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Certainty in Ukraine's Uncertainty

The impact of the 2007 parliamentary elections

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Preface

Ukraine's parliamentary elections on 30 September 2007 were supposed to deliver clarity. Either the Party of Regions would complete the comeback it began in the March 2006 elections—signaling closer cooperation with Russia and giving Ukraine's internal political development a particular direction, or the Orange parties led by Yulia Tymoshenko and Viktor Yushenko would gain a stable majority—making integration into Euro-Atlantic structures a national priority. Neither happened. The closely balanced parliament yielded a government of the Orange parties with a razor-thin majority, far from what would be necessary to renovate the constitution, and slender enough to raise doubts about the government's ability to rule for a full term. Ukraine, it seems, is certain to face more uncertainty.

Ukraine is the only country with the potential to re-order both the European Union and the "post-Soviet Space." A country transformed into a democracy and market economy would mean the EU could welcome a new member the size of France. The shape of new strategic preconditions would also increase pressure on Russia to reform its attitude towards its "near abroad" and to move in the direction of democratic integration. As far as the West is concerned, Ukraine remains the most important stone in the mosaic of a new Eastern Policy that still requires further development before it can be implemented.

I. Evaluation of the election results

High expectations at home and abroad

The expectations placed on Ukraine's recent parliamentary elections were high. Taking place almost three years after the Orange Revolution, the vote was perceived not only as a test case for assessing the state of affairs of Ukrainian democracy, but also as an example of the country's orientation between Russia and the West. The democratic elite of Ukraine and Western friends of Ukraine hoped that the elections could overcome political deadlock and, first and foremost, reaffirm the politically embattled constitutional framework as the only rules in town, thus creating the preconditions for further transition. Among others David Kramer, Deputy Assistant for European and Eurasian Affairs of the US State Department stated on 19 October 2007: "Many, many months over the past few years have been spent on lessons, campaigning and government information. It is time to go down to business and focus on governing. It is time to go on with it." Immediately after the elections German foreign minister Frank-Walter Steinmeier called on Ukrainian leaders that the elections are a real chance for a political new beginning using the opportunity to overcome the political crises. Domestic decision makers as well as policy shapers in Western capitals regarded the elections as a trial by fire in which Ukraine could prove its mettle as an equal partner.

Influence from Moscow

The Kremlin, too, observed the elections with particular attention. In the interest of deflecting attention away from Russia's influence over neighboring Ukraine, as well as over other countries belonging to the "former zone of Soviet influence," Russian decision makers did not attempt to influence the election results directly, having falsified the election outcome and poisoned the front-running candidate of the democratic opposition last time around—Russia's role was never clarified in either case—but instead used energy tariffs as a political instrument to maintain their powerful status. For instance, Viktor Chernomordyn, the Russian ambassador to Ukraine publicly declared on 28 September 2007 that gas prices would be dependent on the

election outcome. With the same intention Dmitry Medvedev, First Deputy Prime Minister and supervisory board chairman of the state-run gas monopoly Gazprom, said in Moscow on 3 October 2007 that Gazprom had reached an agreement under which Ukraine would pay its \$1.3 billion in debts to Gazprom. This decision could have a negative influence on Ukraine's transition and certainly did not favor the democratic camp.

The most important election result was the assessment that the criteria of free and fair elections and balanced coverage of each candidate in the media had been met. From this perspective the election might be regarded as an example of a fourth wave of regime change, setting Ukraine apart from today's situation in Russia, Belarus or Uzbekistan. The contrast was highlighted by the latest developments in Moscow, in particular President Putin's announcement to head the "United Russia" party's list of candidates in the 2 December Duma elections, allowing him to hold on to power and bypass democratic standards. While the lack of democracy in Russia is rooted in Putin's concept of a "Sovereign democracy," the situation in Belarus more resembles an authoritarian regime that forbids any kind of opposition activity. Despite all justified criticism of the Ukrainian election, one should therefore also consider Kyiv in comparison with Minsk and Moscow. In this sense "Ukraine is no longer the same as Russia."

"Ukraine is no longer the same as Russia"

Other structural developments also exemplify the current state of affairs of the Ukrainian transition. The turnout of 58 percent, almost identical with the previous parliamentary elections in March 2006, indicates that the Ukrainian population is less querulous about politics than one might assume. Furthermore none of the political actors questioned the election outcome, which also exemplifies a political party system on its way toward consolidation, even if the parties are guided by personal and economic interests.

Stable turnout and surprising results

The positive linkage between the election and the transition also serves to highlight the pressing difficulties of the next phase. Ukraine's current political infrastructure—particularly its party system and constitution—is inhibiting the consolidation of democracy. Fundamental questions appear to be at stake in every election, thus making every vote crucial and encouraging scorched-earth tactics and rhetoric. Similarly, the close links between major economic interests and particular parties lead to election-based uncertainty about basic aspects of the economy. Vested interests work against compromise, and businesses fear ruin if they end up on the losing side of the election. For Ukraine to advance on its path toward consolidated democracy and a market economy, the basic arrangements must be accepted and the stakes of each election lowered.

The final results of the polls showed a close race. According to the Central Election Commission the Party of Regions is the absolute winner of the elections with 34.37 percent, followed by the Block Yulia Tymoshenko (30.71 percent) and Our Ukraine/People's Self-Defense (14.15 percent). The other parties that passed the three percent threshold are the Communist Party and the Lytvyn block, which could tip the political balance either way, while the Socialist party of Olexander Moroz will no longer be represented in parliament. Theoretically the result would offer the orange coalition a tiny majority with 228 of a total 450 seats. It also offers alternative options, such as the revival of the grand coalition between Viktor Yanukovich and Viktor Yushenko.

Close election

Risk of politicizing the democratic process

Certainty about Ukraine's uncertainty is highly dependent on the rapid and sustainable establishment of a governing coalition. Contrary to declarations made on the eve of the election, the tiny majority causes difficult preconditions. Establishing a government majority still threatens to be abused by contenders for the 2009 presidential elections attempting to win political ground. The current developments are important not only to indicate the system's capacity for political action, but also as a prerequisite for future transition options.

II. After the elections is before the elections. Challenges to Ukraine's transition

Institutionalizing democracy and reform

The parliamentary elections indicate above all that the Ukrainian state has settled into a continuity of democratic norms since the Orange Revolution. The most positive outcomes are the confirmation of free and fair elections taking place in an overall democratic environment. Though the structural success of the elections seems clear, the political implications for Ukrainian transition remain in a gray zone and depend heavily on both the outcome of coalition talks between the major parties, and on how effectively a government majority in parliament can be held together. Contrary to further-reaching assumptions, the outcome does not signal a clear victory for the political advocates of reform. Overall it is too early to assess whether the "glass" of transition progress is half full or half empty. Therefore the current political situation must be characterized in the general terms and conditions of transformation. The following section analyzes the major challenges this situation presents for Ukraine's transition. Reform tasks include amending the constitution to create a sustainable framework for reform, economic transition, energy dependence and efficiency, combating corruption, dealing with social challenges, and finding answers to Ukraine's national identity and the legacies of a (post-)Soviet past.

Towards a new reform agenda

The need for constitutional and legal reforms

Further transition in Ukraine will depend very much on the actors involved. The time since the parliamentary elections of March 2006 can be characterized as a state of flux in an attempt to establish a government responsible for a transition agenda. This brings Ukraine back to the reform challenges faced in the aftermath of the Orange Revolution.

Effects of political reform on society and economy

A specific problem of transition is the negative impact on society of radical changes, which are often unavoidable. The associated social ramifications can be compensated for only by outlining a clear transition agenda. The most important source of legitimacy for any political system is its success. Market reforms will have a significant influence on the future course of democratic transition, and Ukraine will need to prolong the economic upturn of recent years. Politically and socially, those measures that can bring political reality closer to constitutional and legal provisions and strengthen an open society will yield the greatest successes.

Creating a political infrastructure

Changing the rules of the game

While the current constitution meets democratic standards and provides a good point of departure for consolidating democracy, at the same time it also indicates structural and technical weaknesses. It includes amendments submitted in the context of the Orange Revolution that do not clearly regulate the division of power between the executive and legislative apparatus, and therefore repeatedly have been

used as instruments to change the rules of the game for the diffusion of power, even if "Democracy is the only game in town" (Juan Linz).

The actual strength of the Ukrainian constitution has been its capacity to solve political crises, bringing the country from the brink of a violent escalation in December 2004 through a managed transition. Adopted under extreme time pressure, the constitution naturally lacks sustainability and almost immediately became a subject of the bargaining process itself. Pursuing their interest in gaining political power, decision makers proposed constitutional amendments in their own favor. At the same time, the weaknesses of the constitution so far apparent are rooted in a poorly constructed division of powers that makes political conflicts more likely. In any case, the crises between the two parliamentary elections show that the political system can be built only on a clear division of powers and a broad social consensus.

Strengths and weaknesses of the constitution

To reshape Ukraine's constitution into a reliable instrument, other experiences with constitutional reforms should be analyzed in consideration of the particular requirements of a country emancipating itself from a post-Soviet state. In this sense Poland and the other Central European states might offer lessons learned and best practices worth considering.

In the medium term, one solution to this problem could be a parliamentary system. While recent constitutional changes do not foresee such a shift, further discussion of the options for developing the constitutional and political system seems worthwhile. Given that parliamentary systems offer more incentives to seek and find compromise, and foster the emergence of strong political parties, far-reaching and consensual constitutional reform could be one way to generate broad acceptance for the democratic system. One option to increase democratic consensus on the constitution would be to conduct a constitutional referendum. Assuming that the present majority of the orange coalition is not sufficient to implement constitutional amendments, choosing the option of a referendum might also bypass the deadlock. However, the success of a full review of the constitution also depends on how well the orange coalition partners are able to cooperate. As a reform to a parliamentary constitution would greatly reduce the role of the president, one may assume that if both coalition partners Yushenko and Tymoshenko are aiming at the presidency they might have incentives to derail such a process.

Parliamentary system and referendum?

In order to solidify the political infrastructure and the effectiveness of decision making processes, the role of political parties needs to be strengthened further. Conducting free and fair elections and a broad social acceptance of the results are important initial steps toward consolidating democratic rules. Beyond conducting elections, a sustainable transition would entail new regulations for party financing, and a range of other measures to stimulate the transition from personality-based to program-based party structures. Until recently, it was not unusual for Ukrainian authorities to impede the activities of NGOs through arbitrary restrictions and unexpected bureaucratic measures. An improved status and better legal guarantees for civil society organizations could also induce stronger participation by the public in the political process.

The need for party reform and liberalized civil society

Changes on the horizontal level should be complemented by vertical reforms. More competencies for regions and stronger local authorities are not only likely to anchor a lively democratic culture, but also symbolize the change from an omnipotent central government to a more participatory system.

Economic transition

Strong economy despite political instability

Ukraine has seen strong GDP growth of around seven percent in 2006 and 2007, much of it due to a machine-building and metallurgy boom driven by both domestic and foreign demand. The first half of 2007 even showed a budget surplus of 1.4 percent of GDP. Inflation, however, remains in double digits.

Economic growth is surprising given the fact that Ukraine's political situation has been anything but stable. The country's economic development seems to have decoupled from its political troubles. Given the ambivalent outlook for the creation of a new government, this is good news for Ukrainian business.

Reprivatization and foreign investment

Russia's increasing interest in acquiring stakes in Ukrainian business has also led to a shift in opinion among Ukrainian business leaders in the industrial strongholds of Eastern Ukraine, where integration into the European and Western economic system has become the preferred policy choice for all political stakeholders, be they "blue" or "orange."

A further significant challenge to market-based economic development is the way the government has dealt with post-Soviet privatizations. Since the breakdown of the Soviet Union in 1991, the privatization of government companies saw many operations being sold at prices under value. The first orange coalition between President Yushenko and then-Prime Minister Tymoshenko collapsed under the weighty issue of how to deal with these privatizations. While the president advocated looking into a mere 30 dubious cases of reprivatization, Tymoshenko threatened to investigate 3,000 cases. While some model cases were indeed reprivatized, first and foremost Kryvorizhstal, Ukraine's largest steel mill, reprivatization is currently not the predominant economic issue. Should a new Tymoshenko-led government bring the topic back on the agenda, this would send a negative signal to private investors, both domestic and foreign, about the necessary preconditions for a stable business environment.

Energy dependence and energy efficiency

Importing and wasting energy

Ukraine is heavily dependent on Russian energy. This is due to two factors: firstly, old Soviet infrastructure has Ukraine tied to the Russian gas pipeline system, and roughly half its energy needs are covered by natural gas. Secondly, the country wastes huge amounts of energy: its energy consumption per unit of GDP exceeds that of Germany by a factor of three, according to the International Monetary Fund. This combination has given Russia great leverage over Ukraine through the state-controlled monopoly Gazprom, as 69 percent of Ukrainian domestic gas consumption is supplied by Russia. On New Year's eve 2004/2005 Gazprom temporarily closed down gas supplies to Ukraine after a failure to reach agreement on a new gas price. Besides the economic background of this action, the timing and method of closing the pipeline cannot be isolated from the Orange Revolution.

Strength in solidarity

President Yushenko has attempted to redefine Ukraine's role in European energy supply by promoting Ukraine as an energy corridor for alternatives to Russian gas from Central Asia. This attempt has been coordinated closely with Lithuania and Poland, but has little chance of success so long as major EU actors like Germany and France choose to deal with Russia bilaterally on energy issues, making energy dependence more than a domestic issue for Ukraine.

In the mean time, besides reducing energy dependence on Russia, Ukraine will also have to take steps to increase the energy efficiency of its economy. This poses a significant challenge, as its primary industries still operate Soviet-style machinery and are in need of modernization.

Combating corruption

According to Ukraine's international rankings, governments since the Orange Revolution have not succeeded in fighting corruption. On the contrary, high-level politicians of all backgrounds have been involved in corruption of different kinds, demonstrating overlapping interests between the political and economic system.

Progress on transparency sputtering

For instance, a survey conducted by the Kyiv-based Institute for Economic Research and Policy Consulting in April-May 2006 suggests that the average amount of bribes has increased from 3.6 to 4.2 percent of an enterprise's annual sales volume this year as compared to 2006. The results of the study suggest that corruption is on the rise again in Ukraine, but still below the levels reported in 2004, before the pro-democracy Orange Revolution. The aggregate number of bribes started to decline in 2005, as the pro-Western administration of newly elected President Viktor Yushenko took power, declaring its intention to fight corruption. Nevertheless, Ukrainian businesses are often pressured by influential officials into paying bribes, often through would-be racketeering arrangements, as a way of keeping their businesses protected from various risk factors, including violations of the country's vague and contradictory legislation.

Considering that corruption still hinders economic and political transition, the fight against corruption remains an indicator of how seriously the new government takes the development of a new political culture. As part of a rule of law initiative, the fight against corruption must be a top priority for the coming months and years. Certainly, fighting corruption is a highly complicated task. Nevertheless, the attempt to address the problem will act as a signal of the government's commitment to building a just society in which the same rules, rights and obligations apply to all. It would simultaneously strengthen the economy and increase its attractiveness to foreign investors. In order to succeed, existing laws have to be applied strictly and equally to everyone, and the effectiveness of existing laws needs to be put to the test. Corruption needs to be made socially unacceptable, and government will have to make sure that corruption is punished without exception. Building general support for this fight against corruption will also require that anti-corruption measures no longer be instrumentalized to fight political opponents.

Less corruption means more legitimacy

The separation of economic and political power is directed toward similar ends. The political influence of oligarchs distorts equality of economic opportunity and impedes the economic development of the country. While the emerging system of three major political parties is no longer divided solely along business interests, as it was during the Kuchma era, individual oligarchs remain strongly affiliated with different parties (such as Rinat Akhmetov with the Party of Regions and Petro Poroshenko with Our Ukraine).

Weakening links between economic and political interests

Social policy

Despite the overall lack of content in the contenders' election platforms, almost every party attempted to gain voters by promoting ambitious social benefits like family

Empty promises for
outdated social policy

allowances, while neglecting to explain how their promises would be funded. For instance, Viktor Yanukovich's Party of Regions announced in its election program that, beginning in 2008, families would receive 11,700 UAH (1673 euros) for the birth of their first child, 25,000 UAH (3575 euros) for the second one and 50,000 UAH (7150 euros) for each child thereafter. Furthermore, monthly benefits of 100 UAH (14.30 euros) would be paid for each child 3 to 13 years old, and 200 UAH (28.60) for children aged 13 to 18.

Besides mere declarations Ukraine's social welfare systems will have to undergo fundamental reforms beyond unrealistic election promises. The hitherto existing, Soviet-style arrangements provide considerable support to some privileged groups but are not based on real social needs. As a result, relatively high expenditures generate few social effects. Without a re-orientation of the education and social welfare systems, social stabilization will not be achieved in Ukraine. For Ukraine to become more economically competitive, a tax reform will have to both lower taxes and put them on a broader tax base.

Building a national identity

Nation-building to counter
separatist currents

In contrast with other countries, Ukraine may have gained independent statehood in 1991, but it has yet to become a nation. Efforts at nation-building need to aim at overcoming regional cleavages and at presenting Ukrainians with a shared identity. While a positive sense of national identity sometimes can be strengthened through the very struggle to surmount authoritarian structures, recent changes in Ukraine have tended to widen rifts in society. In particular, since the latest democratic upheaval the threat of a Ukraine split into East, West and Crimea has become perceived as a real danger; at the same time, however, this risk is used as an argument to support various political and economic interests; as such, it is losing real substance. More differentiated analyses tend to argue that the political landscape of the country is characterized by regional strongholds, but that a split can be ruled out in practice as it serves nobody's interests.

An emphasis on what is common and shared by all Ukrainians will therefore need to accompany efforts to improve the fairness and efficiency of government policies. If the government succeeds in convincing citizens of the need for reforms in order for Ukraine to build a better future, in the long run this will contribute to a positive sense of Ukrainian identity.

Dealing with the legacies of the past

Instrumentalizing events to
promote national unity

One of president Victor Yushenko's priorities has been to overcome legacies of the recent, but also the Soviet past. In fact he started with far-reaching proclamations such as solve the Gongadze murder or clarify the falsification of the 2004 elections but did not make much progress beyond lip service.

In 2006 President Yushenko initiated the erection of a memorial honoring the victims of Ukraine's Soviet-era famine. The memorial was dedicated to the public on 25 November 2006, Holodomor Remembrance Day. President Yushenko directed that a minute of silence should be observed at 4 p.m. that Saturday. The document specified that flags in Ukraine should fly at half-mast as a sign of mourning. This very action indicates that the government's sensitivity to the past also has an impact on creating national identity. At the same time awareness of history in Ukraine might

become more sensitive if the recent past were incorporated, in particular the overlap between economic and political interests. The government in power would be well advised not to limit coming to terms with the legacies of the past by excluding problems of the recent post-Soviet era, in the interest of clearly marking the begin of the transition period.

III. The international impact of the Ukraine's elections

The elections have a double impact on the country's external relations. Thus far Ukraine has been neither part of the "former Soviet space" nor a member of the Western alliances. As a democratic opening, the Orange Revolution also challenged the Kremlin's influence and the methods it used to exert this influence. It became obvious that manipulating the election results and supporting Viktor Yanukovich as the candidate of the administration who enjoyed good relations with Moscow did not lead to the anticipated success of bringing Ukraine back to the Kremlin's fold. Only afterward did Putin shift paradigms and start using energy tariffs as an economic instrument and also a political weapon. Directly after the parliamentary elections in September 2007 the Russian state-controlled monopoly Gazprom announced that it would cut off gas supplies if Kyiv did not pay \$1.3 billion Ukraine owes to the Gazprom company. At the same time Gazprom did everything possible to underline the mere economic character of the new energy conflict. Despite all denials, the British daily Financial Times criticized that "Gazprom likes to present itself as a purely commercial company, but the decision to threaten to cut supplies to Ukraine again just as pro-Western parties were poised to win power in Kiev struck observers outside Russia as clearly political. Gazprom could have made its announcement a week or two before or well after the poll" (Financial Times 2 October 2007). To avoid another energy crisis Russian Prime Minister Viktor Zubkov announced that Ukraine's debts would be covered by transferring gas from underground storage facilities in Ukraine to Gazprom for further export.

Russia's political use of energy

During the Orange Revolution the Western capitals were not only deeply impressed by the democratic developments in neighboring Ukraine, but also showed at least some willingness to open the EU and NATO to Ukraine. Due to domestic crises and unclear signals, the developments did not proceed in the direction of membership, and the Orange spirit lost its momentum. As a result Ukraine's international position is still a moving target between East and West, lacking clear signals.

The need for positive incentives from the West

Ukraine would be well advised to maintain a balance between dependence on the Kremlin and looking towards the West. Yet this approach also runs the risk of repeating the mistakes of the Kuchma era. If EU and NATO integration are the new goal of Ukraine's foreign policy, they must be the number-one national priorities guiding internal and international developments—a strategic decision that requires support from the broadest possible political, social and economic consensus.

But even without incentives from the EU, Kyiv already has taken some important steps in this direction. What is important now is to implement reforms and meet the Copenhagen criteria, as well as to fulfill the European Neighbourhood action plan. In addition to the official progress reports by the European institutions, Ukraine is also called upon to present its own report assessing the implementation of the action plan.

What Ukraine can do

In addition to reform policies, Ukraine needs to find partners to support its plans for Western integration. Good relationships with Poland, the Baltic states, and Slovakia

are already in place and bode well for an independent and democratic Ukraine. Assessing the national character of EU decision making, which dominates community discussion with regard to making Eastern policy, Ukraine would be well advised to use the upcoming Polish EU presidency in 2011 as an instrument for promoting EU membership.

This asset should be used both for integration with the West and for the transfer of transition experiences. Yet support from Warsaw or Vilnius will not be enough to pave the way for Ukraine to join the West. Kyiv will also need allies among the traditional motors of Eastern policy in Europe. Ukraine should try to win over Germany and France, but also countries like Finland, as supporters on its way to Brussels. Furthermore, implementing a new Eastern policy also depends on support from the Southern EU members. Due to obvious interests, they have so far prioritized the Mediterranean agenda of the ENP. These member states have to be brought on board for a balanced East-South ENP. For this to succeed, Ukraine should try to become a partner that is socially and economically interesting, as well as attractive and reliable in foreign and security policy.

Possible NATO membership should still be part of Ukraine's Western orientation. Technically, accession to the North Atlantic Alliance is less complicated than joining the EU. Yet the Ukrainian public's support for NATO membership is currently too low to implement this decision. However, Kyiv needs to be conscious of the sensitive nature of moving in this direction and act accordingly. Difficulties include the condition of the Ukrainian armed forces, the Black Sea Fleet, and Russian concerns more generally. Closer ties with NATO would offer a strong signal about Ukrainian foreign policy priorities. This could win over Washington as a partner and force it to send clear signals to Kyiv.

Regional repercussions

The second international impact of the elections is related to the country's front-runner function as a country formerly contained by the Kremlin's sphere of influence, which together with other rainbow revolution countries, is now struggling for transition, Western orientation, and a balanced position toward Moscow. As Zbigniew Brzezinski asserted, democratic and Western-oriented states bordering Russia would be the most reliable guarantee to prevent any kind of post-Soviet power play. Keeping in mind this very interrelation, Ukraine's development is shaping not only the transition, but also the foreign orientation of other countries in the same region. Examples for cooperation between the neighboring countries include the GUAM Organization for Democracy and Economic Development between pro-Western CIS states; the Community of Democratic Choice, a new cooperation on energy issues which led to the Vilnius Energy Conference in early October 2007; and the Black Sea Forum. Often they cooperate indirectly with the Baltic states and the Central European states. This links Ukraine to the block of Russia-sceptical EU members who are currently advocating a stricter European stance towards Russia by blocking or threatening to veto renewed negotiations over a Russian-European Partnership and Cooperation Agreement (Poland has blocked negotiations outright with reference to a bilateral trade conflict, while Lithuania threatened obstruction should Russia continue to refuse repairs on an oil pipeline to the Baltics' only refinery). It remains to be seen whether such initiatives will develop enough momentum to counterbalance Russia's regional influence. Furthermore, a critical snapshot of Ukraine's state of transition should function in both directions, evaluating problems and progress as lessons learned from experience.

Conclusion and outlook

The 2007 parliamentary elections symbolize the two faces of the Ukrainian transition. On the one hand they showed that Ukraine has made the permanent shift to a standard of free and fair elections, and that Russia's influence on domestic Ukrainian politics, while still a factor, has diminished since the Orange Revolution. They also demonstrate, however, that the political culture among Ukrainian elites has yet to separate political interests and the constitutional framework. As the constant conflict over the constitution and an unwillingness to compromise show, the framework of the Ukrainian state remains in flux and will require amendment in the medium term if transition is to be successful.

Economic transformation, energy transit and efficiency also remain great challenges to Ukraine's transition. As with the fight against corruption and modernization of social policy, it remains unclear whether the current political actors will muster enough pragmatism to tackle these issues sustainably. On the international playing field, Ukraine has to make membership in EU and NATO national priority number one. While the country is slowly pulling towards Europeanization, its aspirations for a long-term perspective have found little enthusiasm in the EU beyond some new member states. As prospective integration and reform discipline are mutually dependent, this problem remains a challenge for Ukrainian transition. Finally, Ukraine's role as a laboratory for Post-Soviet development will be watched keenly by both Russia and the West following the formation of a coalition government. Its success in reforming the country must be a key interest of both Russia and the West.

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