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The Evolution of Ukrainian Oligarchy: Soviet Roots of Contemporary Regional Clans in Ukraine

Today's Ukraine is a political system based on the balance of mutually complementary formal and informal institutions. Each of the brave attempts by Ukrainian reformists to increase the role formal governmental organizations, the façade, and to decrease the role of the shadow part of the system have been doomed thus far. Despite, whichever democratization strategy was chosen by the Orange team and the post-Euromaidan leaders, the oligarchic clans—and their wider networks—remained key players in politics and the economy.

How did it happen that Ukraine, a country without the oil curse, a strong civil society and robust anarchic traditions, turned out to be an oligarchy? In this chapter, I will show the historical roots of the contemporary Ukrainian oligarchy. I will focus on the issue of how clans and their informal structures have emerged as key political subjects in independent Ukraine. I will first discuss methods for studying states with strong linkages of formal and informal institutions, then describe the Soviet origins of the regional principle of the formation of clans, and finally show how the post-Soviet Ukrainian political system was constructed.