

CORRUPTION AND INSTITUTIONS IN UKRAINE

Mackenzie Chang

A thesis submitted to the faculty of the University of North Carolina at Chapel Hill in partial fulfillment of the requirements for the degree of Master of Arts in the Department of Political Science, Concentration TransAtlantic Studies.

Chapel Hill
2016

Approved by:

Holger Moroff

Gary Marks

Liesbet Hooghe

© 2016
Mackenzie Chang
ALL RIGHTS RESERVED

ABSTRACT

Mackenzie Chang: Corruption and Institutions in Ukraine
(Under the direction of Holger Moroff)

Strong Liberal political institutions are connected with lower levels of corruption because they incentivize transparency and fairness, how has Ukraine moved towards these goals? What should they look to focus on in the future? Europe and the US have supported Ukraine combatting corruption and reforming their governments, but a lot has changed since the Maidan Revolution in 2014. With support from the West not guaranteed, and an aggressive Russian neighbor, Ukraine's geopolitical situation will not change on its own. In my analysis I've found that Ukraine is unlikely to reform under the current institutions which block any meaningful reform. My solution is to implement the diplomatic strategy of Finland during the Cold War, staying neutral and gaining peace and keeping their sovereignty. Peace is the first step to being able to achieve real reform.

TABLE OF CONTENTS

LIST OF FIGURES	V
CHAPTER 1: UKRAINE’S DILLEMA	1
1.1 UKRAINIAN INSTITUTION BUILDING	4
1.2 DISTINGUISHING WHAT TYPE OF CORRUPTION WE ARE ADDRESSING	5
1.3 POLITICAL ACCOUNTABILITY	8
1.4 COULD UKRAINE BE REFORMED CENTRALLY?	10
1.5 WHAT DO UKRAINIAN INSTITUTIONS LOOK LIKE?	12
1.6 WHY CENTRALIZED GOVERNMENT WON’T WORK FOR UKRAINE.....	13
CHAPTER 2: REFORMS FOR UKRAINE.....	16
2.1 REFORMERS IN UKRAINE	17
2.2 INCENTIVES AND LONG TERM SOLUTIONS	20
2.3 SAUNA DIPLOMACY AND FINLANDIZATION	21
CHAPTER 3: CONCLUSION.....	27

LIST OF FIGURES

Figure 1- Cycle of Checks and Balances.....	13
Figure 2- iMore “Acceptable Pace of Reforms”	15
Figure 3- Poll of Ukrainian’s approval of the Parliament.....	16

Chapter 1

UKRAINE'S DILLEMA

The Maidan Revolution in Ukraine in 2014 happened not because of the political posturing of the US and Russia, nor because of right wing nationalist groups, nor even because Ukrainians want to join the EU. It mainly happened because Ukrainians were sick of living in a corrupt country. They wanted rule of law, an end to living in a society so captured by bribes and dirty politics that it was an everyday part of life. According to Timothy Snyder, professor of Central European History at Yale University, “the reason that people go out on the Maidan and risk their lives is not that they don’t like Russia, it’s not that they like America, it’s that they want corruption to stop...it’s very much a middle class revolution... and the Maidan’s answer is “let’s get closer to Europe because the Europeans have shown that there’s a template, that there’s a model for rule of law states” (Snyder)¹. There have been two main approaches to getting closer to Europe which have been part of the ongoing debate, with parts of each having been implemented. One way would be to work with the EU to develop accession requirements, which other EU states have done, whereby the requirements apply the institutional pressure² to conform

¹ Prof Snyder is the author of *Bloodlands: Europe between Hitler and Stalin* and a vocal advocate of Ukrainian nationalism and nationhood. He has written dozens of articles that attempt to correct historical narratives that come from the Russia and the West that he views as incorrect.

² This pressure can come either internally or externally, depending on the incentives and factors for the country joining the EU. Some countries the history is rather clear, and the incentives obvious, Finland for example, after the collapse of the Soviet bloc sought the EU markets and more importantly the stability of associating itself in the EU. Other countries have had different pressures, such as financial, or national security.

to EU standards. The second approach, is to look at what parts of the EU would be attractive to Ukraine, which the Ukrainians can then implement as their own.

Corruption is seen as one of the biggest factors impeding growth and stability in Ukraine. As one of the most corrupt countries in the world, and the most corrupt in Europe, as ranked by Transparency International, the lack of trust in business dealings has been a severe impediment to growth. Studies over the past 50 years have shown that higher levels of corruption negatively correlate with positive economic growth (Bai and Shang-Jin) (Burki and Guillermo) (Banerjee) (Kaufmann, Kraay and Zoido-Lobaton) (Mauro)³. The World Bank considers corruption to be “the single greatest obstacle to economic and social development.” For these reasons, the study of corruption is the most critical factor for improving the conditions in Ukraine.

In their 2005 study of corruption, Lederman, Loayza, and Soares of the World Bank focus on the incentives that force political accountability, the structure of provision of public goods, and the importance of institutions such as the police force, open media, and education. While many factors contribute to corruption existing in society, it is worthwhile from an economic and political perspective to understand how to fight corruption through incentives because the negative economic effects of corruption have been clearly demonstrated⁴.

³ While this statement applies strongly to the modern state, there are those who would point to the 19th century growth of countries who were seemingly very corrupt, yet achieved high growth rates, in a period coined by Samuel Huntington as “The Great Divergence,” in which Western nations overtook the rest of the world in terms of power. While in hindsight, we might think of many of these governments and their arrangements or “capture” by industrialists looks like the model of a corrupt state today, it requires some perspective to judge that growth is relative and that they were competing against dying states such as the Ottoman Empire and also had the benefits of adopting the ideals of the Scottish enlightenment during the 18th century.

⁴ I will also be including my experiences and conversations that I had while in Ukraine to tie studies to the reforms I suggest. I lived in Ukraine from February of 2016 until the end of May 2016 as an intern with the US State Department.

This paper will attempt to pinpoint some of the most effective institutional reforms Ukraine can achieve to theoretically maximize the effectiveness of corruption reform, and show the background and reasoning for why decentralization to include public input is the key to making such reforms lasting. For example, the Mansour theory that the “right to recall” (S. Mansour) a politician is an effective check against the power of the central government, diluting it with the consensus of the public. Another method, which was set up in post WWII West Germany as a result of the rise of Hitler in a disjointed government, is the constructive vote of no confidence. In such a system, a government can oust the leader if a positive majority is behind a successor.

Developing the hallmark liberal institutions--freedom of speech⁵, freedom of the press, freedom of religion, free markets, civil rights, democratic societies, secular governments, and international cooperation (The Economist) (Hashemi)-- is fundamental in creating a less corrupt society because of the disincentives they put on politicians to engage in corrupt activities, and thereby the central theme that reforms in Ukraine need to implement to fight political corruption. These incentives are best created in a system of decentralization of power, as opposed to centralizing power at the state level. It is clear to many that developing liberal institutions would in the long run benefit Ukraine, however, in reality it is not so simple. Many countries have developed liberal institutions, such as the case of India⁶, and yet they still rank highly amongst

⁵The US Supreme Court ruling of Citizen’s united allows companies to act as citizens and donate to political action committees in an unlimited fashion. I’d say the Supreme Court got this one wrong, not because I don’t believe that companies should not be able to donate to campaigns, but because it should be wide open and completely transparent. The problem with campaign finance is not that it exists and certain candidates get more funding than others, it’s that some campaigns are getting funding from places that we don’t know about.

⁶ Kitschelt links clientelism to the reason that in a democracy you can get corruption. He theorizes that the poor and uneducated think in short term horizons, and clientelism offers them a quicker payoff for their vote.

corrupt nations. This necessitates a look into what reasons institutions make a difference and furthermore, how Ukraine can achieve these outcomes through other means.

1.1 Ukrainian Institution building

Ukraine's ability to strengthen its institutions is severely complicated by its position, both physically and diplomatically, in the world. Following the collapse of the Soviet Union, Ukraine gained its independence in 1991, however, its ruling elite quickly became dependent on Russian oil and money. Unlike its neighbors Poland, Hungary, and Slovakia to the west, Ukraine's economy did not undergo the drastic moves towards free market capitalism, as well as the institutional EU accession mechanisms which developed more liberal best practices in these countries, leading to their relative post-soviet success. Once seen as the industrial powerhouse of the former Soviet republics⁷, Ukraine's wealthiest extracted from the country for decades, as its leaders pushed the country further into debt. Ukraine's weak institutions lead to its vulnerability to be used as a pawn in international power struggles between NATO and Russia. The Georgian war over South Ossetia was a precursor to the lengths Russia was willing to go to prevent any further countries on its borders moving closer towards NATO⁸.

Ukraine faces a difficult task, but it is clear that there is only one direction to go. It is not in Ukraine's control to change who its neighbors are and its neighbor's foreign policy. It would be difficult with the best diplomats in the world, near impossible without the support of strong diplomatic corps institution. The best case scenario I could see for Ukraine, as a country bordering Russia in Europe is Finland. Its strong institutions are a bulwark against corruption

⁷ Ukraine had been a vital part of the Soviet economy, with its best farmland, and rich mineral resources. Its industrial capacity was the highest of any of the Soviet republics when the USSR fell apart.
https://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000187882.PDF

⁸ http://www.ecfr.eu/article/commentary_in_the_shadow_of_ukraine_seven_years_on_from_russian_3086

and they have been able to successfully tiptoe diplomatically to keep their country's independence over the past century even though they have a history of being conquered peoples sandwiched between empires. But even Finland had to fight to protect itself from Soviet ideas⁹. Where I hope to differentiate my analysis of the situation is incorporating diplomacy with traditional models of strengthening governmental institutions. Without agency over their decision making process, any viable plan is subject to the whims of events in other countries, and while it is not possible to avoid this entirely, Ukraine must take steps to reduce its vulnerabilities towards external meddling into their affairs.

⁹ Twice, first in its short civil war in 1917 between the Whites (the capitalists) and the Reds (Communists) and again during WWII when the USSR sought to use Finland as a military base. Being able to effectively defend itself, it was the only country to border the USSR and not fall under its sphere after WWII.

1.2 Distinguishing what type of Corruption we are Addressing

Corruption takes many forms and can be viewed in many ways. It is necessary to distinguish what type of corruption must be addressed in the case of Ukraine. Drawing from Amundson's (Amundsen) definitions, the origins of Ukraine's corrupt society begins with understanding redistributive corruption, where various social and economic groups have organized and become powerful enough to capture the state system or, at the very least, equal its influence, and engage with the state on a peer-to-peer level. This low level corruption cripples the state, beginning with bureaucratic or "petty" corruption offenses which occur because state institutions are weak. As individuals, interest groups, and commercial interests are allowed to subvert equal standards and fair practices laws set by the state, the state weakens, eventually losing capacity to govern and enforce law. This corruption disproportionately hurts those who are not able to acquire influence. "Those in most need of political redistribution, in terms of basic public services like schools, health, social services, and state protection, will suffer the most when the state's capacity is crippled" (Amundsen).

Redistributive corruption lays the groundwork for larger political corruption as it normalizes corruption as part of society. As bribes, rent seeking practices, and other forms of individual corruption become the norm, larger corrupt entities use them to gain more power to obtain extractive benefits from the public. Ukraine is a good example of how a group of powerful interests, the Oligarchs, can use redistributive corruption to eventually make their way into the state apparatus itself, thus engaging in purely extractive corruption. Where the state was once the actor becoming weaker, once the Oligarchs move into state power, they look to gain the most

benefit, while those who were corrupted became more or less passive players. The Oligarchs use the state apparatus to extract resources from society at the benefit of themselves¹⁰. If no power exists to check them and present disincentives for further engaging in corrupt activities, such a regime inevitably engages in political corruption rather than the petty forms of bureaucratic corruption that got them to power. The way in which the system perpetuates itself is a system in which a negative selection bias occurs. Under this system, corrupt actors within the government selectively associate and promote only those who they know are also corrupt. This ultimately provides themselves with protection in the last resort, because they can't point the finger at someone else. This lack of trust in institutions and others is the most powerful and lingering remnant of communism in the Post-Soviet world. "Since the communist party insisted that it alone knew best how society ought to be ruled, there was no point in individuals' expressing their views through elections or through institutions organized independently of the party-state...Individuals were compelled to join communist organizations and to make a public show of loyalty to the party and its aims" (Rose-Ackerman). After years of this treatment by the Soviets, there was a general sense of negativity towards rulers, fueled by mistrust. In 2004, this theory was analyzed within Ukraine, "The higher the perceived corruption in an organization, the more probable it is that a person dealing with that organization will offer a bribe, therefore supporting corruption" (Čábelková and Hanousek)¹¹. Ultimately, they found that the perception of

¹⁰ The "hidden hand of the oligarchs" as it is called, were major funders of the revolution. They had a wide range of interests and reasons for supporting the revolution, mainly, that Yanukovich threatened their power. The oligarchs in Ukraine use their fortunes to shape media coverage, broker political deals, and even in some cases fund paramilitary forces. Jarábik, Balázs. "Ukraine: The Kingdom of the Oligarchs". *Carnegie Endowment for International Peace*. N.p., 2016. Web. 24 June 2016.

¹¹ I was led to learn about this attitude from speaking in public with Ukrainians on a daily basis, where the prevailing attitude was that those up in power are always making corrupt deals. Being in the position to make bribes is almost a sign that you have "made it".

corruption is a key factor in whether or not a person is willing to give a bribe, but the positive or negative effects of this corruption depends on the effectiveness of institutions and government policies.

The high power political corruption displayed by the Oligarchs of Ukraine is well documented¹², especially following the ouster of former President Yanukovich, whose enormous personal presidential palace, funded with millions from preferential, bloated construction contracts was the visual representation of the highest level of political corruption.

Corruption was a major part of Soviet rule, which loomed over Ukraine for most of the 20th century, so it perhaps is not a surprise that the habits are hard to break. They built their society on mistrust and fear, and these tactics institutionalized themselves. It would be easier to build liberal institutions from the ground up, because Soviet institutions were developed to actively combat the liberal forms.

The petty corruption that comes from weak state institutions can be solved if efforts to strengthen law enforcement capabilities are enacted, and politicians and elites in Ukraine are eager to support such reform. However, the Oligarchs¹³ are understandably resistant to the reforms, as this is the Soviet system they used to gain prestige, which they grew up in, and the source of power needed to enforce the collection of extractive gifts from the clients that rely on their protection from the state. Nationalization, entitlements, tax exemptions, tariffs, import and

¹² <http://www.telegraph.co.uk/news/worldnews/europe/ukraine/10656023/In-pictures-Inside-the-palace-Yanukovich-didnt-want-Ukraine-to-see.html>

¹³ The oligarch's fortunes and rise to power are often through corrupt means. Those that rose to wealth and power in one system are understandably reluctant to reform and change to an unknown system which is full of uncertainty.

export licenses, and subsidies are all tools they wield selectively to ensure they controlled the power¹⁴.

Corruption in Ukraine can also be viewed as a natural process within government interventions in the market, as there is always an asymmetry of information in such dealings (Banerjee). The asymmetry of information comes from the natural principal-agent problem in political science, where when one agent is empowered to make decisions for another, they are motivated by their own self-interest. This explanation suits Ukraine well because it matches the level of interventions that was necessary to create a viable market, because there was little to no established market system in Ukraine after it gained independence. Combine this with the populace's general acceptance of government agency over many facets of daily life from the Soviet times, and you get a country, even with democracy, that accepts high levels of government control over their lives. Either way, as society arrives at full political corruption, the key to achieving real progress in eliminating corruption in Ukraine is to focus on breaking up the politically corrupt institutions and establish the most effective ways to do so.

¹⁴An estimated \$1.1 billion (10% of the budget) was lost in 2014 due to corrupt procurement practices. Another 10% of the budget, was lost due to inefficiency created by anti-competition measures stemming from special exemptions for favored companies. <http://blogs.wsj.com/riskandcompliance/2016/05/19/ukraine-looks-to-unmask-corruption-with-prozorro-e-procurement/>

1.3 Political Accountability

First, it is important to note that while corruption, in the definitive sense, is seen as a crime in Ukraine, the nation is distinct in the pervasiveness of corruption throughout society. If corruption was not viewed as a crime, it would not matter what reforms were implemented, as corrupt activities would continue regardless. The Organized Crime Observatory noted in their 2015 report, that organized crime groups had more or less integrated into the government, and created a system that was rife with conflicts of interest and the exploitation of public funds¹⁵. One approach that has been taken by the Ukrainian people has been to oust their president, enforcing the right of the polity to recall their representatives. However, this action has only taken place at the highest level of Ukrainian politics at great human cost. Mansour (S. Mansour) has found that introducing the right to recall politicians at every level, in regards to distributing public funds, decreases the instances and likelihood of corruption, however, when they viewed situations in a no-recall environment, subjects gradually escalated the level of corrupt activities. The institution of political recall is important in fighting corruption because it gives society the ability to take power away from the individual, disincentivizing individual political corruption. Mansour's et al. findings support Lederman and Soares' conclusion that political accountability and the structure of the provision of public goods are the main ways political institutions affect corruption. More specifically,

¹⁵ "Special Report: Corruption and Org. Crime in Ukraine | Organized Crime Observatory". *O-c-o.net*. N.p., 2015. Web. 14 June 2016.

“The political macrostructure related to the political system, balance of powers, electoral competition, and so on determines the incentives for those in office to be honest, and to police and punish misbehavior of others, such that the effects are propagated throughout the system to the lower levels of government.” (Lederman)

Political accountability is the process by which public officials are punished for adopting what the public sees as poor policies. This is supposed to have the effect of aligning politicians’ policies with the voters. Accountability can be achieved through political competition and strong balanced institutions which effectively enforce the rule of law. This creates incentives for transparency in the system, which directly connects with a strong civil society. It is important to explore the specific incentives within these points to understand why they create political accountability. This transparency is important, however, as we have touched on previously, if the voters are seeking short term rewards, this system can lead to clientelism.

Still, political competition is important in that fair elections provide a mandate for the candidate and thus political incentive for creating good policies. Furthermore, the need to be re-elected¹⁶ is a positive incentive on politicians to listen to their voters (Rose-Ackerman). Competition amongst parties and politicians has been a major feature of Ukrainian politics though and it has often weakened the leadership and governing capabilities of their institutions. Examples of this include the mysterious poisoning of the elected leader of the Orange Revolution in 2004, Viktor Yushchenko, and the political makeup of the Rada. The poisoning¹⁷, which nearly took Yushchenko’s life, visibly scarred his face, and the attempt on his life was followed

¹⁶ The need to be re-elected comes from not only the self-interest of the power of political office and getting citizens to vote for the politician, but also from political rivals. Ideally, open political debate on issues affecting the voters would be the outcome, however, there are other factors that can disrupt the ideal.

¹⁷ The poisoning was made with pure Dioxin

by a disappointing 5 years as President, marred by a parliament which was split in many directions. Yushchenko only managed to get up to 14% of the vote for his party after he was elected leading to divided parliamentary sessions which could hardly ever reach majority votes. This is still a huge problem in Ukraine, currently, the 450 member Rada is split between no less than 8 different parties, with a significant amount of seats unaffiliated or unoccupied. These divisions in parliament have often negated any of the positive benefits of traditional incentives for politicians in elections as voters often did not expect much from their parliamentarians.

1.4 Could Ukraine be Reformed Centrally¹⁸?

A strong figurehead is perhaps an idea Ukrainians seem attracted to. This position might be attractive because it allows a government to make quick and sweeping changes, allowing a singular strong leader to adapt and take action. This leader will have the will of the people behind them, as they are directly elected by the people. In Ukraine, the constitution allows for this with the caveat that they also include the use of a parliamentary system in which elected representatives choose a prime minister. This is a unique set up in the world which came about after the 2004 Orange Revolution. The war in Ukraine and the relative deadlock of Ukrainian politics as it tries to weed out corruption and build its institutions further adds to the attractiveness of such a leader. However, a strongman type leader who is granted a wide range of political powers, including those which could potentially shut down liberal institutions, are incredibly dangerous for said reasons. Such a setup would resemble a vertical power structure found in the business world. Much like in the business world, this power structure has its place, primarily in small scale businesses where it allows for quick and adaptable movements, which such companies often embrace to achieve quick growth, though it is far more likely for demise¹⁹. However, when the company grows, miscommunication and a lack of feedback become a big issue as the gap between the leader and ranks below them grow. This problem only grows in a large country if it has any presumptions of having an effective democracy. As the size of the

¹⁸ In centralized political order we are referring to a presidential system, where power is funneled vertically towards one person. A decentralized system spreads power out over many, often resembling a parliamentary system.

¹⁹ The Small Business Administration reports that in America one third of all businesses don't survive their first two years.

polity grows, so does the difficulty of meeting the needs of everyone. The size of the group can allow minority groups issues and rights to fall by the wayside, as the idea of doing things for the nation, or “the greater good” are often evoked in such scenarios. This is because as the size grows, so does the distance between the individuals and small groups and the leaders. This distance also creates a structure where high level corrupt officials can pass on corrupt activities to lower level politicians and officials.²⁰

Examples where a centralized system have worked tend to have ways of limiting the power of the executive²¹. Relatively successful countries which have followed the centralized executive role include the US and Chile. However, these regimes as is pointed out in the Vox article, “have had a tendency toward autocracy, as the presidents regularly push to extend the power of their office until it effectively controls all branches of government” (R. Myerson). Examples where this system has become illiberal would be Russia and Turkey.

²⁰ This is the beginnings of a negative feedback loop, where corrupt officials find it easier and safer to hire/appoint other corrupt officials below them. In hiring people they already have evidence against, they know they can use this as blackmail, in the absence of trust.

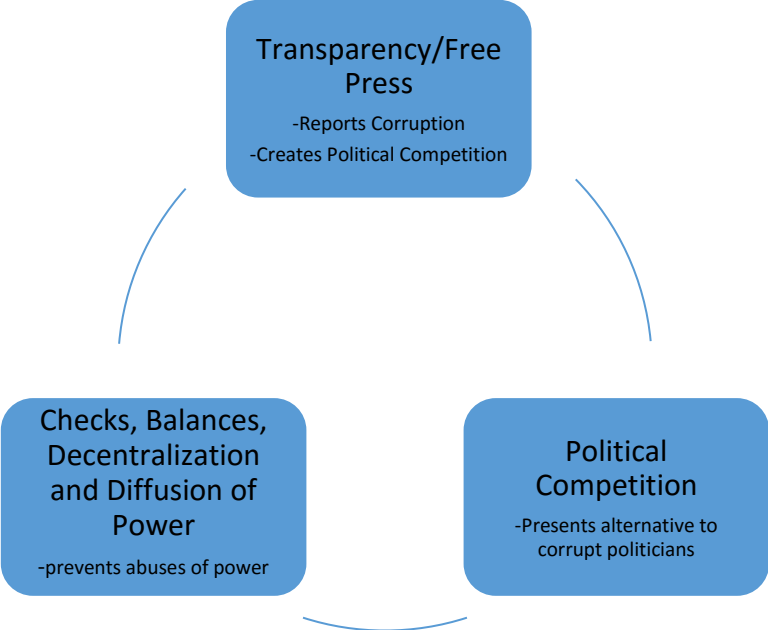
²¹ The role of the President is aptly dubbed the “executive” as this role in its best form is similar to a CEO.

1.5 What do Ukrainian Institutions look like?

Ukraine followed the models of Belarus and Russia in the formation of Post-Soviet institutions, consisting of nominally separate branches of power, where local institutions of self-government are merged into a single top-down structure (Monaghan). This structure served to create a duality in the country of those following different sets of rules, and the unwritten rules of the top-down structure took precedence²². Over the course of the 1990's and early 2000's, the executive branch solidified itself as the strongest state institution, controlling the top-down structure of the government. Its role was to pacify the various factions within the country, though the concentrated levels of power in the executive branch meant that if the president was not impartial and fair, there would be no institution to check their power save for street protests. While Ukraine's open media landscape and political competition routinely exposed the ineffectiveness of the system, there were no institutional features in the country to pave the path towards reform. Vox Ukraine contributors Roger Myerson, Nobel Laureate in economics, Gerrard Rowland of UC Berkeley, and Tymofiy Mylovanov of the Kyiv School of Economics write in detail about the unique composure of the Ukrainian government which poses difficulties for reform and make the case for constitutional reform. Ukraine's system is a mix of the parliamentary Western European systems of government and the Executive systems of countries like the US and Russia, which is dubbed a "Semi-Presidential" system of government. This dual

²² In an analysis of Ukraine's economy for the WTO, Burakoski et al found that this is actually a major part of international accession programs. Unwritten rules abound, which I'm sure influence Ukrainian politicians view that corruption abounds globally. Thus this structure not only is true of countries, but international governmental bodies as well.

system was most notably used by the failed Weimar Republic which led to the rise of the Nazi Party. In the case of the Weimar Republic, problems of infighting and lack of forward progress economically resulted. Ukraine faces the same issues.



1.6 Why Centralized Government won't work for Ukraine

Advocates for the use of a “centralized political order” (Gerring and Thacker 2004) argue that political accountability comes from a highly structured relationship between the central political order and the polity through clear lines of authority set up by the central political apparatus. They maintain that “Anti-corruption programmes, and non-corrupt administration of programmes, are more often the result of efforts by centralizing elites, whose orientation is national rather than local, whose training is extensive and professionally oriented, whose pay scales are more generous, who’s identification with cosmopolitan (‘Western’) ideals is greater, and whose self-identified political mission is to unify the nation (rather than to represent local or particularistic interests)” (Gerring and Thacker 319). In their data to support their claims for a centralized political order, Gerring and Thacker exclude all countries they consider “authoritarian” because they want to compare only the effects of “democratic institutions”²³. Strong transparent and liberal institutions are the key towards good governance; this is something the centralist and decentralist both agree upon. However, Ukraine is a special case, as its institutional power imbalance forces it into having a strong centralized political order. The experiences of Ukraine directly contradict the Gerring and Thacker thesis:

²³ “It would make little sense, for example, to distinguish between parliamentary and presidential systems in strict authoritarian regimes” (Gerring and Thacker). This subjective distinction in the data proves problematic specifically for Ukraine as it is clearly democratic, however, its institutions force it into authoritarian regimes.

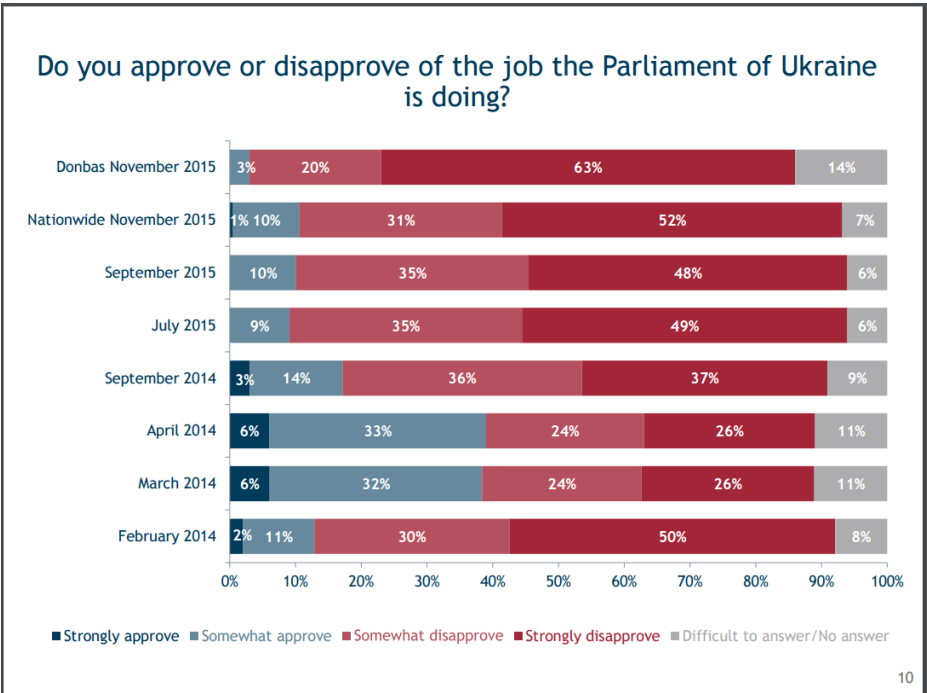
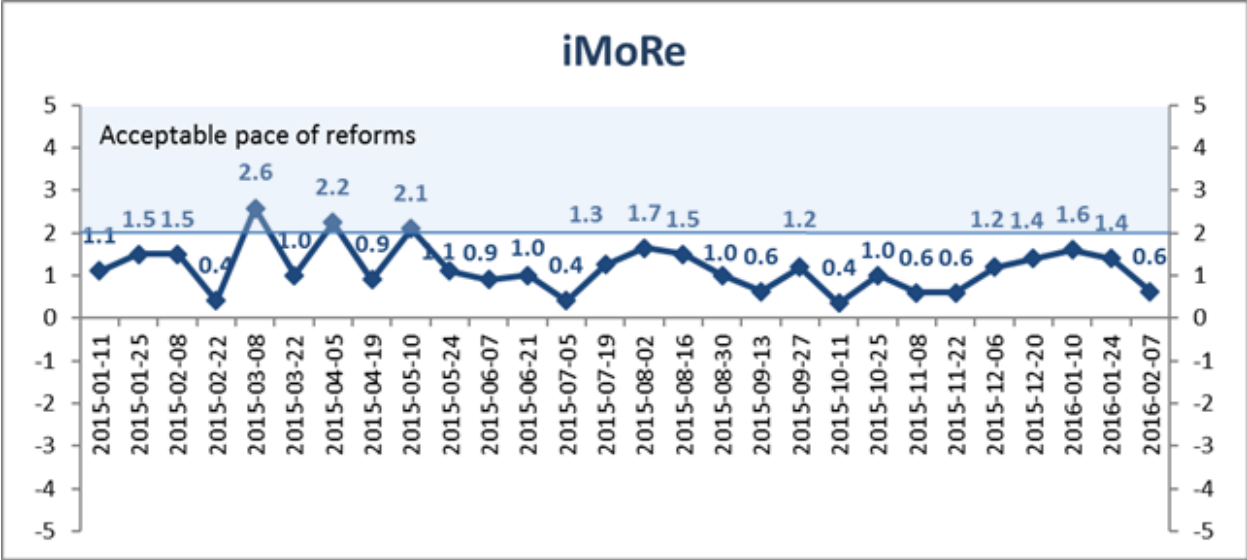
“Fewer veto points and a more hierarchical arrangement of political institutions foster lower levels of corruption and, in so far as corruption is indicative of governmental performance, better governance” (Gerring and Thacker 299).

Essential institutions to check a strong executive branch need to be developed. However Ukraine’s current solution, which is to divide the centralized political order in half, between a strong Prime Minister and a strong President is not a long term solution either. While the Prime Minister does check the power of the President, any veto or pushback from their position has the effect of creating infighting and an obstacle to corruption reform, giving the appearance that the executive branch is not functioning either. This could lead the public wanting to be governed by a single strong leader again, as was the case during the 2009 Yanukovich victory²⁴.

While an engaged public is a strong incentive for the Ukrainian leadership to continue to push for reforms, the public’s engagement can wax and wane as the reform process slows, which is shown by Vox Ukraine’s iMore²⁵ project. When reforms do not come at a consistent pace, the public interest in reforms as a viable route for change lowers. A major indicator of the public’s lack of trust in the Rada and its approval numbers, as the Canadian government’s funded poll shows below.

²⁴ After the 2004 Orange Revolution, the split of the executive branch was added to the constitution of Ukraine as a compromise between the Orange coalition and Yanukovich’s side (which was accused of election rigging). The public infighting between then Prime Minister Yulia Tymoshenko and President Viktor Yushchenko during their rule allowed Yanukovich to win elections in 2009, and he convinced the public to remove the provision splitting the executive branch. After the Maidan Revolution, again the split of the executive branch was put in place, and now Prime Minister Yatsenyuk and President Poroshenko, have similar issues in pushing reforms.

²⁵ iMore tracks the progress of reforms in policy and assesses the quality and performance of the government through data points. <http://voxukraine.org/tag/imore/>



Furthermore, Vox Ukraine, the Atlantic Council’s “Ukraine in Europe Initiative,” the Carnegie Foundation’s “Ukraine Reform Monitor,” and the OECD’s “Anti-Corruption in Ukraine” reports all corroborate the need to decentralize government functions to the regions to improve the quality of governance and reduce corruption²⁶. Reform must be entrusted to those who have an

²⁶ **Tymofiy Mylovanov** (University of Pittsburgh), **Roger Myerson** (University of Chicago, Nobel Prize laureate 2007), and **Gerard Roland** (University of California Berkeley), write about how any government needs to find

incentive to stop the corrupt system from continuing on so as to not repeat the same mistakes that were made by the Orange Revolution in 2004-5, when political infighting caused reform measures to stall, and the public to lose confidence.

effective leaders, and this begins at the local level. However, as no power rests at the local levels, new more promising politicians are few and far between, protecting incumbents.

Chapter 2

Reforms in Ukraine

While there is consensus that corruption is the main obstacle towards progress and stability in Ukraine, it is unclear to experts what areas are most important and should be addressed first. The OECD reports focus, with the intended effect of legitimizing the state, on opening up the state and becoming more transparent, and allowing the public to see how state funds are appropriated. Vox Ukraine authors Mylovanov et al, argue for decentralizing power away from Kiev and elites to empower a new generation of politicians, and creating political competition that will hold politicians accountable, many of the risks associated with decentralization in Ukraine are discussed at length in a series of essays on their website as well²⁷. Minakov of the Carnegie Endowment for International Peace is a proponent of the Parliamentary centralized system which Gerring and Thacker developed, because having a President elected through a representative legislation would in theory mitigate risks through a clear power dichotomy, which would [in turn] strengthen the government (Minakov 2016). The Carnegie Reform Monitor Team looks at a long list of liberal reforms that are being enacted in Ukraine, from those centered on deregulation to elections, as well as decentralization and easing the cost of doing business.

²⁷ Among these are Sergei Guriev of Science Po, arguing that in order for political decentralization to work, economic decentralization of the state owned companies needs to occur at the same time and Oleh Zahnitko who similarly warns that Oligarchs and economic interests could step into a power vacuum if they are not careful. <http://voxukraine.org/2015/08/20/sergei-guriev-decentralisation-will-not-work-as-long-as-large-companies-remain-in-government-ownership/>
<http://voxukraine.org/2015/08/19/decentralization-v-anti-centralization/>

2.1 Reformers in Ukraine

In February of 2016, Ukraine's second economy minister since the Maidan resigned. In the years prior, the Ukrainian government had sought the help of experts from outside Ukraine to bring into the government. These foreigners were hired because of their experience in fighting corruption in their home countries and their lack of economic and business ties within Ukraine. Aivaras Abromavicius was a Lithuanian born foreign investment banker brought in to challenge the vested interests entrenched in Ukrainian politics and to help bring trust and transparency to the state-run institutions. The foreign hires act as barometers of the progress, or lack of progress, being made on corruption reforms. During his resignation in 2016, Abromavicius accused one of President Poroshenko's closest business allies, MP Ihor Kononenko of corruption. He accused Kononenko of having "blocked systematic reform and attempting to gain influence over state enterprises such as natural gas company NAK Naftogaz, which Abromavicius' ministry began to manage in December" (Luhn 2016).

Along with Abromavicius, the Deputy Prosecutor General Vitaly Kasko also resigned in early February 2016. He cited interference and corruption by the General Prosecutor Viktor Shokin in sabotaging much of Kasko's work, including his high profile cases against prosecutors Oleksandr Korniets and Volodymyr Shapakin. Kasko stated after Shokin removed much of his investigative powers, "I do not rule out that after my resignation [*sic*] these proceedings will be wrecked. The latest developments in the case against [Yanukovych ally Yury] Ivanyushchenko confirmed that [derailing investigations] is what the Prosecutor's General Office does better than anything else" (Kyiv Post 2016).

Saakashvili, the former President of Georgia, is world renowned for the work he has done on anti-corruption matters. Perhaps the best leader to compare him to is a less successful version of Singapore's late leader Lee Kwan Yew²⁸. Saakashvili was appointed Mayor of Odessa in 2014 to fight corruption in the Black Sea region, and while he ousted many corrupt officials while in Odessa, he has since shifted his focus towards where the real power lies in Ukraine, the executive branch. His abrasive and brash accusations are international theatre²⁹ and harmful towards the stability of Ukrainian leadership. While he provides competition and an alternative to the leadership, his accusations and statements are proving inflammatory³⁰, destabilizing the cabinet. It is theorized by the Russian media (and therefore probably the Russian government itself), that Saakashvili had coordinated with Abromavicius to make this announcement and set himself up to become the new Prime Minister should there be an early election (TASS). It is clear that Saakashvili is ambitious in his pursuits.

The resignations of these top officials, amongst others who tendered their resignations but later came back, and the political pressure being applied by the increasingly popular Saakashvili³¹, prompted President Poroshenko to ask Shokin and Prime Minister Yatsenyuk to

²⁸ Not only because of his fierce anti-corruption stance, but they share similar authoritarian streaks in their policies, both being similarly harsh against political opposition and consolidating their power centrally. Georgia did not have the geographic advantages that Singapore possesses, and Saakashvili also fatefully picked a fight with Putin, which spelled disaster for Georgia.

²⁹ ЛІГА.Новости, "Аваков Опубликовал Скандальное Видео Перепалки С Саакашвили". N.p., 2015. Web. 17 Feb. 2016.

³⁰ Saakashvili has come out hard against corruption in Kiev, being described on one hand in Foreign Policy Magazine, as "vitriolic" and "scant on specifics" (Karatnycky) for his corruption accusations to the NY Times describing the situation as: "And now it has fallen to the unlikely person of Mr. Saakashvili, an outsider in Ukraine, to try to break the economic stranglehold of those ultra-rich insiders." (Kramer) The articles titles speak for themselves, "The Case Against Saakashvili" and "Railing Against Graft, a Georgian Leads Calls for a Cleanup in Ukraine" respectively.

³¹ The Financial Times' Olearnchuk, cited the International Republic Institutes survey which found Saakashvili to have over 40% positive approval rating in Ukraine. Far higher than Poroshenko, who was under 30%, and Yatsenyuk, with less than 20%. This poll was done in September of 2015

resign on February 16th, 2016. While Yatsenyuk survived a vote of no confidence from parliament, Shokin stepped down later that day. The move was hailed by Western Governments and civil society, with Daria Kaleniuk, head of the Anti-Corruption Action Center, posting on social media, “Shokin resigned. For six months we were working hard in the Anti-corruption Action Center to be able to write these two simple words.” These developments seem to support the idea that Ukraine could possibly begin its reform process centrally. If Poroshenko and Yatsenyuk have enough political pressure and incentives to fight corruption, they seem to be willing to do so if not to save their own positions. However, the caveat is that the incentives are not solely from the institutions of the press and political resignations, as the oligarchs would be happy to see them resign, but rather, we must follow the money.

2.2 Incentives and Long Term Solutions

In the short term, Ukraine must cope with the flawed system of government that it has. A system which naturally pits the executive branch against itself, even if it is the only branch of government with any power is absurd. In order to create political momentum towards reform, there must be at least one strong branch of government which can lead this reform. However, the incentives have never been in the favor of reform for those in power. Using the weak and puppet judiciary to protect their extractive ruling methods, the rulers of Ukraine have siphoned assets away on a regular basis. Ukraine is in such a dire position economically, not only from incredibly high levels of graft and corruption, but also from a war which has costs thousands of lives and ground to a halt the country's most productive region. It finds itself in the position of having become weak to foreign influences simply because it cannot pay its bills. Having received no disbursement funds from the IMF since August of 2015 and refusing to pay on a \$3B Russian bond are just two of the symptoms of a nation starved for cash. Its CCC international credit rating hurts its ability to borrow money to pay these debts at all, and this trickles down from their national bank to local banks to business and homeowners who have faced loan rates between 16 and 18% over the past two years.

When the high profile resignations of Abromavicious and Kasko broke, the IMF announced they'd further delay the next tranche of loan payments to Ukraine. The news sunk the hryvnia 20% in early 2016, and sent bond yields are surging, with the Economist comparing the situation to the financial crisis that nearly sunk Ukraine into default in early 2015 (The Economist).

With such bleak outlooks, I suggest looking back to 2014 when the debate was still fresh, towards options that weren't fully considered.

2.3 Sauna Diplomacy and Finlandization

With many of the obvious answers towards liberalization fraught with difficulties and problems which are a combination of the current political climate, and the embedded anti-liberal nature of corrupt Soviet style institutions which push back against liberalization, less traditional routes should be explored. The long term solution move towards a centralized head of state with broad far reaching powers, similar to a Putin, could easily destabilize the country just as much as it could help Ukraine in the short term. Centralized reform can work in small business like applications, but like in business, are not always effective. The payoff for such a risk then would need to have a high enough reward, while being in an institution where damages could be mitigated. The Dutch referendum was a signal to Ukraine that the EU polity does not prioritize the war in Ukraine or its liberalization efforts over its internal struggles and that the EU public is less willing to direct attention to it. Ukraine must be prepared to look at solutions other than outside help³². My solution is for Ukraine to take the diplomatic route, using the tactics of the Finns during the Cold War to balance their powerful neighbor's interests and solidify their sovereignty as a relative new, yet battle hardened nation. This strategy takes into account the lack of trust that has built up amongst Ukrainians for their politicians which necessitates results to come in a timespan of years, rather than decades. It also takes into account Ukraine's difficult geopolitical position, with a population that sees the revolution as a largely good thing and likes

³² Dependence on cheap subsidized Russian gas pushed Ukraine into this mess in the first place. It would be wise to move towards self-reliance.

the direction their country is going in³³, and a Russian neighbor whose insecurities make it dangerous to border.

Ukraine can look towards Finland's history of foreign policy in the 20th century as a positive comparative example of how to successfully transition out of its current situation. There are a few practical and logistical reasons why the comparison is apt. Both share a large border with Russia, which in the 20th century was a similar existential threat as it is today with Ukraine. After WWII, Finland, which had endured rule by the Russians for over 100 years, had to precariously balance itself between the Soviets and Western Europe and the US. They wanted the economic prosperity of Western liberalism, but did not want to offend or push their volatile eastern neighbors too much. It took a concerted effort for a small nation of less than 5 million to protect itself, but the Finns managed to preserve their sovereignty throughout the Cold War and avoided any bloodshed. And while Finland and Ukraine are different in many ways³⁴, the best possible outcome for Ukraine would be to end up like Finland. Balancing the great powers against each other to preserve Finland generally falls under the international relations theory of realism. In a world where the states are the most powerful entities, it makes sense that a theory which focuses on the relationships between states is more or less ideal, as opposed to constructivism which looks at social constructs as major drivers of change.

The genius of the Finns lay in their ability to assess and prioritize what they could accomplish, and in their ability to execute their plans to achieve their goals. In return for security

³³ Canada's 2016 poll of the Ukrainian public revealed that nearly 80% of Ukrainians liked the direction their country was headed in.

³⁴ A big difference today is that the mistrust built up in Ukrainian society from Soviet rule leading to endemic corruption, whereas Finland is a country with one of the lowest perceptions of corruption in the world. This stems into cultural differences, including religion, Finland (Lutheran) and Ukraine (Orthodox), as well as a large size difference.

guarantees, like not joining NATO or stationing troops in the country, Finland gave the insecure Soviets what they wanted, in return for “Western-style democracy and prosperity” (Echikson). But this is a thin tightrope to walk and it requires excellent statecraft to pull off. The Finns used what would later be dubbed “Sauna Diplomacy”. Ukraine needs to develop their own “Sauna Diplomacy”.

Diplomatic missions run very much like a small business of highly trained professionals. Communication skills are essential for diplomats, being that their job is to gather and report information of all kinds. A skilled director with an effective plan could have a major positive effect on remedying the political. If they were to find a pragmatic realist to lead the Ukrainian version of Sauna Diplomacy, the country could achieve the peace it needs to be able to focus on strengthening its other institutions. While there are many who doubt Ukraine could pull off such a strategy³⁵, there are many reasons why they can, and why they should.

The Finnish ministry is small, nimble and young³⁶, characteristics that would allow Ukraine to play to its strong suit of a strong young professional working class, and its small nature allowing it to be developed from the ground up more rapidly. Finnish diplomacy is famous for its use of saunas, believed to calm spirits and heal the body. The sauna is deeply rooted in Finnish culture, where there are over 3 million to serve its population of around 5 million. No Finnish embassy is complete without a sauna, and its MP’s have a special sauna where they debate on policies. They have a saying, “All men are created equal, but no more so

³⁵ Many opinion pieces, from TIME to Foreign Policy Magazine, and those in between. The critics make the mistake of thinking that the process of finlandization would be exactly the same for Ukraine, of course it would not, but the goal is to achieve peace, and fix the economy, not do exactly as Finland has done. What needs to be copied is the calculated diplomatic risks, instead of unrealistic and empty gestures and promises that sound good to the West, but evade reality.

³⁶ Finland’s entire foreign ministry consists of roughly 2,500 employees, of which half are local hires with only around 250 full time Foreign Service officers. These employees are spread over 93 posts worldwide, although nearly half work from the Helsinki office at any one time.

than in the sauna”. You must be naked in the sauna, to which Finnish diplomat Aaretti Siitonen says, is “not to make anyone uncomfortable, but to hit ‘pause’ for a while, reveal the thinking behind different perspectives, and find common ground.” While the experience you feel from the sauna cannot be generalized, the Finns swear by it, and its track record backs it up.

In 2010, the former Secretary of State of Finland, Mr. Pertti Torstila gave a speech in Tokyo, Japan detailing many unique diplomatic triumphs of sauna diplomacy. Of particular note is 2008 Nobel laureate, and former President Martti Ahtisaari, regularly met with Tanzanian Prime Minister, John Malecela, during his time as Finnish ambassador. Perhaps contrary to what one might believe, the heat is believed to cool tensions and “melts away political differences”, according to Torstila. Jan Store, Finland’s EU minister from 2008-2013, would bring together Brussels diplomats, journalists, civil servants, and ministers in his sauna, noting that “The sauna created openness, and we had confidential discussions on every subject you can imagine.”

The reason it's important to show why the experience of the sauna worked so well with the Soviets, is because the closest relative to the Finnish Sauna is the Russian and Ukrainian Banya. As a deep part of all cultures, it is an experience many in all of these countries are familiar with and the feelings of openness would have a much better chance at translating than with delegates from a country with no history of sitting in a super-hot steamy room, mostly naked.

During the Cold War, as Finland sat precariously next to the USSR, a non-socialist capitalist country, neighboring against the world’s preeminent communist superpower, its most successful and legendary use of sauna diplomacy took place. Urho Kekkonen, who was Finland’s president for nearly the entirety of the Cold War, 1956 to 1982, was a firm believer in sauna diplomacy. Finland looked to remain neutral after WWII, its sovereignty was put under

threat by the USSR during the bitter Winter War, and tensions between the two nations continued after the war had ended. The Soviets questioned the Finns declared neutrality, as the Finns were a capitalist society³⁷. With a key feature of Soviet culture, as previously mentioned, being sowing distrust, there are few examples of countries who had good relations with the USSR during the entirety of the Cold War period. Yet Finland managed to “defend Finland’s integrity and membership in the Western community of nations countering the Soviet efforts,” through the sauna diplomacy of Kekkonen. Finland’s bid to join the European Free Trade Association was discussed with Soviet leader Khrushchev and other leaders in his sauna, and according to Torstila’s account of the events, it led to the USSR’s support of Finland’s membership. In 1978, when the Soviet Defense minister Ustinov traveled to Helsinki with the aim of drawing Finland closer to a military alliance with the Warsaw Pact, Kekkonen brought him to the sauna, where he politely told the minister that the Finns can take care of themselves, and such actions would endanger Finland’s neutrality. Finland never came close to joining the Warsaw Pact.

Ukraine would be wise to take a pragmatic approach similar to Finland’s sauna diplomacy, towards its hostile northern neighbors. Like Finland, it knows all too well that a miscalculation in diplomacy can lead to war and its existence as a nation put into question. It also should be more aware of the motivations and reasoning behind Russia’s aggressions than any other nation. Finland was sometimes criticized for what was seen as a too cozy relationship with the Soviets from Western observers, who coined the term Finlandization as a pejorative for a country not standing up for itself against a bigger superpower. It was coined in Western

³⁷ At a similar time to the rise of the Bolsheviks in Russia, Finland fought its own Civil War in early 1918. The reds, represented the communists, fought against the whites, who were for the free markets. It served as one of the most polarizing events in Finnish history, while also foreshadowing the events of the Spanish Civil War and the future Cold War, which used smaller states as proxy ideological and literal battlefields.

Germany by those who feared what the combination of a withdrawal of US troops and rapprochement with Eastern Germany might mean. The term continues to get use, as it was proposed as a solution for Ukraine by Henry Kissinger in early 2014, and supported by other realist international political thinkers such as John Mearsheimer. Their pragmatic approach turns out to be the most compassionate one, as it avoids long term conflict in favor of compromise and realistic end goals for Ukraine. He outlines a Ukraine that chooses its economic ties, but stays away from military alliances of all kinds, and chooses a government for itself. It was criticized by Western policy analysts although many of the arguments were rather weak. One argument from Kirchick in *The American Interest*, posits that Finlandization is what the Russians want, after the head of international affairs at Moscow State University Alexander Lukin said so as much in *Foreign Affairs*. The assumption is that Finlandization was a concept forced upon Finland by the USSR. It is critical of the pressure the USSR put on Finland in influencing its own policy, such as not being able to speak out publicly during the 1968 Warsaw Pact invasion of Czechoslovakia. Clifford Gaddy of the Center for the United States and Europe, writes in a manner of fact tone in *Brookings* blog, “Unfortunately, Ukraine is not and cannot be a Finland. “It’s far too weak, poor, unstable, and corrupt.” Mark Lagon senior fellow at the Council for Foreign Relations, writes that Finlandization “abandons Ukraine”, and Ukraine “embracing Finlandization would only serve to abandon Western values to chase the mirage of a true settlement.” These criticisms assess the situation from a squarely US perspective, which can easily pick transgressions of the process of Finlandization (it is not the ideal situation for a country to find itself thinking about adopting), however misses looking at the end goal. Finland became a strong, democratic, and transparent capitalist country because it was able to be assured in its autonomy from the USSR. It is true, as is claimed as an indictment of the policy by

Kirchick that Finland jumped at the opportunity to join the EU as soon as the USSR fell, however, it is not an indictment at all, and it is vindication of Western values and pragmatism to its fullest. A small capitalist nation was able to resist the USSR, emerging out of the Cold War far better than any Soviet Republic, and this allowed it to join the EU so quickly. This should be the end goal for Ukraine, a long term vision which realizes that in the current political climate, there is not much they can do other than make the compromises necessary to maintain a fierce independence, continue to develop western style institutions, but be wary of too many overtures which would upset the political balance. Finlandization for Ukraine is not condoning Russia's actions, nor does it mean that Ukraine cannot continue to develop democratic and liberal institutions, but it does create a country which can be at peace, and you cannot develop these positive institutions in a country that is in war. Pride must eschewed by proud Ukrainians as well, as it is a bitter pill to swallow after emotional battles which they believed paved the road towards being in Europe, but there is hope. Putin's regime cannot last forever, as I heard from a wise Ukrainian with a positive outlook, "We survived the Soviet Union, and Russia is not the Soviet Union".

Chapter 3

Conclusion

Ukraine is unique and provides intricacies and problems to political theories, just as most if not all countries do when political theory is applied. It is clear that the structure of the Ukrainian government is a flawed centrally organized system, with power concentrated into the executive branch, leaving weak institutions unable to check the power of the executive. This structure has proved ripe for corrupt individuals and their clans to co-opt and use to extract resources from the economy. Liberal institutions such as the free press are positive influences on the process of reforming Ukraine, pressuring politicians through information and the spotlight that is provided by the international eye. Ukraine can easily be forgotten by the West, which puts a clock on it's time to reform if it continues down the same path if it has any hopes of continuing to receive the same support it has now. When the funding, aide, and political scrutiny dry up from the West, so do the counter incentives for the politicians to make decisions in the best interests of Ukrainians. Unless the system drastically changes to include strong institutional checks and balances throughout Ukrainian society, the current organization of Ukraine's institutions will not produce meaningful reform. The ongoing war with Russia, makes internal reform incredibly difficult and its first priority should be ending the war. While the solutions and path to reform for Ukraine are unclear, it is clear that peace and stable relations with Russia is essential if any real reforms are to stick. Rapprochement with Russia is essential for securing Ukraine's future as long as the current political climate exists, and the one blueprint that exists for Ukraine while maintaining positive relations with the west, independence, and the promise of

a “European” future is to adopt the approach of Cold War Finland and to get naked and hop in the sauna.

REFERENCES

- Amundsen, Inge. "Political Corruption: An Introduction to the Issues." *Chr. Michelsen Institute Development Studies and Human Rights Working Paper 7* (1999).
- Bai, Chong En and Wei Shang-Jin. "Quality of Bureaucracy and Open-Economy Macro Policies." *NBER Working Paper #7766* (2000).
- Banerjee, Abhijit (November 1997): . "A theory of misgovernance." *Quarterly Journal of Economics* 12 (1997): 1289-1332.
- Bank, The World. "The World Development Report: Making Services Work for the Poor." 2004. *World Bank*.
- Burakovskiy, Ihor, Lars Handrich and Lutz Hoffmann. "Ukraine's WTO Accession." *Berlin: Springer-Verlag* (2004).
- Burki, Shahid Javed and E. Perry Guillermo. "Beyond the Washington Consensus: Institutions Matter." *World Bank Latin American and Caribbean Studies : Viewpoints*. 1998.
- Čábelková, Inna and Jan Hanousek. "The Power of Negative Thinking: Corruption, Perception and Willingness to Bribe in Ukraine." *Applied Economics* 2004: 383-97. Print.
- "Career Center." *The Moscow Times* 11 March 2009. Web.
- Echikson, William. "Why Eastern Europe Should Aspire to Finlandization." *The Christian Science Monitor* 10 November 1989. Web.
- Gaddy, Clifford. "Finlandization for Ukraine: Realistic or Utopian?" 6 March 2014. *The Brookings Institution*. web. 1 July 2016.
- Gerring, John and Strom C. Thacker. "Do Neoliberal Policies Deter Political Corruption?" *International Organization* (2005): 233-254.
- Hashemi, Nader. *Islam, Secularism, and Liberal Democracy: toward a Democratic Theory for Muslim Societies*. Oxford University Press, 2009.
- Jarábik, Balázs. "Ukraine: The Kingdom Of The Oligarchs." *Carnegie Endowment for International Peace* 24 June 2016. web.
- Karatnycky, Adrian. "The Case Against Saakashvili." *Foreign Policy: Democracy Lab* 20 January 2016.
- Kaufmann, Daniel, Aart Kraay and Pablo Zoido-Lobaton. "Governance Matters." *World Bank* 1999.

- Kirchick, James. "Finlandization Is Not a Solution for Ukraine." *The American Interest* 27 July 2014.
- Kissinger, Henry. "To Settle the Ukraine Crisis, Start at the End." *Washington Post* 5 March 2014.
- Kitschelt, Herbert. "Post-communist Party Systems: Competition, Representation, and Inter-party Cooperation." 1999. Print.
- Kramer, Andrew. "Railing Against Graft, a Georgian Leads Calls for a Cleanup in Ukraine." *New York Times* 3 February 2016.
- Lagon, Mark. "'Finlandization' Abandons Ukraine." *Council on Foreign Relations* 3 November 2014.
- Lederman, D., Loayza, N. V. and Soares, R. R. "Accountability and Corruption: Political Institutions Matter." *Economics & Politics* 17.1 (2005): 1-35.
- Lukin, Alexander. "What the Kremlin Is Thinking." *Foreign Affairs* 16 June 2014.
- Mauro, Paolo. "Corruption and Growth." *Quarterly Journal of Economics* (1995): 681-712.
- Mearsheimer, John. "Why the Ukraine Crisis Is the West's Fault." *Foreign Affairs* 28 January 2016.
- Monaghan, Andrew. "The Ukraine crisis and NATO-Russia relations." *NATO Review magazine* 7 May 2012. <<http://www.nato.int/docu/review/2014/Russia-Ukraine-Nato-crisis/Ukraine-crisis-NATO-Russia-relations/EN/index.htm>>.
- R. Myerson, G. Roland, T. Mylovanov. "A Case for Constitutional Reform in Ukraine." 13 April 2016. *VoxUkraine*. 7 July 2016.
- Rose, Richard. "Postcommunism and the Problem of Trust." *Journal of Democracy* (1994): 18-30.
- Rose-Ackerman, Susan. *Corruption and Government: Causes, Consequences, and Reform*. Cambridge: Cambridge University Press, 1999.
- S. Mansour, V. Sadiraj & S. Wallace. "Political Institutions and Corruption: An Experimental Examination of the Right to Recall." *Andrew Young School of Policy Studies* (n.d.). Georgia State University Experimental Economics Center.
- Siitonen, Aaretti. "From Finland with Warmth." 30 June 2016. *Welcome to American Foreign Service Association*.
- Stein, Mara. "Ukraine Looks To Unmask Corruption With Prozorro E-Procurement." *Wall Street Journal* 24 June 2016.
- Store, Jan. "I Conducted EU Diplomacy In A Sauna." 2016. *FT.com*.

Synder, Timothy. *10 Questions on Ukraine* TVO.org. 2 February 2016. web.
TASS. *Ukrainian lawmaker: Abromavicius's resignation plays into Saakashvili's hands*. 4
February 2016.

Taubert, K. "" Time. Time. Web. 08 July 2016. "Finlandization Is Not a Perfect Recipe for
Ukraine." n.d. *Time*. 2016 July 8.

The Economist . 1996.

Torstila, Pertti. "Speech by Secretary of State Torstila at the XV International Sauna Congress."
27 May 2010. <http://formin.finland.fi/>.