around 30 000 people (Matveev, et al, 2001). Over a short period Ukraine has moved from a one-party system to a hypertrophied multi-party system. All sides across the political spectrum that for over 70 years were monopolised by the Communist Party, were quick to establish their own parties. As a consequence, there were around 115 political parties registered in 2001 (Karmazina, 2001). On the right, the Ukrainian Republican Party, based on the Ukrainian Helsinki Union became the first influential political force in the new state. The right wing now also includes Narodnyi Rukh, the Congress of Ukrainian Nationalists and the Ukrainian National Assembly. Their electorates are based mostly in the West of Ukraine. Parties of the centre, run mostly by oligarchs or government officials as a means for participating in state policy making and lobbying, include the United Social Democrats, Social Democratic Party, Green Party and People's Democratic Party (Prizel, 2002). While both the centrists and the right support market reforms and democratisation, the attitude to Russia is the major divide between these two forces. If the centrists see Russia as an important and strategic partner, the right is distrustful of a large imperial neighbour and are committed to the idea of Ukrainian statehood. At the same time, however, the boundary between national and non-national forces is fluid. An example of this drift is the evolution of the initially centrist Fatherland Party, which allied itself with hard-line national political forces after the arrest and imprisonment of its leader Yulia Timoshenko in 2001 after her decision to oppose President Kuchma (Shevel, 2002). The left meanwhile is occupied by the revived, though not reformed Communist Party of Ukraine, the Socialist Party, the extreme-left Progressive Socialists and Agrarians.

The modern Communist Party of Ukraine was re-established in 1993, two years after the prohibition of its big brother: the Communist Party of the Soviet Union. It is now the largest political party with a membership of about 140 000. Its popularity is based on such traditional ideas as people's power and social justice, on the criticism of the economic conditions in Ukraine, and the exploitation of Soviet nostalgia (Kirilyuk, et al, 2000). The predominantly eastern-based pensioners, veterans, workers, as well as the directors of state enterprises form the basis of the left's electorate. The Agrarian Party of Ukraine was founded in 1992 and formed its parliamentary faction in 1994, representing the interests of the collective farms' elites and is one of the main

opponents of land privatisation. The left has formed a rather powerful opposition, albeit with a very limited presence in the executive branch, being very influential both in the Parliament and in local councils. 'At its height, the combined left bloc had 170-180 deputies in the 1998-2002 Parliament, still less than a majority, but more united than the factitious non-left' (Kuzio, 2002a). As mentioned in Chapter Two, the left bloc commonly opposes reforms aimed at foreign trade liberalization, the implementation of market principles of economic management, land privatisation, and the closure of loss-making enterprises. Further, the Communist Party did not support the law on state power and local self-government initiated by the President.

Unlike in Poland, the Czech Republic, Bulgaria and Romania, where democratic civil society groups that pushed for the dismantling of the old system assumed a prominent role in the post-socialist political process, the democratic opposition in Ukraine was unable to consolidate its position. Consequently, none of the groups, which represented a liberal-democratic political force, was able to transform the country into a democratic state (Prizel, 2002). The Anti-Communist front created by a number of nationalist and democratic groups at the time of independence collapsed due to its members being unable to agree on anything. The movement 'New Ukraine', which included greens, social democrats and business leaders, wanted to become a parliamentary reform bloc but was besieged by internal disputes and divisions (author's interviews). The Green Party, for example, was discredited because of its close financial links with industry and leading banks. Kuzio (2002) believes that the story of the 'greens', whose interests are purportedly represented by seven different registered parties, is indicative of the fragmentary nature of Ukraine's party system. As noted by Kuzio (2002), only the oldest of them, the Party of Greens of Ukraine, registered in 1991, can claim to have any influence in the political arena. The majority of the 'greens', similar to some centrist and national parties, were taken over by economic oligarchs seeking political influence. At the same time, genuine 'green' parties lacking finances, as well as access to 'administrative resources', are struggling to survive (Kuzio, 2002).

By 1998, progress had been made in terms of party development as changes to the law meant that half the deputies of the Parliament were elected through party lists. This step allowed parties to play a more important institutional role. The representatives of nine parties were elected and established factions in the Parliament. However, no party obtained enough seats to form a government (Babkina and Gorbatenko, 2001). In view of Ukraine's aspirations for European Union membership, an important step was taken on the way to establishing a democratic multi-party system with the President of Ukraine signing the law 'On Political Parties in Ukraine' in May 2001. For the first time in almost 90 years this new law guarantees the right and freedom of association for political parties. All political parties are proclaimed equal before the law (Article 4). The law further stipulates that belonging to a particular political party cannot be the reason for limiting the rights and freedoms of individuals (Karmazina, 2001). The law also lays down the scheme of organisation and registration for parties (Articles 10-11), as well as defining the levels of state control over their activities (Articles 18-24). However, the process of establishing party

and political systems is still progressing as mass and representative political parties have yet to develop fully. Though the appearance of numerous parties did alter the character of the political process by introducing new actors, their influence remains marginal at best. As Prizel notes: 'None of the parties had jelled into institutions capable of articulating grassroots concerns and formulating effective political agendas' (Prizel, 1997: 342). Kirilyuk (2000: 206) describes the party system of Ukraine as 'atomised'. It involves a large number of parties with relatively small memberships (the total membership of all parties in 1995 was less than 0.5 million (Lychko, 2001) and a low level of political popularity, which both hampers the creation of regional structures and limits their influence at both national and local levels.

According to 'Sociopolis' (2000) 64.3 percent of respondents do not support any of the political parties, while only 6-7 parties can boast that the number of their supporters exceeds 2 percent of the population. In addition, the majority of political parties do not possess a serious policy programme. Their platforms often resemble each other, being full of the rhetoric of independence, economic growth, freedom, personal advancement, and underpinned by little of substance (Kirilyuk, 2000). The other main characteristics of the atomised party system are its instability and fluidity (Kirilyuk, 2000). As in the case of the 'greens', political parties are fragmented and have weak political resources including poorly developed regional structures, press outlets and research facilities, and are generally seen as vehicles of privilege, personal ambition and gain. They also lack funds and political experience, have weak organisational structures and capacities, and are generally gender discriminatory. Although women comprise over 60 percent of Ukrainian voters, they are underrepresented in parties' elections lists. Indeed, during the parliamentary elections of 2002, women comprised only 10 percent of the People's Democratic Party list, and 9.3 percent of the Socialist and the Peasant party's lists. The most significant representation was 22.9 percent in the woman led Progressive Socialist Party's list.

The process of establishing a multi-party system is hampered by the limited progress of economic transformation such as privatisation and de-monopolisation of property and production (Kirilyuk, 2000; Matveev, 2001). The lack of a middle class of economically independent citizens, and an undeveloped small and medium-sized business sector, restricts the autonomy of political parties and thus makes them more dependent on authority. Numerous surveys find that Ukrainians have very little trust in, or indeed understanding of, political institutions and organisations with consequent low civic involvement. A survey conducted by the Ukrainian Institute for Social Research and Social Monitoring Centre in 24 regions of Ukraine, including Crimea and Kyiv found that political parties are trusted less than the much-maligned Parliament and national government. Parties enjoy the support of only 13 percent of respondents, while 59 percent trust the army, 23 percent the President, 19 percent the Prime Minister and 16 percent the Parliament (Interfax, 27.07.01).

Another important piece of the puzzle concerns the lack of legislative acts regulating the parties' activities, including an absence of oversight regarding the nature of party and election campaign funding (Karmazina, 2001). As Karmazina points out, the law 'On Political Parties in Ukraine' (2001) is influenced by the legacies of the country's totalitarian past, with the state's attempt to maintain control of all public activity. For example, Article 5 states that the establishment and the activity of the parties will be curtailed if their goals or actions entail a 'breach of state security' or 'an encroachment on people's health'. Such provisions open the way for discretionary application of the Law. Furthermore, the Law itself is still to be passed by the Parliament, which has been preoccupied with yet another attempt to form a functioning majority.

However, the problem does not lie solely with the legal framework and parliamentary inaction. Unlike political parties in stable democracies, the establishment of the majority of parties in Ukraine is driven by the political ambitions of one, or a small group of political figures, and not by the needs of civil society (Kirilyuk, et al, 2000; Karmazina, 2001; Lychko, 2001). As noted by some observers, most political parties in Ukraine are largely based on the personalities of their leaders (Karatnycky, et al, 2000; Kubicek, 2001). These parties are often created as political platforms for promoting personal, not membership, interests and often serve as vehicles for oligarchs or criminal activity. Such emphasis on personality affects the sustainability and stability of political parties. For example, after Rukh's long-standing leader Mr. Chornovil died in a car crash, the party split into two wings and lost some of its influence. It also means that political parties tend to represent narrow individual interests, which limits their popular support and electoral base. As Polishuk (2001) points out the presidential elections of 1991, 1994 and 1999 have demonstrated the weakness of political institutions as the electorate was oriented not towards parties and movements, but to the personalities of their leadership. According to SOCIS over 35 percent of the electorate said the parties had no influence on their choice of candidate in the presidential elections of 1999 (a similar survey conducted by the Institute of Social and Political Psychology gave a figure of 53 percent) (SOCIS, 1999).

The establishment of a multi-party system is an important sign of the political transformation that has been seen in Ukrainian society over the last decade, particularly as it is central to the establishment of a modern democratic political system. However, the process of establishing a properly functioning political system is still in progress, as mass political parties have so far failed to develop. The relationship of the parties with Ukrainian society at large could hardly be considered successful, as the level of trust afforded to parties by the population remains low. The role and influence of political parties is determined and measured not so much by electoral support, but by how close parties are to the powerful elites. There is a strong tendency in network analysis to acknowledge the important influence of the party system on meso-level processes (Daugbjerg and Marsh, 1998). However, unlike in Western democracies the party system in Ukraine remains a relatively weak determinant in the policy process. The fragmentation, institutional weakness and dependency on the political preferences and personalities of their

leaders by political parties in Ukraine heighten the importance of interest groups as alternative mechanisms for interest accumulation and articulation. At the same time, as discussed in Chapters Five and Six, party weakness limits the capacity of interest groups, such as the AUC, to use parties to influence the policy process.

Mass Media

The lack of an independent mass media in Ukraine is another factor, which has had negative effects on the development of an effective civil society. In a stable democracy the media serves as an advocate for societal interests, while providing important channels through which the members of societal groups communicate with one another and make demands on the government (Parrott, 1997). The predicament of the media reflects the nature of the state system, as well as the state of democracy. Although abundant and broad in its scope, the press continues to suffer from small print runs and circulations, low profitability and relatively low journalistic standards (Prizel, 1997; Expert Centre, 08.02.02). The old Soviet practice of media control by the government has not been eradicated. While only 46 percent of the media is owned by the state directly, the remaining 64 percent remains highly dependent on the state for paper, access to printing presses, and financial support (Prizel, 1997). The state apparatus and its alliances with wealthy businessmen have often suppressed or bought out independent and opposition media outlets in an attempt to suppress free-speech and the dissemination of unbiased information (Hague, et al, 1995). The law 'On State Support of the Media and Social protection of Journalists' (1997) effectively legalised preferential treatment for 'loyal' media outlets by making the state-owned media exempt from high levels of value-added tax, while also providing it with other benefits. Further, in a situation where most of the print media has to rely on state-owned publishing houses and distribution systems, and broadcasters are dependent on state-owned frequencies and airtime, such state regulation acts as a systemic lever of constraint on the private media. Thus, the mass media in Ukraine remains under the considerable influence of powerful state agencies through their control of information and licenses to broadcast and publish.

Additionally, according to the Reporters sans Frontiers, Ukraine has the worst record in Europe for violence against journalists (BBC World Monitoring, 2001). Some journalists say they have experienced intimidation including threats of arrest and actual violent assaults for reporting on crimes and allegations of corruption in the executive branch (Karatnycky, et al, 2002). As the Internet journal Expert Centre reports, in ten years of independence at least 18 journalists have been murdered, with the majority of cases remaining unsolved (Expert Centre, 08.02.02). Most famously the murder of Georgy Gongadze, the journalist who wrote about corruption and nepotism in the President's circle remains to be solved (Foreign Report, 14.12.00). This case has resulted in a serious political crisis, which, together with the interference and intimidation of the press freedom during elections in the late 1990s (see Chapter Two) has seriously damaged the international image of Ukraine as a country striving to build democracy (Way, 2002). Media

freedom, a characteristic of a healthy civil society, has been increasingly restricted particularly in the last few years. Granovsky, the Head of the National Council of Ukraine on TV and Radio believes that 99 percent of the Ukrainian media has been turned into propaganda machines for various political forces (Granovsky, 2002).

Non-Governmental Organisations/Public Associations in the Political Life of Ukraine

Non-governmental organisations (from now on referred to as 'NGOs', although Ukrainian legislation recognises only the term 'public associations of citizens'), exist in a multitude of different institutional forms, and perform a variety of functions. As the World Bank noted in its 1997 World Development Report: 'NGOs have myriad organisational forms and functions, from labour unions to professional associations to neighbourhood groups to philanthropic trusts' (World Bank, 1998: 113). The Ukrainian law 'On Public Associations' defines 'public association' as 'a voluntary NGO founded on the basis of common interests for the joint exercise of civil rights and freedoms, which are formed to pursue and protect a range of citizens' lawful common interests including those in the social, economic, creative, cultural, sporting, scientific and educational spheres' (Law of Ukraine 'On Public Associations', 16.07.92). It should also be stressed that Ukrainian law on public associations also governs political parties, trade unions, and religious organisations. However, when using the terms association or NGO the author means only public organisations, and not political parties or trade unions. NGOs typically provide a range of services such as social services, education and training, healthcare and culture provision. They also assume representational functions and promote particular interests, causes or groups.

Interest representation, where the actors are free to aggregate and articulate their interests by organising themselves into various associations, is a vital function of any democratic society. These diverse associations and citizens' groups are increasingly seen as an important precondition and even as 'seedbeds' for a thriving democracy as they create power centres outside the state and forums for the education of citizens in democratic decision making (Sørensen, 1998: 57). The role of NGOs in developing democracy 'from below' is a crucial one as they provide a channel for popular mobilization, organisation and participation in the struggle for democracy (Devine, 1996). If such associations are unable to develop freely and autonomously from the state, then one can question the quality and even the existence of democracy in the country.

As stated previously, faced with a historic lack of free and truly voluntary associations/NGOs in most aspects of life, Ukraine had to start almost from scratch in building new democratic institutions to support and encourage the transition process. The mission of associations in the process of democratic consolidation is manifold (Diamond, 1999). First, local associations that are the key elements of community and civil society can act as a driving force behind political, economic and social reforms and, ultimately, yield a strong and prosperous independent state. Second, local associations represent the institutional mechanism for citizen participation in political and economic policy making thus making the political process more inclusive. Third, the

presence of civil society forces in the form of political parties supported by well-developed networks of public and private actors provides the means of aggregating and articulating interests and applying pressure on the centralised state to comply with these interests (Diamond, 1999). The existence of robust participation, lobby and pressure channels is crucial for strengthening the transition process and achieving consolidated democracy in Ukraine. The presence of these forces makes it more difficult for any one branch of government, and any one political group, to centralise power allowing the regime to revert to totalitarianism.

The Pre-Transition Environment

Associations of civil society in former Soviet Union countries, and Ukraine in particular, are often considered a 'missing sector' in the pre-Soviet and Soviet environment (Sørensen, 1998). However, voluntary associations are not a new phenomenon in Ukraine. Black (1982) (quoted in Skilling, 1986) described the existence of interest groups in Russia between 1861 and 1917, which included landowners, national and religious minorities, Moscow entrepreneurs, workers, peasants, and political parties. These groups sought to influence government policy to advance their diverse interests and some of them were regularly consulted in the drafting of legislation. In particular, prior to the outbreak of the First World War, the country had seen an increase in the role and importance of the industrial and commercial bourgeoisie, as well as the professional class, which included state civil servants, lawyers and doctors (Gill, 2000). In 1906 these groups had established a parliamentary body to help further their interests. Among the most influential groups in the Russian empire were 'zemstvos', rural self-governing councils, which brought together hundreds of teachers and doctors, in order to improve literacy and healthcare in villages in the decades before the Bolshevik revolution (Gleason, 1998). Zemstvos acted as local self-government units and were elected by all classes to administer education, health, roads and welfare on their territories. Their national association, the All-Russian Union of Zemstvos, became a major force in maintaining the fabric of Russian society during World War One; while after the war it campaigned for social reform and was a part of the revolutionary action in 1917 (Shaw and Pryce, 1990).

In Kyiv, in 1913, the largest gathering of mayors and municipal officials in the history of the empire attacked the Tsarist government for its neglect of the cities. The meeting went on for ten days and finally had to be shut down by gendarmes because the participants refused to silence their criticism of St. Petersburg (then the capital of Tsarist Russia) (Gleason, 1998). On the eve of the First World War in city councils, the dumas of Kharkiv and Poltava, voluntary groups were formed to lobby for safer streets and clean drinking water for the citizenry. Finally, during World War I voluntary organisations united thousands of professionals including doctors, nurses and economists to run the war effort. By 1916 these organisations were so powerful that the Tsarist government had dispensed hundreds of millions of rubles in support of their tasks because the government had no alternative if it wanted the war effort to continue (Gleason, 1998).

While in Hungary, Poland and the Czech Republic the Communist regime had some success in suppressing the elements of civil society it inherited, it certainly did not destroy them. However, the forces of civil society that emerged before the October revolution in the Soviet Union were not robust enough to survive the changes subsequently imposed by the new regime, such as agricultural collectivisation, forced industrialisation and political persecution. As discussed above, from October 1917 the Soviet State destroyed, outlawed or co-opted autonomous associations, groups and unions depriving them of playing any significant role in the social, economic and political life of the country.

Fittingly, in Ukraine, as well as in the former Soviet Union, what little opposition there was to the totalitarian state rested in the organisations of civil society. Shtromas (1981) saw dissent as a form of interest group activity in the totalitarian Soviet system. There were also so-called dissident groups, whose activities took place 'outside the framework controllable by authorities' and were often in open opposition to the existing system by 'directly undermining, challenging or criticizing the regime' (Shtromas, 1981: 82). Dissent, or dissidence, represented a genuine pluralism of political, philosophical and moral ideas and opinions, expressed openly, without censorship, in samizdat articles, journals and books (Skilling, 1986). One of the forms of organised protest in Ukraine during the 1960s, 1970s and early 1980s was the creation and activity of small political semi-underground organisations and groups, among which were the 'Ukrainian Union of Workers and Peasants', the 'Democratic Union of Socialists' and the 'Ukrainian National Front' (Babkina and Gorbatenko, 2001). Apart from striving for independence these organisations promoted Ukrainian culture, language and history. From the moment the Soviet Union signed the human rights' pact in Helsinki in 1976, Ukraine, as well as other Soviet republics, saw the emergence of human rights' movements such as Helsinki monitoring committees and the committee on the abuse of psychiatry. These organisations and groups documented the policies of 'ethnocide' and persecution of political nonconformism pursued by the Soviet regime in the 'samizdat' publications, which became a popular form of dissent. However, as Prizel (1997) contends that although a tradition of political dissent was maintained during Soviet times with elements in Western Ukraine conducting a guerrilla war against the Soviet regime until 1955, the long-term significance of the dissident movement was limited. The dissenters operated on the margin of Soviet political life and did not necessarily embody the views of public opinion more generally (Shtromas, 1979).

The period from the mid-1980s that saw the inauguration of Mikhail Gorbachev's 'perestroika' and 'glasnost' policies, initiated the first steps toward the opening up of civil society. The result was the establishment of various groups ranging from political discussion clubs to environmental NGOs and associations of Afghan war veterans. This was an age of partial liberalisation, redefining the borders of the central state and adjusting the structure of a former socialist state to the legal and political standards of a democratic civil society. Civil society organisations that were suppressed during the period of authoritarian rule started to reappear on the political stage. Small

non-state groups began getting involved in social service and health provision to supplement the state's declining involvement. This period also witnessed the emergence of the 'GONGO' phenomenon, 'quasi-nongovernmental organisations or government organised or controlled NGOs' such as research institutes, museums, and special lending or credit programmes (The World Bank and Civil Society, 2001). GONGOs were formed by the state in response to a shift in foreign assistance policies, which started directing aid money through non-governmental organisations. GONGOs joined the more independent NGOs in an often unequal competition for aid money, invitations to international conferences and emerging opportunities for contacts with foreign delegations. Since the creation of GONGOs, they have continued to enjoy both exclusive access and support from central government, as well as extensive official media publicity.

The Post-Independence Period

In the late 1980s the economic, political and social problems, exacerbated by the Chernobyl catastrophe in 1986, triggered the collective mobilisation of previously diverse elements of society such as nationalists, students, workers, miners and environmentalists (Nanivska, 2001). As Chapter Two mentions, the national democratic movement together with demonstrations by miners and student hunger strikers contributed to the collapse of the pro-communist and pro-Moscow government. The proclamation of Ukrainian sovereignty in July 1990 and the declaration of independence in August 1991 resulted in the explosion of cultural, educational and nationalistic movements. Independence brought basic democratic rights including freedom of association, information and speech, which opened new opportunities to parties, associations and individuals. However, after the initial period of fervour most of these organisations and movements were unable to sustain themselves as independent agents capable of dealing with new issues of transition (Kupryashkina, 2000). Grass-root movements started to fizzle out and some of the groups that had mobilised prior to 1991 were dissolved, others were transformed or replaced by different types of groups. For example, by the early 1990s, the ecological movement had lost the majority of its supporters, as issues associated with political change grasped activists' attention.

In 1992, a law 'On Public Associations', which was drafted with the involvement of some newly formed NGOs took effect. This law, progressive at the time, granted new legal rights to civic organisations, that resulted in a boom in the number of voluntary, political, cultural and professional organisations, mass media outlets, political parties, trade unions, interest associations and social movements. As of the beginning of 2000, the Innovation and Development Centre (IDC) databases include approximately 28 000 rural, regional, nation-wide and international civic organisations operating in Ukraine. These include over 800 national and international organisations, about 3 000 charities, 36 youth organisations, over 100 environmental groups, 65 minority organisations, 70 art and cultural groups, 215 women's groups, over 30 human rights organisations and 22 charitable organisations (Sydorenko, 2000). According to the IDC data, interest associations, social/recreational organisations and mutual aid groups represent the largest

group of civic and charitable organisations. One of the fastest growing social organisations are those containing women, which are proving to be important advocates, promoters, and defenders of their interests. Their involvement spans health care and maternity centres, family planning clinics, shelters for abused women and children, charitable institutions, the development of small businesses run by women, newspapers, research and public policy centres, and professional associations oriented principally towards the concerns of women. Another rapidly growing type of group is social and charitable organisations, which deal with social, humanitarian and ecological issues. In addition, spurred on by the reduced role of the central state in the economy and in service provision, NGOs have begun to take on responsibilities for providing social goods, public services and monitoring service delivery at the municipal level. Since 1991 NGOs have proven successful as additional means of governance and public service-provision in the areas where government fails, such as consumer protection, condominiums (private Zheks), neighbourhood groups, welfare service delivery, business associations, and environmental regulation.

Ukraine's membership of the Council of Europe and the activities of foreign organisations encouraged the appearance of advocacy groups, human rights' organisations, private entrepreneurship unions, development NGOs, and environmental associations. Such organisations often follow Western models as their development and funding are driven by the growing amount of technical aid coming into Ukraine. These groups commonly became liaisons of entities in the West and promoted the agendas of the European Union or Western governments (Kupryashkina, 2000). Increasingly active and effective are policy groups dealing with the protection of human rights, the control of election campaigns and the defence of a free press. These groups are investigating and reporting on human rights violations, conducting opinion polls and publishing journals. Such social organisations are playing a vital role in raising public consciousness and increasing public awareness on a wide range of issues from civil and political rights to election procedures, and from children's rights to gender issues.

Economic transformation had a number of ambiguous consequences for the development of the NGO sector in Ukraine. On the one hand, market reforms opened new opportunities allowing the growth of various types of social groups and networks of groups and associations geared toward the advancement of collective economic interests. Among them were small business associations, banks, professional associations, trade unions, small farmers' associations, and rural labourers' associations. These groups are now beginning to adopt long-term missions to foster growth in the small business sector. In addition, as noted by Mason and Kluegel (1999), the removal of safety-nets and the reduction in government welfare spending has given rise to a proliferation of self-help groups and development associations, providing relief and services to people marginalized or impoverished by market reforms. On the other hand, as discussed in the Chapter Two, the liberalisation of the economy, the removal of price controls and other restrictions on economic activity have been accompanied by the growth of the informal or shadow economy, which has led to the appearance of groups able to exercise considerable influence over decision making.

Notwithstanding all these developments, the process of establishing a new system of interest intermediation in Ukraine is still incomplete. The efficiency of Ukrainian NGOs is often affected by a series of factors, including the absence of a legislative base, and the lack of legitimacy when attempting to influence decision making (Lychko, 2001). At present, NGO activities are regulated by a number of legislative acts such as the Constitution, laws 'On Public Associations', 'On Charity and Charitable Organisations', 'On Creative Workers and Creative Associations', 'On Value Added Tax', as well as by a number of resolutions and regulations passed by the Cabinet of Ministers and the State Tax Administration. This legislation provides for the new diversity of non-governmental structures. At the same time, many provisions of the current legislation, which governs NGO activity, are unclear and contradictory despite numerous changes and additions to it (author's interviews). Furthermore, the draft law 'On Nongovernmental Organisations', which distinguishes NGOs from political parties and trade unions, is still pending in Parliament. The adoption of this law is seen by many commentators as necessary for the further development of the NGO sector as the current legislation does not include a clear definition of non-profit activities, types of non-profit organisations, the sources of finance exempt from taxation, and the types of expenses that can be legitimately incurred by NGOs (Sydorenko, 2000). Moreover, the legislation uses, but does not define multiple terms, such as 'non-government', 'civic' and 'public'. The problem of the poor definition of voluntary sector actors contributes to unnecessary confusion. It should be added that there is still no appropriate legislation in Ukraine regarding the legal status of think tanks, whose products are currently considered commercial and whose activity is governed by commercial and tax laws (Nanivska, 2001).

Among the other problems identified are the ill-defined regulation of NGO economic activity and registration, the draconian legal demands for accumulation and distribution of revenues within one tax year, and the excessive custom duties and ineffective tax deductions (Vinnikov, 2000). Such unreasonable tax laws mean that Ukrainian NGOs have little motivation to accumulate funds to support long-term programmes, future activities and charitable projects. In addition, the registration process is notoriously difficult and lengthy, as it requires the submission of numerous documents to various bodies such as local state administration authorities, the Ministry of Justice, the Department of Statistics, the State Taxation Administration, the Ministry of Interior, the Social Insurance Fund and the Pension Fund. Such over-regulation of the NGO sector often incites tax evasion, corruption and bad publicity for the sector as a whole (Vinnikov, 2000). Consequently, the state of Ukrainian legislation on NGOs continues to hinder their development.

Many Ukrainian NGOs also suffer from a number of internal maladies; their weak organisational capacity represents a serious obstacle to their participation in public policy. Only a minority of NGOs in Ukraine have boards of directors, mission statements, policies, formalised internal rules and procedures, employee contracts and job descriptions (Karatnycky, et al, 2000). One of the most serious problems is financial sustainability. Unlike Western NGOs, which have outside financial contributions such as grants and donations, the ability of the majority of Ukrainian NGOs

to accumulate significant resources is extremely limited. According to IDC (2000) only a small proportion of NGOs are able to collect membership fees. Further, according to a survey by the IDC in mid 1999, only 16 percent of surveyed NGOs were successful in attracting local funding. This means that a significant proportion of Ukrainian NGOs have 'symbolic' annual budgets and rely primarily on external funding from international organizations and donors to sustain their basic activities, which leads to a series of destabilising consequences. For instance, about 40 percent of the newly established environmental NGOs surveyed indicated that they receive the biggest part of their funding from donor agencies (NREC, 1995).

Among other problems for NGOs as highlighted by the 'Centre for Humane Technologies' are the dependency of the majority of NGOs on a single leader, which does not encourage the development of democratic structures; the weak ties with partner organisations; the limited access to information; the limited strategic capacities and the politicised nature of many groups (CFHT, 2000). The leadership and members of NGOs are often unaware of the potential of their organisations and have little management experience in the areas of programme development and budgeting, which often makes it difficult for NGOs to maximise their potential. Such organisational weaknesses hamper their ability to influence policy making and to constitute a real competitive force in the public sector. The majority of local NGOs do not possess the necessary information and communication systems, thus hampering their institutional capacity and their ability to engage in research and to publicise their activities. The scarcity of resources impairs the ability of NGOs to maintain membership communications and networks, and makes them overly dependent on the energy of their leaders, mass membership and volunteer work. Finally, the scope of their activity, tactics and lobbying capacity is also impaired by a scarcity of resources. For instance, an average Ukrainian NGO cannot afford professional lobbyists, mass media campaigns and advertising. This situation leaves them vulnerable and open to all kinds of political manipulation.

The role and efficiency of NGOs in the policy process is also dependent upon popular support, and how important their activities are within society. Recent polls demonstrate that there is still very little recognition of the important role that NGOs can play in post-communist transition. According to a poll by the Ukrainian Centre for Economic and Political Research only four percent of the population trust NGOs (Interfax, 26.08.00). While according to a 1999 nation-wide public opinion survey conducted by IDC only 7.8 percent of the population considered themselves members of civic organisations (compared with 4.6 percent being members of a registered political party). A further 60 percent of those polled had never participated in any civic activities. Respondents identified children and youth organisations, consumer advocacy organisations, as well as national cultural centres as the most active NGOs. Similar to political parties, public distrust of NGOs is based on the fact that they are often seen as vehicles for the political and personal ambitions of their leaders. Among the other indicated causes of the citizens' reluctance to participate in public activities was the negative legacy of Soviet 'volunteerism' (Nanivska, 2001).

The lack of public awareness of the role of NGOs within society, evident via recent polling data, is exacerbated by the limited availability of official, reliable and regular data on NGO activity. All this represents another significant obstacle to their development as a vital contributor to democratic development. In the circumstances described above Ukrainian NGOs not only have to survive and win the confidence of their members, but also have to gain sufficient credibility and popular support in order to be able to have some influence on policy making. All of the above suggests the lack of a stable and favourable meso-level network and associative environment in Ukraine, caused by the legacy of an organisational vacuum created by the communist totalitarian regime, the current legal deficiencies in the area of public organisation, and the authoritarian tendencies of the central state. As discussed in Chapter Six, following the dialectical multi-level PNA argument, these characteristics of the macro-environment represent the resource deficiencies that have shaped the process of local government reform policy network formation, operation and outcomes.

Constructing Civil Society from the Top and from the Outside: The Impact of Assistance Programmes on Ukrainian NGOs

Among the major actors influencing and shaping the meso-level environment in Ukraine are international donor agencies, whose policies and activities are having a significant impact on the process of the establishment and functioning of NGOs in the country. The momentous role of groups and movements of civil society in the process of democratic transformation in Eastern Europe has been one of the factors, which helped to alter the approach of donor agencies to political development programmes in the early 1990s. Their new agenda now accentuates the importance of citizen participation in the decision making process, as opposed to the once accepted reliance on government action. Growing increasingly disillusioned with the performance of government agencies in the implementation of political and economic development projects, the World Bank, a long-term proponent of a minimal state and free markets, also started to signal a shift in its perception of NGOs from potential opponents and critics to that of useful allies and collaborators. NGO involvement is now seen as important in the success, effectiveness and sustainability of aid projects (World Bank, 1994).

Further, the then Overseas Development Administration (ODA) in the UK shifted its focus towards civil society, forming part of the new post-Cold War governance agenda (Howell, 2000). According to the participatory democratic governance model, donor programmes, which focus on rebuilding state capacity (parliaments, political parties and election commissions) must now be accompanied by initiatives designed to strengthen civic associations, as such associations can prove beneficial in increasing the accountability and legitimacy of state institutions. This position was reflected in a resolution of the European Council by EC member states on Human Rights, Democracy and Development in June 1991, which declared: 'One of the central objectives pursued by the Community and Member States is to provide for a strengthening of the positive support for human rights and democracy by providing technical assistance in key areas, such as institution

building within the public sector, strengthening a pluralistic civil society and the protection of vulnerable groups' (Clayton, 1994: 207).

By 1996, 48 percent of all World Bank financed projects involved NGOs in some role or another (World Bank, 1998). According to Carol Lancaster, a former deputy director of USAID, the US Agency for International Development, NGOs have become 'the most important constituency for the activities of development aid agencies' (The Economist, 29.01.00). In Eastern Europe, the former Soviet Union and Ukraine in particular, international agencies such as the World Bank, USAID, Counterpart, Women Consortium, Volunteers in Overseas Cooperative Assistance (VOCA), Department for International Development (DFID) and the European Union TACIS Initiative operate a number of projects aimed at supporting both the development of the private sector and associations by offering funding, technical advice, and training. According to the World Bank and USAID, Eastern European NGOs are to represent the freedoms of association and expression, to encourage pluralism and tolerance, and to promote social stability and the rule of law (USAID Congressional Report, 1997). They are seen as being more efficient than governments in certain service delivery areas and thus able to overcome public sector market failure and provide proper support for a market economy. NGOs are also viewed as being able to make governments accountable to people, and to serve as mechanisms to encourage people to participate in the country's economic, social and political life. Finally and most importantly, NGOs are treated as vehicles for creating democracy and civil society in the Eastern Bloc, where, under communism there was no 'civil society' in which citizens and groups were free to form organisations that functioned independently of the state and which mediated between citizens and the state (Wedel, 2001). Thus, the main challenge for Eastern European NGOs is seen as safeguarding the movement towards democracy and increased personal freedoms, and defending it against reactionary forces who see security and strong leadership as all important (Clayton, 1994).

Currently organisations such as women's groups, credit and environmental associations, law societies and small and medium business associations are the focus of donor attention in Ukraine. As the case study demonstrates, there are also a number of donor organisations that work in the field of local government in order to improve its organisational capacity and to increase its ability to exercise power in a period of transition. For instance, USAID supports community partnership programmes aimed at facilitating or developing partnership relations between small and medium-sized cities in Ukraine and USA. Such organisations as TACIS and UK Know How Fund are involved in legal, political and training aspects of local government as well as promoting the contracting out of public services. International assistance has certainly contributed to the democratic reform process, including the development of the third sector. Aid comes as part of a larger package of new relations between Ukraine and the West. Apart from obtaining technical advice, financial support and hardware it may offer Ukrainian NGOs a way of establishing good relations, contacts and an exchange of ideas with counterparts across the world. The representatives of NGOs argue that Western aid and participation in international projects

enhances the social, political and economic standing of the groups, leading to greater credibility within government circles (author's interviews). Among the constructive scenarios is the influence Western NGOs have had on the development of women's groups, shaping their strategies and agendas via outreach programmes and project specific support. No longer are politicians in Ukraine wholly dismissive of the problems facing women, while the media has become more interested in gender issues and covering the activities of women's groups. In addition, the case study provided in Chapter Five, demonstrates the positive impact that international technical assistance has had on the Association of Ukrainian Cities (AUC) in terms of improving its organisational structure and growth. The AUC has benefited from training and expertise via the sharing of best concepts and practices within democratic local government. The case study also demonstrates that another important aspect of donor cooperation with the AUC and local government reform network is in applying pressure on the central government of Ukraine for the adoption of the legislative acts necessary to create an appropriate legal environment for the establishment of a democratic local government system. However, not all assistance provided by Western donors is positive.

Although donors supply the financial lifeblood for many NGOs, Carroll (1992) argues that the way donor agencies do business with their grantees is often counterproductive and inhibits the development of NGO potential. Carroll goes on to say that though donor support is crucial in helping to establish and sustain NGOs, a donor must be careful to focus its help on NGO's core activities, otherwise organisational schizophrenia might occur with funding for non-crucial activities diverting attention from the legitimate goals of the organisation. Indeed, activity by international actors aimed at supporting, or in some cases, attempting to build civil society in Ukraine poses numerous problems, dilemmas and contradictions. Donor grants sometimes support organisations that would not be viable on their own. Such organisations become addicted to, and totally dependent on, the monthly money supply and cease existing as soon as the funding stops. In addition, donor programmes usually target the NGO's leadership, by making the leading figure the NGO programme director for funded projects while ignoring the wider membership. This often sparks conflict within the organisation distracting the NGO from its day-to-day work (from the author's interviews).

The activity of large international NGOs and donor agencies in Ukraine is often criticised for being overly bureaucratic, with poor coordination between the programmes of the different donor agencies (Wedel, 2001). Locally, they are criticized for bringing an unhealthy spirit to the NGO environment with high salaries for 'fly-in-fly-out' western consultants compared with local consultants. Further, westerners benefit from western living standards and purchasing power, which affects local markets, and generates local resentment (from author's interviews). This creates a negative image for NGOs, particularly with a general public not yet fully aware of their role within society. Likewise, a shadow can be cast over NGOs' supposed independence, autonomy and accountability, as many donor-funded NGOs become vehicles for imposing donor

preferences without local involvement. This in turn compromises their ability to represent indigenous interests, creates tensions with the Ukrainian government and fosters suspicion from a number of nationalistic political parties when certain controversial activities are undertaken, often under pressure from donors.

Funding from donor agencies is often laden with conditions and regulations regarding how NGOs can use the money, while providing little support for basic organisational operations. Consequently, as prerequisites for assistance, donor-sponsored NGOs in Ukraine are often forced to tailor their activities to strict regulations and requirements and shift their priorities from their members' goals to the goals of the donors. As Mostovskoi (1997) comments, grants from the World Bank are often accompanied by certain conditions in which the supply of equipment and technical expertise must come from the donor country in order to justify the money given. As a result, huge amounts of money are paid for 'moralistic admonitions' from numerous advisors and consultants, even though such grants do little to support local producers (Mostovskoi, 1997). As illustrated in the case study, a related problem is the fact that many government funded Western projects operate on an exclusivist basis, which creates situations where western NGOs working in Ukraine go unchallenged even by their own NGO community. While Ukrainian NGOs, tied up contractually to a particular partner (and often from a particular country) do not have a chance to get acquainted and cooperate with other Western groups working in the same area. The AUC's experience in this area demonstrates the potential benefits of working with many different donor contractors and players in the field.

Another danger lies in the preferential treatment that groups, which already have foreign contracts, are likely to get when donors consider partners for future programmes (Wedel, 2001). The common practice for donors to exchange well-established databases of contacts results in an over-representation of groups already in place. These groups are usually based in the capital, Kyiv, have English-speaking leaderships and are influential at the national level. Moreover, many programmes and funds match well only the big projects, while the local smaller groups, which comprise the overwhelming majority of the NGO community, do not fit the criteria for the support (Shevchenko, 2000). By supporting some organisations and excluding others donors bypass the indigenous forces that are crucial for the success of economic and political transformations, and are thus distorting the entire process. A related problem is that many, if not most, of the donor assistance programmes are driven by the demand for quantitative results. Often these results, even if of questionable validity, are most easily and quickly obtainable by working with the capital city based GONGOs, while ignoring the less noticeable and less influential regionally based NGOs. To overcome these problems groups involved in international projects should be re-evaluated on a regular basis in order to address the problem of under-representation. Overall, a more flexible, thoughtful and selective approach on behalf of the donor-countries to NGO assistance is necessary. Donors need to broaden their base of recipients to include all relevant actors.

Often, dogmatism in donor thinking originates from the 'one-size-fits-all' approach and the prevalence of normative rather than empirical planning in international assistance projects. In trying to operationalise the Western conception of civil society and the vision of the role of NGOs in the democratisation process, donor agencies tend to overlook historical, cultural, societal and political specificity of the local environment in Ukraine (Wedel, 2001). This phenomenon was particularly common in the early 1990s, when donors introduced training programmes that were initially developed and run in the third world. Ukraine, though hit hard by the aftermath of political and economic transformation, had a highly literate population, skilled labour force and intellectual potential. Ten years on, though the international agencies increasingly emphasize the need for localized strategies, little of practical worth has been done in this regard. Moreover, erroneous assessment of the current political situation and of local needs sometimes makes the materials, based on the Western models of civil society ill-suited for use in Ukraine. For instance, numerous leadership courses organised for Ukrainian NGOs bring only quantitative rather than qualitative results in the absence of a government commitment to promote citizens' rights (Kupryashkina, 2000). Another example is the programme of wholesale privatisation of municipal services, in particular water, pushed through by the World Bank in spite of the fact that Ukraine still had little necessary legislation in place (Mostovskoi, 1997). In the process of designing assistance and training projects donors need to take into account how that assistance will be integrated with the processes currently taking place in the country. In particular, it is essential for aid policies to encourage the building of legal infrastructure, and participatory mechanisms, while at the same time taking into account local realities, needs and responses.

Finally, donor doctrine supported by the writings of such dissident intellectuals as Václav Havel (see publicity for John Keane's 'Democracy and Civil Society', 1988), tends to create an idealistic image of civil society as a homogenised agent, which masks the underlying problems and tensions both between and within organisations. Gramsci (1990) points out the contradictory and conflictual nature of civil society, as it is, not unlike the state, a scene of power and interest struggle. While organisations of civil society have played an important role in the demise of communist regimes and democratisation in some countries, this has not always been the case. The successful market economies of East Asia have flourished in spite of authoritarian regimes and weak and constricted civil societies (Leftwich, 1995). Nor can it be assumed that civil society organisations are inherently democratic and are generally forces for good (Howard, 2003). As Manor (1999) warns, though civil society may constitute the locus in which civic values and norms of democratic engagement are nurtured, greater political freedom can be exploited by self-interested groups to advance narrow, self-interested agendas that can exacerbate political conflict and so undermine good governance. However, the current fashion of donor thinking, built on a recognition of the significance of NGOs in their own countries, sees them as less bureaucratic, less corrupt and more open and efficient than government bodies. This interpretation is based on the assumption that the NGOs emerging in Ukraine were similar to their Western counterparts, despite

the different conditions under which they developed and operated. Such an assumption, however, is at odds with the reality of totalitarian legacies. In Ukraine, where the state was the only provider of services and played the key role in the management of the economy and society at the expense of independent organisations, the concept of NGOs is not only relatively new but their social and political functions may be far from apparent (Howell, 2000).

Civil society organisations do not exist in a social vacuum. Ukrainian NGOs are situated within a rapidly transforming political environment and they cannot be free from the contradictions and problems arising in transition (Fernando and Heston, 1997). They are often prone to the same failings as other institutions of the state and society, namely clientelism, corruption, gender discrimination and nationality and language bias with related crises of identity, sustainability, effectiveness and legitimacy. Nor are NGOs necessarily more efficient than state agencies at service provision, membership accountability or the fostering of local participation. Further, the personal ambitions of the leaders of civil society often make it impossible for interest associations to cooperate effectively, driving them to compete for attention and aid. It is also important to understand that, in spite of their nametag, a number of Ukrainian NGOs are far from being 'non-governmental', as their 'voluntary' and 'private' initiatives are permeated by the market and politics. Some of them are now big businesses and are formed by representatives of old-Soviet elites, politicians and their families and political parties. Overall, although Ukrainian NGOs could and do play important and productive roles, they are not necessarily equipped to act as the building blocs of democratic reform as envisioned by donors.

Subsequently, the major problem with the strategies adopted by international actors is that their efforts commonly fail to foster enduring, domestically supported networks. NGOs can really only exercise significant influence in policy making when they are genuinely representative, politically neutral and rooted in the domestic environment. The efforts of international actors, meanwhile, can prove most valuable in helping Ukrainian NGOs to form partnerships and institutional relationships, as well as providing advice on improving organisational capacity and skills. The ultimate focus of the aid programmes must lie in assisting local NGOs to foster an effective balanced relationship with the state and its citizens. However, in the pursuit of the above-mentioned goals and quantitative 'result' indicators, the needs of local NGOs are often ignored. It is important to realise that civil society in Ukraine cannot be created from above on the instructions of the authorities or organised from outside by the initiatives of western donor-organisations, as neither can ensure civil organisations' democratic nature, their local legitimacy or their effective role in affecting political and social change. Civil society's establishment is a long process and cannot be prescribed from above or outside. It can only be achieved through internal efforts at pursing democratic change. In order to take root civil society needs to grow independently, from the bottom-up. Though Ukrainian democracy has been established 'from above', in order for it to survive, it needs to develop and function 'from below' (Riabchouk, 1998:

81). Until civil society and its democratic institutions (NGOs) become embedded in Ukrainian society, the process of consolidation will be incomplete.

State-Civil Society Relations in Ukraine: An Assessment

Building a civil society structure in Ukraine, with all the richness and variegation of its social relations, is a complex process, driven by the developing relationships between state and society, as well as between the members of that society. The state can play a crucial role in enabling, facilitating, and encouraging the existence and flourishing of voluntary organisations (Howard, 2003). Moreover, without the establishment of healthy partnership relations between the state and civil society there cannot be a democratic state or a full-fledged mature society. Hence, the role of the state and its relationship with civil society is one of the most critical issues of the post-soviet transition. The outcome is vital in determining the character of the new political system and the role of civil society organisations in policy making. According to Marsh (1998), the inquiry into state-society relations represents a vital constituent of the dialectical multi-level PNA model and provides an important level of analysis of civil society's development and the role of its actors in the policy making process. The nature of state-civil society relations in Ukraine is based upon a multitude of factors arising from the character and sequence of its transition process. Moreover, both the renaissance of civil society and the establishment of state-civil society relations have been shaped by such totalitarian legacies as the lack of traditions of political pluralism, a highly centralised society, the influence of corporatism, and the endurance of the old soviet nomenclature, its networks, and authoritarian practices.

The nature and sequence of the transition process are two of the main factors, which determine the current profile of state-civil society relations in Ukraine. As illustrated in Chapter Two, during the early stages of independence, democratic reforms, including the reviving and developing of civil society, were made subservient to the tasks of consolidating sovereignty, state building and economic change. Thus, in the early days of independence, the state's approach to civil society was confined to encouraging the political ideology of nationalism, with cultural sloganeering and other forms of identity politics. A broad-based development of civil society was taking place sporadically and largely independent from the state. The slow progress in establishing a vibrant and well-developed civil society demanding reform contributed to the concentration of political power in the hands of existing elites and the consolidation of authoritarian presidential rule (Kubicek, 2000). As discussed in detail in Chapter Two, the state system that has arisen in Ukraine is complex and contradictory, representing an amalgamation of the elements of the Soviet totalitarian system, as well as some features and structures of a democratic system. It is in this context that the analysis of the emerging policy network is so important since it reveals how different the Ukrainian position is compared with many other societies in transition.

Another distinctive feature of state-civil society relations as well as the system of interest representation in Ukraine is that according to Kubicek (2000), they are still dominated by the

corporatist legacy of the old system. Connor (1996), Peregudov (1998) and Kubicek (2000) understand corporatism as a system of relationships between the state and interest associations in which a few large non-competitive interest associations enjoy a privileged access to power, policy implementation and formulation. Wedel (2001: 105) argues that even in the totalitarian system a 'complex system of informal relationships, involving personalised patron-client contacts and lateral networks, pervaded the official economy and bureaucracy and connected them to a particular social circle' or clique. The institutional arrangements in post-Soviet Ukraine arose from those well-established though informal, relationships and networks. Rather than supporting a diversity of groups to encourage organisational pluralism, the Ukrainian state has continued to privilege old communist-era structures, creating what Kubicek (2000) calls 'residual corporatism'.

As discussed in Chapter two, communist elites in Ukraine have transformed themselves into the new, market-oriented economic and political elites, while continuing to exploit their old positions and networks. Marsh and Smith (2001) see networks as involving the institutionalisation of beliefs, values, and particular forms of behaviour that reflects past power distributions. Thus the process of democratic consolidation is being hampered by the fact that the post-communist networks are unwilling to adopt accepted democratic rules of the game, and are ignoring the norms of a democratic constitutional state. As Dergachov and Polokhalo observe, the second half of the 1980s saw the conversion of political and state power of the ex-communist elite into nomenclature-oligarchic corporatist clans, with the concentration of power outside of society's control (Dergachov and Polokhalo, 1996). The merging of corrupt political power and the shadow economy was precipitated by the redistribution of 'socialist' property via privatisation, the domination of clientele relationships at every level of government, the further corruption of state bureaucracy, and the increasing role of shadow group politics. These post-communist corporatist alliances, which unite state bureaucrats and industrial executives and are not dependent on citizen participation or support, have concentrated political, economic and informational power. They dominate the political process, while having little interest in incorporating democratic norms and procedures (Polokhalo, 1998). A pluralist system, in contrast to a corporatist one has interest associations, which are independent from state influence and enjoy free competition for access, influence and voice in the political arena. According to Peregudov (1998), an effective and vibrant civil society is a feature of pluralism, but is not yet apparent in Ukraine, where the system of 'oligarchic corporatism' and its associated networks are used by the state and particular favoured groups to limit the access of other groups to the political arena and preserve their power.

In one of the few examinations of interest group activity in post-communist states, Kubicek studied labour and capital interest associations in Ukraine. He concluded that the largest and most powerful interest associations, trade unions, industrialists' unions and agricultural associations have existed since Soviet times, and have undergone only superficial changes since (Kubicek, 2000). It is widely known that one of the most influential of these unions, the Ukrainian Union of Industrialists and Entrepreneurs (USPP), played a significant role in getting its ex-president

Kuchma into the post of President of Ukraine in 1994, and its most recent president, Kinah, into the post of Prime Minister in 2001. Such associations, headed by the directors of big state enterprises, are directly linked to the state, being totally dependent on it, while also enjoying privileged access to policy making. They have built a virtual empire in the field of interest representation among managers and employers, having marginalized genuine entrepreneurs' associations that have struggled to be heard (Kubicek, 2000).

In order to cultivate 'supportive' coalitions, the central state in Ukraine has co-opted groups into patronage relationships that involve the provision of exclusive services, funds and tax benefits. At the same time rival organized interests are repressed. Such strategy is designed to build up a parallel shield network of loyal organisations to marginalize opponents both nationally and internationally. Such corporatist networks stifle the reform process (especially in the areas of privatisation and marketisation), and also the attempts of other rival interest groups to emerge. The corporatist system is particularly hostile to new actors, as it attempts to prevent the emergence and consolidation of new centres of power. Its ultimate objective, therefore, is to maintain a Soviet style oligarchic system retaining control over the most important political and economic sources of power. Corporatist arrangements have wider implications in terms of devaluing the rule of law when corruptive practices take hold. Such unlawful activity can affect small business development, extend the reach of the shadow economy, undermine multi-party democracy and precipitate political instability.

Conclusion

The growth in appearance and activity of multiple non-state actors in modern governance reflects the change in the relationship between the state and society in Ukraine from a strict partition between the two under the Soviet Union. As it is evident in this Chapter, the collapse of the totalitarian Soviet regime and the ongoing process of democratic and economic transition in Ukraine have created greater need, as well as greater space, for the development of civil society. Moreover, the democratic political and economic reforms, albeit incomplete, have generated new opportunities and channels for public actors' involvement in policy making through active interactions with state actors. Consequently, in spite of the strong authoritarian orientation of the state system, policy making in post-Soviet Ukraine has started to develop in a horizontal domain, which entails the appearance of multiple political and social players such as political parties, interest associations, NGOs, and the mass media.

However, the paradox of the situation is that the condition of its macro-level environment, analysed in Chapters Two and Three, both require and yet impede the development of free and voluntary associations. The process of democratic transition remains incomplete as it has yet to implement a series of administrative, political and economic reforms aimed at creating a democratic political system. Yet, democratic consolidation in Ukraine will not be possible without the increasing involvement of independent civil organisations, both within society in general and

in the policy making process more specifically. On the other hand, the present political environment could hardly be described as conducive to the development of meso-level processes. As a result, an effective modern civil society with associated institutions is evolving at a rather slow pace. Ukraine has yet to form bona fide mass parties and a stable multi-party system, which in Western democracies is seen as one of the most important factors preventing the concentration of political power in the hands of an elite. In addition, the network of civil society organisations in Ukraine has not yet approached the density and durability of equivalent networks in long-established democracies. Further, Ukraine cannot yet boast the presence of a truly independent and influential mass media able to act as a guarantor of openness and transparency of the political process. Finally, foreign donors, having embraced the concept of a vibrant civil society as crucial in bringing about and consolidating democratic change, are attempting to shape the establishment of civil society in Ukraine from above, or from abroad. What often takes place is the directed and programmed creation of semi-autonomous groups where leadership, authority, structures and functions are prescribed externally. Such attempts are not only counterproductive, but also inimical to the development of genuine independent organisations.

Unlike in Western democracies, the important mechanisms of social partnership between government and civil society remain underdeveloped in post-totalitarian Ukraine. Ukraine is yet to establish the important constituents of state-society relations with a fully-fledged network of public and political organizations, and trade unions, which would provide for citizen participation and influence in decision making. Furthermore, the Ukrainian state has not proven to be a partner of good faith with regard to civil society actors. Therefore, this Chapter argues that the nature of state-civil society relations have been shaped and characterized by the nature and sequence of the transition process and the authoritarian nature of the state system. It is further defined by the perseverance of the elements of Ukraine's totalitarian past such as the persistence of corporatist arrangements and the unaccountable networks of old-Soviet elites controlling economic and political power.

Achieving democratic governance through civil society empowerment is critical to Ukraine's future as a democracy. This process can be accelerated through strengthening the third sector and developing close cooperation with the government at national and local levels. Notwithstanding all the external and internal maladies, Ukraine's NGOs do offer an alternative, not available before 1991, and are increasingly becoming a serious force. However, it is important that NGO activity is not limited to social, medical or cultural issues. More NGO involvement is necessary to help develop contacts and co-ordinate the interaction between those state and private groups and actors involved in the restructuring process at the local, regional and national levels of policy making. Compared to more fully developed societies and economies in the West there are as yet few of these groups. However, by viewing the activity of the Association of Ukrainian Cities (AUC) through the prism of dialectical multi-level PNA by Marsh and Smith (see Chapter Six), it can be demonstrated how such organisations can gain political weight and begin to deal with complex

tasks. The AUC experience testifies to the fact that a new generation of interest associations is appearing, with their numbers and professionalism increasing. It is exciting and encouraging to see the beginnings of gradual consolidation and further transformation of Ukraine into a modern democratic state.

Chapter Four

Local Government in Ukraine: From a Centralised System to Democratic Local Governance

The present Chapter sets out the background to the case study of the Association of Ukrainian Cities (AUC) by providing an overview of the development of local government as an essential element of, and influence on, the process of political and economic transformation taking place in Ukraine. In order to complete a macro-level contextualisation of the AUC activities and role the Chapter draws on the well-established body of Western academic literature that considers the role of local government in a functioning democracy. The Chapter then stresses that local government reform is central to the reform process in Ukraine as it is an essential element of the establishment of the democratic state, with an accountable system of public administration and decentralised structures for service delivery. Next, it offers an insight into the role of local government in the centralised system of Soviet totalitarianism. The Chapter then outlines the direction of local government reform and provides an overview of the current system of local government in the post-Soviet Ukraine. Finally, the Chapter follows the external and internal difficulties faced by the local authorities in Ukraine as they assume a wide scope of new roles and responsibilities in the process of democratisation and decentralisation of service provision. All this provides the basis for multi-level dialectical PNA analysis to be undertaken in Chapter Six (the analysis of the case study) to trace the events, motives and processes that have led to the formation of the AUC and the local government reform network.

Local Democracy as a Prerequisite for the Success of Democratic Transition

Academic interest in the interdependence between the notions of national and local democracy has been intensified by the wave of democratic transitions in Eastern Europe, which were founded on a strong commitment to democracy at local, as well as the national level (Coulson, 1995). As part of the democratic reform process, local government was enshrined in the new constitutions of these countries, with local government elections taking place in 1990 in Czechoslovakia, Poland, Hungary, the Baltic States, Russia and Ukraine (Coulson, 1995). Since then many states of Central and Eastern Europe have undertaken reform of local government by adopting new models of local democracy analogous to those of Western Europe. Democratic local government is now widely perceived to be one of the prerequisites for a functioning national democracy (Smith, 1998). Consequently, transition studies consider the reform of local government to be a fundamental element in the democratic transformation of political systems. As Gibson and Hanson (1996) point out all functioning democracies have at least one sub-national layer of elected government. In Western democracies elected local government is generally seen as an institution that facilitates the good functioning of representative democracy. Other Western scholars, however, have questioned the importance of local government in the context of national democracy. For example, local government has been regarded as inegalitarian and divisive (Langrod, 1953), as a training

ground for narrow local and individual interests, which overlook the higher interests of the nation (Moulin, 1954), and sometimes even as a threat to national sovereignty. From this standpoint national and internal standardisation and regulation should be increased and the influence of local authorities minimised. As well as economic justifications for regulation and standardisation across the state, the need to develop international standards through supra national bodies such as the European Union add further weight to such justifications.

Most liberal theories of the state, however, agree that local democracy makes a positive contribution to the overall well being of national democracy. This can be achieved within the context of overcoming problems of an over-centralised state by offering opportunities for greater participation in the actual business of governing; by creating a democratic climate of opinion, as well as pluralizing a number of places where decisions are made (Smith, 1985; Stewart, 1996). Another cluster of arguments concern educational and 'school of democracy' (Mill, 1931) functions of local government, where democratic local government is seen as not only providing an important political education for the citizens but also education in joint management of common concerns and the pursuit of public motives. Stressing the educative effect of free institutions de Tocqueville (1959: 1: 63) wrote, 'Yet municipal institutions constitute the strength of free nations. Town meetings are to liberty what primary schools are to science; they bring it within people's reach, they teach men how to use and how to enjoy it. A nation may establish a free government, but without municipal institutions it cannot have the spirit of liberty'. The institution of local government can thus provide a training ground not only for citizen participation, but also for new forms of political leadership, by acting as 'a nursery' for the supreme legislature (Mackenzie, 1961).

Further, the great virtue of local or municipal democracy, as argued by Dahl, is that it encourages rational participation in 'shaping and forming vital aspects of [people's] lives in common' and fosters 'the sense of unity, wholeness, belonging, of membership of an inclusive and solidary community, which we sometimes seem to want with such a desperate yearning' (Dahl, 1981: 49). Local government provides opportunities for political participation, both in electing and being elected to local office. Thus, people who would otherwise have little practical involvement except during the time when national elections are held now have a role (Mill, 1931). In a democratic society, citizens' participation, regarded as a necessary condition of democracy by western political thought, also takes place through interactions with local elected officials and municipal employees, as well as through involvement in local voluntary associations and other non-governmental organisations. Moreover, such political activities as elections, publicity, public debate and lobbying, seen as intrinsic to democratic local government, not only promote citizen participation, but also help to close the gap between central government and its citizens. The 'participatory' attribute of local government acquires added significance when countries undergo democratic transition, particularly when the development of civil society is considered.

The parcel of democratic reforms associated with transition inevitably comprises such notions as open and free elections, vibrant civil society, human rights, decentralisation, transparency of the machinery of government, the accountability of public officials, and citizen participation. All these concepts take on their greatest immediacy in the localities, where government operates in close proximity to the people and organisations it serves. Consequently, institutions of local democracy can play an important role in facilitating the development of civil society and its institutions. As Smith (1998) points out, as well as broadening the opportunities for political participation, they provide the means for expressing alternative views and introducing democratic values in the communities. Finally, municipalities also strengthen civil society by involving NGOs in the management of services, facilities and various community projects (Smith, 1998). Overall, the establishment of local governance, defined as a process in which governing outcomes depend on the interactions of a complex set of institutions and actors drawn from, but also beyond, local government (Stoker, 1998), is viewed by many political scientists as a key step in liberating individuals from the control of national government, and thus beginning the process of democratic realignment between the centre and the regions (Offerdal, 1999). Local government not only limits excessive state power and encourages participation, but also spurs political accountability and enables services to be better coordinated with people's needs (Diamond, Linz and Lipset, 1995). The standard argument for local government, that it disperses over-centralised power, is a particularly important one for Ukraine, which after seventy years of authoritarian rule is slowly rebuilding the system of local government, undertaken within the context of political decentralisation.

The economic argument for devolved and efficient local government is also widely discussed in the academic literature (for detailed discussion see Oates, 1992). The essence of the economic argument is that the efficiency of the allocation and use of resources, as well as taxation and spending decisions will be greater if these responsibilities are devolved to elected local government. The economic argument is based on the belief that the populations of particular localities have important information advantages and greater incentives to secure more efficient and effective means of control (Gibson and Hanson, 1996). However, it is important to note that this line of argument does not stretch to such prerogatives of national government as defence and national currency (Gibson and Hanson, 1996). Nevertheless, making local government responsible for the provision of the widest range of services is seen as contributing to creating accessible and meaningful opportunities for citizens to influence the policies and operations of the government, and thus to citizen empowerment.

The failed totalitarian regimes of Central and Eastern Europe are striking examples of how frail and ineffective centralised systems of decision making had become (Avksentyev, 2001). These regimes were ones where all administrative decisions, regardless of their scope and consequence, were taken by central authorities, with local government merely executing the will of central government. The systems of most Western countries were in contrast underpinned, to varying

degrees, by political and administrative devolution. Such a structure existed in order to encourage citizens to participate in policy making and resource allocation, to improve the appropriateness and cost effectiveness of public services, and to promote the sense of civil society (Hollis and Plokker, 1995). Decentralised systems of government exist both in federal structures, such as the United States, Canada, Australia and Germany, and in unitary structures, such as Great Britain, France, the Netherlands and Scandinavia. Among the major transformations the former communist states of Central and Eastern Europe have undertaken are the de-concentration and decentralisation of political and economic power. These processes are driven by the lessened ability of the state to impose 'national' programmes in the environment characterised by internationalisation of economic and social relations (Hirst and Khilnani, 1996). Furthermore, as Hirst continues, the economic powers of the national government in the transitional environment are weakened as many oblast (that is regional) governments, major cities and industrial districts are increasingly becoming effective sources of economic and social regulation. Subsequently, the strengthening of local government and improving the efficiency of local public service delivery become critical for a successful transition from a centrally planned economy to a market based economy. In the majority of countries in transition democratically elected local government bodies turn from being passive executors of the central government's policies into important and active actors in their own right. The transferring of selected functions to the local level, the restructuring of centralised state structures, and the encouragement of local democratic participation have been crucial within the context of democratic transition in Central and Eastern Europe (Kuzio, 1998).

Superficially, the challenges Ukraine is facing in state building and public administration are similar to those in many other post communist countries, which include a decreasing role for the state through the devolution of power to localities and privatisation. However, as Chapters Two and Three have demonstrated, the scope of transformation in Ukraine is generally greater than elsewhere in the region. Never having been a truly independent state, with little or no history of indigenous or native political systems, and with a social, political and policy environment determined by the legacies of past imperial masters, Ukraine's policy transformation has had to be comprehensive and extensive (Sakwa, 1999). As demonstrated in Chapters Two and Three, not only was it necessary to introduce a whole new system of public administration, but also a completely transformed political and economic structure. It was quickly realised by the policy makers that without a reformed decentralised state, new political institutions and a new system of public administration, it would be difficult to see how properly functioning democracy could be implemented at the macro- and micro-levels in Ukraine (Kuzio, 1998). Thus, central to the reform process in Ukraine is the establishment of the state as democratic, with an accountable system of public administration and decentralised structures for service delivery. The reform of the local government system is an integral component of public administration reform.

The process of democratic change that Ukraine is undergoing is a complex one, which goes beyond legal, administrative and fiscal decentralisation, and results in genuine political

decentralisation. As discussed in Chapters Two and Three the process of the devolution of power entails changing the relationship between the state and civil society, and between the government and the people. The key objective of the democratic decentralisation process in Ukraine is the establishment of reciprocal relationships between central and local authorities, and between local authorities and citizens. These would then replace the former hierarchical top-down Communist Party control structure and overcome the traditional alienation of citizens from local government. The development of democratic local government is important for a number of reasons. Institutionally, the bodies of Ukrainian local government are integrated into the unified state mechanism of public administration within the context of a unitary state. Along with a newly formed and expanding private sector, local authorities are called upon to undertake tasks which the central government is unable to undertake on its own, particularly providing communal services, maintaining local infrastructure and providing a safety net for its citizens. Such municipal and social services as housing, water and heating supply, public transportation, education and healthcare, which are provided by Ukrainian local government, have a daily effect on the lives of citizens. These services form a 'social safety net', which is necessary to protect vulnerable groups during the transition from a centrally planned to a market oriented economy. Moreover, Ukraine's economy is heavily dependent on local government playing a stimulating role, whether directly through privatisation, employment, investments and the contracting out of services, or indirectly through economic planning and tourist development. Thus, for example, the process of small-scale privatisation relies heavily on the promotion and encouragement of local government.

Functionally, local government as a political entity based on a defined territory is an important element within civil society. Its essential attribute is having relative independence from state structures, an ability to undertake collective actions, and to pursue and protect its interests from unjustified pressure of the central authorities. Chapters Two and Three speak of the low level of civic culture and almost complete lack of participatory political experience of the population in Ukraine. According to Almond and Verba (1963), the ability to participate in political decision making is the distinguishing characteristic of civic culture. Hahn (1988) suggests that a truly civic culture that requires participation, a free press and autonomy in the expression of interests was absent in the Soviet Union. The future of Ukraine as a democracy depends on increasing the involvement of citizens in the political life of the country through the promotion of their own and their community's well being. By working with civic leaders and organisations to increase popular participation in decision making, local government has the potential to become instrumental in fighting traditional Ukrainian paternalism and in forming a new civil political culture (Bregeda, 2000). Such a culture is active where people show initiative and do not totally rely on the state, while appreciating the value of individual and local freedom. Moreover, by educating and empowering citizens, it is hoped that civic consciousness and political maturity will be encouraged, resistance to the profound social and economic changes softened, and support mobilised for the required reforms. Hence, local government is capable of assisting and

encouraging the establishment of a sustainable democratic regime through the initiation of effective public participation at the local level.

The implementation of major political and socio-economic changes is only possible with the active participation of all levels of government. Both the technical and political dimensions of the reform process are strengthened when local government is actively involved. It can provide useful insights into the practical problems of implementing reforms at the local level, and can also play a critical role in building broadly based local support for the reform process. If policies decided at the national level command insufficient local support, they are unlikely to be executed successfully. Hence effective input and advocacy by local authorities is critical in building broad political legitimacy for decentralisation, in passing of required legislation and regulations, and ultimately in implementing the reform programme. Consequently, building the system of democratic local governance is fundamental to democratic transformation, a condition of, as well as a contributor to, political and economic development. As the succeeding two chapters argue, the importance of local government reform within the context of democratic transformation has significant implications for the construction of a local government policy network and for the role of the Association of Ukrainian Cities (AUC) within it.

Local Government in the Totalitarian System of the Soviet Union

Public administration in the Soviet Union was a powerful instrument used by the Communist Party of the Soviet Union to implement its policy (Lesage, 1993). The main features of this administrative system were its complete subordination to the Communist Party and strict, vertical, top-down structure (see Appendix, Table A). As described by Campbell (1996: 41-42), the Soviet system was represented by three parallel multi-level hierarchical structures, which ran from Moscow to the smallest village. The legislative or representative hierarchy included the Supreme Soviet at its apex and the village council at its base. The executive hierarchy ranged from the government of the USSR, through republican and city administrations, to oblast (regional), districts and village administrations. The party hierarchy was organised along the same territorial lines as the other two, but effectively took precedence over them (Campbell, 1996). Nonetheless, it is important to note that such an apparently clear system was straightforward only on the surface. This was due to the fact that the homogeneity of the Communist Party was undermined by internal power struggles between various interests. As Coulson (1995: 9) argues: 'the centralised Stalinist system gradually collapsed into something more akin to a network of baronial fiefs, consisting of party bosses each engaged in the pursuit of their ends'. In fact, Coulson (1995) further suggests that the Soviet system worked in terms of networking and negotiation, with local responsiveness and some discretion exercised through the politics of 'smoke-filled rooms' and lines of personal influence in order to influence central planning decisions and other policies relating to a locality.

Whilst maintaining a democratic façade, the centralised system ensured the real decision making power at all levels of government resided with the Communist Party. Political decision making

was the prerogative of the Communist Party, while economic decision making power was also centralised under the party's 'leadership'. Under the centralised system the state via state ministries was responsible for infrastructure, production and service provision. The ministries operated through a network of agencies, responsible for the provision of utilities, roads and housing maintenance, and construction. State-owned enterprises acted as the primary service delivery entities in large urban communities, while state-owned collective farms or regional offices of central government provided basic public services in rural communities (Brown, 2001). The structure of the Communist Party ran parallel with party cells in the ministries, which supervised and controlled policies and operations, and nominated candidates for elections. As Lesage (1993) points out, the complete subordination of the public administration system was exacerbated by the party's control of civil servants' recruitment. The Communist Party, whose monopoly of power and its claim to be the sole legitimate representative of the public, precluded any real competition. This power was strengthened as the party also controlled the process of nominating candidates for elections at all levels of government (Hahn, 1988). As a result, only one candidate was nominated for each position. Even with the participation of about 99.8 percent of the electorate, elections were little more than a fiction with the predetermined results used by the party to maintain the pretence of democratic legitimacy, while propagandising and mobilising the population on behalf of their goals.

Importantly, though the Soviet system pre-supposed three levels of public administration, national, oblast and local; the second and third levels were performing mostly executive and technical functions (Avksentyev, 2001). As this Chapter demonstrates further, local councils and their related structures came under the direction and control of so many different state and party bodies that it is appropriate to argue that there was no autonomous and legitimate elected local government under the Soviet system (Coulson, 1995). Two important principles, that of 'democratic centralism' and 'dual subordination', are key to understanding the functioning of the Soviet system (Ross, 1987). In the context of local councils the 'democratic' part of the term refers to the popular election of councils, the election of their leading bodies and the accountability of deputies to the electorate (Jacobs, 1983). 'Centralism' meant that all bodies of state power and administration constitute a single structure and function on the basis of the subordination of lower bodies to the leadership and control of higher bodies. According to the principle of 'dual subordination', every organ is subordinate not only to the council that formed it, but also to the organ at the next level of the hierarchy (Jacobs, 1983: 7). For example, the executive committee of a city council was not only subordinate to the city council itself, but also to the executive committee of the oblast, the next territorial level in the hierarchy, and which could invalidate the decisions of the lower organs. 'Dual subordination' not only ensured the bureaucratic centralisation of the local government system, but also led to bureaucratic overload as every local decision had to be confirmed at a higher level of the administrative hierarchy (Jacobs, 1983).

Overall, these arrangements ensured the centralising nature of the totalitarian state, while turning local government into a limited extension of the state administration.

Lenin institutionalised local councils, which had existed in the Russian empire for almost 60 years before the October Revolution of 1917. Chapter One of the Constitution of the Soviet Union (1918) declared Russia a Republic of Soviets of Workers', Soldiers', and Peasants' Deputies with all central and local authority vested in these soviets. At the same time, according to the same document, political power was highly centralized and exercised by the Communist Party to the exclusion of all other political parties. So therefore in theory the councils (soviets), which gave their name to the Soviet state, provided for the participation of citizens in running the state. But in practice, the councils became elements of the state's 'vertical' means of centralising power, as well as the instruments of central government (Fainsod, 1953; Campbell, 1996). A series of acts such as the Soviet Constitutions of 1918, 1924 and 1936 and the series of Five-Year plans, introduced in 1928 to speed up industrial progress and increase production, effectively excluded local government from active involvement in political and economic decision making. Since the late 1960s, however, the competencies of local councils were expanded. But, despite receiving broad formal authority to ensure 'comprehensive economic and social development on their territory' (Article 147 of the Constitution of the Soviet Union, 1977), local authorities remained strictly subordinate to the higher levels of government within the context of a centrally planned command economy (Lewis, 1983). In addition, Article 6 of the Soviet Constitution (1977), which retained the monopoly of power and the 'leading' role by the Communist Party, continued to deny any independent political or executive role to the councils.

Local councils exercised supervisory, monitoring and reporting responsibilities over a wide range of activities and transactions through deputies, standing committees and finance departments (Friedgut, 1979; Lewis, 1983). The duties of local councils included the supervision of economic plans in their area; the direction of industrial and agricultural development; direct control over a large number of industrial, construction and trading establishments; responsibilities for housing, cultural welfare, health, education and other social services; and responsibility for water supplies, roads, bridges, and transport (Jacobs, 1983; see also Lewis, 1983). However, as discussed above, the capacity and potential of local government was circumscribed by the centralised administrative system. For example, though local authorities operated enterprises and ran services, all of these activities were financed through central plans. According to the centralised top-down structure of the Five-Year plans the role of local authorities was limited to assisting enterprises to fulfil plan targets, set from above (Campbell, 1996). In allocating and distributing resources the financial capacity of local councils, together with their role was also limited by the centralised decision making process where most resources were allocated through a system of centralised economic planning. Deprived of financial and political autonomy, the councils' role was limited to 'rubber-stamping' decisions taken by the executive in their name (Campbell, 1996).

Additionally, in the administrative system where the state structure was paralleled by the party structure, local councils operated under the control and supervision of the Party committees at the corresponding level of authority. Ross's (1987) study of Soviet local politics described the 'heavy tutelage' of the party over state bodies as the party's main tasks are 'to hand down priority policies to the state organs and to ensure the implementation of central policies' and fulfilling the plans of the ministries. Further, as mentioned above, members of local councils were appointees of Communist Party committees. The situation was exacerbated by the fact that there were no mechanisms of accountability to the local populations affected by the decisions made. Ultimately, real decision making power at the local level resided not with local government, but with the committees of the Communist Party. Local government was therefore in effect sidelined from policy making and left to perform administrative functions of regulating and verifying the implementation of decisions, providing employment and basic services and lobbying for resources and investment for their area (Coulson, 1995). And all the effective 'politics' and the struggle for resources took place within the local party.

Analysing the centralised system of the Soviet Union, Ross's (1987: 209) study demonstrated that a vertical power structure involving the three bureaucracies of party, ministries and city and oblast soviets has been unproductive. It also highlighted the problems of coordination across the three bureaucracies of the Party, ministries and councils, the inability of the councils to control effectively the work of subordinate bodies, and the unregulated procedures for the gathering, processing and storage of information. In addition, ill-defined boundaries of party and state control led to the duplication of functions and responsibilities. The centralisation of decision making in the areas of finance, planning and housing meant that policies originating from the level of the city required ratification at the oblast, republic and central levels. The overlapping and duplicating responsibilities, the dual responsibility and the democratic centralism ensured the centre's will was enforced in all localities. Hill also noted a breach between the government and people: 'Outside the sessions the soviets and their apparatus maintained weak links with the population, so that the state institutions knew little of what was going on in the country, and the population knew nothing of the work of 'their' representative institution' (Hill, 1983: 19).

A series of reforms introduced by Gorbachev in the mid-to late 1980s diminished the role of the Party and thus initiated the disintegration of the Soviet system. The most significant of those reforms was the abolition of Article 6 of the Constitution (1977), which opened the way for non-party candidates to run in elections for seats in the republican, oblast and local councils. The role of the Party suffered a further blow when it was separated from the representative and executive hierarchies. Self-government and the decentralisation of administration were proclaimed to be fundamental elements of the democratisation process and the struggle against bureaucratisation (XIXth Party Congress, June 1988). In addition, the role of elected councils and their executives grew during the process of decentralisation at the expense of the republics, regions and state enterprises.

Redefining the Role of Local Government in the New System of Public Administration: The Changing Political, Economic and Social Context (1990-1994)

Until 1991, the administration of Ukraine was fully subordinated to the administration of the Soviet Union. In Ukraine the system of government operated at the level of the republic, the oblasts, the capital, the cities, city districts, towns, settlements and villages. At the sub national level, there were two governmental bodies, an elected legislative council (soviet) and an executive committee charged with the administration of services. According to the principles of 'democratic centralism' and 'dual subordination', each council and executive committee were subordinated to oblast councils, and, ultimately, to the Communist Party. In Ukraine the idea and practice of local self-government are closely intertwined with the establishment of independence. Ukraine became an independent state as a result of an overwhelming vote for independence in the all-Ukrainian referendum on December 1, 1991. On December 8, 1991 an official document, signed in Bielovezhskaya Puscha, confirmed the disintegration of the Soviet Union. These two events marked the beginning of an internal institutional reorganisation of the newly independent state according to the foundational democratic principles of governing at the national and local levels. The collapse of the centralised state and the ending of the Communist Party's involvement in policy making necessitated such reform. It was also precipitated by the aspirations of Ukraine and the other newly independent states to be accepted by the international community of democratic nations. As aforementioned, the reform of local government was particularly important in the process of decentralisation because of the obvious shortcomings of the centralised system. This reform involved the introduction of a real mechanism for the division and decentralisation of power and the building of local self-government as a key component in linking the individual with society and the State (Pitsyk, 2001).

Since 1990 numerous pieces of legislation concerning local government in Ukraine have been introduced, many of which, however, have been further revised. There are a number of particular legislative milestones, which define the current state of local government. The law 'On Local Councils of People's Deputies of the Ukrainian Republic', passed on December 7, 1991 not only ended the vertical subordination of the local councils and their executive bodies, but also singled out local budgets and freed the councils from the strict custody of Communist Party bodies. This law also made a single person chair of the council and executive committee, and dissolved the council presidium, a small body of council deputies, which met to make decisions between council meetings. A new version of the law 'On Local Councils of Peoples' Deputies, Local and Oblast Self-Government', adopted in 1992 was important in proclaiming the right for local authorities '...to arrive by collective means at decisions relating to all questions of local development'.

At the same time another legislative act fortified the system of centralisation by introducing a system of 'president's representatives' (prefects) in oblasts and rayons (counties), in order to form a vertical structure of executive power. According to this innovation the representatives appointed by and accountable to the President served as heads of the oblast and rayon councils executive

bodies. Presidential representatives represented the 'highest organs of state executive power', while their decisions were 'binding for all organs of local administration, industry, organisations and institutions, and civil associations' (Article 14, Law on the Representatives of the President of Ukraine, 1992). The prefects had the power to remove any office-holder and halt the activity of any association regarded as contradicting the President's decrees. Such a scope of authority and powers of the prefects began to infringe on the role of local councils. The law 'On State Service', adopted in December 1993, which was amended in 1995 and 1996, defines the rights and responsibilities of civil servants. In February 1994 the system of president's representatives was abolished since the central government had no influence over the presidential representatives, which led to the oblast and rayon councils gaining more power. Then again, after the demise of the prefect system President Kuchma has installed the Council of Regions as an advisory body to the President, Prime Minister and the heads of local councils. The Council had a wide scope of responsibilities, including consideration of the economic reform programme, no doubt with the purpose of bypassing Parliament (Wilson, 1997).

Overall, the newly adopted laws eliminated the ambiguity left from the Soviet era, when local authorities acted as both a means of local administration and representatives of the central state, by removing the overt link to the central state and making local authorities unambiguously the bodies of local and oblast 'self-government' (Campbell, 1995). The Soviet system postulated the unity of the state, thus all territorial authorities, from the regions to villages, were organs of the state. For the first time since 1917 a distinction was introduced between the state and the local administration. The size of the councils was reduced and council terms were reduced from five years to four. For the first time in over 70 years mayors had to be elected in general elections, the first being held in 1994. However, driven by the realities of political and economic transformations, the new laws have introduced only a limited degree of decentralisation that provided local governments more service delivery responsibilities and some degree of autonomy (Tkachuk, 1997).

The Current System of Local Government in Ukraine

Local government is a generic term used in Ukraine for all types of sub-national government. The adopted laws have not significantly altered the existing system of territorial administration, which operates at three administrative levels (Constitution of Ukraine, 1996, Article 135):

- 24 oblasts (regions), the autonomous republic of Crimea, and the cities of Kyiv and Sevastopol, which, unlike other cities have oblast status;
- 'cities-of-oblast-importance' (139), which perform all functions allocated to the rayon (county) level and rural rayons (around 500);
- more than 10 000 basic units of local government, including city boroughs (districts), villages, rural settlements and towns of rayon subordination.

The Constitution of Ukraine separated the executive branch of power (represented locally by the oblast and rayon state administrations, which are appointed directly by the President) and local self-government (there is no permanent constitutional representation of the state at the level of local self-governing authorities). Unlike councils of villages, towns and 'cities-of-oblast-importance', the oblast and rayon councils (radas) do not have their own executive (administrative) bodies, while executive functions on these levels are performed by oblast and rayon state administrations created by the national government. The current system of local government consists of territorial communities and their representative bodies. These bodies, which carry out the tasks of local government, include local councils (radas) and administrative bodies, such as local council executive committees and state local administrations. The removal of councils from party and central state control laid the foundations for the revival of self-governance in Ukraine, as well as setting an important precondition for the transformation of society. A further momentous change at the local level was the right of towns and villages to elect their own mayors and councillors who can now represent their interests for a four-year term. In accordance with the law, the mayor, as speaker of the council, calls the council sessions and determines the agenda, signs the council's decisions into law, and represents the council in its relations with other legal entities. The head of the council simultaneously becomes the head of the executive committee, whose members are nominated by the mayor with confirmation by the council. The executive committee comprises experts in city management, and is responsible for the execution of decisions and resolutions taken by the council, while also participating in their preparation. Elected councils perform a representational role by acting on behalf of their communities, to administer services, and to manage municipal property and enterprises.

The development of local government has been an essential part of the anti-authoritarian process within the Ukrainian state since 1991. Further, the importance of the localities in relation to the centre, and their role in the political life of the country have grown as a result of the decentralisation of the administrative system and the acceptance of political and social democratisation (Hollis and Plokker, 1995). With the unfolding of the decentralisation process, local authorities in Ukraine have started to assume greater spending and delivery responsibilities for once centralised community services. Since independence the central government of Ukraine has continually shifted additional expenditure responsibilities for social welfare to local government, making it responsible for overseeing allowances for children, retirement homes for the disabled and elderly, and financial support for low income households. Other re-assigned responsibilities included residential housing, transport, education and basic infrastructure services. According to the legislative acts, referred to in the preceding section, the powers and duties of local councils include the development of, and control over local social, economic and cultural programmes, as well as the approval of budgets and control over their subsequent implementation. Cities were given the right to own and financially support communal property, including housing, secondary education and kindergartens, the public transportation system, hospitals, local police

forces, facilities for sports and culture, and a significant share of public land in the city. They now also adopt and control budgets, and establish, administer and collect local taxes and duties; the revenues from which are retained at the local level. In addition, councils deal with privatisation programmes, and the establishment and control of communal enterprises and organisations. However, the newly increased scope of powers and responsibilities taken by local authorities were not solely the product of the democratic decentralisation process, but also the result of an impoverished central state divesting responsibilities and services it could no longer provide. Moreover, the reassignment of responsibilities has been a very top-down process in which central government legislation has stipulated the competencies of government bodies, most notably in the annual national budget, and in ministerial decrees (Brown, 2001). Thus, although legislation concerning local government in Ukraine has changed dramatically since 1989 and municipalities now have more freedom from the centre, they must still adhere to legal statutes as laid down by central government (Coulson, 1995).

The Predicaments of Local Government Reform in the Post-Independence Period

As discussed in Chapter Two, the reorganisation and establishment of an agreed distribution of powers and responsibilities between different branches and levels of government in Ukraine remained among the most pressing problems of the recent phase of institutional reorganisation. The reasons were plenty and stem from the ongoing political crisis fed by the confrontation between the President and Parliament, the legacies of totalitarianism, and the political and economic difficulties of the transition period. It can be argued that the uncertainties and conflicts within the governmental system over the outcome of political and economic transformations were mirrored in the process of establishing local governance, as well as in the formation and activities of the local government reform network. As Nordberg (1998) points out, the distribution of powers, both among the politicians in Kyiv, and between the centre and peripheries was ambiguous, which has hampered the ability of the government to handle its myriad of problems. This in turn has sparked conflict between the oblasts and central government, and is a key factor in the ongoing institutional power struggles (Nordberg, 1998). Thus, in the early 1990s local government found itself operating in a complex environment characterised by political instability, economic pressures and legislative shortcomings. The unstable situation meant that it was particularly difficult to coordinate efforts and establish consensus regarding particular policies among actors in the local government reform process.

As this and the following Chapter will testify, central government in Ukraine has lacked a consistent policy when dealing with local government bodies. On the one hand, a series of laws were adopted, which proclaimed the status of local authorities as autonomous entities and expanded the scope of their powers and responsibilities. On the other hand, the central state continued to interfere directly in the affairs of local self-government, while also making moves to consolidate its own authority at the expense of further local autonomy. For instance, as mentioned

above, in 1992 President Kravchuk appointed presidential representatives (drawn from a pool of former communist apparatchiks) at both the provincial and district levels, hoping to assert some central control over the councils, the organs of local rule (Motyl, 1993). By and large, the promises of central government to create the conditions necessary for the development of local government and to support decentralisation that were frequently made during election campaigns, amounted to little in practice (Avksentyev, 2001). Moreover, having transferred important functions and responsibilities to local government in the process of decentralisation, central government did not accept this loss of control, while failing to ensure that sufficient resources were transferred to local councils to allow them to sustain their new responsibilities. In fact, the driving force for this somewhat unwilling process of decentralisation was the dramatic shortage of resources at the disposal of the Ukrainian central state, which meant that '...many of the tasks that were handled by central government have devolved onto local administrations. These are not necessarily planned changes; the greater role of local government is as much a function of Kyiv's lack of funds and inability to collect taxes as it is of organised reform' (Nordberg, 1998: 43). Nevertheless, the devolution of power and decentralisation of services increased the role of local government, thus changing the balance in the relationship between the national and local levels of government and contributing to the occurrence of 'power dependence'. According to Rhodes (1997), the model of 'power dependence' of central-local relations postulates growing interdependence between organisations for resources. Thus, the redistribution of responsibilities between the national and local levels heightened the need for a network mechanism to establish interactive, reciprocal and co-operative relationships between the two levels of authority.

Although local authorities in Ukraine acquired new responsibilities to oversee complex socio-economic programmes and tasks on their territories, the adopted legal acts failed to provide a sufficient base necessary for the consolidation of democratic local government, as many fundamental issues revolving around the relationship between the central state and the localities were yet to be resolved. In addition, existing legislation was weakened by legacies of the Soviet power structure, which contributed to the confusion with regard to the distribution of spheres of competence between different levels of government. The division of authority and functions between the administrative levels remained weighed down by legal ambiguities, lack of clarity and stability. While in theory oblast and rayon councils were bodies of local self-government elected by the populations of their constituent territorial communities, in practice they were totally dependent on oblast and rayon state administrations, which represented the state and enforced vertical rather than local accountability (Maksymenko, 1998). Consequently, oblast and rayon councils possessed little real financial and organisational power.

The state of affairs in local government was further complicated by the fact that real power and influence over distributing the budget among local authorities belonged not to councils, but to oblast state administrations, which were dependent on what was bestowed upon them from the central budget through the Ministry of Finance. As a result, even where functions were formally

delegated to local government, its autonomy and effectiveness were limited by the enduring dependence on the discretionary budgetary allocations of the oblast and central governments. Overall, apart from the largest cities ('cities-of-oblast-importance'), the real scope of functions provided by sub-national government in Ukraine remained extremely limited. Its main functions and responsibilities incorporated the management of public property, and overseeing the allocation of funds to secure a minimum level of service provision. However, both tasks were jointly shared between a number of different territorial communities, which lead to tensions between them, and further weakened their position vis-à-vis the central government. As is discussed in Chapter Six such legal deficiencies in the macro-environment were among the driving forces behind network formation.

The confusion in the system between territorial centres remained unresolved. For instance, often a village with its own council was located within the limits of a city, which made the relationship between the two administrations and the allocation of competencies between them extremely unclear (Swianiewicz, 2002). The legislation adopted regarding local government reform did not introduce a system to solve competency conflicts when services were provided simultaneously by two or more levels of government, or set down clear rules on how to solve disagreements where the responsibilities and interests of different levels of government overlap (Maksymenko, 1998). The legislative shortcomings led to a duplication of functions and authority by the oblast and local levels of government, and to a lack of coordination when their interests were at stake. As demonstrated in the case study, an absence of coherence also allowed for malpractice to grow in state bodies and frequently resulted in conflicts between all levels of government (Omel'chenko, 2000; from author's interviews). As Campbell notes, apart from legislative uncertainties the conflict between different levels of government in Ukraine was exacerbated by a set of institutional tensions bequeathed by the collapse of the Soviet regime. 'Almost immediately the democrats encountered the two main operational problems of post-soviet local government: (a) the apparent inability of the representative power to work effectively or to agree an appropriate balance of power with the executive, and (b) the lack of practical power in the hands of either the city council or the executive' (Campbell, 1996: 44). As outlined in Chapter Two, the adoption of legislation to address these issues was hampered by the ongoing political tug-of-war between the President and the Parliament. In addition, the internal conflicts between right and left in the Parliament and the inability to form a constructive and durable majority hindered the legislature's law-making capacity. As the succeeding chapter illustrates the ongoing political struggle within the Parliament was to hamper the effectiveness of the AUC's lobbying efforts within the network and thus affecting policy outcomes. This causal relationship between the macro-processes, the network and policy outcomes serves as an illustration of the relationships in the dialectical multi-level PNA model by Marsh and Smith (2000, 2001).

Another reason for the stalled local government reform programme in Ukraine was the slow progress regarding financial decentralisation. As discussed in more detail in Chapters Two and

Three, though Ukraine achieved some success in political decentralisation through the creation of an albeit weak, multi-party system, and in economic decentralisation with the legalisation of the private sector and the privatisation of former state property, financial decentralisation was still incomplete. One of the main obstacles blocking financial decentralisation was the perseverance of a vertical hierarchy within the budgetary system, a legacy from Soviet Union times. Under the centralised totalitarian system, all-important budgetary decisions were made in Moscow, with local authorities having no autonomy to establish their own budgets. In such a system, the budgets of all levels of government were closely integrated with the central budget, which meant that a clear assignment of expenditure responsibilities was unnecessary. Under tight control on behalf of the centre, most services were financed from city and rayon budgets using a mixture of locally collected state taxes and 'top-ups' from the central budget in 'deficit' areas (Davey, 2002). However, there were no normative criteria to calculate the share of state taxes retained within local budgets or the size of central budget top-ups, rather they were arbitrarily determined by central government (Davey, 2002). Thus, local authority involvement in the budget process was limited to bargaining with the higher levels of government for extra funding beyond that stipulated by Moscow's budgetary directives and norms (Avksentyev, 2001).

According to new legislation adopted in the post-Soviet period, all levels of sub national government became entitled to autonomous budgets, which entailed the right to formulate, approve and execute their finances without interference from each other or from central government. However, the 'matreshka' principle of budget formation was preserved from Soviet Union times, which meant that the budgets of lower-level authorities were incorporated and subordinated to, the budgets of the authority on the next rung of the hierarchy. The pattern was repeated through to the consolidated budget of the central government (Kuibida, 2000). According to this principle, all revenues collected locally and regionally went to the central budget, and were then distributed to oblasts by the Ministry of Finance. Standardised, norm-based formulas developed for all local governments by the national Ministry of Finance were used to estimate costs rather than actual expenditures at the local level (Brown, 2001). The oblast councils had the same authority to redistribute their centralised funded budgets to local authorities as existed under the Soviet system. The governors routinely used an old trick in dealing with the cities: concentrate as many resources in the oblast budget as possible and through their redistribution exercise retained influence over territorial communities (Kuibida, 2000). Such a system was characterised by a total absence of transparency and budgetary discipline (Davey, 2002). Under this system local government remained dependent on what is given from the central budget and attributed by the oblasts, and had little capacity to generate substantial revenues through local taxes and duties. In addition, post-Soviet Ukrainian local authorities only had limited and short experience in independent budgeting and accounting.

Cities' financial planning was also hampered by having to rely on central government for funding, which was unpredictable from year to year. Likewise, local authorities had little ability to mobilise

their own resources as the rate and base of most taxes were determined by central government, as are the maximum levels of fees and charges assigned to local authorities. The budgetary autonomy of subnational governments had also been undermined by the fact that financial officials at the oblast, city and rayon levels were all appointed by and vertically subordinated to the Ministry of Finance, and thus lacked the freedom to act solely in the interests of the local authorities (from author's interviews). This situation meant that in cases of conflict these officials choose to side with the central government. Moreover, the State Tax Inspectorate, which is a central government agency, performed the process of tax administration at all levels of government. In addition, the Heads of the Tax Administration in cities and oblasts were the employees of the central government's state tax inspectorate. Therefore, although some decentralisation of power was taking place, the preservation of the financial hierarchy allowed the oblast authorities to accumulate organisational and financial resources and use them to curtail the self-governance abilities and stated autonomy of local government. The legislative shortcomings, such as the lack of an autonomous financial base for local government were among the most acute deficiencies framed by the external environment, which heightened the resource dependency of local authorities on central government. As Rhodes (1997) has argued resource dependencies serve as a precondition for the emergence of a policy network.

The peculiarity of the situation was exacerbated by the preservation of the oblast level of government as part of the state administration and the oblast council as the representative organ of state power in the territories and regions. The oblast governor, a representative and direct appointee of the President of Ukraine in the region, could be appointed or dismissed without the consent of the Ukrainian Parliament. As Prizel (2002: 374) points out, 'this presidential power of appointment resulted in a psychopathic structure, where success in obtaining a governorship hinged on paying "tribute" (financial and electoral) to the president, with no regard for the interests or concerns of the local population'. In these circumstances local government found itself struggling to maintain the level of delegated services, functions and responsibilities assigned to it. In this situation there was a danger that the bodies of municipal power would be swallowed up by the oblasts executive power. Consequently, the wide range of institutional shortcomings meant that it was crucial for a mutual aid association to emerge in order to protect the interests of local authorities at the national level.

Apart from the above-mentioned characteristics of the external environment, a range of internal difficulties also shaped the progress of local government reform in Ukraine in the early 1990s. The lack of familiarity, both at national and sub-national levels of government, with the democratic process of decentralised decision making represents a major impediment to reform in Ukraine (Hollis and Plokker, 1995). Historically, the political and cultural elite in a country passed on ideas of nation and notions of self-governance from generation to generation (Dawisha and Parrott, 1997). As Chapter Two points out, after more than three hundred years of Russian rule, including seven decades of totalitarianism, Ukraine's elites were inexperienced and untrained in how to

govern an independent country. Communist training of administrators made them accustomed to functioning within a colonial and totalitarian system, but did not permit any personal initiative. At the same time the system made the existing administrators particularly ill suited for running an independent country.

Under the Soviet system a large, well-equipped civil service was unnecessary because it worked 'according to political decisions and political mobilisation, not by rules and regulation' (Hague, et al, 1995: 422). Civil servants had no special professional training, while Soviet bureaucracy as a whole was accustomed to functioning under strict political control and supervision. Moreover, the experience civil servants did have was of a state that blurred the dividing line between politics and administration, which restricted the capacity to implement policies impartially (Nordberg, 1998). As discussed above, under Soviet rule, local authorities in Ukraine had little opportunity to engage in decision making. Soviet local government functions and powers were substantially circumscribed by the country's highly centralised administrative system, with the local soviets dealing with administrative matters rather than policy making (Jacobs, 1983). Consequently, as highlighted in Chapter Two, the state apparatus that Ukraine inherited from Soviet times was not only incomplete, but also inadequate in terms of personal and material resources. Moreover, the history of top-down centralised decision making inhibited the development of local self-governance. In addition, the preservation of the old Soviet elites (see Chapter Two) meant that many of the post-independence local leaders and civil servants were former communist-era apparatchiks. This legacy of Soviet bureaucracy continued to play a significant role in the transitional system, by slowing down the reform process. As Brown (2001) points out there were two types of decision makers at the local level – mayors who served in the government and Communist Party under Soviet rule and those who have come to public service after the collapse of the Soviet Union. As the case study of the AUC demonstrates, the mayors accustomed to operating in a hierarchical centralised system are less likely to adopt new techniques and skills and undertake reform.

As Motyl summarises the situation in the early 1990s: '...the Ukrainian political class is inadequate, unprepared, and undersized. It resembles the typical postcolonial elite of a Third World country, while its problems, those bequeathed to it by three hundred years of colonialism, seventy years of totalitarianism, and seven years of Gorbachev, are far greater than those left to the Third World by its imperial rulers' (Motyl, 1993: 167). Indeed, a 1991 poll of local administrators demonstrates clearly the lack of understanding of their role, with the vast majority of local civil servants seeing their chief role as 'providing leisure and entertainment for the people' (Boukhalov and Ivannikov, 1995). Smith (1998) points out the obvious fact that local democracy will not flourish if local authorities are administratively incapacitated. To be effective, local democratic institutions must be free from undue interference from national or supra-national bodies and have freedom to develop policies, which reflect the needs and preferences of their communities. Like the rest of the country, local government found it hard to shake off the legacy of totalitarian rule.

Local government lacked experienced, trained and qualified personnel that could manage the new powers and responsibilities in a changing socio-economic environment of an independent, free-market state. As a consequence, new functions such as formulating policy, establishing transparent administrations and lobbying had to be learned and developed. Finally, the low professionalism of the municipal civil servants has been accompanied by poor wage packages, which has inevitably led to corruption and misuse of power, and an absence of a legislative framework defining and protecting their status (Maksymenko, 1998).

Ukraine was in desperate need for a strong and effective civil administration eager and capable to implement democratic reforms aimed at establishing the rule of law, civil society, and the market. The low professionalism of civil servants at the level of local government not only hampered the capacity of municipalities to address adequately the issues of community and regional development, but also contributed to a lack of familiarity, trust and confidence in civil servants on the part of the community (Maksymenko, 1998). As the polls reported, the Ukrainian population was rather unclear about the role of local authorities, with only around 35 percent of respondents demonstrating some knowledge of the activities of local government (Bakirov and Kushnaryev, 1996: 2). Therefore citizens had to be educated in, and become accustomed to, the new forms and roles of local government. Similarly public officers had to learn to appreciate the importance of public interest and involvement, and how to exercise self-governance in a transition environment. These problem areas have determined the high priority given on the part of the AUC for the training of local government officials and the raising of public awareness regarding local government issues.

As the next Chapter discusses, there was also a lack of structured information available to mayors and local administrators regarding the latest changes in legislation regarding local government issues, and administrative best practice (author's interviews). The interviewees also reported insufficient horizontal communication and coordination among different municipalities and their bodies. Such an absence of horizontal coordination at the level of local government is another legacy of the vertically fragmented totalitarian system of the Soviet Union. As discussed above, Ross' (1987) study of Soviet local government uncovered a strong vertical and hierarchical system of decision making highly centralised in its mode of operation. His study of finance, housing and planning undertaken by local government showed the vertical fragmentation of the system and the existence of poor horizontal channels of communication, which prevented the integration of planning at local levels (Ross, 1987). The Soviet system suffered from having not one bureaucracy as in the West, but three consisting of the party, ministries and soviets. Moreover, the economic system was vertically fragmented into dozens of ministries, and thousands of enterprises at both central and local levels, with each ministry possessing a highly autonomous and hierarchical system of decision making. As argued by Allison (1971), the power exercised by actors involved in decision making stems from the quantity and quality of information available, and the speed with which it is analysed and converted into decisions. The lack of information available to the

mayors and the underdeveloped mechanisms for horizontal interaction and coordination at the local level, affected the capacity of local authorities to engage actively and efficiently in policy making, and thus affected the way in which the policy network process developed.

Although Ukrainian law does not prescribe any mandatory forms of co-operation among local authorities, in the early 1990s there were attempts to establish various forms of voluntary co-operation between local councils across the country (from author's interviews). For instance, the local councils of Lviv, Ternopil and Ivano-Frankivsk situated in the west of Ukraine held several joint sessions to discuss the overall political situation, their common problems and concerns, and the ways in which they could coordinate their economic and social programmes and policies. These councils created a special joint administrative body, but it remained largely inactive due to a lack of authority and effective organisational structure (from author's interviews). Similar attempts at geographical co-operation were also undertaken in the east of the country. However, until 1994 there was no enduring organisation, which was able to unite local authorities throughout Ukraine with the purpose of discussing common concerns, supporting members through advice, assistance and training, and serving as a link between them and the national government.

Conclusion

The establishment of local governance institutions is rightly regarded as one of the key indicators of a successful democratisation process. The world experience convincingly shows that local government creates the necessary conditions for bringing power closer to citizens, offering opportunities for greater participation, while also advancing political and public education. This then enhances democracy and facilitates the development of civil society and civic culture. The presence of local government disperses and limits over-centralised state power by offering a restraining and counterbalancing force. It also offers unique opportunities for the efficient allocation and use of resources at the local level, the provision of a wide range of public services, and the overseeing of a safety net for local citizens. Local government reform has a distinctive place in the process of democratic transformation in Ukraine, with the formation of a modern and effective system of local government a precondition for the creation of a democratic welfare state.

The development of a vibrant civil society in Ukraine and its cooperation with the state depends on the establishment of an optimal balance in the relationship between central and local authorities. The key to effective reform of local government and to a harmonious and productive relationship between national and local government is a recognition by all levels of government of the twofold role which local government plays in a democratic, decentralised society. Firstly, it acts as an agent of national government, implementing a range of national policies such as the provision of a minimum standard of welfare, education and health to its citizens. Secondly, local government is an independent agent, functioning as a focal point for local democracy and local initiatives. Such a dual role is a new one for local government in Ukraine and it requires the restructuring of existing structures of power to achieve a balanced distribution of functions, authority, property and finance

in order that its different responsibilities can be met. Local governance is an essential element of the territorial organisation of the state power and anything that weakens it is detrimental to the quality of democracy.

Under the Soviet Union proper local self-government was lacking, as top-down management and control dominated the system of public administration. The demise of the Communist Party and the Soviet Union resulted in the disintegration of the key elements of the parallel top-down political structure, which managed local government affairs in Ukraine. It also contributed to the substantial reduction in the ability of the post-independence central government to provide a range of services to the population and to manage state enterprises. The financial and economic crisis in Ukraine accelerated the growth of autonomy and activity of the local authorities and their leaders because major responsibilities for the situation in the regions and service provision to the population have been transferred to them. Furthermore, the introduction of a new legislative framework has redefined the nature of local government and provided for a degree of autonomy. As a consequence local government has begun to be transformed from a cog in a centrally controlled management mechanism to being a key actor in a market economy and a pluralistic democratic society. In fact, the establishment of local government in Ukraine signified the starting point in the process of constructing democratic state structures. Its evolution and the extension of its authority have made a significant contribution towards the democratisation of the institutional climate and the maturation of civil society.

However, in the early 1990s the process of establishing democratic local governance in Ukraine was burdened by concerns about excessive central control, the authoritarian nature of the state system, the weak legislature, and insufficient autonomy and financial resources available to local authorities. Moreover, local government was plagued by a lack of skilled and qualified personnel trained to work in the new democratic environment, a lack of awareness regarding the changes in legislation and best practice and poor cooperation between municipalities. Such problems had a destructive effect on the ability of local government to undertake new roles, while also damaging its standing in the eyes of the public. Due to the complex range of pressures, contradictions and legacies, cities lacked the necessary resources and the institutional capacity to initiate grass roots reform. Under these circumstances local government was in danger of turning into a pseudo-democratic decoration, situated in the regional political space but deprived of the opportunity to become a fully-fledged player in the political life of Ukraine. If the role and influence of local government was therefore to increase, it had to develop a representative mechanism that transcended party boundaries, which would help structure and voice its interests and demands when dealing with central government.

The early post-Soviet period saw the emergence of an organisation, whose purpose was to strengthen local government and coordinate its activities, while linking the localities with central government. The case study of the Association of Ukrainian Cities, which follows this Chapter,

demonstrates the attempts of Ukrainian municipalities to fashion a strategic role for the localities in the local government reform process by strengthening their internal capabilities and engaging in a local government reform network to coordinate efforts and enhance their role in policy making. The dialectical multi-level Policy Network Model, used in this study, also serves as an illustration of the increased complexity and differentiation of actors, interests and policies involved in the local government reform process that has been witnessed in Ukraine's political and economic transition.

Chapter Five
The Case Study of the Association of Ukrainian Cities

Having considered the macro-level characteristics of the post-Soviet policy environment in Ukraine in the previous three chapters, the thesis now evaluates the case study of the Association of Ukrainian Cities (AUC) in this Chapter and the next. Chapter Five presents a broad range of meso- and micro-level empirical data regarding the AUC's activity, while Chapter Six locates the AUC within the wider context of the study and evaluates its role and influence in the reform of local government with reference to the dialectical multi-level PNA framework. The main focus of the case study is on the AUC's efforts to fashion a strategic role for the localities in local government reform by strengthening their internal capabilities and engaging in new mechanisms and procedures of policy making. The case study also looks at the AUC's involvement and interactions with other institutions and actors in the field of local government reform, and the ways in which it locates itself within a wider policy environment. Finally, the case study traces the legislative milestones of AUC involvement in the process of democratic restructuring of the local government system in Ukraine, which involves establishing new roles of local democracy, public policy making and service delivery, in the period from 1992 to 2002.

Origin

The AUC is almost a contemporary of the independent Ukrainian state itself. It was initially founded in June 1992 at an inter-regional meeting of the Chairs of 35 city councils under the name of the Organisation of City Executives. The scope of activity of the new public organisation set out at that initial meeting was broad and ambitious. It included reforming the political system of the country, supporting the policy of market transformation, broadening the horizontal links between the cities by means of economic co-operation, defending the legal rights and interests of members of the organisation in governmental and administrative bodies, and co-operating with state authorities and public associations in order to transform Ukraine into a nation with a socially-oriented market economy (AUC Historic Background, 1997). However, the underlying incentive of the meeting in Dnipropetrovsk was to create an electoral political action group to provide support for a number of democratically oriented Chairs at the forthcoming local elections (from author's interviews). In 1994, for the first time in its history, cities all over Ukraine held mayoral elections. After the elections, the Organisation of City Executives, having fulfilled its electoral objective with the majority of the organisation's founders elected, fell dormant.

By the time the first mayoral elections were held, local authorities had gained some degree of autonomy and a wide range of new responsibilities given to them by the central government through the process of political and economic decentralisation. As characterised in Chapter Four, the decentralisation process has been spontaneous in nature rather than the result of organised reform. It has been driven by the realities of political and economic transformation, such as the

weakened ability of the Ukrainian central state to impose and oversee 'national' programmes and collect taxes, and the dramatic shortage of funds and resources at its disposal. All over Ukraine, the newly elected mayors, keen to strengthen local autonomy and their own powers, proclaimed the need for the development of effective local government as the prerequisite for the success of democratic transition, consolidation and decentralisation processes, '...we believe that the roots for the growth and development of democratic governance in Ukraine ought to be nurtured in municipalities – both small and large' (Kushnaryev, 1995).

It was quickly realised that new mechanisms were necessary to promote local government interests at the national level; educate local government officials about important civic issues; promote communication among municipalities through exchange of ideas and experience and other co-operative activities; increase public education about local government and key city issues; and co-ordinate formal training of local government officials and municipal staff (from author's interviews). The mayors believed that one of the most important steps in building a reciprocal, healthy and co-operative relationship between national and local authorities would be the creation of a strong and effective municipal association with headquarters in Kyiv (from author's interviews). In order to find a model for such an organisation that would serve as a link between local and central levels of government, the experiences of similar organisations in such countries as the USA, Hungary, Poland, Slovakia and Russia were studied. The mayors saw that it was common practice for associations of cities not just to resolve isolated problems, but also to protect their common interests against those of the state, by attempting to expand the rights, powers and general competences at the disposal of local government (Kushnaryev, 1995; author's interviews).

At a meeting involving the most important mayors in Ukraine in August 1994 it was proposed that cities should band together to share experiences and to strengthen their ability to lobby for favourable policies at the national level, particularly those policies that had legal and financial implications for local government. In January 1995, the newly elected local officials reconstituted the moribund Organisation of City Executives into the Association of Ukrainian Cities (AUC) and adopted a new Statute to reflect that the heads of city councils (mayors) had been elected in local government elections. The new Statute, which was revised in 1999, determined the status of the AUC as an all-Ukrainian, voluntary, non-governmental and non-profit Association acting on the principles of self-government, voluntary membership, equality of membership, openness and democracy (The Statute of the AUC, 1999: Article 1). The Statute also asserted that the principal mission of the AUC would be to protect the existence, establishment and development of local government in Ukraine (The Statute of the AUC, 1999: Article 2.1). Based on the statutory provisions the Executive Board of the Association was set up and began operating in Kyiv. It undertook to organise and represent municipalities at the national level with the purpose of a more effective realisation of their rights and powers.

Membership and Structural Scheme of the Association of Ukrainian Cities According to the Statute of 1999

According to Article Three of the Statute the AUC brings together local government bodies, while also allowing associated membership for interested parties. The mayors, who head the city councils and the respective executive committees, represent the interests of cities in the AUC. The decision to join the AUC is made by city councils. The AUC is a membership fee-based organisation. Any Ukrainian city, regional association, as well as any local government body supporting the Statute but unable to pay the membership fees may become an associate member. Associate members receive regular information on the AUC's activities and can participate in annual meetings and other events with the right of a consultative vote. The AUC can also confer the status of an honorary member, which can be given to an individual citizen of Ukraine who has made a significant contribution to the creation and development of the AUC. The structure of the AUC also includes a section for medium sized cities (with populations between fifty and one hundred thousand) and small sized cities (with populations of less than fifty thousand), which holds its own sessions to discuss formation of local budgets, budgetary reform, and to develop proposals for the AUC to present to the bodies of central government. Such structural arrangements within the AUC provide small cities with their own platform to ensure that their voice is heard.

The AUC possesses a strong and comprehensive organisational structure, which is based on its Statute. The organisational structure rests on the institutions of the President, Executive Vice President, Board of Directors, Executive Board and the National Council (see Appendix, Table B). In addition, it now includes the network of AUC Regional Offices. The organisational structure of the AUC was devised as the result of studying the experience of similar organisations abroad, in particular the US based National League of Cities, and rests on the principles of internal democracy represented by broad participatory membership, elections, boards, regular meetings and consultations with its members. The National Council is the Supreme Body of the AUC, holding regular annual meetings. Among the tasks of the National Council are: confirming the Statute of the AUC and introducing amendments when necessary; defining the main spheres of activity, such as creating new regional departments; forming the Board of Directors and electing the President; and confirming the annual budget.

A key institutional element of the AUC that is underpinned by the Statute is the Board of Directors, which governs the everyday activities of the AUC in-between the sessions of the National Council. It consists of 20 members, 19 of whom are serving mayors. The President and Vice-Presidents of the AUC hold equivalent positions at the level of the Board. The terms served on the Board correspond to the terms served at the head of the AUC. The Vice-Presidents can serve more than one than term, while the President is only able to serve a single two-year term. The other members of the Board need to stand for election in order to serve their two year terms, and can stand more than once. The serving mayors on the Board oversee responsibilities for the

Sections, Regional Departments, and Unions of the Association. However, the twentieth member of the Board, an appointed administrator with the title of Executive Vice-President, has taken an increasingly significant role in setting policy and guiding the activities of the AUC. The ascendancy of the Executive Vice-President has come about because of the short tenure of each President and the uncertainty surrounding the other members of the Board who must maintain their mayoral positions in order that they can retain their membership. Indeed, the existing Executive-Vice President of the Board of Directors first ascended to that position in 1994, and has since then become the driving force behind the Board and consequently the Association, holding the real power in the organisation.

In addition to laying out the structure and functions of the AUC the Statute explicitly does not permit the creation of any political factions within the Association (The Statute of the AUC, 1999: Article 1). In the ten years of its activity the AUC has managed to preserve its non-partisan status and remain independent from Ukraine's President and Cabinet of Ministers, as well as resisting the destabilising influence of various political groups and parties. Such survival capacity is attributed to 'the skill and political experience' of the AUC's Executive Director Myroslav Pitsyk (from the author's interviews).

As discussed in Chapter Two, in the early 1990s the newly independent Ukrainian state had to deal with the dangers of regional fragmentation between East and West through the process of political and economic consolidation. At the early stages of the AUC's development the cities in the western part of Ukraine were somewhat reluctant recruits and even discussed the possibility of creating a separate organisation involving western cities. However, the non-partisan and independent policy of the AUC dissuaded the separatist mood, and in turn converted western cities into the Association's most active and productive members (from author's interviews). On November 17, 2000, Vasyl Kuibida, the Mayor of Lviv was elected as first deputy Head of the AUC. Eight representatives of western cities are also now members of the AUC Board of Directors.

The Affiliation with the US Agency for International Development (USAID)

During the process of searching for an association model the initial contact was made with the US Agency for International Development, hereinafter USAID, through its advisor to the mayor of Kharkiv. A representative of USAID, after attending the AUC's August 1994 meeting, alerted USAID to the opportunity of providing assistance to the newly revitalised organisation. In an early letter to the first Secretary of USAID the then President of the AUC Evgeny Kushnaryev asked for advice on activities and programmes. However, he insisted that the AUC should be free to choose those schemes it considered to be the most appropriate to undertake. Keen to maintain the financial independence of the AUC, the mayors also pledged that there would be no reduction in dues or financial support from the Association's members as the result of any support offered by USAID (letter from E. Kushnaryev to USAID, February 1995). The strategic calculation the AUC

leadership made was to avoid entering dependency relationships with donor organisations by keeping the share of exogenous resources low and relying on membership dues and other internal sources of income (from author's interviews). 'From the very beginning, the AUC leadership has strongly stressed the importance of maintaining their relations with donor organisations on an independent, bilateral and partnership basis' (from the speech of V. Moroz, ex-President of AUC, the AUC Information Bulletin No.1, 1998). There was also an understanding among its leadership that the Association had to define its own role, because '...there are no ready-made recipes, either in Ukraine, or elsewhere in the world' (Kushnaryev, 1995).

The AUC requested the specific type of assistance needed, stressing that the primary requirement was not the infusion of foreign financial resources, but rather the transfer of external knowledge and expertise to local policy structures (from author's interviews). Of particular interest were programmes, mechanisms and policies for addressing the AUC's agenda at the national level as well as the proposal by USAID advisors for developing staff resources in the cities (from author's interviews). The AUC also requested assistance in developing the political, intellectual and material resources necessary for the establishment of the Association. The first stage of the joint programme between USAID and the AUC were defined according to the AUC's priorities and included: a trip by a group of mayors to the USA, a trip to Amsterdam to participate in the International Union of Local Authorities (IULA) Congress and the participation in conferences including experts from Europe and the USA.

An early observation tour to the USA, which was organised for the AUC by USAID in November 1994, involved meetings with representatives of municipal associations and the National League of Cities. The purpose of these meetings was for Ukrainian mayors to gain the experience and obtain the information on how to structure their organisation and to learn what their organisation might accomplish. The experiences of the tour's participants were often cited as important in helping them to formulate a vision of what such associations can accomplish (from author's interviews). In particular, Ukrainian mayors received advice from those experienced in establishing and operating similar associations to that of the AUC. Information was also given as to what activities and projects would be most advantageous in furthering the AUC's role in providing informational support to its membership and thus improving the value and importance of the Association.

USAID also provided valuable support in developing administrative structures, for example renting an office in Kyiv and purchasing necessary office equipment. All this would have been beyond the AUC's resources at such an early stage of its existence. The AUC particularly appreciated USAID support in providing it with computer and communications equipment, as well as 'training trainers' to conduct educational programmes for its members (from author's interviews). The AUC continues to draw on a pool of western instructors and experts in order to sustain its extensive training programme, which in turn supports the work of local specialists. Support was also provided for the establishment of a newsletter. Such assistance allowed the

Association to apply its limited funds to programmatic activities (from author's interviews). As the Association grew in importance and value so did their financial resources, although those early efforts by USAID enhanced and accelerated that growth.

On the other hand, as the AUC discovered, not all-foreign advice works in local-specific contexts (from author's interviews). At the early stage of its activity the AUC had to defend its independence from dysfunctional and potentially disruptive inputs being thrust upon it by USAID. For example, USAID attempted to get the AUC to initiate a lobbying campaign on a number of issues of interest to the US government such as land reform and privatisation of big enterprises. USAID consultants even threatened the AUC with a withdrawal of further assistance unless the AUC agreed to their demands. However, the AUC leadership having decided that this activity was not in the interests of its members and could be dangerous for the AUC itself, strongly opposed USAID and indeed managed to persuade USAID of the merits of its case (from author's interviews). As discussed in Chapter Six, the emphasis on independent and partnership relations with donor agencies, and the right balance between local and foreign actors in the activities undertaken by the AUC are important characteristics that should be upheld. Such arrangements are beneficial in that they increase the AUC's capacity to influence policy change within the local government reform network.

Activities According to the Statute of the AUC, 1999

The goals and objectives of the AUC's activity are focused on protecting the common interests of its members, the local authorities, while supporting and developing local government more generally. The AUC functions at the international, national and local levels of governance. It co-ordinates with the bodies of state power, local government, political parties and public organisations for the execution of programmes with the aim of transforming Ukraine into a country with an effective, socially oriented market economy, and a developed and balanced infrastructure of citizen services, including a high level of social protection (Statute of the AUC, 1999: Article 2.2). At the local level the AUC assists its members in performing their functions and responsibilities by providing expert information, training, organisational support, and technical assistance. At the national level it represents and is an advocate for the interests of its city-members before Parliament, the President, the Cabinet of Ministers, ministries and the central government agencies working on the issues of local self-government.

The AUC's transactions involve submitting regular information concerning the problems of Ukrainian cities and towns to the central and regional authorities, and suggesting possible ways to resolve them. As is demonstrated below, the AUC's experts work out recommendations concerning the promotion of self-governance, the provision of quality public services, the maintaining of public order in towns and cities, the protection of citizens' rights and legal interests, the improvement of ecological conditions and health care, the fostering of national and cultural traditions, the encouraging of training for local government specialists, the promoting of

innovative municipal experience and the enabling of recommendations to be implemented. As the AUC endeavours to fulfil these multiple and complex tasks within a framework of financial scarcity, the organisation exploits to its fullest extent the inter-governmental and inter-organisational relationships that exist. Such interactions are best analysed through the application of Policy Network Analysis, an approach on which this thesis is based.

The AUC's representatives and experts develop proposals for changes and improvements in the legal framework of local government, as well as in the drafts of other regulations (such as social and tax legislation) related to the problems and activities of municipalities. For example, the AUC develops statements and proposals on that part of state budget law, which considers local finances and then later assists in their adoption by the Ukrainian Parliament. The experts and members of the AUC are involved on a regular basis in the work of various committees, commissions and working groups, under the auspices of the Parliament of Ukraine and the Cabinet of Ministers, which are charged with the task of preparing the first drafts of legislative acts. In addition, the leading members of the AUC's Board of Directors hold frequent meetings with the President, the Prime Minister and ministers to discuss and find solutions to current problems.

The AUC also co-operates with international organisations and foreign associations on local government issues. Its members represent the interests of Ukrainian local authorities in the Council of Europe, International Union of Local Authorities and other international bodies. For example, 12 members of the Ukrainian delegation became party to the chambers and committees of the Congress of Regional Authorities of the Council of Europe, while the mayor of Lviv and the first deputy Head of the AUC, Vasily Kyibida, was elected as Deputy Chairman of the Congress. Ukraine's rise from the position of an observer signifies the growing interest in the local reforms taking place in Ukraine (Voinov, 2000). As discussed in the final chapter, within the context of PNA, the extent of the AUC's activity gives evidence to both the extent of the policy network and importance of the AUC within it.

Information Support, Dissemination and Exchange

At the request of its members, the AUC pays particular attention to providing information to cities in order to allow them to stay in touch with all the changes occurring in the area of local government in Ukraine (from author's interviews). The system of information support for members of the AUC developed by the Executive Board is based on an electronic network connecting the central office of the AUC with its members. Through this communication channel, the AUC members are provided with the texts of laws and drafts of the legislative acts; information about the decisions taken by the administration of the AUC and its structural divisions; reference and methodological materials for the development of drafts for the city Statutes and the procedure of their registration; expert information on current issues and events; and political and economic reviews and other consultative materials. It is important to underline the AUC's crucial role by mentioning that such a service is unique to the AUC as none of the

central agencies that deal with municipal matters are either authorized or have the technical capacity to carry out this role (RTI/USAID, 2000). The information channel is also used by the AUC for collecting information, commentaries and feedback from the localities on the drafts of, and changes to legislation (from author's interviews). Among other technical services provided by the AUC to its members are the maintenance and use of a computer data base on Ukrainian cities, the co-ordination of activities to implement information technologies in municipal management, the connecting of members computer systems to the Internet, the installation of a local computer network in the headquarters of the Executive Board, and regular training seminars for computer specialists in the Regional Departments on using AUC databases.

The AUC is also working on educating mayors and their staff on the importance of information technologies in modern city management, although there are difficulties in the fact that some mayors, who served in a hierarchical system of governance under Soviet rule, 'are set in the old ways' and are reluctant to adopt new technologies and embark on reform programmes. For example, a number of mayors have dissolved information departments providing support for local activities, which were painstakingly created and equipped by the AUC with assistance from USAID experts (from author's interviews). As the interviewees also mentioned, the tendency to resist reforms and innovations remains strong among the mayors and civil servants of the 'old guard'.

The AUC set up a World Wide Web site on the Internet and produced and aired on national television a series of 10 films educating the public on the role of local government in the new Ukraine. The dissemination of information is an essential function of the AUC, as one of the strongest incentives for the cities to join is to enable them to receive information on how to manage their daily services (from author's interviews). However, rapid organisational growth has caused problems with information dissemination and the AUC central office has found itself stretched when trying to communicate with its members. Thus, the AUC, with the help of USAID has adopted a programme of setting up regional offices both to expand the AUC's capacities and to help with information dissemination in order to assist member cities and towns, especially smaller jurisdictions, in advocacy and lobbying for local governance (Bodo, 2001).

This national network, equipped and trained by the AUC experts with the help of USAID consultants, is not only cost-effective, but also a sustainable way of providing information and knowledge to the local level. This information network is used for the dissemination of information, as well as training and reference materials to encourage better municipal management practices on the part of Ukrainian cities with regard to such issues as strategic planning, financial and municipal service management and institutionalised citizen participation. Moreover, these regional departments have proved to be very useful in protecting the interests of AUC members at the regional level both in conflicts between regional and local authorities, and in the central organs of power (from author's interviews). This innovation significantly strengthened the AUC's ability

to push for changes in legislation, in particular those concerning local government finance. It also resulted in a significantly stronger information capacity of the AUC, which can now implement its tasks on a nationwide level, having access to appropriate and timely information from the localities (Pitsyk, 2001).

At the present time the AUC is the only organisation in Ukraine, which collects and summarises statistical information produced at the city level (Pitsyk, 2001). Following up the request of its members for an accurate source of information on the financial situation in the cities, the experts on the AUC's Board of Directors prepared for publication a comprehensive report entitled, 'The Financial Situation in the Cities: First Half of 2001'. The report included a general analysis of factual and analytical information obtained from 140 cities with the assistance of the mayors and employees of the financial departments. The report was distributed to all city-members, parliamentarians, as well as to municipal employees, and included information on sources of revenue and expenditures of city budgets. For example, expenditures for wages, energy consumption and expenses for the upkeep of local government bodies were published for the first time. This information was useful for the analysis of the budgetary provisions and for the development of city budgets in the subsequent financial year of 2002 (author's interviews). This was a major achievement for the AUC, since collecting, processing and distributing such a vast amount of technical information was an indication of how far the AUC had progressed in its relatively short life. By utilising the terminology of Rhodes (1988, 1997) it can be agued that the AUC's role in collecting, processing and disseminating information represents an important function of resource accumulation by network actors.

The sophisticated computer network system developed by the AUC was a necessary prerequisite for its involvement in the LOGIN international project. The Local Government Information Network (LOGIN), an Internet-based information tool designed specifically for the needs of local government officials, was created in 1999 with support from a number of organisations including the Council of Europe, USAID, the United Nations Development Programme, and the World Bank. LOGIN provides information related to local government issues such as local government finances, social policy, legislation, citizen participation, municipal participation, waste management and municipal services. LOGIN also disseminates news, legislative updates and information regarding training opportunities. The main goal of the project is to enhance capacity, effectiveness and cooperation of local government and community development actors in Ukraine through the exchange of information and experience (LOGIN, 2001). The LOGIN database is a store of information (research, case studies and best practice), which is freely accessible to organisations that are serving the needs of local government such as associations of local authorities, NGOs and private sector companies.

The AUC has been selected as a key partner of LOGIN as it already serves as a store of information and activities relevant to local government officials in their professional development

while also facilitating the reform of local public administration more generally. The immediate goals and objectives of the AUC within the LOGIN project are: to take an active part in the improvement of local government legislation; to help develop a system of municipal staff training; to coordinate local and regional economic cooperation; and to increase awareness about models of municipal management and service delivery at the local level. To achieve these objectives the AUC collects, processes and disseminates information on local governance, local government legislation and regulations, training opportunities and local government best practice. The AUC's involvement in the project directly benefits its members through the international exchange of information, legislation and documentation. In addition, access to LOGIN represents another important resource for the AUC within the policy network.

Publishing and Publicity

The AUC publishes thematic collections of standard acts on issues relating to local government bodies in the fields of budgetary matters, communal property management, land relations (physical planning problems), protection of the environment, education, health care, culture, sport, and social protection of the population. Among its publications is the 'Lawful Support of Local Self-Government' report based on the materials of a seminar, which was held in March 2001 as part of the programme jointly run by the Council of Europe and the AUC. While the brochure 'Improvement of the Methodology for Ukrainian Education Financing' (2001) is dedicated to improving financial support for educational establishments. The guidebook 'Constitutional Principles of Local Government in Ukraine' was prepared at the request of the Academy of Municipal Management and the Institute of Economics and Law, and published with support from the Council of Europe. Authors Viktor Kravchenko, Head of the Legal Department of the AUC, and Myroslav Pitsyk, Executive Vice-President of the AUC, designed the book to benefit both young people who undergo leadership training to become community leaders, and mature practitioners in the local government system (The AUC Information Bulletin No. 5 (10), May 2001).

The AUC published a book 'Best Practices in the Local Governance of Ukraine' (2001), which absorbed the material of five bulletins previously published. This publication closed a joint project between the AUC, USAID and the International City/County Management Association (USA). The book consisted of eight parts: 'Local Economic Development', 'Local Finance', 'Housing and Communal Property', 'Municipal Services', 'Information Technologies', 'Development of Territorial Community', 'Land Resources' and 'Social Programmes'. In total, the publication presented 37 innovations introduced by local government bodies in both the large and small cities of Ukraine. By undertaking this work, the authors and the participants of the project aspired to fill the information void existing in the area of local government and ease the procedure of experience exchange in the different areas of municipal administration. In order to increase public awareness of the importance of local government reform the AUC also runs 'Local Self-Governance

Magazine' and presents the organisation's work on its own website. These activities of the AUC are vital because, as discussed in Chapter Four, in the process of decentralisation cities become the most important channels of public services delivery.

Efforts are being made to increase the interest of the national and regional mass media in issues facing the municipalities, while helping to inform the public on developments relating to local government reform. For example, on February 2, 2001 Kyiv City Council conducted a competition for the best reporting on the problems of establishing and developing viable local governance during 2000. The jury awarded the winning journalists with diplomas and gifts (AUC Information Bulletin No. 2 (7), February 2001). To advance the collection, analysis and dissemination of positive municipal practices, the Association shot and broadcast on central TV a series of films under the title 'From City to City' about the experience of resolving municipal problems in Ukrainian cities.

For example, the AUC made a film concerning the experience of the municipality of Kharkiv with the computerisation of City Hall and the associated training of its employees. Copies of the film and other available materials were distributed among the members of the AUC, and a seminar was organised where the participants of the Kharkiv programme could share their experiences with counterparts from other cities. Not everything, however, goes so smoothly in terms of the AUC's relationship with the heavily regulated Ukrainian media. The idea of local reform has become a controversial issue within both national and local media. Generally, the mass media has avoided mentioning the role of the AUC despite the fact that its activities, as well as the declaration of the President 'On Improving The State Regional Policy' place the AUC at the heart of the reform process (Voinov, Y. (the Head of the Union of Regional and Local Authorities, the Governor of Luhansk Region), 2000).

In Support of Municipal Programmes

Communal property, which cities inherited from the central state, is in a critical condition. The centralized systems of heating, water supply and sewerage as well as public transport are now working beyond their predicted operational life, while cities have limited financial capacity to cope with these problems and are desperate for investment. Attracting investment to the cities is considered to be among the most urgent problems facing local government. At the request of its members, the AUC, with the help of Western consultants, is assisting cities in preparing specific investment programmes related to improving city infrastructure. A number of conferences and seminars were held by the AUC in 1997 and 1998 with the participation of international organisations such as the European Union, World Bank, USAID, TACIS, and the European Bank for Reconstruction and Development on issues related to attracting investment and the reorganisation of city infrastructures. One of the largest of these was an international conference on 'Supporting Municipal and Regional Investments in Ukraine', which took place in the autumn of 1998. Also, the AUC maintains a database of the grants available from Western donors, which

can be accessed by Regional Departments and cities in Ukraine. Some regions have already benefited from this opportunity.

As discussed in Chapter Four, among the most pressing problems faced by local government is the attempt to increase revenues for local budgets and, ultimately, the attainment of full local financial autonomy. The share of local taxes and dues that contributes to local budgets is no more than two or three percent (Omel'chenko, 2000). This means that territorial communities have very little financial autonomy. It is understandable that until local industry starts to strengthen, and favourable conditions for small business are established, there will be little revenue for local budgets. The situation requires cities and the AUC to look at ways of reviving and improving the work of municipal enterprises and organisations. Indeed, the AUC assists city-members in developing and running specific municipal programmes concerning the improvement of local infrastructure, organising exhibitions and fairs of local producers, creating business centres in cities, assisting with group procurements and attracting investments. As a result, more open and competitive procurement procedures and budgeting processes, including the distribution of annual reports and public hearings, have been established in a large number of cities. For example, the small and medium business support programme introduced in Illichivsk with the assistance of AUC experts helped to increase the revenue of city budgets by 38 percent, as well as laying the foundations for an increase in employment and wages.

Another example of the AUC's undertakings has been the introduction of a competitive tendering process in the transport system in Khmelnytsky, the result of which has been a significant improvement in transport services, a substantial decrease in city subsidies for transport, and the creation of almost 300 jobs (Omel'chenko, 2000). Further, Olexander Popov, Mayor of Komsomol'sk, oversaw the virtual ending of traditional housing maintenance services in the city, the transformation of city employees into private contractors and introducing competitive bidding. Other cities, which were under the AUC's guidance where private businesses were engaged as service providers, included Berdyansk, Kharkiv and Kalush (Aspekty Samovriaduvannia, Issue 5 (37), 2001). As discussed in Chapter Six, support for municipal programmes represents an important part of the AUC's 'internal' professional service for its members, which in time has strengthened the organisation's overall position within the network.

Training and Professional Development of Municipal Personnel

As described in Chapter Four, the training and re-training of municipal staff is the key element of municipal reform in Ukraine:

> 'It often happens in this country that people who are professionally unprepared to become mayors, such as teachers, physicians, and entrepreneurs, do attain the position. Sure, they are specialists, but in quite different fields. I can say absolutely, one has to have a very high level of specific professional skills to be a real local government leader in the present

> environment. Furthermore, there is the need to constantly raise this level, as the rapidity of events and changes in Ukrainian legislation does not allow one to relax at all: If you lag behind just for a little while, you have already lost something' (Popov, 2001).

Training seminars for local government officials provided by the AUC focus on issues such as creating and operating Advisory Committees, conducting public hearings, working out strategic city development plans, organising effective city budgeting, and designing public procurement and financial analysis models. The AUC section on educational issues has been established to supervise the extensive range of training activities offered to its members (AUC Information Bulletin No. 3 (8), March 2001). Members of the AUC particularly appreciate the organisation's facilities for knowledge and experience exchange: 'Training is of great importance for local self-government officials. The AUC gives us the possibility to heighten our professional competence. Of special value are seminars series, organised by the AUC, as well as its published sources of information. I can state that thanks to the AUC the quality of our work has significantly improved' (Valentyna Volodarska, Secretary of Irpin City Council, 2001).

Between March 29 and March 30, 2001 AUC budget specialists participated in the seminar 'On Improving Methods of Financing in the Education Section of Ukraine,' together with representatives of the Ministry of Finance, and heads of regional education departments. In interviews to the local press the participants of the seminar, representatives of the educational establishment from the different regions of Ukraine, said: '...luckily, we are not alone with our financial worries, we would like to thank the AUC as it is the only NGO, which has undertaken a difficult task of teaching teachers the modern knowledge necessary for the transition to a market economy' (Musienko, 2001).

Among the AUC's activities in this area are the preparation and publication of methodological literature and other training materials, and the organising and holding of seminars, conferences and round tables. In association with the Academy of Municipal Management the AUC is also involved in the establishment of a network of educational centres for municipal personnel (AUC, 2001). The AUC has also been active in organising consultations with representatives of foreign local government associations and international organisations. During the past few years, through the efforts of the AUC and with the assistance of USAID consultants (solicited and chosen by the AUC) its members were introduced to the best available techniques and systems for budgeting, finance, and management within the context of democratic local governance and the free market system. Practical examples of these techniques include getting mayors to hold public televised hearings on the budget, to organise focus groups with residents, and to publish detailed budget information in newspapers.

As a result of technical assistance and training provided in cooperation with the Community Partnerships Program (USAID) for trolley bus companies, vodokanals (water utilities), and the city halls of Pervomaisk and Svitlovodsk, new and varied methods were used to improve municipal services. Examples of the new methods included revised public transportation schedules, the involvement of private companies to provide transportation services, the streamlining of procedures for the registration of local businesses, and the undertaking of additional measures to increase collection of payments for communal services (Aspekty Samovriaduvannia, Issue 5 (37), May, 2001). These undertakings serve as examples of successful cooperation between the AUC and international actors working in the area of local government reform, which as Chapter Six establishes, forms part of an issue network's activity.

Other educational programmes provided to federal, regional, and local officials incorporate courses on adapting financial management software, installing it, and teaching municipal staff how to apply it and to share information; creating economic planning departments to encourage trade and tourism; and investigating ways to improve services such as transportation (The AUC Information Bulletin No.2, 1998). By 2002 over 80 cities were using the computerised budget Financial Analysis Model (FAM) developed by the AUC experts in co-operation with USAID. FAM provides municipalities with a clear picture of the current and projected state of local finances, including revenues, operating and capital expenditures. This training and software assists local authorities in the more efficient and transparent management of local resources. FAM is also able to present local budgets to the public and media in an easily understandable format, thereby facilitating local government transparency, accountability, and responsiveness to the citizens. The AUC's official view is that FAM has strengthened the AUC in its efforts to increase local government financial autonomy, public accountability of local officials, and establish a more transparent intergovernmental distribution of budget revenues (Bodo, 2001). Likewise, as argued in Chapter Six, the wide scope and obvious success of the AUC's training and educational activities has contributed to its influence within the network.

International Co-operation and Interaction with Foreign Organisations

A further, potentially crucial network resource derives from the AUC's international role. Since 1994 the AUC has been developing international co-operation and business contacts with similar agencies across the world in order to share experiences, implement joint projects and facilitate economic and cultural relationships between cities (AUC Information Bulletin No.3, 1998). Among the AUC's international partners are the Council of Europe, USAID, the International Bank of Reconstruction and Development, the World Bank, and the 'Know How' Foundation. In order to encourage policy learning across borders the AUC also promotes close co-operation with similar national associations such as the International City Management Association, the Swedish Association of Local Authorities, the Association of Polish Cities, the Association of Russian

Cities, the Association of Finish Local and Regional Authorities, the Association of Municipalities of the Netherlands, the Union of German Cities and the Association of Cities of Slovakia.

The main spheres of the AUC's international activity incorporate establishing a database for international programmes and the implementation of projects in support of local government initiatives (The AUC, 2001). By utilising its technical capacity and regional network of offices the AUC's experts are involved in learning, translating and disseminating important information concerning the activity of European municipalities, particularly in regard to their forums and conferences. As is evident from the case study the AUC actively draws on foreign experience and solicits foreign experts in the carrying out of training and exchange activities. Such undertakings occur within an issue network, as defined by Rhodes (1999). The involvement of foreign specialists allows the AUC to run a comprehensive and extensive training programme for its members in different areas of municipal work. In cooperation with the Council of Europe and other foreign organisations the AUC also encourages regular participation of its members and representatives in seminars, conferences, round tables and working groups, as well as in training programmes, and study and exchange visits in North America and Europe. The majority of the participants involved in the study programmes and visits subsequently undertake projects of their own in Ukraine, which are based on their newly acquired knowledge from Europe and North America (from author's interviews).

The AUC's activity in promoting international cooperation and sister-cities programmes is highly valued by its members, as a number of letters to the local government journal testify (Thinking Locally, March 1999):

> 'Alchevsk is still a city which fully depends on the metallurgical plant. The Alchevsk City Council and the Mayor constantly look for ways to develop alternative production lines and forms of business activity. American cities' experience is very helpful in this respect, which have already faced similar problems and have managed to solve them. For example, Pittsburgh until recently used to be the centre of the metallurgy industry and now it has totally restructured its economy' (Kyrychenko, A., mayor of Alchevsk, Luhansk region).
>
> 'International experience is valuable for us, as developed countries have certain achievements in public administration and city management. Digesting such experience through the prism of Ukrainian geopolitical and historical peculiarities, we can improve our own model of self-government, which unfortunately is still in the process of development' (Tretetsky, V., mayor of Myrgorod, Poltava region).

Assistance in Changing and Improving the Legal framework in the Field of Local Government

One of the most important aims of the AUC is establishing statute laws for the effective functioning of local government (AUC, 2001). 'The AUC strove to get involved in lobbying activity after it had seen how local authority organisations abroad were able to influence policy outcomes. The AUC is also very interested in taking up the German practice, whereby the Bundestag (the lower house of parliament) will not consider a single bill concerning local government until the experts from the Union of German Cities examine it. Though the AUC has yet to achieve this role, it has started lobbying via parliamentary factions and deputies sharing its views' (Kushnaryev, 1995: 2). As Ukraine does not yet have legislative provisions for lobbying, the AUC's involvement in lobbying is precarious, conducted on an informal basis, and heavily reliant on friendly media outlets and the political authority of its own leadership (from author's interviews). All this testifies to a causal link between the uncertainty of the external environment and the instability of the policy network (see Chapter Six for more detail). For example, with the help of 'friendly' parliamentarians the AUC managed to 'insert' its experts onto the Budgetary Committee, and, subsequently onto the working group of the Cabinet of Ministers, thus managing to influence the normative process of budget formation at the level of central government. As a result of these actions, certain progress was achieved in the formation of local budgets, as discussed earlier (from the author's interviews).

During 2001 the AUC moved forward with its advocacy strategy by establishing a policy team chosen from active members in the regions under the leadership of the Deputy Executive Director of the Association. The policy team developed an advocacy plan outlining the AUC's position on a number of specific issues concerning the development of local government in Ukraine. The policy team's work is facilitated by the AUC's Executive Office as well as by its regional departments, which assist in distributing drafts and soliciting feedback from member cities. This advocacy mechanism is focused on amending the existing laws on Local Self-Government, Territorial Communities and Communal Property (Bodo, 2001). The new model of the AUC's advocacy strategy is designed not only to pave the way for the institutionalisation of a participatory process in the development of advocacy positions, but also for the institutionalisation of dialogue between the AUC and Parliament committees on the issues of state building and local government.

As part of its mediating activity within the network the AUC collects and summarises proposals made by municipalities to improve the legal framework of local government. On the basis of these views and proposals the AUC's experts develop legislative drafts on issues of special importance to the municipalities. The policy making process takes place through the involvement of AUC experts and representatives in the dedicated committees of the Parliament and via specially convened conferences. For example, the AUC presents proposals on behalf of the cities to the competent authorities when the annual state budget is being formulated. With the direct involvement of the AUC a number of important legislative bills have been prepared on subjects

such as the civil service in local government, municipal militia, and rules on local referenda. In order to illustrate the AUC's legislative activity within the network, the case study will closely follow the AUC's actions in the sphere of budgetary and finance system reform. The AUC's advocacy work in this area is concentrated on the issues of providing state guarantees for the financing of local government, the formalising of stable and long-term revenues for local budgets within state legislation, drafting legislation on local taxes and fees, increasing the participation and the role of local authorities in the formation of local budgets and formalising the right to communal property. The determination of the AUC to protect the interests of the cities in the budgetary process testifies to the consistency and the commitment of the AUC to improve the financial situation of the cities. It also illustrates the fact that protecting the interests of the cities in the Ukrainian budgetary process requires continuity of action in order to achieve policy outcomes. Finally, as discussed below the AUC's involvement as one of the main actors of the Budget Committee considering budgetary reform exemplifies a vital part of the Policy Network Approach.

Agenda Setting and Evaluation of Alternatives

As discussed in Chapter Four the reform of the budgetary and finance systems of Ukraine, which were based on old Soviet standards and principles, was to encourage the effective distribution of financial resources between state and local budgets. This is one of the most urgent issues facing local government today, as its future requires a solid financial foundation. Thus the reform of the budget and finance system of the country is one of the important tasks facing the AUC at the present time (Muhina, 2001). The policy agenda was set in a resolution 'On Actions of the AUC in the Preparation of the Budget of Ukraine for 2001' issued by the AUC Board of Directors on May 27, 2000. This resolution proclaimed the need for central government to consider the interests of cites in the preparation and approval of the Budget Code of Ukraine. The resolution also contained recommendations to the councils of the city-members to take an active part in the discussion of the Draft Budget Code, and to develop propositions for the Budgetary Resolution, and for the Draft State Budget of 2001.

A consultative group on the introduction of budget reforms (including Executive Board members and AUC experts) was formed and instructed to evaluate recommendations of the city-members and develop proposals on behalf of the AUC. Further, in co-ordination with the mayors, the technical experts of the AUC cooperated with parliamentary deputies in order to gain support for the AUC's initiative. Regular meetings of the consultative group took place in order to discuss the proposals suggested by the mayors and the heads of regional departments of the AUC concerning the reform of inter-budgetary relations and the formation and execution of city, rural and village budgets. The AUC's experts then prepared draft proposals for consideration within the 2001 and 2002 Budgets, which incorporated the interests of cities of all jurisdictions.

Policy Formulation

A further insight into the growing influence of the AUC in the policy network is revealed by its work in formulating policy. A series of seminars and meetings were initiated by the AUC in order to discuss and evaluate policy options, and then formulate and put forward proposals for the Draft Budget Code. On June 13, 2000 a seminar organised by the Association of Financiers of Ukrainian Cities, which was created and operates under the auspices of the AUC, discussed the Draft Budget Code and made a decision to send a policy submission to both the Head of the Parliament (Speaker) and the Ukrainian Prime Minister (see Chapter Two for a discussion of the separation of powers in Ukraine). The appeal brought together remarks and proposals on the Draft Budget Code put forward by AUC members. Particular comments were made on the provision of funds to cover the debts of energy suppliers, on the introduction of uniform standards for funding social services guaranteed by the state, and on the directing of 75 percent of capital investment funds for regional and territorial development.

The AUC's President, stating that the success of budgetary reform depends on the involvement and interest of local government, signed a letter to that effect and sent it to the Head of Parliament and the Ukrainian Prime Minister. Between July 31 and August 3, 2000 an open meeting of the section for medium and small city members of the AUC discussed the Draft Budget Code. The resolution 'On the Budgetary Politics for the Year 2001' was prepared and a signed petition sent to the President of Ukraine and the Head of the Parliament. The petition set out concerns regarding the reduced share given to local budgets from the consolidated budget of Ukraine, which meant that local governments found it much more difficult to perform their responsibilities. The AUC called for the enhancement of local government rights and an increase in the responsibility of local government bodies within their own particular territory.

The following series of events serves as a further illustration of the policy network activity led by the AUC. A seminar was organised by the Association of Financiers of Ukrainian Cities in collaboration with the Ministry of Finance to discuss the Draft State Budget for 2001. The participants of the seminar highlighted the need to incorporate the AUC's proposals regarding changes in the formation of local budgets for 2001. The proposed changes were put forward in a letter in support of budgetary reform, sent by the AUC to the Prime Minister, which included proposals and comments made by the AUC based on the Ministry of Finance's calculations for the 2001 State Budget. In particular, the AUC proposals called for an increase in transfers from state to local budgets for the execution of the delegated responsibilities, and the assigning of a fixed amount of taxation to be apportioned for local government use.

It was also proposed that the full revenues from non-agricultural land sales should be given to local budgets. On September 11, 2000 the AUC President participated in discussions with the Ukrainian President and representatives of the Presidential Administration, which assessed provisions within the 2001 budget. A meeting (initiated by the AUC) and involving the AUC

Board of Directors, the Prime Minister of Ukraine and representatives of the Ministry of Finance took place on September 19, 2000 to discuss the formation and execution of local budgets, as well as to consider energy supply issues and the state of the communal economy. The Prime Minister gave the AUC a number of positive suggestions in terms of improving its effectiveness and the range of activities that could be undertaken by Ukrainian cities. These meetings are considered by the AUC to be important initial steps upon which the policy process can be extended.

Another example of AUC's work in the policy network was its role in developing models and formula for the distribution of funds to local budgets. Representatives from the AUC, Ukraine's Ministry of Finance, the Parliament's State Budget Committee and the Local and Regional Government Institutional Strengthening Project (LARGIS) organised by the School of Public Policy of Birmingham University and UK Department for International Development, were involved in the work of a Steering Committee charged with the task of designing a system of sustainable local budgets. A number of lower-level sectoral working groups on Education, Health Care and Social Assistance were engaged in formulating ideas for the Steering Group. In addition, the World Bank provided advice on the budget proposals that were forthcoming, while the Ukraine's Fiscal Analysis Office supported by USAID provided advisory support to the Budget Committee in drafting the required legislation (from author's interviews).

Policy Implementation and Evaluation

Once the Steering Group had completed its work, it was very successful in lobbying the Rada's Budget Committee, which supported the recommendations unanimously despite the committee's deep regional and party political differences (Kachur, 2002). The results were adopted by Ukraine's Ministry of Finance to develop a formula for calculating the size of allotted funds for local budgets to finance education, health and social protection in 2001 (Muhina, 2001). From the 2002 Budget Year the so-called Budget Code formula applies automatically and individually to the budgets of each oblast, city and rayon and is no longer subject to the discretion of the oblasts (for the discussion of the system of territorial administration in Ukraine see Chapter Four).

The new Budget Code distinguishes between the original 'own' and delegated functions of local government. The original functions comprise mainly housing and infrastructure (assigned to the level of cities, towns and villages), while the delegated tasks lie chiefly in the fields of education, social welfare, healthcare, culture and sports (assigned primarily to the cities and rayons) (Budget Code, 2002). Local taxes and land taxes are assigned as original revenues to cities, towns and villages. Shares of state taxes, chiefly personal income tax are assigned to oblasts (25%) and cities and rayons (75%) to fund delegated tasks (Budget Code, 2002). As noted by Olexander Paskhaver (2002) though there remains room for improvement, the Budget Code of Ukraine does, in many respects correspond to the highest standards of financial decentralisation within the EU.

The success of the AUC in the policy network is shown in the state budgetary process. A number of AUC proposals regarding the formation of local budgets were incorporated into the Draft State

Budget for 2001. Among them were the establishment of direct financial transfers from central to local budgets and subsidies from the state budget for locally organised social programmes. Further, the analysis of the Budget Resolution on the Main Directions of Budget Policy for 2002, approved by Parliamentary Decree n. 2543-III, confirmed that the major part of the AUC's input was taken into consideration (AUC Information Bulletin No. 7 (12), September 2001). For instance point 5.1 of the Resolution made a commitment to

> '...improve the distribution of tax revenues between the State Budget of Ukraine, the budget of the Autonomous Republic of Crimea and local budgets. This was intended to provide city budgets with their own stable revenue base. Further, the share of city budgets (including the subsidies for the social protection of citizens) in the consolidated budget of Ukraine should be no less than forty percent' (the Budget Resolution on the Main Directions of Budget Policy for 2002, approved by the Parliamentary Decree n. 2543-III, June, 2001).

These commitments, along with the implementation of the formula-based budget methodology, were the outcomes of continuous dialogue and cooperation involving the Ministry of Finance and local and regional finance officers. Such collaboration demonstrates the important facilitating role played by the AUC in the network via the series of meetings, seminars, workshops and appeals it organises. At the same time, the AUC's regional offices and informational network were important mechanisms in allowing the Association's head office to monitor the implementation of local budgets in line with the new Budget Code, as well as gathering financial data and comments from over 140 cities across Ukraine on various pieces of legislation (Bodo, 2001).

The creation of legal foundations for local government activity is another important sphere of AUC activity. The viability of local government is secured by the system of state guarantees, and among the most important guarantees are legal ones, such as court protection – '...the right of bodies and employees of local government to turn to the courts and appeal against unlawful acts by regional executive bodies, local government bodies, enterprises and organisations, which limit the rights of territorial communities as well as the powers of elected local government representatives' (Article 71 of the Law of Ukraine 'On Local Self-Government in Ukraine'). Chapter Four discussed the characteristics of the underdeveloped legal nature of local government such as the absence of specialist (administrative) courts; the dependence of judges and courts on the bodies of state executive power; the low level of legal culture among local government representatives and citizens; the increasing administrative pressure on the bodies of local government; and the imperfections of the legal regulation of court procedures for reviewing appeals, complaints and cases concerning the protection of rights and interests of local government. On August 28, 2001 the AUC in partnership with the NGO 'Union of Scientists in Support of Municipal Reform' secured a grant from the George Soros backed Renaissance Foundation to help protect the legal rights and interests of local government. The aim of the

project – another illustration of the issue network's activity - was to provide practical assistance to territorial communities, local government officials and bodies, as well as individuals and citizens' associations in using the most effective legal means of protecting local government rights and interests.

The AUC's activity on the project included preparing and publishing recommendations on how courts could protect the rights and lawful interests of local government, as well as compiling extracts from Ukrainian law to provide an integrated account of court procedure when dealing with issues concerned with the protection of rights and interests of local government. A seminar on court protection of rights and interests of local government was organised. The AUC also provided for the collection of relevant information from city-members on court cases involving local government representatives and their outcomes. Further, it provided local government representatives, as well as citizens, with case examples and offered them practical assistance. It is hoped that the long-term results of the project will be to contribute to an increase in the level of legal culture by integrating the findings and results of the project when legal reform in Ukraine is finally undertaken (AUC Information Bulletin No. 7 (12), September 2001).

Legislative Milestones

In order to appreciate the role the AUC is playing in the policy network, which is establishing democratic local governance in Ukraine, it is necessary to consider the main milestones in its 10-year activity:

In 1996 with the process of adopting a new Constitution for Ukraine, the AUC became part of the constitutional debate to determine the new legal provisions for local government, proclaiming it to be one of the most important institutions of democracy (Kuchma, 2000). The constitutional debate culminated in June 1996 with the introduction of the Constitution of Ukraine confirming the main principles of the development and functioning of local government. The AUC took a particularly active part in the creation of the statements of Chapter XI of the Constitution, which define the basis of local self-government. The ideas of local self-government are now specified in the constitution and the basic principles of its organisation and functioning are determined. Pursuant to these legislative changes, territorial communities obtained the right to act independently or through their elected bodies to address issues of local importance. For the first time local interests could be addressed on their own terms rather than as part of a centralised state-led system.

In 1997, the law 'On Local Self-Government in Ukraine' was introduced with the assistance of the AUC (from author's interviews). Because constitutional provisions are sketched out in broad terms, the AUC was able to influence the specific undertakings within the 1997 law, which further improved the legal basis and practical powers of cities. The AUC experts played a part in various working groups charged with the task of developing the draft of this law in collaboration with members of Parliament and central government officials. The 1997 law and other associated bylaws were of particular importance because they guaranteed decentralisation of power and

governance. In 1998 the active involvement of the Association in the budget formulation process resulted in the growth of the portion of the local budgets in the consolidated budget of Ukraine from 30 to 36 percent. Furthermore, the AUC was the driving force behind the adoption of the law, enacted on January 1, 1998, ratifying the European Charter of Local Self-Government. This Charter is part of a framework of legislation promoted by international organisations such as the Council of Europe to guide nations in transition, who are developing their own national legislative programme. The ratification of the Charter, as part of the process of bringing the system of local and regional administration closer to the standards adopted in the EU, was one of the preconditions before Ukraine could become a member of the Council of Europe.

The AUC was also involved in the establishment of the Law of Ukraine 'On Local Self-Government in Ukraine', which provided the opportunity for the adoption of charters or statutes to help define the work and operation of territorial communities at the village, town and city levels of government. In 1999 the AUC started work on integrating the statutes into the practice of local government by developing a model statute for territorial communities, which they could follow in order to maximise the potential benefits from the original legislative act. In time, the work of the AUC encouraged and assisted the territorial communities themselves to develop and adopt statues to meet their own specific concerns and needs. The aforementioned events represent significant achievements in raising the degree of support for Ukrainian local government at the state and international levels.

The initiative of the AUC in the policy network has also assisted in the creation of a series of councils, committees and working groups charged with the development and implementation of various aspects of local government reform. In 2000, for example, the AUC participated in the creation of 'The Presidential Coordination Council on Local Self-Government Issues'; later 'The Intergovernmental Commission on Local Self-Government' was established. Both the Council and the Commission were instructed to investigate ways of improving the viability and sustainability of local government within Ukraine. Further, the Ukrainian President formed 'The Foundation on Support of Local Government' to provide a scholarly, consultative and coordinating institution to support and promote the development of local government in the country. Once again, the AUC was a key instigator, facilitator and player with regard to the Foundation.

The AUC was also behind a series of statements and decrees issued by central government proclaiming its support for local government reform. On August 30, 2001 the President signed a decree 'On the State Support for the Development of Local Self-Governance in Ukraine'. The Cabinet of Ministers, the Foundation for Support of Local Government and the AUC jointly developed the draft of the decree. Item Two of the decree indicates that 'the development of local self-government is currently one of the state's top policy priorities'. The working group on the execution of this decree and the preparation of propositions concerning the development of self-government involved representatives of the Ukrainian Parliament, the Ukrainian President's

Administration, the Cabinet of Ministers, local executive and autonomous bodies, prominent scientists and AUC representatives (Presidential Decree n.749/2001, 2001). The group has been charged with a series of tasks including to affirm the programme of state support for local self-government development; to study the reasons for the problematic situation in some Ukrainian regions with regard to the relationship between the local autonomous and executive bodies, and provide possible solutions; to encourage improvements in the relationship between local autonomous and state power bodies; to analyse Ukraine's implementation of international obligations concerning the development of local government; to make assessments as to whether obligations are being met; and to organise an integrated system to inform the Council of Europe and international organisations about Ukraine's fulfilment of its aforementioned obligations. In order to increase the AUC's credibility when undertaking these tasks a meeting between AUC administration members and the then Prime Minister of Ukraine Anatoly Kinakh, was held on August 17, 2001. The result was the release of Ukrainian Cabinet Decree n. 1123 on August 28, 2001, which stated that the Prime Minister was to become the head of an Interdepartmental Committee on Local Self-Government at Cabinet level. The decree indicated that support for local self-government came from the highest level. This represented a notable achievement for the AUC in the policy network process.

The reform of the Budget Code in 2002 (referred to previously within the context of the policy network dynamic) represents a significant step in the transformation of centre-local relations, by removing the rigid financial subordination inherited by Ukraine from its totalitarian past. The significance of budget reform in Ukraine extends beyond the issue of reducing local authority financial dependency on the centre. The ability of local authorities to command relatively stable sources of revenue, as well as to predict with some certainty the levels of budget transfer necessary for carrying out their delegated responsibilities, are the cornerstones of local autonomy and accountability is clearly stated in the Council of Europe's Charter of Local Self-Government, to which Ukraine is a signatory. Along with LARGIS experts, the AUC played an important role in budget reform having provided technical advice to the Ministry of Finance and the State Budget Committee.

In particular, the AUC advised that expenditure allocations to local governments should be based on objective and transparent measurements reflecting the cost of, and need for, a service in each locality rather than on the cost of an existing network of institutions (from author's interviews). Subsequently, the AUC experts in cooperation with LARGIS specialists were involved in developing the actual formulae for budget transfer, and, by using its regional network of offices the AUC was able to test and offer practical modifications to the initial proposal (from author's interviews). The input of the AUC was important in improving previous budget coordination measures. Deputy State Secretary of the Ministry of Economy and European Integration, Sergei Romaniuk, had highlighted the formerly poor co-operation between the Parliament and the Ministry of Economy as a major detrimental factor affecting the efficiency of the Ministry's work.

At the same time he cited the Budget Code as a significant development in tightening cooperation between the Ministry of Finance, the Budget Committee of the Parliament and other participants, including the AUC (LARGIS, 2002). Throughout the whole process the AUC performed a mediating role involving the Ministry of Finance, the State Budget Committee and LARGIS specialists allowing for cohesive and coherent policy making (from author's interviews). This mediating role is a key element in the AUC's power in the policy network.

Lastly, the AUC has played a central role in the creation of the Academy for Municipal Management, the 'Ukrainske Misto' (Ukrainian City) magazine, the Centre for Investments and Development of Cities, the Association of Municipal Education and the Society of Scientists for the Promotion of Municipal Reform, all of which have helped build a policy community of mayors, city administrators, local government officials and policy makers, as well as coordinate the activities of all local authorities. The result of which has been a much more coherent, high profile and effective voice for local government interests in Ukraine.

Competitor Associations

A number of other associations have been formed that are involved in supporting the role and position of local government in Ukraine. The most active organisations include: the League of Historic Cities of Ukraine, the Association of Mining Cities of Ukraine, the Union of Local and Regional Authority Leaders and the Association of Crimean Cities. The Union of Local and Regional Authority Leaders was established in July 1999 and, at least on paper, have similar goals and objectives to those of the AUC. Its membership, unlike the AUC's, is organised on an individual basis and includes deputies of Ukrainian and Crimean Parliaments, deputies of regional and local councils, governors, mayors, as well as regional and local public figures. The Union of Local and Regional Authority Leaders was created by central government in an act of clientelism, in order that a more 'manageable' local government actor could be established, to challenge the AUC's role in the policy network (from author's interviews). The most recent highly publicised undertaking of the Union of Local and Regional Authority Leaders was the development of a new model for effective public administration. However, despite a number of declarations its Second Congress was unable to move beyond agitated debate. The representatives of regional authorities could not find a common vision for the territorial organisation of the country. Delegates from village areas criticised the Union for marginalising their interests at the expense of the larger regional centres. The Union did not invite the medium-ranked village and city administrators to participate in the development of its 'effective model', which included the strengthening of presidential and regional executive authorities, reform of the Parliament, and the introduction of a new budget system providing for the creation of regional and local budgets (Kyivskie Vedomosti, 2000: 3).

The Association of Village, Rural and City Councils of Ukraine is another artificially created organisation, which like the Union of Local and Regional Authorities' Leaders, has personal

membership, nominal membership fees and is financed from various 'exotic' sources, including politicians and businessmen (from author's interviews). The Association of Crimean Cities has a set of interests and objectives different from that of the AUC. This is explained by the fact that it is led by the Head of the Crimean Parliament, Leonid Grach, a leader, whose ultimate goal is Crimean independence. The AUC has offered its resources for use by the Association of Crimean Cities in the guise of a Crimean Regional Department. It is important to mention that a number of Crimean cities, such as Simferopol and Kerch are members of the AUC. While Sevastopol, the capital of Crimea conducts independent policy from the AUC, it is always invited to participate in the AUC's undertakings (from author's interviews). Overall, the 'competitor' associations have not been as dynamic and proactive as the AUC, while some of them remain largely paper organisations and therefore information on them is not readily available.

Problems, Needs and Opportunities

The road along which the AUC has travelled during the ten years of its existence has been far from easy (Pitsyk, 2001). While the reform of government and public administration has laid the foundations for democratic local self-government in Ukraine, a number of powers are still lacking such as economic-administrative functions, financial autonomy and competent personnel, material and technical equipment for the management of public services (Bodo, 2001). In addition, reforms in such areas as local government authority and stability, the status of communal property, land relations, the issue of local budgets, and the distribution of powers and authority between the different levels of government have been slow and incomplete.

As discussed above, the AUC's experts took an active part in drafting and lobbying for the laws 'On Communal Property in Ukraine', 'On Local Taxes and Charges', 'On Local, Regional and Rural Budgets', 'On Service in Self-Government Bodies' and others related to the functioning of local government. Despite the AUC's drafting and lobbying efforts, in the period from 1997 to 2000 (since the adoption of the law 'On Local Self-Government in Ukraine') only two other laws on local government have been passed, 'On Elections of the Deputies of City, Rural and Village Councils' and 'On the Capital of Ukraine – City-Hero Kyiv'. Around 40 bills concerning local government issues remain at different stages of consideration within the national Parliament (Seletsky, 2003).

The following examples illustrate the delays that occur with the adoption of crucial legislation. On December 15, 1997, following a meeting with members of the AUC Board of Directors held on December 10, the President of Ukraine signed an instruction on improving the situation in local government. However the majority of the provisions within this instruction were not carried out. Among them was Point Two, concerning developing and introducing proposals and recommendations to supplement the drafts of the laws 'On Communal Property in Ukraine'; 'On Service in Self-Government Bodies and their Alliances' and 'On the Order of Consideration of the Cases Dealing with the Activities of Local Self-Government Bodies by the Courts', which already

had been presented to the Parliament. A provision of the presidential decree, which is yet to be executed is Point Seven, instructing the Cabinet to simplify the procedure of governmental guarantees when local self-government bodies receive loans from international lending institutions such as the World Bank and European Bank for Reconstruction and Development. In addition, there is Point Ten that considers the issue of creating all-Ukrainian centres of business cooperation between regions and cities (Resolution of the AUC Board of Directors, March 18, 2000). These laws are still to be adopted due to the inefficiency of Parliament (as discussed in Chapter Two), as well as the strong opposition of the regional, communist and socialist lobbies. Parliamentary assent is necessary in order to bring Ukrainian legislation into line with the European Charter of Local Self-Government and the recommendations of the Council of Europe's Congress of Local and Regional Authorities of Europe.

Delays have also been seen with regard to the legislation 'On the Methods for the Realisation of Recommendations for Local and Regional Democracy'. Point Nine of this decree gave a deadline of March 1, 1999 '...to prepare and introduce for the consideration of Parliament a draft law on introducing additions and amendments to the law 'On Local Self-Government in Ukraine'. The legislation has still to be passed. Similarly, suggested revisions to the law 'On Local State Administration' remain in limbo. The Cabinet of Ministers approved the revised drafts in late 2001, but their passage through Parliament was interrupted by the parliamentary elections of March 2002. Further, the newly elected government has still to present them to the Parliament for a second time.

The reactions of international organisations to such delays have been highly critical. For example, on January 27, 1999 the Parliamentary Assembly of the Council of Europe adopted Resolution 1179, which stated: 'The legislation dealing with self-government issues should be confirmed without any delays according to the principles of the European Charter of Local Self-Government, including distinct division of powers between state administrations and elected municipal councils'. The lack of progress on the part of Ukraine in the fulfilment of its international obligations in the area of local government reform hampers its aspirations of joining European international political and economic structures (Nagrebetskaya, 2001). It is important to mention that the AUC often uses the existence of such outside forces as the EU and Council of Europe as a justification for its pressure on national government for the implementation of local government reform policies (from author's interviews). Such an ability of the AUC to use international bodies as a bargaining chip in its negotiations with national government confirms its role as a key actor in the policy network process.

Further delays to reform have been caused, in particular with regard to the adoption of the Budget Code. In October 2000 the President declared forcefully that he was not prepared to approve the Budget Code or the 2001 budget proposals as they stood (LARGIS, Final Report 2000-2002). As the LARGIS report further states, those involved in the process had anticipated presidential

opposition, as the reforms were set to undermine the enormous discretion enjoyed by presidential appointed governors over budget allocations to cities and rayons. Despite a strong reaction from the international community the State Budget for 2001 was based on the old system of disbursements with allocations to the oblast level only. However, some compromise was achieved, under pressure from the World Bank, whereby oblast governments were required to use a formula for disaggregating to city and rayon budgets (LARGIS, Final Report 2000-2002). However, the presidential opposition to the formal Budget Code persisted until February 2001 when an overwhelming parliamentary majority passed the Code on its third reading. The Code was then signed by the President in April, and took full effect in the 2002 State Budget (from author's interviews).

The nature of the provisions within the Budget Code and the strong parliamentary vote for the legislation was to a large extent due to the hard lobbying effort of the AUC. The Association used its connections and authority to successfully press for the Code's adoption into law (from author's interviews). However, the limits of the AUC's influence over policy implementation can be seen. Despite the approval of the Budget Code, local authorities still have very little control over rates of revenues they receive, while having strong control over expenditures (from author's interviews). The bureaucratic nature of the state and the lack of goodwill with regard to the Code on the part of the President have overridden to a large extent the original hopes. Thus, more progress is needed in reforming budgetary and financial provisions, bringing them into line with the provisions of the European Charter of Local Self-Government.

Another unresolved legislative dilemma, which affects the AUC's activity in the policy network, is the status of oblast governors. The AUC made repeated, though futile, appeals to the Parliament to conduct an experiment in a number of regions by making the positions of rayon and oblast state administrators elected. At the moment, (as discussed in previous Chapters) the governors remain presidential appointees and their patronage powers are formidable weapons in consolidating their political influence (LARGIS, 2002). In his interview to 'Segodnya' the President of the AUC and the mayor of Kyiv, Olexander Omel'chenko, said: 'There are only two levels of government left in Ukraine whose heads are appointed by administrative decision from the top – these are the heads of rayon and oblast administrations. It is necessary for Ukraine to adopt the European norm where all bodies of power are elected from the bottom up' (Kazhurin, 2002). The AUC continues to lobby for these provisions and has secured the support of a number of political parties such as the 'Party of Regions' and 'Nasha Ukraina'.

Furthermore, the idea of a bi-cameral parliament approved by the referendum (as discussed in Chapter Two) presupposes elections for the position of governor, a position shared by the Prime Minister Victor Yanukovich and representatives from the influential Donetsk region who are supporting the AUC in its lobbying efforts (Romanenko, 2002). However, it is likely that this issue will not be resolved until after the presidential elections in 2004: such an administrative

resource is too valuable during elections because of the ability of regional and local elites to mobilise the support of the electorate. In 1994, for example, Kuchma's victory was largely determined by the ability of his team to amass the support of regional and local authorities via the use of governors (Yahno, 2002).

A further example of the ongoing lobbying efforts by the AUC within the policy network concerns the introduction of changes to the law 'On Local Self-Government in Ukraine'. As discussed in Chapter Four, the regulations underpinning this law are faulty in a number of ways, including a lack of provisions for effective public participation and the absence of accountability and transparency in local government activity. In particular, a mayor is only required to report back to the community once a year at an open meeting to which community representatives are invited. While the law requires the mayor to hold scheduled personal receptions, citizens must be registered in advance and there is a long waiting list to be seen (Law 'On Local Self-Government in Ukraine', 1997, Article 42, parts 5 and 6). In a draft law, framed by AUC experts a regulation was proposed, which stated that, 'Any decision made by a local council or executive body must be distributed to the population of the appropriate community. On request, a copy of the decision must be provided, freely or for a small fee' (Draft Law 'On Local Self-Government in Ukraine', the AUC, January, 1996). However, the AUC's lobbying for such a recommendation to be adopted has not been successful (from author's interviews). This example illustrates again that in spite of being a key actor within the network the AUC is not always successful in achieving its desired policy outcomes as its influence does vary from issue to issue.

One of the most controversial issues in local government reform, which has serious consequences for AUC activity, concerns the status and authority of village, rural and city heads (mayors) (Omel'chenko, 2000). The law 'On Local Self-Government in Ukraine' provides for procedures of dismissal for village, rural and city mayors by a decision of the local council or national Parliament, thus overruling the opinion of the local electorate. The AUC believes that it is wrong for a local council or the national Parliament to arbitrarily eject the mayor or suspend his or her powers. The Association argues that the will of the local population at election times should be respected. In addition, AUC experts suggest that only the corresponding local council and local court, and not national state institutions, should have the authority to annul mayoral decisions, and only if these decisions contradict the Constitution or laws of Ukraine.

Conflicts that have occurred between the mayors of such cities as Kyiv, Luhansk, Sumy, Donetsk, Poltava, Cherkasy, and various state bodies which needed proper independent judicial investigation was not possible due to pressures from central government (Khreshatik, 28.03.00; Novy Vek, 03.02.01). In a number of cases when mayors were suspended or worse, it was clear that pressure had been exerted on local council deputies by the bodies of state executive power. The situation is exacerbated by the fact that village, rural and city heads are deprived of access to the mass media, mainly as a result of the spoiling tactics of central government. Such scenarios

make the mayors uncertain as to their position and are therefore reluctant to put their trust in the rule of law (from author's interviews).

The legislative and legal inadequacies have serious implications for the AUC's organisational capacity and efficiency within the network. The absence of legal provisions that would define and protect the status of mayors is exploited by both central and regional state officials, particularly during presidential and parliamentary campaigns when conflicts between mayors and state structures arise most frequently. A number of local leaders have had to leave their posts 'on their own volition' after regional bosses decided that they had not bestowed the 'necessary' outcome in past presidential elections. Those mayors that did not leave 'voluntarily' after the first warning and committed themselves to fight for the preservation of self-government have come under heavy scrutiny from legal bodies, tax inspectors and representatives of other state power structures (Khreshatik, 28.03.00; Address of the AUC's National Council, 7.12.00).

In the Sumy region the heads of regional and rayon state administrations insisted on the resignation of a number of city heads, including those in Lebedyn and Glukhiv, while in Kherson the state bodies conducted over 80 administrative and judicial checks on the city administration during one year. No infringements of the law were discovered, but the work of the city executive committee and the mayor was severely disrupted (Novy Vek, 2001; Sil'ski Visti, 2001). The mayors of Romny, Myrgorod, Shostka and Zaporizhzhya, meanwhile, were forced to resign because of relentless pressure from state bodies. A USAID Programme Report No. 121-023 (2001) stated:

> Harassment of some of the elected mayors that began in 1999 after the presidential election, continued through 2000, including those in cities that are active in USAID-funded projects. More elected mayors have been forced to resign, including the Mayor of Romny, a partner city in USAID funded Community Partnerships Programme (CPP) and the Mayor of Myrgorod, who was well known as a strong advocate of decentralization and inter-governmental fiscal reform. If USAID loses more of these major advocates of cooperative activities, particularly under such circumstances, it may be difficult to achieve the results projected for these communities.

In spite of these severe difficulties, the AUC continues to try to play a positive part in the policy network. However it is far from easy. The AUC has condemned the arbitrariness of governors and appealed to the President to introduce a number of urgent measures to protect the existence of local government in Ukraine (Khreshatik, 21.12.99). On February 22, 2000 in a message to the Parliament, President Kuchma stated:

> The imperfection and indistinctness of legal norms bring additional tension to relations between the central state administration and councils, as well as between regional authorities and city heads. That is why I think it is very

> important to turn our attention to the laws on state administration and local self-government, and to undertake the necessary changes and amendments to deal with inherent problems in the relationship. Then there is the task of perfecting the vertical administrative chain of command and the structures of the local executive bodies, in order that there is a proper balance between powers and responsibilities of state authorities and local government bodies in the sphere of state and public services provision ('Ukraine: the Step in the XX century. The Strategy of Economic and Social Development for the Years of 2000 – 2004', February 22, 2000).

However, notwithstanding the loud declarations and numerous decrees by the Ukrainian President, Parliament and Cabinet on the importance of the state supporting municipal reorganization as a part of the ongoing administrative and democratisation reform process, very little is being done by the state to secure and strengthen the institution of local government in Ukraine. The work of the Presidential Coordination Council on Self-Government Issues, as well as the Cabinet's Intergovernmental Commission on Local Self-Government, has ceased due to the passivity and low interest on the part of the representatives of the central state (from author's interviews). At the same time the tendency towards centralising administrative tasks and subordinating local government bodies and rights to those of the state remains strong. For instance, state structures and the Presidential Administration attempt to 'manage' the mayors by using legislative provisions via so-called delegated powers (from author's interviews). Moreover, attempts have been made to abolish the right of territorial communities to elect village, town and city heads, and to introduce appointments made by the state administration (Medvedchuk, 2002). As Chapter Six argues the centralising tendencies of the national government affect the AUC's influence, as well as the nature of the relationships and interactions between the network's actors.

Conclusion

In 2002 the AUC, an all-Ukrainian union of local self-government bodies, celebrated its tenth anniversary as an independent organisation representing cities' interests at the national and international levels. During this time the AUC has undertaken a wide range of activities in support of its stated objective of improving and strengthening local self-governance. At present the AUC is the largest organisation dedicated to the promotion of local self-governance. The Association has grown rapidly, now having about 340 cities as members, representing 75 percent of the total population of Ukraine. It is now a major player in the process of drafting local government legislation and national-level administrative procedures that impact on local government. It should be also noted that the successful course of local government reform would hardly be possible without the longstanding and energetic activities of the AUC (Pitsyk, 2001). The AUC has earned a reputation on the national and international political scene as a key player in promoting administrative and financial decentralisation in Ukraine. Importantly its authority has been

recognised both by central and local governments. Speaking at a meeting of the AUC devoted to the tenth anniversary of local government in Ukraine, the national President, Leonid Kuchma said:

> I would like to emphasise the role of the Association of Ukrainian Cities, which has made a significant contribution to the development and improvement of the forms and methods of local government activity and the constitutional definition of its status ... The AUC has had many accomplishments and the establishment of legal foundations for local self-government is one of them. You have in essence compelled all branches of government to respect you (extract from a speech delivered by Leonid Kuchma, the President of Ukraine at the All-member Annual Meeting of the AUC in January 25, 1997).

The case study has laid out the wide range of the AUC's activities, which takes place at both the national and local levels of policy making. At the local level, AUC activities include helping cities to define and articulate their problems, fostering collaboration and exchange of information, experience and ideas, and educating local government officials and citizens in local government functions and responsibilities. Indeed, particular achievements such as the Association's well-developed database containing information on Ukrainian cities, its quarterly Newsletter, its regular seminars and training sessions, its growing network of regional offices, and the monthly meetings of its Board of Directors have institutionalised the policy debate on local government reform.

At the national level, AUC activities comprise of advocating local government interests and undertaking policy work necessary for the adoption of legislation to advance local government reform. Another important aspect of the AUC's work is constituency building, which incorporates both local and national policy levels. The AUC's efforts in involving other players including NGOs, political scientists, businessmen, consultants, youth groups and the media in the local government debate has strengthened support for decentralisation and reform-oriented laws. The AUC's regional offices are on the way to becoming fully-fledged local associations, serving as information centres for local government issues, operating for the benefit of territorial communities, including its city members (Pitsyk, 2001). However, the ability of the AUC to change and improve the legal framework of local government has been only partial. Further, its ability to protect the interests of its members when in conflict with central and oblast governments has been limited.

Nevertheless, despite all the problems and opposition from the proponents of 'vertical administration', local government is, step-by-step, taking hold in Ukraine. The establishment of a local government system coincided with independence, and became an essential part of democratisation, decentralisation, state building and the assertion of Ukraine's role in the international arena. The new multi-organisational landscape of governance and local government policy reform implementation is characterised by the escalating penetration of policy making by

various actors and policy networks. As the case study demonstrates, over the first decade of democratic transition in Ukraine the AUC has successfully penetrated, shaped and reinforced the reform process in the area of local government and thus the process of democratic transition in the country. The analysis of the case study findings in relation to the theoretical framework of the dialectical multi-level PNA model is presented in the next Chapter. The theoretical framework is applied to interpret the wealth of empirical data and assess the coordinating role of the AUC, in enhancing the consistency and continuity of the local government reform programme in Ukraine.

Chapter Six

An Analysis of the Case Study

The present Chapter provides an analysis of the case study by drawing on the policy network concept, specifically the network typology of Marsh and Rhodes (1992), and the dialectical multi-level model of Policy Network Analysis developed by Marsh and Smith (Marsh and Smith, 2000, 2001) in order to develop a number of analytical propositions concerning the influence of the AUC on the course of local government reform. The Chapter is structured as follows. As a starting point it refers briefly to, and summarises the findings of, Chapters Two, Three and Four as the macro-level factors that shaped the wider political, economic and social context within which the AUC and the local government reform network originated and operated, as well as affecting the network's structure and outcomes arising from its activity. Secondly, the micro-level analysis of the AUC, as a key actor within the local government reform policy network, forms an integral component of the analytical framework utilised for the analysis of the case study. Thirdly, the meso-level analysis focuses on the local government reform policy network as a mechanism of institutional response allowing the AUC to establish and exercise its influence on the process of democratic restructuring of the local government system. The term local government reform policy network refers to the interdependent group of actors who dominate the system of interest intermediation in the area of local government reform. It can be argued that such a conceptual engagement of the theory allows a clear understanding of the macro-, meso- and micro-level factors, which have affected policy outcomes in the area of local government reform and the part that the AUC has played in the process.

Summing up the Macro-level Analysis: The Background to the Formation of the AUC and the Local Government Reform Network

As detailed by Daugbjerg and Mash (1998), the macro-level of the integrated model of analysis is concerned with the broader political structures and processes within which the policy network is located and operates. Chapters Two, Three and Four discuss in detail the macro-level (exogenous) factors, which are the ingrained characteristics, constraints and pressures of Ukraine's political, legal, socio-economic and institutional environment that have shaped the processes of democratic transformation in the country, the course of local government reform and consequently the formation and activity of the actors, interest associations and policy networks, which are the focus of this study. Macro-factors have also affected the local government reform network's structure, the patterns of relationships and distribution of resources between its actors, as well as policy outcomes arising from its activity. However, following the contention of the dialectical multi-level PNA, only by establishing dialectical relationships between the aforementioned macro-level factors and meso- and micro-level data will it be possible to trace the influence of the AUC as a key actor within the local government reform policy network.

This study argues that the macro-factors, which impact on meso-level policy making in Ukraine, are deeply rooted in the legacies of administrative centralisation and the central state's subordination of local self-government, arising from 'Ukraine's inheritance of external domination and totalitarianism' (Kuzio, 1998: xi). Chapters Two, Three and Four identified the implications of the institutional and cognitive legacies on the structural, political and legal frameworks at the macro-level which are of analytical and practical relevance for the application of dialectical PNA to the AUC case study.

According to Daugbjerg and Marsh (1998), the nature of the state system and the internal division of authority within the state represent integral components of the macro-level analysis. As argued in Chapter Two, the quadruple nature and the slow pace of the transition process in Ukraine, especially in the areas of democratisation and marketisation, together with the high degree of continuity with past totalitarianism, the persisting ethno-cultural divide, and the high level of succession of former communist elites in the new system of power, have led to the establishment of a presidential republic within limited democratic attributes. Such a situation is characterised by central government's authoritarian tendencies, and the lack of a stable and accountable executive, a fully developed and strong legislature and a truly independent judiciary. In line with the argument of Marsh (1998), this Chapter further demonstrates that the authoritarian nature of Ukraine's state system and the resulting skewed balance of power within the state has had an important impact upon the meso-level construction of the local government reform network. Issues such as the distribution of powers and resources between actors, and policy outcomes arising from network activity have to be considered within this context.

Following the argument by Daugbjerg and Marsh (1998), an assessment of the relationship between state and civil society forms another fundamental component of the macro-analysis provided in the study. As Chapter Three revealed, the major obstacle to political reform in Ukraine is a weak tradition of civil society and civic culture, which had never been encouraged or allowed to develop in the totalitarian system of the Soviet Union. Chapter Three demonstrated that Ukraine is still in the process of creating a civil society that is free of the many constraints and centralizing trends experienced under the Soviet system. Indeed, the network of civil society organisations represented by public and political organizations, such as NGOs, political parties and mass media has yet to approach the robustness of equivalent networks in long-established democracies. Such a legacy has proved to be a persistent burden affecting the meso-level of policy making.

As Chapter Three argued further, the nature of state-civil society relations in Ukraine is shaped by a multitude of factors arising from the character and sequence of the transition process, and such totalitarian legacies as the lack of political pluralist traditions, a weak and divided society, authoritarianism, corporatism, and the endurance of old soviet nomenclature networks and authoritarian practices. Even if the concept of governance has changed, the central state remains reluctant to abandon its authoritarian position and old corporatist arrangements, evidence of which

is the artificial creation of the Union of Local and Regional Authorities' Leaders, as described in the case study. Such corporatist institutions hamper not only the attempts of rival interest groups to emerge, but also the reform process more generally.

The political and economic importance of the policy sector where groups and networks occur and operate can be described as one of the important macro-level factors affecting the meso-level of policy making. As Chapter Four concluded, the development of local government in Ukraine has been an essential part of the anti-authoritarian process within the state, with its establishment marking a breakthrough in the construction of democratic state structures. Its emergence signified a break with the socialist doctrine of the unity of the state and local administration, treating the local level as the bottom rung of the central administration (Schaitis, 1997). Decentralisation programmes necessitated by the economic difficulties experienced by the central state have increased the role of local government in the provision of services, as well as development, planning, implementation and resource allocation tasks. The democratic rebuilding of local government also became a crucial element of democratisation through the restoring and developing of civic society and civic culture.

It is possible to argue that the influence of interest groups such as the AUC was aided by the political importance of the issues under consideration – the democratic reform of local government. The importance of the policy sector helped secure the attention and assistance of a number of international organisations in terms of encouraging the AUC's activity, which was particularly valuable at the early stages of the group's formation. The involvement of international organisations has also enhanced the AUC's standing in relation to central government actors within the network. Consequently, the importance of the creation of effective local government for the success of democratic transition has had an effect on local government reform network construction, operation and policy outcomes.

As aforementioned, among the defining macro-characteristics of the environment during the early 1990s was Ukrainian local government's growing importance and increasing responsibilities as a result of democratisation and decentralisation processes. However, this new role was offset by the authoritarian nature of the state manifested in the increasing squeeze on local government authority and finance by central and regional authorities and the deficient legislative base concerning local government matters. Macro-level discussion provided in Chapters Four and Five determined a range of legal deficiencies that affected local government reform in Ukraine. In particular, the legal assignment of responsibilities remained a very top-down process in which central government law set out the competencies of various units of government, most notably in the annual national budget, annual regional budgets, and ministerial decrees (Brown, 2001).

The adopted legislation also fell short of clarifying and defining the rights and scope of responsibilities of local government bodies vis-à-vis central and regional government. Finally, among the most acute legal deficiencies, was the lack of an autonomous financial base for local

government, including the absence of a clear assignment of functions and expenditure responsibilities among different levels of government, no stable system of revenue assignment among the tiers of government and little new legislation clarifying the status of communal property. As Chapter Four argued, many of the deficiencies within the current legislation stemmed from the legacy of the centralised Soviet system such as the perseverance of a vertically hierarchical budgetary system where, in spite of the decentralisation of service delivery, revenue generation remained highly centralised.

The old authoritarian system of top-down budgeting, with the central and regional authorities controlling tariffs, tax collection measures, as well as allocating funds to the cities in an unpredictable and unreliable manner, has affected the capacity of local government to carry out its new functions and control and coordinate delegated responsibilities. The centralised model of public finance, together with the legal deficiencies underpinning relations between the different levels of government, contributed to serious tensions and conflicts of a personal and political nature between the central, regional and local authorities. As the case study (Chapter Five) showed, this phenomenon has been reinforced by the old authoritarian practice of evaluating and replacing the governors on the basis of political criteria exercised by the President of Ukraine, which made local officials increasingly distrustful of regional governors and regional administrative offices. These institutional shortcomings, together with economic difficulties, meant that local authorities had to be self-reliant in seeking ways to influence legislation, while also trying to improve their credibility in the management of basic services and in local economic development. Further, local government itself was being undermined by a lack of skills, training and structured information on the changes in legislation and best practice, as well as poor horizontal coordination mechanisms among different municipalities and their bodies. Moreover, local government has suffered from an experience shortage in policy formulation, lobbying, economic analysis, and financial and human resource management. These internal resource deficiencies stemmed from the restricted role of local authorities in the totalitarian top-down system of government in the Soviet era.

The internal and external resource deficiencies of the transitional period were fed by the slow and limited progress of the redistribution of political and economic power in the country, and the opposition to reforms of the old-Soviet power elites. In addition the legacies of corporatism, the lack of a civic culture, a highly fragmented civil society, an underdeveloped multi-party system, weak public organisations, and a lack of independent mass media hindered the development of local self-government. Moreover, the political reform process was undermined by high levels of political uncertainty and instability exacerbated by the ongoing confrontation between President and Parliament, and the divisions within the Parliament itself. The absence of political stability meant that it was particularly difficult to reach consensus on the overall direction of local government reform, and the particular policies needed to advance the reform process.

It also contributed to the fact that central government lacked a consistent policy towards local government reform. Finally, the process of democratic transition and the reform of local government were taking place under a set of international pressures and external obligations arising from the involvement of foreign actors, which have influenced the AUC's formation and activities.

According to Truman (1971) various professional associations are founded on common attitudes (interests) that are created by the special skills and preoccupations of their members, and that they reach formal organisation as a result of particular external disturbances affecting group members. As discussed in Chapter Four, the Soviet system of local government in Ukraine was considered a branch of the national government; hence there was no need for a separate organisation to represent the interests of local government. Although local government bodies historically lacked the authority to initiate major policies and govern without the constant interference of the local Communist Party, the above-discussed macro-level economic and political factors, contributed to the changing role of local government in the transition to democracy.

However, in the existing situation local authorities have found it extremely hard to cope with additional powers and responsibilities for economic development, social welfare, housing and education, which have fallen upon them. Local authorities have lacked the necessary resources, as well as the capacity to utilise them, to coordinate efforts and generate grass-roots pressure to create and put into operation a mechanism of reform. In order for the reform of local government to happen, sufficient legal space for the functioning of local government bodies has to be created and an educational system for local government specialists established. All this would have to be done simultaneously, coordinating efforts and activities across regions and municipalities in order to create a 'critical mass' necessary for an effective and sustainable local government reform process. With elections and the subsequent direct accountability of Ukrainian mayors to the economically discontented population they were compelled to take matters into their own hands. The search for a model of structure to consolidate and co-ordinate their efforts, as well as to serve as a link between local and central levels of government were undertaken. The consequence was the formation of the AUC as a key actor in the policy network for local government reform.

Characteristics of the AUC as a Key Actor of the Local Government Reform Policy Network: Micro-Level of the PNA

In 1994 the AUC was reorganised from a small interest group into a 'collegiate' structure linking local authorities across Ukraine in order that they could coordinate their professional interests, represent them at the national level and provide a wide range of services for its members. Since then the AUC has established itself as a conduit organisation in a system of interest intermediation between individual local authorities and central government. It regulates and channels the bargaining and negotiating of local authorities in their effort to influence the development and implementation of policies in the area of local government reform. The AUC is a member-driven

organisation whose agenda and activities reflect the collective needs and interests of its member cities. Overall, the AUC could be defined as a professional formation uniting actors in the sphere of local government, albeit excluding the main national policy makers.

Truman argued that some interest groups (described as policy groups) acquire a new status or state and specific features if, in their desire to achieve their goals, they act through government institutions to push for full recognition and that the group's interests in the development and implementation of policies are acknowledged (Truman, 1971). As discussed in Chapters Two and Three, before perestroika independent policy groups were practically nonexistent in Ukraine as the monopoly on the formation of policy belonged to the Communist Party of the Soviet Union (CPSU). However, at present there exists a diversity of policy groups including the AUC who attempt to exercise pressure on government.

The AUC can also be described as one of the most recent types of 'infrastructure' organisations appearing in Ukraine (Sungurov, 1999). According to Sungurov (1999) the mission of such organisations includes lobbying for beneficial laws and regulations, participating in the legislative process and assisting its members to further their interests. Another role of infrastructure organisations is via mediation to try and build partnership relationships between the NGO community and state power structures. The experience of countries with a stable democracy demonstrates that these organisational mediators provide an important avenue for interaction between different participants involved in the political and public process. As this study illustrates the AUC carries out an important mediating role in the policy area of local government by supporting the establishment of partnership relations with state structures, and initiating educational seminars and meetings between representatives of central government, local government and NGOs.

The broad scale of the AUC's activity also distinguishes it from grass roots organisations, which tend to focus on the everyday needs of their members. The case study demonstrated the ability of the AUC to make use of its organisational potential at international, national and local levels of policy making. Policy and lobby related work with the ministries, Parliament and other central government agencies aimed at changing and improving the legal framework of the local government system at the national level has consciously been matched and informed by practice-oriented activities at the local level. Examples of this activity revealed by the case study include the education and training of local government officials; support and development of municipal programmes; information accumulation, evaluation and dissemination; and the publishing of thematic collections on issues related to local government activity in various fields. Moreover, at the international level the AUC co-operates with international organisations and local authorities across the world. Finally, the AUC serves as an envoy for Ukrainian municipalities in the Council of Europe and other international structures. The AUC's uppermost priority could be described as playing a co-ordinating role with the organs of state power, local government, and public

organisations both nationally and internationally with the aim of establishing a democratic system of local government.

Activities of the AUC

The fact that the AUC is a professional body helped to formulate the association's goals and preferences, which are based on the responsibilities of its members. The choice of its goals and directions of its activities were also determined by a series of aforementioned macro-factors. As Truman suggests, the extent to which associations are concerned with legislation or other government action in part reflects the extent to which they have been disturbed by the political environment (Truman, 1971). The lack of legal provisions concerning the general scope of activity and competence of local government, and the status of mayors, the court system and public organisations in Ukraine, constitute major obstacles to the reform of local government. Therefore, as highlighted in the case study, such inadequate legislation has determined the strong legislative orientation of AUC activity.

Overall, the deficiencies of the external environment have increased the importance of the association's role in providing resources and services. However, as described in the case study, the rationale for the AUC's formation derives not only from endogenous and exogenous resource deficiencies, but also from the common professional interests of its members, which serve as motivation for the mayors to join a policy network. The organisational capacity of the AUC is crucial as it is believed that low resource potential of an association can decrease its appeal and may even lead to its demise. So, as Barsukova argues, the sharp decline in the CPSU membership during perestroika was caused not by the dethroning of communist ideas, but by the decline of the CPSU's significance as a career resource (Barsukova, 2001). As the case study revealed, the high resource capacity of the association increased its appeal to potential members, allowing it to build a broad-based membership with extensive regional outlets. In addition, the AUC was able to utilize its resources in order to enhance its influence as a key actor within the national-local government reform network.

The western academic literature (Marsh, 1998; Milward and Prowan, 1998) frequently links the effectiveness of a group to an environment rich in financial resources. However, the AUC case study demonstrates that a deficiency in resource provision in the macro-environment does not necessarily constrain the group's effectiveness. However, in conditions of exogenous resource deficiencies the members of the association come to rely heavily on its capacity to act as an alternative source of resource provision. So the 'uncomfortable' and sometimes even hostile exogenous institutional environment in which associations in Ukraine operate simultaneously acts as a stimulus and justification for the association's existence. The conclusion that follows is that the urgency of the AUC's formation has been driven by the significant resource deficiencies that the macro-environment created for its members. If and when individual members of the association are able to obtain the necessary resources from the exogenous environment, the AUC's

significance as a source of resources may diminish. For example, when mayors are able to rely on legislation for their protection, the value of the AUC in the wider policy network may decrease.

The AUC's organisational structure was therefore designed to incorporate the service provision function. The case study illustrated the wide range of services the AUC provides to its members, from the training of local government specialists to the provision of legal, information and technical services. The members of the AUC repeatedly stress the importance of the services that the Association provides (from author's interviews). The success of the AUC in service provision is supported by the significant growth in its membership from 30 cities in 1994 to 347 in 2001. The AUC made one of its missions the conduct of policy research and the accumulation of knowledge and information in the area of local government in order to establish priorities and provide policy advice to its members and other actors in the field.

As Chapters Four and Five discussed, in order for local government bodies effectively to perform their new functions and responsibilities and to respond to the changing pressures and demands of the modern policy making environment, they needed timely and accurate information. The AUC's executive office, based in the capital, employs personnel for searching and collecting data on the best practices of local government across the world, filtering the information and making recommendations to its members on the best practices available elsewhere. Furthermore, by becoming a participant of the LOGIN network the AUC has obtained a new status and the means for the diffusion of democratic ideas in Ukraine and Eastern Europe.

A nationwide structure of regional offices built by the AUC contributed to its role as an independent source of information on a wide range of issues related to local government. These offices, equipped with computer and communication systems, are now recognised as fully-fledged information providers for the benefit of territorial communities. In return, these information channels are used for collecting information and commentaries from the localities. As is indicated in the case study, this service is unique to the AUC as none of the central or local agencies that deal with municipal matters are either authorised or have the technical capacity to carry out this role.

A regional structure also provides the Executive Board with regular information on the situation in city-members, which in turn benefits its lobbying function within the network. It helps the AUC to represent the interests of Ukrainian cities at the national level and assists member cities and towns in advocacy and lobbying. Thus, one of the most important policy outcomes or achievements of the AUC can be described as the establishment of a continuous opportunity structure for policy learning, information accumulation and dissemination (for more on the policy learning concept see Hall, 1993; Sabatier and Jenkins-Smith, 1993; Dolowitz and Marsh, 2000; Gibson, 2001).

Another important service the AUC provides for its members is the educational and training programmes for local government officials. As discussed in Chapter Four, the immediate aftermath of independence saw Ukrainian local government officials lacking skills and experience

in management and public administration techniques. At the same time, the process of transformation of Ukraine from a highly centralised system of governance to one with substantial local autonomy meant that new demands were placed on elected local councils. In particular, local government officials require a new set of skills and knowledge to function effectively and carry out their full responsibilities.

However, the lack of preparedness on the part of city council members, especially newly elected officials, to operate under the new devolved system of government, the lack of sufficient theoretical and practical knowledge and understanding of council members' roles, and an insufficient awareness of the basics of the local government system and its tasks are considered to be among the most important impediments to the efficient operation of local government activity (from author's interviews). Thus, training and consultancy became integral parts of AUC activity. The AUC's regular seminars, designed as a form of policy workshop, are a process tool that enables information to be shared, issues to be discussed, consensus to be built, and action plans to be developed. As discussed in the case study, the AUC training programme benefited from the involvement of western experts and organisations within the context of an issue network (see below). The western actors were able to draw on direct and recent experience of a range of central and eastern European countries, which have attempted to democratise local government.

The AUC also assists city-members in developing a range of municipal programmes designed to improve local infrastructure, and publishes a series of thematic collections on issues related to local government activity. The goal of publications such as 'Best Practices in the Local Governance of Ukraine' (2001) is to fill the informational void existing in the area of local government and facilitate the exchange of experience in different areas of municipal administration. Finally, as mentioned in the case study the AUC is the only organisation, which collects and summarizes statistical information at the city level (Pitsyk, 2001). The case study revealed growing evidence that equipping local governments with the capacity to exercise well-informed choices, in partnership with citizens, can solve local problems, improve service delivery, and engage and influence central government on policy issues important to the localities. At international level the AUC assists in establishing horizontal relations between local authorities by helping them to develop partnerships between organisations of local government both from within Ukraine and from abroad.

Independence

Administrative reform of the central and local levels of state authority constitutes one of the major requirements of international financial organisations such as the International Monetary Fund and World Bank for continued financial support of democratic reforms. As described in the study, international actors have been among the forces that have most affected the process of democratic transition in Ukraine, as well as the meso-level of policy making. Donors, through their funds as well as expertise, strategies and ideas can play a positive role in the advancement of networking by

bringing in and transferring their knowledge, experience and practical skills of democratic transformations elsewhere in the world. International assistance has undeniably contributed to the pace of local government reform in Ukraine. However, the very structure, strategies and ways in which donors act may have negative effects on a group's activities. Aid agencies are often rigid and inflexible preferring standard formulas and solutions as opposed to tailoring a programme to the specific needs of a country. The problem with such strategies adopted by international actors is in their failure to help to foster domestic advocacy networks comprising autonomous, contextually rooted actors and organisations.

In conversations with AUC leaders, they referred to various occasions when various parties including the President's Administration, political parties, officials and politicians subjected the AUC to a significant amount of pressure. As revealed in the case study the AUC had to protect its autonomy not just against encroachment from the central state and local bureaucratic elites, but also against the top-down management techniques of external funding agencies that attempted to redefine the AUC goals, working methods and undertakings. The position of the AUC in relation to external agents, relying primarily on internal scarce resources, allowed the association to resist dysfunctional exogenous inputs and was thus able to maintain its effective policy role. The need to bring external expertise into the group was considered to be much more important than obtaining financial resources (from author's interviews).

Having defined, early on, the rules of the game, the AUC had a free choice of adopting some programmes and declining others. The AUC's experience demonstrated the benefits of not relying on the experience of just one particular country or donor. Setting limits to the association's scope of learning activity may severely injure its capacity to produce policy change, as the given experience of the donor may not always be appropriate for the distinctive circumstances of the recipient. The role, allocated to the external agents (USAID and other donor organisations) by the AUC, is what Evans and Davies describe as 'an information feeder' (Evans and Davies, 1999), while the client (the AUC) is evaluating the information provided and filtering out unsuitable elements.

Likewise, the AUC was able to choose the degree of policy transfer, that is the process of borrowing and adapting to the local environment, knowledge about policies, administrative arrangements, institutions, attitudes and ideas (Dolowitz and Marsh, 1996; Evans and Davies, 1999; Stone, 1999). Thus, the role of USAID, as defined by the AUC leadership, was to provide the AUC with access to information and knowledge of local government best practice in the West. The AUC has developed a mechanism of self-protection from the influence of exogenous structural processes; hence they appear to have a less disruptive impact upon the context, strategies, intentions and actions of the AUC's actors. At the same time, the Union of Local and Regional Authority Leaders, which is financed exclusively from external sources, including the central government of Ukraine has turned into a marionette of central government due to its source

of financing (from author's interviews). Thus, the dependency of the policy group on exogenous resources should be avoided. Interest/policy groups need to maintain a significant degree of autonomy, and a freedom from interference, which allows their members the power to make decisions and to act effectively within their policy sphere.

Consequently, independent partnership relations with donor agencies and the right balance between local and foreign actors for the AUC are equally important characteristics, which increase the group's capacity to influence policy change. By the same token, the forced domination and control by foreign actors within the group could be a disruptive factor, causing adversarial relations between the actors and structures of the AUC and provoke resistance to its initiatives. Such interference often creates problems of legitimacy and mutual mistrust within the group (see discussion in Chapter Three). The lack of legitimacy might lead to the creation of bogus groups, with little capacity to influence the system of bureaucratic control and social hierarchy in order to achieve policy reform. It is important for interests not only to maintain autonomy against the central state's intrusion, but also to resist top-down management approaches by external funding agencies and bureaucratic elites that attempt to tailor the group's activity to fit their own agendas.

An important implication is that the driving force for the creation of policy associations within a policy network in transition should be indigenous in origin. As illustrated in Chapter Three, the exogenous introduction of associations is less likely to produce significant policy change or result in the creation of viable structures. Moreover, Ukrainians are distrustful of frameworks imposed on them from above and outside, preferring instead for indigenous grass root organisations to take their time to evolve. It is also important to stress the significance of the 'fresh start' as opposed to existing corporatist institutions, which have survived from the Soviet-era and are steeped in authoritarian practices and hierarchies.

By integrating the analysis of the macro- and micro-factors it is possible to trace the direct reciprocal relationship between the internal structure and organisational capacity of the AUC and its role in the wider policy network for local government reform. The resource potential of the group seems to be more important for its effectiveness in the wider policy network than the affluence of the exogenous environment. The capacity of the AUC in providing its members with unique resources strengthens its internal integration and organisational efficiency as well as its standing within the policy network. Furthermore, as demonstrated below, the AUC's integrated horizontal structure possessing strong organisational design, internal democracy and a capacity for service provision, together with its independent position and reliance on internal finances, appear to be among the enabling factors that have contributed to policy continuity and a series of successful policy outcomes in the local government reform network.

Meso-Level: Local Government Reform Policy Network

In the dialectical multi-level PNA model meso-level analysis deals with the patterns of interest group intermediation that is the policy network itself, while focusing on the network's structure and patterns of interaction within it (Daugbjerg and Marsh, 1998). In order to build the meso-level concept of the local government reform network this study proposes to identify its actors, the distribution of resources among them and the nature of their relationships and interactions within the network. It is believed that macro- and micro-analyses provided above contribute to both identifying the agency and understanding its impact within the network, which is determined by the distribution of resources, the peculiarities of interests, and the degree of power concentration. The macro-level of analysis also revealed the driving forces behind network formation, as well as the impact of the external context on the policy making process within the local government reform network and the achievement of particular policy outcomes.

The term local government reform policy network is used to refer to the interdependent group of actors who dominate the system of interest intermediation in the area of local government reform (see Table 4). Although this study acknowledges that a great deal of confusion remains over the distinct usage of the terms policy network and policy community, it states that policy making in local government reform in Ukraine takes place within, and is dominated by, a relatively exclusive set of interests. This indicates that the network has some characteristics of a policy community as defined by the Rhodes classification (Rhodes, 1986, 1997, 1999). In particular, similar to a policy community as defined by Rhodes (1997), Ukraine's local government reform network exhibits frequent, extensive and high-quality interactions between its members related to the policy issue. Further, the network is characterised by its members possessing and exchanging resources, with membership and policy outcomes persisting over time.

The network itself was formed as a connective structure linking the central state and local authorities together and is based on mutual resource dependencies and the need to provide for continuity and structure for the transactions and negotiations. Within this policy network a subset of actors is directly and necessarily involved in the making of policy choices. These actors interact strategically, while engaging in exchanges involving the sharing of information, expertise, and political support. However, although the local government reform network exhibits a number of the characteristics of a policy community, it is less integrated, and potentially less stable, than the policy community in the Marsh and Rhodes (1992) typology. As discussed further, this is because of the limited degree of shared values and trust, and the frequently competitive nature of the actors' interactions within it.

Actors within the Local Government Reform Network

The local government reform network consists of state and non-state actors and organisations, which include around 400 local authorities represented by the AUC and the central government represented by its officials and various bodies (see Table 4). These include representatives from (a) the legislature: individual members of Parliament and its standing committees; (b) the executive: representatives of the Cabinet, various ministries and government departments; (c) the various state/central government agencies and officials from the Presidential Administration. The case study introduced the AUC as a key and constant actor of the local government reform network by demonstrating it as an initiating element in the chain of developments resulting in the construction of the policy network. The case study further demonstrated that the AUC plays a key role in all phases of the policy process. The phases include identifying the policy change needed by aggregating and limiting the demands of individual local authorities, agenda setting, evaluation of alternatives, policy formulation, policy implementation, and policy evaluation and feedback.

The Distribution of Resources Among Actors

The dialectical multi-level PNA identifies resource dependencies between the potential members of the network as a major factor of policy network formation, as well as the basis for cooperation between the actors within the network. Klijn (2001) argues that networks are characterised by a limited sustainability of resources, which ensures that sustainable social relations between actors are created. As discussed above, the *resource deficiencies* of the transition period meant that cities in Ukraine lacked individual capacity and adequate resources effectively to carry out their new functions and responsibilities. Moreover, their interests were sidelined by the corporatist arrangements of the authoritarian state system.

At the same time, the AUC cannot take sole credit for the establishment of the policy network. Its emergence was also motivated by both internal and international pressures on central government to deal with the policy problems arising from the process of democratisation, decentralisation and local government reform. Implementing the complex of political, economic and technical tasks called for continuous negotiations between central and local authorities regarding resources, responsibilities and procedures. Both sides realised the need for a mechanism for cooperation, which would provide for continuity and efficiency of policy transactions.

As illustrated in Chapter Five, the AUC's influence in the policy network is determined by, and measured in terms of its organisational, informational and knowledge based resources, as the Marsh and Rhodes typology emphasises. The resources possessed by central government could be described as constitutional, legal, financial and political. The strength of the resources of state actors is rooted in their legitimacy, state power, the binding nature their decisions have for society, and in their possession of the mechanisms of control (Marsh, 1998). At the same time, as noted by Truman (1971), any politician, whether legislator, administrator or judge, whether elected or appointed, is obliged to make decisions that are guided in part by the relevant knowledge that is

available to him or her. Consequently, the need of legislators and politicians for information and the ability of the interest/policy group to supply it constitute an important factor of network formation by opening an access point for this group in the network. As Truman further points out, where official sources of information are deficient, a command of technical knowledge may allow access for groups that can meet the need. However, as reminded by Marsh, Richards and Smith (2001) only interests, which themselves have crucial resources, and are invariably economic and professional in nature, have consistent privileged access to, and influence over, government.

Since its reconstitution in 1994 the AUC has accumulated a significant resource potential allowing it to exercise influence on the policy making process and compel central government to consider its opinion while dealing with issues of local competence. The AUC derives its strength and influence from deploying its various resources, including a substantial membership, specialised knowledge, professional and technical expertise, a structured information provision system and a wide regional network of offices. Moreover, as demonstrated in the case study the AUC has the benefit of being able to provide technical information to counter that produced by other groups and central government, as it has a unique appreciation of the issues under consideration. Thus central government has become increasingly dependant on the AUC's capacity to provide relevant information, knowledge and advice on particular policy areas. It also became reliant on the participation of AUC experts in drafting legislative acts, participating in various committees, and collecting and processing information from the localities such as getting feedback on new policies.

Equally, the Ukrainian central authorities obtain a source of technical assistance in the practical implementation of reform at the local and regional levels. Therefore the involvement of local authorities (via the AUC) in the policy network provides them with an opportunity to present their concerns at the national level and to exercise influence over policy making in the area of local government reform. Moreover, as the case study showed, through the involvement in the network local authorities have the possibility to exchange experiences and best practice, and obtain access to new information, experience, ideas and innovations. At the same time the AUC, and in particular its leadership believe that benefits accrue because their position is legitimate, and their authority established, and therefore new members are easier to attract (from author's interviews).

The Nature of Relationships and Interactions Between Members of the Network

One of the central arguments of the dialectical multi-level PNA is that the extensiveness of links between the founders of a network has important implications for the development of the network's organisational structure, and its ties with the exogenous environment (Marsh, 1998). It is believed that cooperation within the network is more effective if network members have worked together previously in the same or linked organisations, and if there is a developed culture of common problem solving. Evans and Davies (1999) find that elite mobilisation and a sense of elite commitment to common value systems and goals in the process of policy change are critical to the success of the network. Accordingly, one of the key ingredients of the network concept is seen as

cooperation, which affects the level of the network's integration, and is dependent on trust, common language and shared values, beliefs and norms (Rhodes, 1992; Coleman and Perl, 1999). Bentley suggests that consensus remains one of the most stabilising factors in any policy community, including that of a policy network (Bentley, 1967). Conversely, adversarial and competitive relations between network actors are seen as detrimental to both the network and in achieving desired policy outcomes. Indeed, the policy network literature links hierarchical highly polarised, and 'loose' networks with 'unstable and unpredictable' policy outcomes (Rhodes and Marsh 1992: 197; Smith 1993: 71, 75; Daugbjerg, 1998: 78). Thus, personal relationships, common values and objectives, trust and common culture seem to be more important than formal links within the network.

The key to understanding the nature and extensiveness of links between the members of the local government reform network and their impact on the network's organisational makeup can be found in the broader environment within which the network originated and now operates. By building on the premise of the dialectical multi-level model of Policy Network Analysis by Marsh and Smith it is possible to suggest that the organisational structure of the local government reform network and the nature of relationships and interactions among its actors have been influenced by the resource deficiencies of the exogenous macro environment. These have limited the potential capacity and efficiency of individual action and served as a foundation for mutual resource dependencies and mutual interest of the participants in the network. Hence, according to the dialectical multi-level model of PNA, policy making within the local government reform network takes place via the exchange of these resources between its actors for the purpose of achieving local government reform. Collectively, the network's actors engage in a dynamic and iterative process where policy is made from a combination of the aggregated and filtered professional interests of AUC members and the political interests and priorities of central government.

The network (see Table 4) operates on an international as well as a national and local level of policy making and functions through negotiations with state and non-state structures for the purpose of developing political decisions acceptable to all sides involved. As demonstrated in the case study, the network's activity takes place in various formal and informal policy arenas where policy decisions occur. As discussed in the case study, the forums where the network's actors interact include executive cabinet meetings, various councils, committees and working groups (such as a Steering Committee charged with designing a system of sustainable local budgets), national governing commissions, and informal meetings with government officials and parliamentarians (from author's interviews).

The process of policy-making can be enhanced further through various other forums of interaction such as conferences, training courses and trips. For example, in 1994 AUC and central government representatives attended the International Union of Local Authorities (IULA) Congress in Amsterdam. The discussions at the Congress, which took place at the same time as the first

attempts were being made to establish a local government reform network in Ukraine, proved important in helping to guide the network's development and to define the network's future policy priorities. Another important set of meetings took place, this time in Ukraine, at the international conference on 'Supporting Municipal and Regional Investments in Ukraine' held in 1998. The conference involved a range of actors with an interest in the local government reform network, and produced a number of new ideas to attract investment in the sector and to encourage the reform of city infrastructures. It is clear from these examples that the nature of the local government reform network is defined by interdependence, and continuous exchanges and interactions between the participants.

According to dialectical multi-level PNA, networks not only involve the institutionalisation of beliefs, values, cultures and particular forms of behaviour. They also reflect past power distributions and represent the structuration of past conflicts and present organisational power (Marsh and Smith, 2000). Coleman and Perl (1999) distinguish between different types of policy networks depending on whether state actors share political power with private actors. They argue that the manner in which state actors share this resource and the resulting distribution of resources among community members create different patterns of public-private relationships, or policy networks that provide varied contexts for policy deliberations. In addition, as argued by Richardson (2000) governments can seize power over established institutions such as policy communities and networks when corporatist influences in society remain strong. Finally, as Pierre and Peters (2000: 8-9) argue the state can reassert control over policy networks by employing political leverage as well as considerable powers and resources at its disposal in order 'to enhance its influence in society and markets'.

The macro-analysis of the external environment within which the local government reform network operates singled out the authoritarian nature of the state system in Ukraine as an important macro-level arrangement, which affected the powers of actors within the local government reform network and the structure of the network itself at the meso-level of analysis. As demonstrated in the case study, the authoritarian tendencies are manifested in the ongoing attempts of the central state to bring the AUC and the local government reform network under its control. Moreover, macro-analysis of the nature of state-civil society relations in Ukraine, provided in Chapter Three, indicated that in Ukraine state corporatism and a strong culture of paternalism and elitism continue to dominate state-civil society relations, which undermines the autonomous nature and ability of civil society groups to force the state to follow certain policies.

As Chapters Two and Four demonstrated, despite the diminished ability of the central state to impose policies on groups as a result of ongoing decentralisation and democratisation, the authoritarian tendencies remain strong in policy making due to the limited success of the decentralisation of state power. This is particularly true at the regional (oblast) level, where there is no independent regional government. At oblast and rayon levels locally elected councils have

circumscribed powers as oblast and rayon state administrations remain the agents of the central state enforcing vertical accountability. Moreover, as the case study testified, the degree of local autonomy from the central state was hampered by the preservation of financial, budgetary and legislative interference by the central state in order to maintain a direct influence in local affairs. Further, it should be emphasised that the Budget Code has not yet been incorporated at town and village levels. Even where functions have been formally delegated to local self-government, local authorities remain highly dependant on the discretion of the oblast and regional governments.

According to the central argument of the dialectical multi-level model of PNA by Marsh and Smith, the characteristics of Ukraine's political environment extend to the relationship between actors representing central government and local authorities within the local government reform network. The relationship between the actors within the network is also affected by such factors as the enduring closed nature of government agencies and their reluctance to rely on outsiders for policy advice (from author's interviews). As Paskhaver (2002) remarked, today there is no culture of transparency in Ukraine, which is further complicated by the lack of legislation clearly delineating centres of power. Moreover, as forewarned by Truman (1971), the separation of powers especially between the legislature and the executive mean that effective access to one part of government does not assure access to another.

The combination of the existing separation of powers in Ukraine, the ongoing confrontation between President and Parliament and the weak and fragmented nature of the multiparty system has made it more difficult for the AUC to access central decision making structures and establish an associated mode of policy interaction that is recurrent and consistent. Consequently this range of macro factors has affected the network's integration and the extent of the links between its actors. Thus, the local government reform network (see Table 4) is at the present time characterised by a fluid set of relationships with a fairly loose structure, as the links between actors remain fragile and underdeveloped. The weakness of the links within the local government reform network is also due to the fact that they connect heterogeneous actors, rather than being based on trust, common values and kinship. This reveals not necessarily the weakness of the AUC, but the general instability and less integrated nature of the local government reform policy network in a transitional environment when compared to the model of Marsh and Rhodes (1992).

The structure and functioning of the local government reform policy network is also asymmetric as it is driven primarily by the interest and actions of the AUC. By identifying a significant decision in a policy area, that is the process of adopting the Budget Code, the author attempted to highlight both the role of the AUC in the network, as well as the types of linkages between the actors and organisations involved in the network. The process of Budget Code development demonstrated the reliance of central government on the mediating role played by the AUC between the feuding Ministry of Finance and the State Budget Committee of Parliament. Such

mediation helped to bring the leading actors together, by overcoming divergent approaches and developing cohesion of action and a sense of common purpose.

Though the patterns of interaction varied between policy issues, the character of involvement and behaviour of central government actors within the network meant that relationships and consequent policy making was not always horizontal in character. It could be argued that the involvement of central government bodies and officials in the network is predicated by their general obligation and desire to implement certain policies and control the overall local government reform agenda, and their need for reliable information and expertise in the sector, rather than on a set of shared values and views with the other actors of the network. The state actors within the local government reform network (see Table 4) act to ensure that issues of particular interest and concern to them are addressed and acceptable policy outcomes, consistent with other government policies, are secured. As repeatedly mentioned by interviewees, the central state still treats local authorities as junior members of the network and attempts to 'row', rather than 'steer' by trying to dictate the choice of policies and the outcomes of policy network discussion. In the case of the local government reform network the central state frequently pursues strategies of 'vertical' networking premised on control and enforcement rather than on consultation, negotiation and collaboration with other actors.

On a number of occasions state actors have been more powerful than local actors, thus allowing them to determine and control the parameters and timetable for discussion and negotiations. The case study demonstrated therefore the reasons for the delays in adopting important legislative acts, developed within the framework of the local government reform network but influenced and sometimes hindered by central state actors. In addition, state actors have been able to exercise general control over policy making by issuing directives and vetoing potential outcomes they deem unacceptable such as changing the status of regional governors by making them directly elected. This is partially due to the fact that state actors have greater resources than other participants in the network including an effective monopoly on legislation. It is possible to suggest that the policy making process within the local government reform network is frequently competitive, rather than collaborative in nature.

A collaborative process emphasises trust, shared views and values, consensus, a horizontal character of policy making (where there is equal terms of engagement on the part of the network's actors), openness of discussion, free flow of and access to information and shared ownership of policy outcomes. In contrast, competitive policy making in a local government reform network involves elements of bargaining, negotiation, struggle and manoeuvring by employing various resources at the disposal of central state and local actors in order to strengthen the network and achieve desirable policy outcomes.

The Issue Network and the Wider Community

As discussed in Chapter One, a particular strength of the Rhodes classification is that the proposed typologies are not treated as mutually exclusive or exhaustive, which means that different types of networks can coexist within the same policy area. As pointed out by Marsh (1998), other policy interests provide an important feature of the context within which particular networks operate. Actors who seem peripheral to the core decision-making community can sometimes play an important role in the making of the policy. As demonstrated by the case study the local government reform network entails irregular involvement of an assorted federation of various actors, which have an interest in or are affected by the particular issue of local government reform but are not permanent constituents of the policy arena. Such a scenario, according to the Rhodes specification could be described as constituting an issue network. McFarland defines an 'issue network as a communications network of those interested in policy in some area, including government authorities, legislators, businessmen, lobbyists, academics and journalists. A lively issue network constantly communicates criticisms of policy and generates ideas for new policy initiatives' (McFarland, 1987: 146).

Rhodes (1997) contrasts issue networks with policy communities by highlighting the following characteristics inherent to an issue network: a large number of competing participants possessing a wide range of interests; fluctuating interactions, limited consensus and unequal power relationships between the members; and fluctuating access to decision making, which tends to be limited to consultation rather than involving bargaining and negotiation. Issue networks also lack stability and continuity, with multiple decision-making centres, differing views on policy outcomes and a lack of consensus. Issue networks are seen as the exception, rather than the rule and their existence is limited to the periphery, rather than the core of the policy agenda (Marsh and Rhodes, 1992).

The issue network concept embraces actors and organisations who are affected by, or interested in, a particular issue in the area of local government reform, and who then attempt to gain access to, or influence indirectly policy making. An issue network concerned with local government reform is also the sum of the temporary or issue-related formal and informal contacts, interactions and working arrangements that exist across the organisations involved (see Table 4). The issue network also includes temporary commissions and groups (inter-ministry), created to show off a government's fleeting interest in an area of policy; donor agencies; and other players in the policy area such as academics, regional authorities, activists, international organisations, NGOs, interest groups, businessmen, consultants, the mass media and individual journalists. They enjoy transitory engagement in the debates, solution-seeking and decision-making processes initiated by the AUC. Thus, as discussed in the case study the work of a number of newly established commissions and groups such as the Presidential Coordination Council on Self-Government Issues, and the Cabinet's Intergovernmental Commission on Local Self-Government, was rather short-lived. The

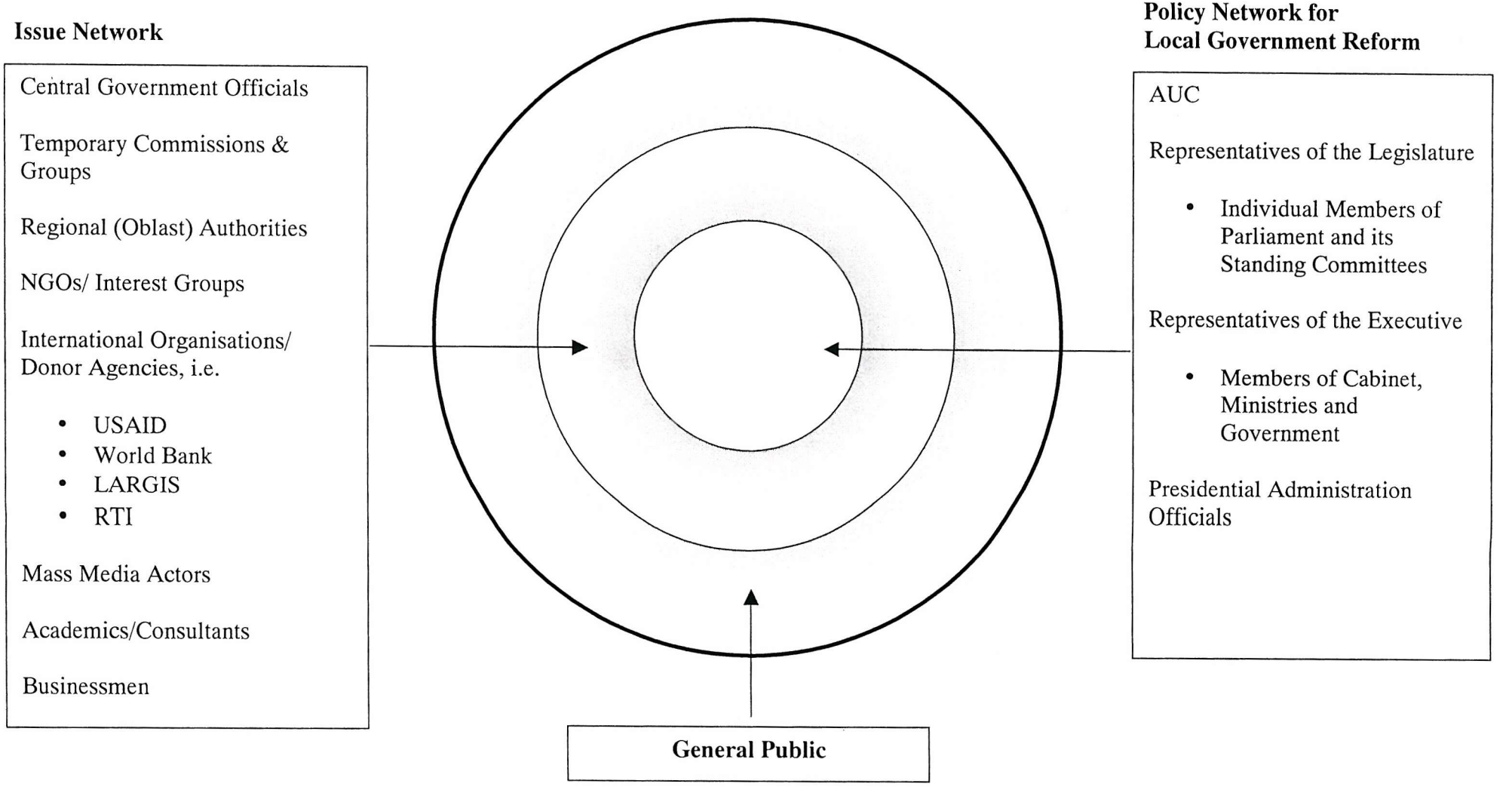
groups did not survive for long because of the passivity and low interest on the part of the representatives of central government (from author's interviews).

Additionally, highly ranked government officials have personal aides and consultants, who often join the network for particular tasks. The actors of the issue network move in and out of the policy arena. As demonstrated in the case study, they are usually consulted on particular policy issues at the design stage, while their participation is sometimes solicited at different stages of the policy making process. Interview data suggests that on occasion the input of issue network members was taken into account with their views modifying initial schemes (from author's interviews).

A good illustration of the role of an issue network can be seen in the process of developing and approving the Budget Code in 2002. As shown in the case study, external actors such as LARGIS experts have been important for the development of actual formulae for budget transfer, as well as offering technical advice on the principles of expenditure allocations to local government. The involvement of World Bank representatives, for example, was crucial in overcoming the opposition of the Ukrainian President and the Parliament to the Code, and thus indirectly strengthening the AUC's position in relation to the central state actors within the network. Similarly, LARGIS experts, alongside the AUC and representatives from the Ministry of Economy and European Integration were involved in conceptualising a new approach to regional development.

LARGIS experts also provided valuable input in the process by providing extensive written advice on the Polish experience (an issue of particular relevance to Ukraine) of reforming local government and the practical problems encountered in moving away from the previous model of vertical subordination (LARGIS, Final Report, 2002). In addition the World Bank and the Fiscal Analysis Office supported by USAID provided professional advice to the Budget Committee in drafting the legislation. Further examples of the work undertaken by the issue network include the AUC's comprehensive and extensive training programmes, and the study and exchange visits, which are enhanced by the involvement of western instructors and experts as well as representatives from international organisations such as USAID, RTI and LARGIS. However, in practice, the input and influence of such issue network members, though significant on particular occasions was rather irregular and transitory when compared to the sustained influence, involvement and access to decision making of the AUC within the policy network for local government reform.

Table 4: The Policy-Making Community of Local Government Reform in Ukraine



Policy Outcomes

The first, and most important policy outcome achieved by the AUC via the local government reform network is that of *policy legitimation*. Reforms have been undertaken to empower and extend the authority of local government allowing it to perform new functions and carry out new responsibilities. Further, local autonomy is now accepted as a necessary and beneficial component of the democratisation process, the maturation of civil society, and for the overall success of democratic transition in Ukraine (see discussion in Chapters Four and Five). These achievements are validated by the numerous decrees and resolutions passed by the Ukrainian President, Cabinet and Parliament supporting and emphasising the need for local government reform. In particular, as indicated in the case study, the local government reform network initiated the development of a presidential decree 'On the State Support for the Development of Local Government in Ukraine'. Item 2 of the Decree indicates that 'the development of local self-government is currently one of the top priorities in State Policy of Ukraine' (The Presidential Decree n.749/2001, 30.08.01).

Secondly, and as acknowledged in a presidential speech during 2000, the AUC was successful in *establishing itself at the central level as the leading agent of local policy* and is now regarded as a major actor in the area of local government reform (Kuchma, 2000). This was made possible by the AUC establishing and maintaining a continuous link between a newly formed group representing the interests of local authorities and the central state in the form of a policy network. Today, the AUC's authority has been recognised by central and local government, international agencies and other actors operating in the policy arena. The AUC's organisational structure, equipped with such functions as advocacy and lobbying, information accumulation, processing and dissemination, and research, training and consultative facilities has enabled it to become a key actor and mediator in the local government reform network. The nationwide network of regional offices and the work of highly skilled Executive Board personnel have further strengthened the AUC's organisational capacity. The AUC has become an independent and unique source of professional information on local government issues, which can be seen as one of its major achievements, in helping to reinforce its lead role in the policy network.

In addition, the AUC's capacity to provide training and education for local officials has advanced the capacity of local government to manage resources, provide services, and promote economic growth in the territories, and thus improves public perceptions of, and their experience with, democratic reform (from author's interviews). Thus, the third policy outcome arising from the AUC's activity within the network could be described as *resource accumulation* that is amassing information, research and expertise necessary for the implementation of local government reform in Ukraine. Although policy networks may affect outcomes, these outcomes, in turn, may have an effect on the shape of the networks, the structural position of certain interests in civil society and the pattern of strategic learning on the part of actors in the network (Marsh, 1998; Marsh and Smith, 2000). According to Marsh and Smith certain policy outcomes may result in a change in the membership of a network or in the balance of resource dependencies within it. The above-described

achievements of the AUC have undeniably strengthened its position within the local government reform network.

The fourth policy outcome is *the establishment of a legal and financial background* for local government. The case study established the role of the AUC and the local government reform network in the adoption of the Constitution in 1996 and the law 'On Local Self-Government in Ukraine', passed in 1997, which mandated local authority and responsibility in most municipal affairs, and ratified the European Charter of Local Self-Government. As discussed in the case study, the network was also responsible for the development of a number of important legislative bills such as those 'On Communal Property', 'On Civil Service in Local Government', 'On Municipal Militia', 'On Delegating Authorities of Executive Bodies', 'On Local Referendum', and 'On Territorial Communities'. The approval of the Budget Code in 2002, meanwhile, was an important step towards establishing a transparent and stable system of local government financing and ultimately towards making each level of government locally accountable for the services it provides and money it spends.

The fifth policy outcome could be described as *establishing monitoring systems* to assess the progress of reforms and the execution of laws and governmental acts in the area of local government. One of the tasks of the AUC's regional network is to monitor the impact and implementation of reforms and policies at the local level. Such a system can alert actors to problems in the implementation of reforms and provide feedback and comments on the impact of the reform effort. In particular, the AUC network system allowed its head office to monitor the implementation of local budgets in line with the new Budget Code, and to gather financial data from towns and feedback on legislation from cities (Bodo, 2001).

The sixth policy outcome achieved by the AUC is in *constituency and consensus building* by identifying and mobilising those who support local government reform. Some policy networks may become 'institutionalised' over time and develop into policy communities (Rothstein, 1992). The AUC is active in soliciting the participation of public and private actors in the policy process through the organising of workshops and seminars, which are designed to exchange information and opinions, identify and discuss issues relevant to different aspects of local government reform and to prioritise action strategies.

As is evident from the case study, the AUC can be credited for laying the foundations of an epistemic community of local and national government officials, scientists, lawyers and journalists, concerned with establishing strong and effective local government in Ukraine. As mentioned earlier, the notion of epistemic community stresses the empowering role of professional and policy relevant knowledge-, ideas- or ideas-based networks in the policy making process (Haas, 1990, 1992; Miller and Fox, 2001). Building such epistemic constituencies is crucial for the progress of reforms as it mobilises support and resources, which are necessary for the formulation and implementation of policy change. In addition, the epistemic community has reduced the

opposition of the power elites and corporatist structures to the reform process, even though they consider the proposed reforms as a threat to their status and privileged position in society (see discussion in Chapters Two, Three and Four).

Finally, networks are seen as an important source of policy oriented learning and experience about the meaning of democratic institutions and processes (Hall, 1993; Sabatier and Jenkins-Smith, 1993; Dolowitz and Marsh, 2000; Gibson, 2001). According to Gibson (2001), networks represent important ways of transmitting innovative information and values in the process of democratisation, arguing that these networks (and those polities with more developed networks) are more likely to adopt democratic values. This finding is significant for Ukraine where policy learning has become an increasingly important component of network formation.

Ukraine, like many other countries of the former Soviet Union entered independence with little experience of independent and autonomous local governance, with underdeveloped mechanisms of information sharing and dissemination. As shown in the case study one of the main objectives of the AUC was defined as the reform of local government through '...the evaluation and dissemination of positive experience and information, for the effective implementation of local self-governance in cities and the improvement of city welfare' (Statute of the AUC, 1999). The training and study programmes run by the AUC have enhanced the transfer of new knowledge and skills to municipalities (for more on the policy transfer concept see Dolowitz and Marsh, 1996; Evans and Davies, 1999; Stone, 1999).

The organisational capacity of the local government reform network provides *a forum for the continuing exchange of knowledge* by holding seminars and conferences, and *a framework for the exchange of specialist policy advice and information*, which can act as 'a channel for the development of consensual knowledge' (Evans and Davies, 1999: 379). The dissemination of information is an essential function of the AUC, as one of the strongest incentives for cities to join the Association is to receive information on how to undertake their roles effectively (from author's interviews). Finally, it is possible to suggest that the existence of the local government reform network as a means of transmitting innovative information, contributes to political discussion, deliberation and, ultimately democratising the Ukrainian polity.

The macro-level analysis allowed for an understanding of the reasons why delays and occasional failures of policy occurred despite the AUC's involvement in the network. As demonstrated by the analysis at the macro-level, such factors as the high concentration of authority held by the President, the relative weakness of the government and Parliament, and the resistance to reforms on the part of the old-Soviet power elites and their networks have hindered the meso-level of policy making in the area of local government reform. For example, the AUC's lobbying efforts within the network frequently met the resistance of the leftist parliamentarians, who support the restoration of a single vertical power structure for the state, the so-called 'soviet matreshka' (from author's interviews). The situation has been further exacerbated by the ongoing state of political

uncertainty and competition, which is apparent within the Ukrainian political system. On the one hand there is continued authoritarianism, on the other there are elements of democracy; the result of this paradox is a considerable slowing down of the reform process. Finally, the closed nature of government, and the lack of public support and available resources for the realisation of local government reform, has had a negative influence on the efficiency of the network's activity.

As described in the case study, despite the AUC's efforts in developing legislative drafts and lobbying, progress towards adopting a legal framework necessary for the further development of effective local government in Ukraine has been restricted. The presidential, parliamentary, and local elections have also had a disruptive effect on AUC objectives. In particular, the adoption of the revised legislative drafts on Local Self-Government in Ukraine (1997) and Local State Administration (1998), though approved by the Cabinet of Ministers in late 2001, was interrupted by parliamentary elections of March 2002. The loss of momentum has been crucial, as the two pieces of legislation have still to be approved.

The efficiency of the AUC and the local government reform network has also been circumscribed by a number of political and economic difficulties. As discussed in Chapter Three, the general weakness of political parties and public associations, the legacy of an organisational vacuum created by the communist totalitarian regime, and the resulting lack of a favorable network and associative environment means that the AUC lacks reliable partners who understand, support and defend the concept of devolved self-government. In addition, Ukraine does not yet have legislative provisions for lobbying, thus the AUC's involvement in lobbying is rather erratic and often informal in character, and is heavily reliant on friendly parliamentarians, media outlets and the political authority of its own leadership (from author's interviews).

For example, due to the authority and 'connections' of its Executive Vice President, Mr. Pitsyk, the AUC managed to 'insert' its experts onto the Budgetary Committee, and subsequently the working group of the Cabinet of Ministers, which meant being able to influence the budget formation process directly. At the same time delays in the adoption of new laws in the area of local government and the state's lack of commitment regarding reform (notwithstanding loud declarations of support on the part of the President and various central government officials) have hindered the organisational capacity of the AUC, and thus has restrained its role in the network. In particular, the Law on Public Organisations has not been adopted, which deprives public associations of the legislative levers to influence the political process (from author's interviews).

This situation has been exacerbated by the lack of legal provisions underpinning the activity of associations of local government, the role of regional departments in such associations and the procedures for local government bodies to delegate authority to their respective associations (AUC Explanatory Note, 2000). Further, the absence of provisions for legal protection, safeguarding local government access to the courts and the lack of proper dispute resolution mechanisms have also been found to limit the AUC's position within the network as well as its organisational

capacity in protecting the interests of its members from infringements by the authoritarian central state. Such legislative failures not only hamper the AUC's impact, they also make Association members vulnerable to the arbitrary rule of the state and its various bodies, thus diminishing its effectiveness. In addition, one of the most challenging issues facing the AUC and its Regional Departments concerns their financial and administrative sustainability. The economic difficulties of the transition period, affecting the localities, have created a funding problem for the AUC. The AUC's Executive Board is working very hard to make sure that membership fees for AUC services are paid on time, while looking at alternative sources of funding in the form of grants, projects, paid seminars and conferences.

According to Marsh and Rhodes (1992), apart from macro-level characteristics, the stability and consistency of policy outcomes is also the consequence of actors' behaviour within the policy network. As discussed in Chapter One, success of policy change depends on the type of network existing in the sector. A high degree of density, cohesion and consensus among members are seen as micro-characteristics that empower the network, help it to attract support, attention, and lead to successful policy outcomes. The meso- and micro-level analysis provided above contributes to understanding the behaviour of, and relations between, the actors within the local government reform network, as well as to trace their effects on policy outcomes. Thus, the efficiency of the local government reform network has been diminished by its fairly loose structure, the fragile links between its actors, the competitive nature of interactions among its members, and the limited degree of consensus, shared values and trust. Moreover, on many occasions the behaviour of central government actors within the network has resulted in non-horizontal policy making.

Marsh and Smith (2000) assert that exogenous changes can affect the resources, interests and relationships of the actors within networks. Such changes can generate tensions and conflicts which lead either to a breakdown in the network or the development of new policies. Thus, the election of the influential politician Olexander Omel'chenko, as President of the AUC in November 2000, who also holds the chairmanship of the Kyiv city council, the headship of the Kyiv city state administration and the leadership of 'Unity', a political party with a strong regional base, has altered the balance of the AUC's relationship with Ukraine's President and the central state bodies. A series of actions have been undertaken by central state representatives to restrict his power. In addition, on February 11, 2002 the Ukrainian President made an unsuccessful attempt to remove Omel'chenko from Kyiv's city state administration and replace him with a nominee of his own. The Presidential Administration also prepared a number of by-laws with the same purpose, while various state bodies have extensively investigated the activities of Kyiv city council and the city state administration (Kazhurin, 2002).

The above-mentioned macro-level factors also make the success of groups and their endurance in the transition to democracy heavily dependent on such micro-factors as the nature of leadership. Local elections, along with the turbulent nature of political life in Ukraine, have led to frequent

changes in the AUC's senior personnel and with them changes in policies and priorities. The AUC Presidency has changed every year, instead of every two years, as stipulated in the AUC Statute. As discussed in the case study, the effects of the short tenure of AUC presidents, and the frequent changes in membership of the Board of Directors has meant that the Executive Vice President of the AUC is vested with real power as its most stable actor. Such a concentration of power in one individual increases the AUC's vulnerability and susceptibility to political change.

Conclusion

The analysis of the case study of the Association of Ukrainian Cities (AUC) employed the policy network concept and the dialectical multi-level PNA model of Marsh and Smith in order to understand its role in the reform of local government in Ukraine. Macro-level analysis allowed for an assessment of the characteristics of the external environment of democratic transition in Ukraine, which generated mutual resource dependencies among central and local government actors. This led in turn to the formation of the AUC and the local government reform network. The analysis of the macro-level also contributed to establishing causal links between macro-factors and the structure of the policy network, the distribution of resources and political power between the actors of the network, and the nature of their interactions and relationships within the network. It was further demonstrated that macro-characteristics have influenced not only the organisational structure and internal fabric of the local government reform network, but also the policy outcomes arising from its activity. While the meso- and micro-level analysis contributed to understanding the behaviour of, and relations between, the actors within the local government reform network, as well as their effects on policy outcomes.

At the meso-level the analysis established the existence of a local government reform network concerned with the design and implementation of complex political, economic and technical tasks that comprise democratic restructuring efforts of the local government system in Ukraine. Following the Marsh and Rhodes typology, the study used the 'local government reform network' as a generic term to describe the system of interest intermediation between the AUC as a professional association representing the interests of local authorities, and the central government of Ukraine. Although the local government reform network exhibits a number of the characteristics of a policy community, it is less integrated, and potentially less stable, than the policy community in the Marsh and Rhodes (1992) typology. This is due to the limited degree of shared values and trust, the frequently competitive, asymmetric and vertical nature of the actors' interactions within it, as well as the fragile and underdeveloped links between its actors.

The Chapter also identified the existence of an issue network as classified by the typology of Marsh and Rhodes. The issue network involves actors and organisations, which possess an interest in reforming Ukrainian local government, but only enjoy irregular involvement and indirect influence on policy making within the network. This compares to the sustained influence, involvement and access to decision making of the AUC. However, as demonstrated in the case

study issue network actors peripheral to the local government reform network can sometimes play an important role in its policy making by providing a valuable contribution in terms of knowledge transfer, practical experience and political support.

The micro-level analysis demonstrated that the AUC's role as the driving force behind a series of successful policy outcomes, and a key actor within this network involved in the design, implementation and execution of local government reform. As the analysis at the meso- and micro-levels demonstrated, the AUC's effective organisational structure incorporating a range of vital resources and services, has allowed it to establish a presence in the process of local government reform by becoming a key partner in the system of interest intermediation between local authorities and central government.

Conclusion

The present thesis undertook the task of inquiring into and analysing the organisational impact of the Association of Ukrainian Cities (AUC) in the process of the reform and development of the local government system in Ukraine. The study presented an original analysis of the AUC's efforts to fashion a strategic role for the localities in local government reform by strengthening their internal capabilities and engaging in new mechanisms and procedures of policy making. The policy network concept and the dialectical multi-level PNA model by Marsh and Smith (2000, 2001) were employed in order to structure and interpret the wealth of empirical data and establish the existence of an observable correlation between the extent of local government restructuring and the development of an appropriate facilitating institutional mechanism; in other words a policy network for local government reform. By drawing on theoretical and empirical, primary and secondary material it is apparent that the local government reform network, in which the AUC is a key actor, represents the principal mode of governance in the politics of local government reform in Ukraine.

The application of the chosen analytical framework serves several purposes. Firstly, the concept of policy networks serves to illustrate the increased complexity and differentiation of policy making brought about by the transition process. As demonstrated by Chapters Two, Three and Four, Ukrainian society is undergoing a complex quadruple transition process, which incorporates nation building, state building, democratisation, and marketisation (Kuzio, 1998). Recognition of policy networks contributes to an understanding of post-Soviet governance, which is quite different to the situation in Soviet times and now involves numerous institutions, public and private actors, interests and policies. In sum it can be argued that the process of democratic transition created new opportunities for the emergence of policy networks and their involvement in policy making. Accordingly, as the case study revealed the process of local government reform, where the pace and scale of change has been vast, has generated opportunities for policy networks to develop and operate. On the whole, the policy network concept and dialectical multi-level model of PNA enhance the perception of an unstable and increasingly open process of transition, which has evolved through a unique set of institutional and socio-economic constraints, pressures and totalitarian legacies.

Secondly, macro-level political mapping as provided in Chapters Two, Three and Four creates a graphic representation of the wider context in which the reform of local government has taken place. Macro-level analysis provides the political, economic, social and institutional context of the study by tracing and summarising the emerging patterns of democratic transition, and by analysing the challenges they present for the changing role of local government. In placing the AUC and the network in a broader framework a better understanding can be achieved of the environment within which policies concerning local government reform develop. The sum of macro-level factors singled out by the study can be broken down into a number of sub-groups: the nature of the

transition process taking place, the nature of Ukraine's political system, the make-up of modern civil society and its actors, the character of state-civil society relationships, and the nature of the policy sector where the AUC and the policy network were formed. As this study demonstrates, many of the characteristics at the macro-level that have shaped the present policy making environment are rooted in Ukraine's totalitarian past. Overall, the macro-level narrative proved useful in adding depth and explanatory value to network analysis, while also contextualising the AUC's activity within the local government reform network.

The macro-level analysis provided in Chapter Six singles out a series of factors, which had the greatest influence on the meso-level and generated mutual resource dependencies among central and local government actors. The result was the formation of the AUC and the local government reform network. Specially, the authoritarian tendencies of the centralised state witnessed by the increasing squeeze on local government finances and authority by the central and regional authorities were identified as the most important macro-level variables leading to the formation of the AUC and the local government reform policy network. The growing responsibilities of local government as a result of the ongoing decentralisation process in Ukraine, and the accompanied resource deficiencies of the transitional period were also important.

Furthermore, as the study demonstrates, the macro-level characteristics of the external environment affected not only the organisational contours and internal fabric of the local government reform network, but also the policy outcomes arising from its activity. In particular, the analysis at the macro-level allows causal links to be established between macro-factors and the structure of the policy network, the distribution of resources and political power between the actors of the network, and the nature of the interactions and relationships within the network. Finally, macro-level analysis contributes to an understanding of the impact of the AUC's organisational capacity within the network and the extent of the support and opposition to policy change in the area of Ukrainian local government reform.

Thirdly, the concept of policy networks proved useful in explaining the increasing institutional nature of state-interest group relations in the area of local government reform. Therefore, at the meso-level the analysis established the existence of a local government reform policy network concerned with the design and implementation of complex political, economic and technical tasks, and which was framed by the democratic restructuring efforts of Ukraine's local government system. The local government reform network consists of state and non-state actors and organisations that include around 400 local authorities represented by the AUC, and representatives of central government incorporating (a) the legislature: individual members of Parliament and its standing committees; (b) the executive: representatives of the Cabinet and a range of ministries and government departments; and (c) various state/central government agencies and officials from the Presidential Administration.

Following the Marsh and Rhodes (1992) typology, the study used the 'local government reform network' as a generic term to illustrate the system of interest intermediation between the AUC as a professional association representing the interests of local authorities, and the central government. The study suggested that the local government reform network exhibits some characteristics of a policy community, as set out in the Marsh and Rhodes typology. At the same time, the local government reform network exhibits a number of the characteristics of a policy community, being less integrated and potentially less stable, than the policy community in the Marsh and Rhodes (1992) typology. This is due to the limited degree of shared values and trust, and the frequently competitive nature of the actors' interactions within the network.

Such application of the typology contributes to an understanding of the type of relationship that exists between the AUC and central government. The policy network concept provides a useful tool for explaining how a limited number of actors are able to shape and channel policies that affect the entire local government reform programme. The local government reform network involves continuous strategic interactions, exchanges of resources and cooperation that involve sharing expertise, information and political capital. The network's activity takes place in various policy arenas and forums such as executive cabinet meetings, an assortment of councils, committees and working groups, national governing commissions, and informal meetings with government officials and parliamentarians.

Apart from those actors, who are directly involved in the policy network concerned with local government reform, the study also identified the existence of an issue network as classified by the typology of Marsh and Rhodes (1992). The issue network involves actors and outside organisations, which possess an interest in reforming Ukrainian local government, but only enjoy intermittent involvement, indirect influence and an informal link with the policy making process. Mapping out the issue network involved in local government reform has revealed the existence of actors peripheral to the network, but who can sometimes play an important role in policy making by providing a valuable contribution in terms of policy advice, knowledge transfer, practical experience and political support for the reform process.

Fourthly, while paying tribute to the role of official state bodies, the research established that the AUC has contributed the most to the policy making process. At the same time, the study suggests, that the role of the state within the local government reform network is stronger and more central that the one suggested by Rhodes (1997). The local government reform network is still to a large extent under the control of central state organs and thus cannot be described as autonomous, a situation contrary to that specified in PNA theory (Rhodes, 1997, 1999, 2000). As discussed in the study, the lack of network autonomy affects the cooperation between the actors involved, and consequently its capacity to influence policy outcomes. Therefore, it is possible to suggest that networks in transitional systems project a different image of the state than the one envisaged in the policy networks approach of Marsh, Smith and Rhodes. Rather, the networks in transitional

systems are characterized by a relatively high degree of direct or indirect state control, 'steering' and regulation, similar to the scenario portrayed in the argument of Pierre and Peters (2000).

Nonetheless, the study demonstrates that the AUC has become an effective vehicle for the formulation and representation of city interests at the national and international levels, while also providing a range of critical services to its members to strengthen their authority and economic independence. In addition, the AUC is now the driving force behind, and a vital component of, the policy network involved in the design, implementation and execution of local government reform. The participation of local authorities in the network (via the key mediating institution of the AUC) provides them with opportunities for presenting the concerns of their localities at the national level, exercising some influence on the course of local government reform, and obtaining political support for policy implementation. As a coordinating body the AUC enhances consistency and continuity in a field where multiple working groups and committees, and state and private actors are involved. As the analysis at the meso- and micro-levels demonstrated, the AUC's effective organisational structure has allowed it to become a key partner in the system of interest intermediation between local authorities and central government. Its organisational structure along with its broad scope of activity at both national and local levels of policy making distinguishes the AUC from the majority of grass root organisations in Ukraine, which tend to focus on the everyday needs of their members.

Multi-level analysis determined the source of AUC influence in the policy network as the set of organisational capacities, which enabled the Association to enhance its role in policy making within the local government reform network. The AUC's effectiveness was measured by establishing whether it had a strong organisational structure, based on the elements of a President, Executive Vice President, Board of Directors, Executive Board and National Council. As discussed in the case study, the organisational structure of the AUC, which was devised as the result of studying the experiences of similar organisations in the West, rests upon the principles of internal democracy represented by broad participatory membership, elections, boards, and regular meetings and consultations with members.

Other micro-level capacities, which have contributed to the AUC's organisational capacity, include its independence and reliance on an autonomous financial resource base, its strategic planning and vision, its networking and coalition building, and its regular communication with members and the public via newsletters, mailings, and its website. Further capacities include the AUC's policy continuity, its strong regional structure, its reform-oriented leadership and the professional expertise available to its Executive Board. The case study also assessed the implications for the network of the wide range of functions performed by the AUC comprising information support, training, technical assistance, advocacy and lobbying, its level of international cooperation and the increasing public awareness of the importance of local government reform.

In particular, the AUC's role as a key non-governmental actor in the policy network is determined by the fact that it controls key resources such as information, professional knowledge, expertise and the capacity for service provision (training, consulting, and technical assistance). Weak networks have limited capacity to take effective policy action and produce policy change. Such a scenario makes the AUC's organisational capacity very important in enabling the achievement of certain policy outcomes arising from the local government reform network's activity.

Fifthly, Chapter Six established a series of correlations between the macro-, meso- and micro-variables, which help to explain both the structure and the nature of the relationships, interactions and distribution of resources between the members of the local government reform network. It can be argued that the organisational and social structures of the policy networks appearing in Ukraine are shaped by macro-level endogenous factors emanating from the specific local political context, which are characterised by post-communist legacies, shifting power landscapes, and various legal constraints. The study demonstrated that the actors of the network form a loosely connected structure, underpinned by a set of common attributes such as resource dependency and mutual interest, rather than by trust, shared views, values and beliefs as argued by Marsh and Smith (2000).

The nature of the relationships between the network's actors is characterised by limited consensus and competition, in which actors representing the central state and those representing local authorities deploy constitutional, legal, organisational, and political resources to maximise their influence over policy outcomes. The study argued that the meaningful participation of professionals generally expanded and improved the quality of policy making within the network and contributed to the achievement of desired policy outcomes. At the same time, the case study showed that the AUC's influence in the network is varied from occasion to occasion, and may sometimes be marginal in its impact. The research found that the participation of professionals in the network and their influence on policy outcomes is sometimes hampered and blocked by macro-level factors, in particular the authoritarian tendencies of the central state and the lack of adequate legislative provision for local government activity.

Finally, Chapter Six described a series of outcomes arising from the local government reform network's activity. The application of the integrated multi-level model of PNA allowed the study to determine a number of meso and micro-level characteristics of the network, as well as the correlations among them, which had an impact on the achievement of policy outcomes. Further, the focus on the dialectical relationship between the local government reform network and the broader context within which it is located added to an understanding of resulting policy outcomes. An important outcome is policy legitimation, which means that the need for local government reform in Ukraine is now regarded as one of the key elements for the success of democratisation and the maturation of civil society, and for the overall success of democratic transition.

The AUC was also successful in establishing itself at the central level as the leading agent of local policy, which was made possible by the AUC establishing and maintaining a continuous link between a newly formed group representing the interests of local authorities and the central state in the form of a policy network. Other outcomes comprise the creation of a legislative base necessary for the further democratic development of local government and resource accumulation necessary for the implementation of local government reform. In particular, the case study established the role of the AUC and the local government reform network in the adoption of the Constitution in 1996 and the law 'On Local Self-Government in Ukraine', passed in 1997, which mandated local authority and responsibility in most municipal affairs. The approval of the Budget Code in 2002, meanwhile, with the active involvement of the AUC and the network was an important step towards establishing a transparent and stable system of local government financing.

The AUC has also become an independent and unique source of professional information on local government issues, which can be seen as one of its major achievements in helping to reinforce its lead role in the policy network. Another important outcome is establishing monitoring systems to assess the progress and implementation of reforms and policies at the local level via the AUC's regional network. Further, the AUC can be credited for laying the foundations of an epistemic community of local and national government officials, scientists, lawyers and journalists, concerned with establishing strong and effective local government. Such constituency building is crucial for the progress of reforms in Ukraine as it mobilises support and resources, which are necessary for the formulation and implementation of policy change and reduces the opposition of the power elites and corporatist structures to the reform process. Lastly, the study suggested that the existence of the local government reform network as a means of transmitting innovative information, contributing to political discussion and deliberation and, ultimately to democratising the Ukrainian polity.

At the same time, the application of the dialectical multi-level PNA model allowed the tracing of macro-, meso- and micro-variables, which highlighted the limits of the AUC effectiveness within the local government reform network, and which in turn hindered the network's effectiveness in achieving a number of targeted policy outcomes particularly in the areas of advocacy and the protection of its members. Indeed, despite the AUC's efforts in developing legislative drafts and engaging in active lobbying, the progress towards adopting a legal framework necessary for the further development of effective local government has been restricted.

The macro-level analysis identified such factors as the high concentration of authority at the central level, the relative weakness of the government and legislature, and the resistance to reform on the part of the old-Soviet power elites among the reasons why delays and failures of policy occurred. In addition, the ongoing state of political uncertainty and competition between branches of power, as well as the lack of proper transparency in and public support for the administrative reform process hindered the efficiency of the network's activity. The effectiveness of the AUC and

the local government reform network has been also circumscribed by the lack of a favourable network and associative environment - the legacy of the organisational vacuum created by the communist totalitarian regime, and the legal deficiencies particularly in the areas of public organisation and lobbying provision. Apart from macro-level characteristics, the stability and consistency of policy outcomes arising from the activity of the local government reform network was also the consequence of such meso- and micro-level attributes as the network's structure, and the behaviour of, and relations between the actors involved. The efficiency of the local government reform network has been diminished by its fairly loose structure, the fragile links between its actors, the competitive nature of interactions among its members, and the limited consensus, shared values and trust.

The utility of the dialectical multi-level PNA model is in helping to conceptualise the ties established between local authorities and central government in Ukraine within the local government reform network. The focus on the ways in which local authorities are consulted by, and negotiate and interact with, central government in the structured system has proved useful in establishing the role of the AUC as a key actor within the network for the design and implementation of local government reform. In particular, by bringing all levels of analysis together and examining the interaction between macro-, meso- and micro-level factors, the motivations behind the AUC and network formation were revealed. In addition, by establishing causal links between macro-factors an assessment was made of the nature of membership, relationships and interaction patterns between individual actors within the local government reform network, as well as their individual and collective impact on resultant policy outcomes. Finally, the emphasis on the policy network as a system of interest intermediation between local authorities and central government highlighted the changing relationship between two levels of government, and the transitional nature of the governance process more generally.

Indeed, the integrated model of PNA not only helped to organise extensive empirical evidence in a coherent and novel way, but also provided clues to policy outcomes and policy change in a complex political environment. The study demonstrated the multi-level explanatory power of PNA, which helped to provide an explanation of policy outcomes by tracing the dialectical relationships between exogenous macro-level factors (economic, political, legal and social) and the network; between the network structure and its individual actors (micro-level); and between the network's structure and policy outcomes (Marsh, 1998). It can be argued that such a conceptual engagement of PNA not only improves the understanding of democratic transformations in Ukraine, but equally contributes to PNA theory by equipping it with a better set of tools to explain policy change in internationally diverse political settings.

Methodological Contribution: Tailoring PNA Techniques and Tools to New Tasks and Settings

The application of the dialectical multi-level PNA model in the study has yielded a useful set of analytical and empirical findings, which may interest both academics and practitioners alike. As discussed in Chapter One, an opinion shared by both proponents and opponents of the PNA model is that it requires further modification, research and field-testing. This study expanded PNA utility, which has so far focused on the evidence from well-established and stable democracies of Western Europe and the USA, by applying the dialectical multi-level PNA model of Marsh and Smith to a diverse set of political environments in a country experiencing transition. On the basis of the findings, resulting from the application of the PNA model this study asserted the utility of the method for analysing public policy making and policy change in a country undergoing transition to democracy. Thus, it demonstrated the relevance of the Marsh and Smith model to transition contexts and lent support to an argument that PNA is versatile and can be applied across sectors and borders.

Overall, the analysis proved that the PNA model does offer a genuine, useful and different analytical approach in assessing the establishment and functioning of interest groups in transition to democracy. However, a number of issues arising from the application of the PNA framework to a different policy environment should be acknowledged. For example, as John and Cole (1998) argued policy network analysis usually provides just a snapshot of a very fluid set of relationships. This criticism was also supported by Hay (1998), who called for more dynamic studies paying extra attention to the development of networks (Hay, 1998). By following the lead of Marsh and Smith (2000, 2001) in emphasising the dialectic nature of the relationships between the different levels of analysis the study was better able to highlight the dynamic nature of the policy network model and to reflect the complexity and instability of policy making in transition. By using the dialectical multi-level model of PNA and examining the network not as a static structure, but as a dynamic constituent of wider structures and processes, this research also addressed the concerns of Hay by providing a detailed assessment of the processes and motives involved in the local government reform network's formation, development and influence on policy outcomes.

In contrast to Marsh and Smith (2000) and in agreement with Dowding (1995), this study emphasised the role of the key actors within the local government reform network, while also recognising that the broader political, social and economic environment within which the network operates does affect their interests, resources and actions, and impact on policy outcomes. Individual actors bring into the network political aspirations, affiliations and ideas of their own, which at the same time are affected by the broader environment. They also choose policy instruments and options, develop resources, engage in bargaining, and establish rules and procedures within the network, all of which influence the policy directions taken by the network and the resultant policy outcomes. At the same time, the study integrated micro-and meso-level analyses in order to explain the role of individual actors within the local government reform

network, the nature of their relationships and interactions within the structured context, and their individual and collective impact on policy outcomes.

As argued in Chapter One, the persisting weakness of the Marsh and Smith model is its vagueness in integrating the levels of analysis. This study proposed that one of the ways of dealing with this weakness is to broaden the analysis by introducing more macro- and micro-characteristics, as well as tracing the causal links and relationships between the three levels of analysis. As aforementioned, the application of the multi-level dialectical PNA model in this study provided a framework for summarising and interpreting a multitude of factors, pressures and constraints, which have shaped a complex process of policy change, in this case local government reform in a transitional environment. In addition, the use of PNA helped to identify the role of the AUC within the network as a significant actor in the process of local government reform in Ukraine.

This study established the causal relationship between the state of the macro-environment in which the networks operate, the organisational structure of the network itself, the interpersonal relations within it and the policy outcomes arising from its activity. At the same time, singling out and providing explanation of the macro-level factors, which have had most influence on meso- and micro-level developments, have broadened the utility of the macro-level. Thus, by establishing further causal links between the levels of analysis the study had been able to improve the integration between them, as well as adding to the understanding of the network's formation, development and influence on policy outcomes.

It is due to the nature of governance and policy making in transition that the networks appear to be less uniform and stable than those described in the existing Western based policy network literature. Furthermore, it is apparent that the role of interpersonal trust, and ideological consensus are among those elements of network political culture considered in the academic literature that are less viable in Ukraine where the present institutional environment remains ill defined and loosely regulated. The study demonstrated that the relationships among the actors within the local government reform network are underpinned by a set of common attributes such as mutual resource dependency and mutual interest, rather than by trust, shared views, values and beliefs as argued by Marsh and Smith (2000) and Rhodes (1997). Moreover, policy network arrangements are predicated by the dependence of central government on the AUC for professional knowledge and expertise, information resources, and political support in the regions.

The concept of group participation in politics is still relatively new in the post-Soviet environment and is still in the process of being formed, while the structuring of interests remains fluid. The entire policy making agenda is undergoing change in response to exogenous and endogenous developments. The key implication this study makes is that policy networks in the transition to democracy must be examined and understood as a process, taking place within a new broader context of governance. As Benson (1982) argues any particular structure should always be seen as part of a larger whole rather than an isolated, abstract phenomenon. Thus policy networks in

transition to democracy should also be studied and seen as the product of an ongoing process of political, social and economic transformation, which is intertwined with the changing nature of governance. Finally, the key to applying the dialectical multi-level PNA model in this study, and assessing the usefulness of Marsh and Rhodes typology lies in appraising the extent to which a system of interest intermediation between local authorities and central government in Ukraine exhibits the characteristics associated with the concept of policy networks in Western political science.

In addition the present research is of interest to policy practitioners involved in guiding democratic transition. As countries proceed with democratic and economic change, greater opportunities are emerging for multiple actors to assist governments to implement policies in ways that assure transparency, accountability and responsiveness. Since democratic reforms call for complex interventions by more than a single ministry, department or organisation, the old Soviet principle of hierarchical multi-organisational structures does not function well in the new policy environment. However, many policy reformers in transitional countries have not yet had the opportunity to learn about or use policy implementation techniques and tools accumulated by Western political science. Such tools as multi-level PNA can help practitioners make democratic governance operational by insuring that information about new policies is disseminated, citizen input is sought and that feedback and monitoring mechanisms are established.

The present study demonstrated that networks have the potential to contribute towards the coordination of policy by linking the multiple actors involved in policy development and implementation. This allows for the accumulation of scarce resources, as well as ensuring that the reform process is consistent and contributes to achieving intended policy reform outcomes. Thus, the existence of relevant policy networks is an important constituent of policy change. Moreover, reference to the role and influence of policy networks contributes to understanding the process of policy reforms and its impact on democratic consolidation. This study argues that for successful democratic policy change to take place it is necessary for complex yet coherent systems of actors to develop, which undertake policy formulation and implementation via negotiation and compromise.

Avenues for Future Research

Looking to the future, it is evident that there is room both to expand and deepen the application of PNA techniques, tools and lessons for both academics and policy practitioners in order for them to gain a more nuanced, versatile and sophisticated grasp of the dynamics of a transition environment. It is clear that there is more to be learned about designing and managing policy change within newly democratising settings and broadening participation in the policy process beyond the executive branch, by more effectively incorporating previously marginalized groups. Further, it would be interesting to give more time to studying the evolution of actors and network characteristics under shifting political circumstances. Another possible direction future research

could take is to employ a comparative approach in order to study variations in outcomes across policy sectors and countries. For example, the variations in policy outcomes in the cases of similar networks in Russia or another country in Eastern Europe could be compared and causal links between the variations in macro- and meso-level characteristics traced.

Countries in transition follow long and arduous development paths where setbacks and reverses are common, and as a consequence the process of policy change might take longer than initially anticipated. Ukrainian society is still undergoing a triple transition to nationhood, democracy and market liberalization and events are extraordinary fluid. This study is focused on institutions that remain in the process of formation. The AUC is still in the relatively early stages of development and continues to evolve, which means that the question of whether the AUC will be able to maintain an active role in the local government reform can only be answered on the basis of more longitudinal research. Moreover, until the struggle between the Ukrainian President and Parliament is resolved any long-term predictions and conclusions remain uncertain. Finally, some of the questions this study has sought to answer are enormous as they address critical issues of social change, political development and state-society relations. Efforts to institutionalise the interactions of interest associations with the state are likely to remain on the political agenda of post-communist countries for a long time to come. However, this study stands on its own merits as it has evaluated the important role played by the Association of Ukrainian Cities in laying the foundations for a democratic local government system in Ukraine, and has illustrated the complex nature of post-communist politics in a country undergoing transition.

Appendices

Map of Administrative Divisions of Ukraine

Source: http://www.lib.utexas.edu/maps/europe/ukraine_adm93.jpg

Table A : Parallel Power Structure in the Soviet System

Source: Hollis and Plokker, 1995: 12

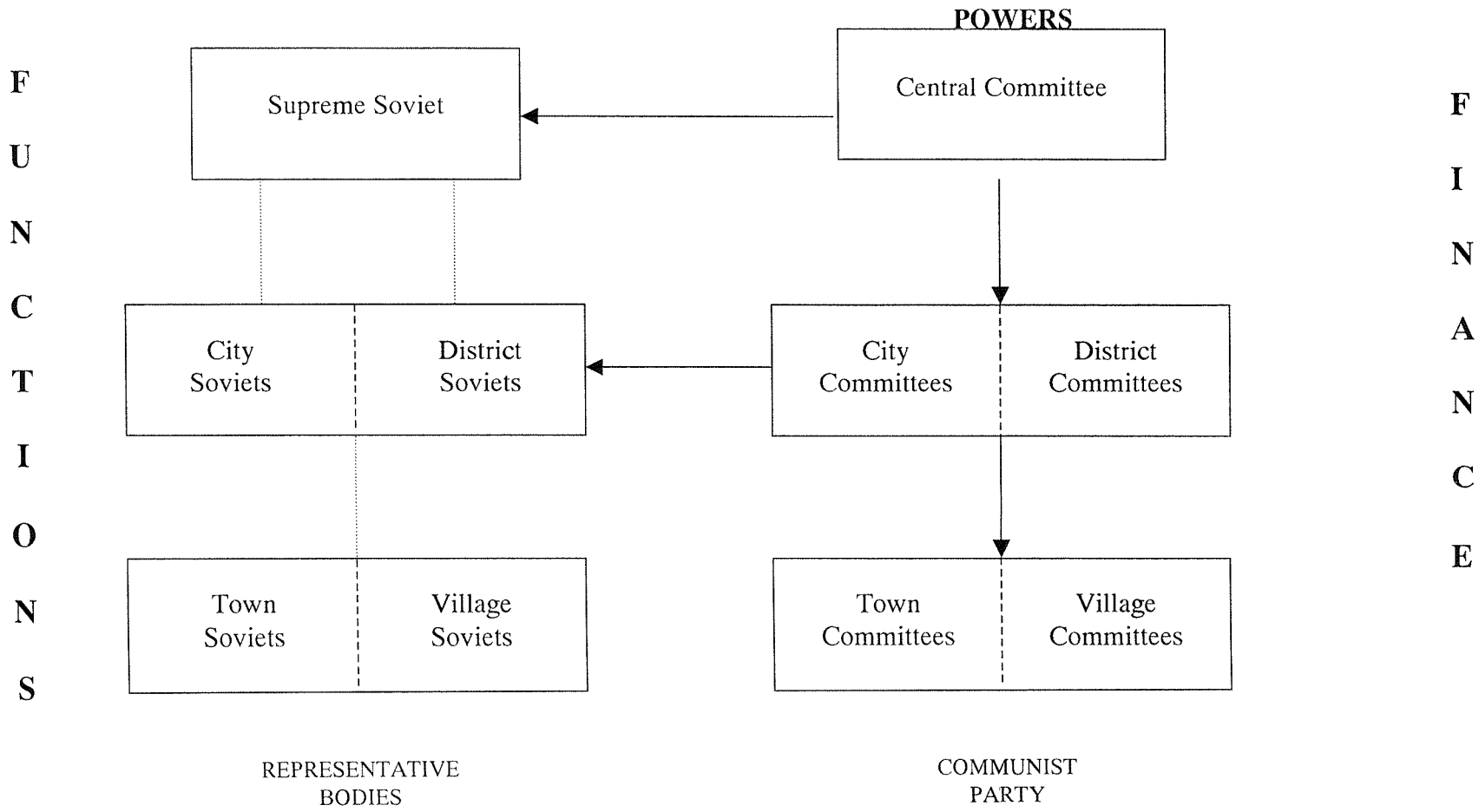
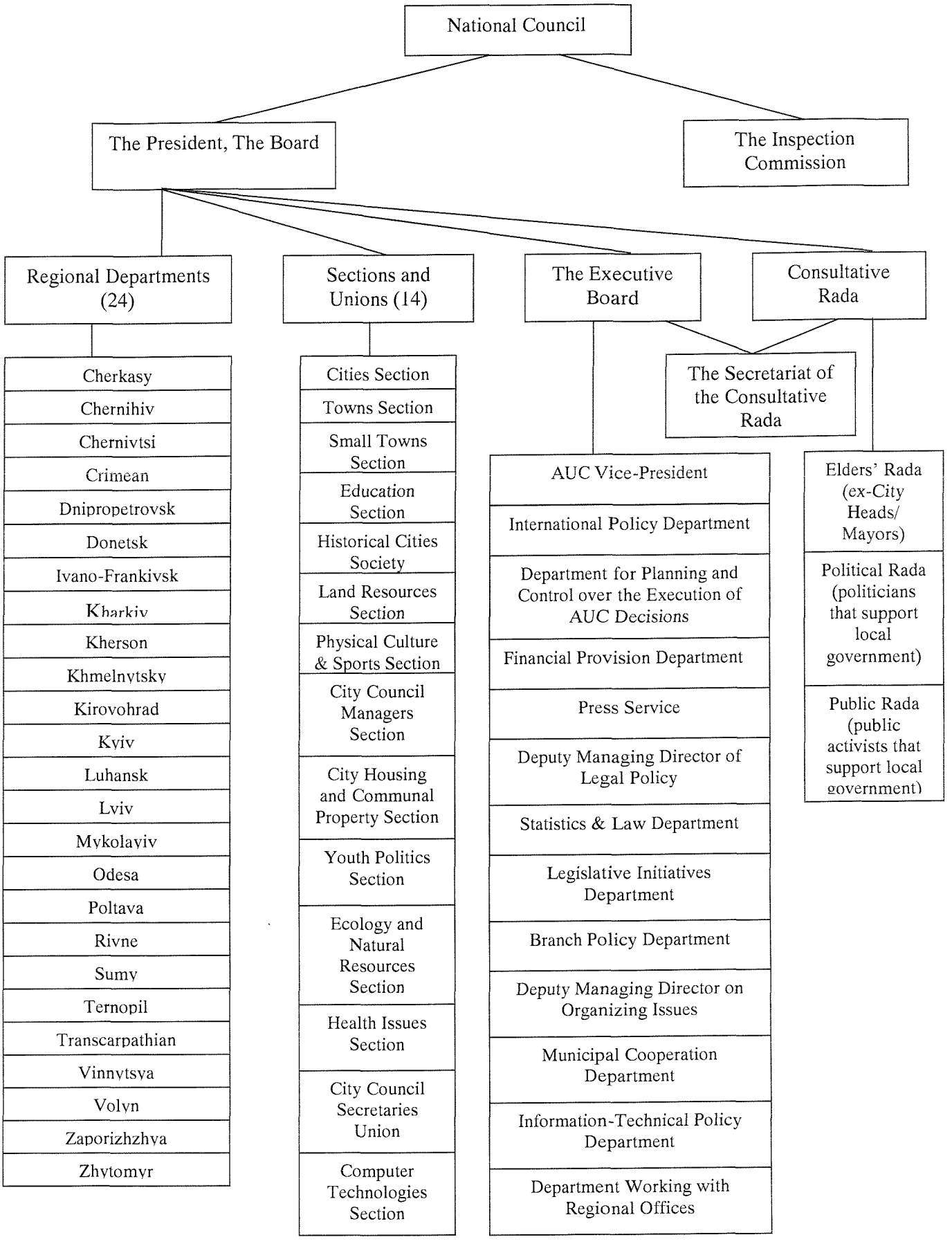


Table B: Structural Scheme of the Association of Ukrainian Cities

Source: http://www.auc.org.ua/amu/info/structure/?ln=ua



Formal and Informal Interviews (1999-2003)

A range of formal and informal interviews was undertaken during the period of the PhD. However, due to the delicate nature of the political situation in Ukraine many interviewees asked to remain anonymous. Indeed, in many cases a guarantee of anonymity was a precondition for interviews to take place. In order to retain consistency throughout the study, all information given via interviews have been referenced without stipulating the particular individual involved. The list below, however, provides details of the positions contributors held within Ukrainian society at the time of the interviews. The figure in brackets indicates the number of interviews undertaken with officials in particular positions of authority. The total of number of interviews conducted between 1999 and 2003 was 30.

1. Senior members of the AUC Executive Board, including Presidents and Vice Presidents of the AUC (8)
2. Department Heads, the AUC Executive Board (3)
3. Department Deputy Heads, the AUC Executive Board (2)
4. Municipal officials from the eastern region of Ukraine (5)
5. Oblast officials from the eastern region of Ukraine (2)
6. Municipal officials from the western region of Ukraine (2)
7. Representatives of international organisations
8. Journalists

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