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WHILE MIRACLES WERE AWAITED

Ukrainian Discourses on Foreign Direct Investment since Independence

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Abstract

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Thus far, policies on foreign direct investment (FDI) have no institutionalized agreement or organization on an international level. This situation can be challenging for governments, as balancing interests of transnational corporations (TNCs) with political strategies may prove difficult—particularly if being a newly independent state such as Ukraine in 1991. Even though FDI was promoted and legislation passed accordingly, Ukraine with its perceived potential has been viewed upon as a disappointment in this field; however, most research has been done in quantitative manner. This thesis aims to contribute to the diversification of research on FDI through using Critical Discourse Analysis to study the articulations of Ukrainian political elites and changes in their perceptions on FDI, Ukraine, the state, business and the world economy; after which they are paralleled to the perceptions of four international organizations (IOs). How these relate to larger structures and what alterative visions of FDI there may be is then analyzed through a neo-Gramscian perspective. In contrast to the IOs, Ukraine has presented alternative ideas of the roles of actors involved along with an emphasis on social characteristics of FDI, such as integration and cooperation. What this entails is then discussed with regards to issues of inclusion, competition, and the non-existence of international policies on FDI.

Key words: foreign direct investment, Ukraine, neo-Gramscian theory, Critical Discourse Analysis, transnational corporations, international agreement

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List of Abbreviations

CDA	Critical Discourse Analysis
CIS	Commonwealth of Independent States
CPU	Communist Party of Ukraine
FDI	Foreign Direct Investments
FIAC	Foreign Investment Advisory Council
GATT	General Agreement on Tariffs and Trade
IMF	International Monetary Fund
IO	International Organization
IR	International Relations, the academic discipline
M&A	Mergers and Acquisitions
MFA	Ministry of Foreign Affairs
MoE	Ministry of Economy
MoF	Ministry of Finance
NBU	National Bank of Ukraine
NGO	Non-Governmental Organization
OECD	Organisation for Economic Co-operation and Development
PM	Prime Minister
TNC	Transnational Corporation
UNCTAD	United Nations Conference on Trade and Development
WTO	World Trade Organisation

1. Introduction

When observing state policies that concern the involvement of non-domestic actors, it seems as if efforts of multinational coordination have brought about certain uniformity. If rules of conduct are not declared and signed, they are at least considered ‘unwritten’. However, one field that regards external relations but which has a low degree of multinational coordination, often on a bilateral level, is that of foreign direct investment (FDI). Here, national governments can make decisions on case-to-case basis or implement all-encompassing policies, and might therefore be one aspect of international relations where there is space for diverse policies. Nevertheless, this does not entail a lack of constraints on decision-making and policy formulation. One of the perhaps clearest examples of this situation was the position of the post-Soviet states in the 1990s, suddenly gaining independence and being advised by foreign actors in how to shape their political economy.

Needless to say, the dissolution of the Soviet Union brought about drastic changes in international relations. Not only did numerous states declare their independence but the contestation between the worlds’ two former major forces came to an end. Whether correct or misguided, a zeitgeist was shaped around the idea that the communistic planned economy of the ‘East’ had shown to be inferior to the market economy and democracy of the ‘West’—a market economy built upon neoliberal ideas. In theory, neoliberalism is based upon the notion of individual freedom and the conviction that a free market raises production through competition. This increases income for both producers and labor and will eventually lead to reduction of poverty. Even though the state is not to interfere with the market itself (that is thought to be self-regulating) it is to support the market through legislation, institutions and ensuring property rights.[1] In the early 1990s, the most radical implementations of this logic took the form of ‘shock therapy’—including measures like fast trade liberalization, privatization, and changes in exchange rates—as in Poland and Russia[2]. The idea was that a quick ‘transition’ would narrow the gap in living standards to the West, achieved through harmonization of economic institutions

[1] Harvey (2008): 81-82.
[2] See Murrell (1993); Johnson & Kowalska in Haggard & Webb (1994): 185-234.

and inclusion in the world global economic system.[1] Efforts were made to implement policies that furthered the free movement of international capital, e.g. opening up state economies to foreign investments. It was in this milieu that newly independent states like Ukraine were to define their economic policies; indeed a very different starting-point in comparison to that of old market economies (e.g. Western Europe, United States). A major dissimilarity referring to FDI in particular was that while older economies had aimed their policy changes at improving conditions for business operations *in general*, the newer economies of the 1990s rather made attempts at reducing restrictions for international capital and transnational corporations (TNCs) *in particular*. In 1991, the United Nations' Trade and Investment Report instated this as "one of the most important policy developments of the decade"[2].

In terms of foreign investments, it has in hindsight become clear that Ukraine turned out to be the odd one out amongst the newly independent post-Soviet states in terms of inflow, falling way under expectations and therefore making it highly interesting. Those that took leadership in Ukraine in 1991 were the same people who had ran the country according to Soviet economic planning, which might have had an influence. Orest Subtelny refers to the situation being equal to engaging "Wall Street "sharks" to transform a capitalist economy into a communist one", meaning that there was neither knowledge nor will to reform towards a market economy[3].

Even though policy-makers continuously express the need to attract FDI, and much effort has been directed at clarifying what attracts it or the motivations of TNCs for choosing one location over the other, the perceptions of the characteristics associated with FDI have not been explicated or problematized. As John Ruggie points out: "The relationship between economic regimes and international transaction flows is inherently problematical, because the domain of international regimes consists of behavior of states vis-à-vis one another and vis-à-vis the market place, not the market place itself."[4] This thesis aims at problematizing FDI through looking at how it has been perceived by a Ukrainian political elite and promoted by International Organizations (IOs); this also reflects their attitude towards the state, business, the world

[1] Sachs (1994) in Shields (2008): 456.
[2] United Nations Conference on Trade and Development (UNCTAD) (1991):25.
[3] Subtelny (2000): 619.
[4] Ruggie (1982): 383.

economy, as well as self-perceptions. A further way to move forward in the problematization of FDI is adopting a neo-Gramscian approach, since it enables to investigate and explicate the political in what often is considered economical or technical. A neo-Gramscian perspective can give a critical view of the happenings in the early 1990s, of neoliberal ideology, and the role of foreign investments in international political economy, as will be done in the forthcoming chapters.

The thesis is structured into two parts. The first part covers the background and theoretical foundation upon which the research is conducted. Section 1.1 gives an introduction to foreign investments and its place in international relations. It also covers earlier research on foreign investments and the case of Ukraine in particular. Chapter two introduces neo-Gramscian theory as the framework for analysis. The methodology is explained in chapter three, where Norman Fairclough's Critical Discourse Analysis is presented. Thereafter, the research questions and aims are introduced in section 3.2.

The second part of the thesis concerns the analysis and results. The fourth chapter is introduced by a historical background as to what was happening in Ukraine at the time, so that the context of the analysis is clear. Thereafter, the discourses that have been found in the material are presented. Chapter five presents the results of what these discourses represent, the changes that have occurred within them, and puts them in relations to IOs' perceptions of FDI. The analysis from a neo-Gramscian perspective follows in chapter six and the conclusions in chapter seven. A wider discussion on what the results may entail takes place in chapter eight, and the thesis ends with further remarks and suggestions for future research in chapter nine.

1.1. The Dualism of Foreign Investments

According to the United Nations Statistics Division, FDI "is the category of international investment that reflects the objective of a resident entity in one economy to obtain a lasting interest in an enterprise resident in another economy."[1] In other words, FDI refers to when a company with its ground-base in one economy (e.g. a state) expands into another, either through 'greenfield investments' (starting anew) or mergers and acquisitions (M&A, buying an already existing company)[2]. Since FDI brings expectations of influence in the management of the enterprise it should be separated from portfolio investments that do not[3], whose interests in comparison can be regarded as 'non-lasting'. This rather stiff and technical definition is foremost used when gathering statistics, and does not account for the effects FDI may have on domestic- and international production, or international relations. As Zarsky points out, FDI is more than a flow of capital: it is a cross-border expansion of production undertaken by large corporations[4], which can have effects on host-states and their policies. Furthermore, this expansion takes place in the context of international political economy. Capital does not move about in a vacuum, but can be furthered or hindered by policies that regulate its movement and the expansion of TNCs. It is in the latter understanding of the term FDI that this thesis will adopt.

In juxtapose position to FDI there are domestic investments, made within a country rather than abroad. Seeing that FDI is foremost done by TNCs and domestic investments are done by the government or domestic companies, there are dissimilarities. In comparison to domestic companies, Firebaugh argues that TNCs are *less likely to*: contribute to public revenues due to tax evasion; encourage indigenous entrepreneurship; reinvest in the host economy; have "strong linkage" (to other domestic companies); and more likely to use inappropriate technology (aimed at intensifying revenue without care for social consequences).[5] Summed up, Firebaugh sees a lack of responsibility by TNCs towards host states. Yet another contrasting investment-type is 'social investments' that focuse not on the source but the recipient, namely human capital. Jane Jensen argues that social investments as an idea has been formed as a compromise between Keynesianism and neoliberalism, and which' main goals are to increase social inclusion, minimize intergenerational poverty, and prepare populations for the (un)employment conditions

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[1] United Nations Statistics Division (1993): ¶14.151; 14.152.
[2] Kalotay (2001): vii.
[3] Organization of Economic Co-operation and Development (OECD) (2010): 1.
[4] Gallagher & Zarsky in Zarsky (ed.) (2005): 16.
[5] Firebaugh (1992): 106-107.

of contemporary economies.[1] Foreign investments are therefore not the only sort of investments that are believed to increase economic development and public well-being; however, the focus of this thesis is the relationship of domestic policies and larger international ideas of 'rules of conduct', and these investments types above will rather be used for theoretical reflection.

Although being international per definition, presently there is no organization or institutionalized agreement for the conducts of foreign investors or TNCs on an international level like there is for trade (GATT/WTO) and money (IMF).[2] Instead, policies on foreign investments are formulated and implemented on state-level through negotiations between TNCs, the home states of TNCs, and the host state. However, although all parties would be willing to cooperate, their interests do not necessarily correlate. Without an international body to supervise the negotiations the final decision lies in the hands of the host government. Nevertheless, there have been attempts at supranational solutions to regulate the conducts of TNCs. In the 1970s, a code of conduct defining TNCs responsibilities towards host countries was developed by the United Nations Center on Transnational Corporations, but without being implemented. Instead, the 1990s brought about a shift in investment regimes. This shift, continuingly taking place in national policies rather than supranational institutions, turned the responsibilities around. It was now the host governments that were to ensure rights for investors, leaving TNCs free of responsibilities[3] (at least in international legislation). States continued to sign bilateral investment agreements at a higher rate; and at the end of 1998, negotiations for multilateral agreements on investments were deserted[4]. Whether this is problematic or not, meaning whether it would be desirable to form such an agreement, is up for debate—a debate which has somewhat surprisingly been absent from analysis within the academic discipline of International Relations (IR).

That FDI policies are formulated on state-level has led to the idea that states can use their national policies as bargaining power apropos foreign investors[5], one of which is the possibility of nationalization. However, Stephen Gill has pointed out that nationalization of enterprises

[1] Jenson in Morel et.al. (2009): 27.
[2] Baylis et.al. (2008): 456.
[3] Zarsky (2005): 5-7.
[4] Baylis et.al. (2008): 456.
[5] Zarsky (2005): 5.

actually poses less of a threat to TNCs than local firms, seeing that it would only affect a fraction of their business rather than the entirety of the locals'[1]. Besides, 'unfriendly' government policies could in turn be answered by companies' threats of 'investment strikes' towards the host-states. Such a strike could drive up interest rates, lower economic activity, raise unemployment, and endanger the popular legitimacy of the government, which is why the state is under pressure to ensure 'business confidence'. Additionally, governments are under the scrutiny of public interests and therefore need to either display control over TNCs[2], or ensure the legitimacy of their presence.

Governments are thereby faced with dual implications of foreign investments. On one hand FDI is believed to potentially bring positive 'spill-over' such as technology transfer, training of domestic workers, and increased competition and therefore higher efficiency of domestic companies; but on the other hand the risk of decreasing labor productivity in domestic firms[3], and 'crowding out' domestic efforts and therefore impede further economic growth[4]. The difficulty in predicting these outcomes puts governments in a hard balancing act. Due to this pressure, Lyuba Zarsky argues, investor rights have often been formulated "at the expense of flexibility and diversity of national development policies"[5], leading towards homogeneity in policy formulation. The volume and speed of international trade and capital flow in combination with the ideology of prioritizing investors' interests has been argued to further this effect[6].

Apart from the more general, positive effects that FDI is believed to have (sketched out above) there are particular reasons it is believed to be especially beneficial for states in transformative stages. One reason is that it helps filling the gap of investment needs, i.e. compensating for a state's limited reserves, and another that it can speed up the privatization process. Importantly, it is also considered an outward sign of successful transition.[7] The

[1] Gill (2008): 111.
[2] Rupert (2005): 486; Gill (2008): 104-106; Rupert & Solomon in Rupert & Smith (eds.) (2002): 291; Zarsky (2005): 6.
[3] Lutz & Talavera (2004):77-79.
[4] Gallagher & Zarsky in Zarsky (2005): 33-34.
[5] Zarsky (2005): 14.
[6] Rupert & Solomon in Rupert & Smith (eds.) (2002): 291.
[7] Möllers in Hoffman & Siedenberg (eds.) (1999): 141.

impression of FDI bringing the above benefits has been pointed out to be furthered especially by the developments in rapidly growing economies, as they tend to catch the interest of foreign companies, which makes the direction of causality unclear.[1] Meanwhile, research that is more critical has concluded that "…the positive benefits of FDI on domestic investment and growth depend largely on domestic policies, capabilities and institutions."[2], hence putting more emphasis on the context. One could argue on a neoliberal basis that it is the exact reason why national policies should open up for investments: enabling an investment climate will bring about prosperity while hindering it will not. Yet that would be missing the point. What is meant is that foreign investments are by no means self-evidently or universally positive, e.g. investments are made into economies that are situated in different social context with different institutional basis. What effects FDI has on the host economy will be affected by its sociopolitical situation and not any intrinsic value of FDI. In the words of Gallagher and Zarsky: "FDI is no 'miracle drug'"[3]; yet in the case of the newly independent post-Soviet states all were awaiting miracles.

1.2. The Ukrainian Conundrum

In the beginning of the 1990s, the right to full foreign ownership of former USSR enterprises in Central and Eastern Europe was pointed out as one of the most important trade policy developments of the decade, since it together with measures for privatization opened up a new market for foreign investors.[4] The expectations for inflow of FDI were therefore high. Surely, many of the post-Soviet states did attract immense amounts, but as mentioned earlier Ukraine showed to be somewhat of a disappointment. Despite its large landmass, large population (around 51 million in 1991[5]), fertile soil, educated labor force, geographical position between major

[1] Walsh & Yu (2010).
[2] Gallagher & Zarsky in Zarsky (2005): 26.
[3] Ibid: 15.
[4] United Nations Conference on Trade and Development (UNCTAD) (1991):14.
[5] United Nations (2011a).

markets (EU and Russia), and industrial capabilities, comparatively little FDI has been attracted since 1991[1].

With this said, the development of FDI in Ukraine has still been followed with certain optimism. It has been assumed that the flows have just been postponed and that the investment boom is around the corner. This thought can be traced in the formulations of OECD roundtable discussions, where Ukraine was defined as moving away from being a "miracle in the waiting" towards a "miracle in the making"[2]. Well, the miracle never came as expected and this left economic researchers puzzled. With all these possibilities for great investment flows the question arose: "why so little?"[3]. Even after changes in the legal framework (considered one of the major obstacles) and the government addressing lack of transparency, taxation, and corruption, Ukraine is still considered to perform under capability[4].

Although the responses to the above question have been many, the answer is likely to be more multifaceted than recognized thus far. It is possible that the element of ideational differences has played a part in both formulation and implementation of policies. This thesis intends to fill this gap through an inquiry into the Ukrainian discourses on foreign investments—an aspect that has been overlooked by quantitative analysis. Furthermore, for a deeper perspective of the role of FDI in international political economy and Ukraine's place therein, a neo-Gramscian approach will be applied (introduced below). Hopefully, this enquiry will give an insight to what changes occurred in Ukrainian discourses on FDI while miracles were awaited.

[1] Stepanenko-Malan & Ögütsü (2002): 3.
[2] OECD (2001a): 1; Kinach & Ögütçü (2002): 32; Stepanenko-Malan & Ögütçü (2002): 9.
[3] See, Eff & Voloshenyuk (2004); Stepanenko-Malan & Ögütçü (2002): 5.
[4] Stepanenko-Malan & Ögütçü (2002): 5; Eff & Tansil Voloshenyuk (2004): 9.

2. Neo-Gramscian Theory and Its View on Foreign Investments

Although Antonio Gramsci (1891-1937) never formulated a grand theory, a legacy of ideas and concepts were left in the *Prison Notebooks*, written while imprisoned as the leader of the Italian Communist Party. These ideas were revived and brought to the international scene at the beginning of the 1980s through the work of Robert W. Cox, hence putting the 'neo' in neo-Gramscian. Thereafter, it has come to shape a theory within IR that does not only attempt to explain international relations theoretically, but to transform them practically.This chapter will introduce the historical materialism of Gramsci, place neo-Gramscian theory within the IR-discipline and present its central concepts. It will also give an overview of the findings of the theory in relation to FDI and Ukraine, and present some critique it has faced.

2.1 Gramsci's Historical Materialism

As Karl Marx, one of Gramsci's main points of critique of political economy was that the capitalist market system by no means is self-evident, natural or eternal. Not only does the capitalist market system differ from other periods of history, but it can be changed or replaced. There is no historical inevitability, wherefore social agency through collective action plays a significant role in the creation and transformation of social structures.[1] However, in contrast to structural Marxism that focuses on conceptualizations of modes of production in capitalist states, Gramsci's ideas rather belong to Marxist historical materialism[2] that reasons historically and seeks to examine the connection between power in production, power in state, and power in international relations. It is recognized that both ideational and material production processes are important in explaining the forms of relations between state and society[3], and in Gramsci's words: "popular beliefs…are themselves material forces"[4].

[1] Gill (2008): 17; 19; 24; 46.
[2] A division of Marxism made by Cox (1981): 133.
[3] Ibid: 135.
[4] Gramsci in Hoare & Nowell-Smith (1971): 165.

Gramsci's thoughts are therefore far away from any assumptions of economic determinism or universal truth and instead add emphasis on social agency in historical situations and their ideational self-conceptions[1], i.e. how social actors view themselves and their capabilities to act in a certain period of time. This relates to who holds power in production, state, and international relations. In turn, the collective actions cannot only be based on material capabilities, but need ideational support. Gramsci's historical materialism therefore emphasizes the importance of ideas to material: a change in thinking will impact social processes that will provoke new changes in the process of thought that later will materialize[2].

The intention of Gramsci was not to be descriptive of a certain situations, but to change them: not merely to be epistemological, but moreover political[3]. As explained by Mark Rupert, if Marx provided a theory of the structures and tensions of capitalism, then Gramsci brought about the conceptual vocabulary to historical materialism which is needed for transformative politics[4]; a vocabulary which has been further developed by his later followers.[5]

2.2 "Theory is always *for* someone and *for* some purpose"[6]

Questioning what is taken for granted is a cornerstone of neo-Gramscian theory, and as Cox's almost infamous quote above displays this also applies to its critique of other IR-theories. Theories represent certain standpoints in time and space and cannot be seen as independent from those who formulate them; or as expressed by Gramsci: "Objective always means 'humanly objective' which can be held to correspond exactly to 'historically subjective'"[7]. Due to this, Cox makes a division in IR-theories between problem-solving and critical theories, of which neo-

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[1] Rupert (2005): 487-490.
[2] Gill (2008): 22.
[3] As expressed by Stephen Gill to be the task of critical theory, see ibid: xviii.
[4] Rupert (2005): 486-487.
[5] The choice has been to focus primarily on the work of Robert W. Cox, Stephen Gill and Mark Rupert—as to cover both the foundations and newer developments of the theory. Although some formulations have been adopted from other neo-Gramscian theorists (e.g. van Leuween), it should pointed out that there are other representatives beside those in this thesis, such as Kees Van Der Pijl, Henk Overbeek, amongst other.
[6] Cox (1981): 128.
[7] Gramsci in Hoare & Nowell-Smith (1971): 445.

Gramscianism is placed in the latter. The intention of critical theorist is to explicate their research positions, interests and values in a transparent manner, while other theorists have normative stances without displaying them.[1] It is argued that in contrast to problem-solving theories that accept and further the maintenance of a prevailing order through being non-historical (assuming the *modus operandi* of international relations to be continuous and therefore furthering it through their work) critical theories seek to explain change through historical enquiry and to find transformative capacities. For example, neo-Gramscian theory stands in stark contrast to Realist assumptions of atomized actors in an anarchic structure[2], as it would be “a misleading oversimplification to regard all interstate systems as essentially the same insofar as they all lack a supreme world authority”[3]. Rather, the neo-Gramscian use of ‘structure’ is to be seen as constraints on action, not as an actor in itself, and should not be separated from politics and individuals that indeed shape it[4]. Hence neo-Gramscian theorists are not out to explain the world through a set of static concepts that are eternally applicable, but are willing to re-formulate concepts according to empirical change. Throughout, *change* is a central theme and the historical explanation of it is the focus of neo-Gramscian research. The theory begins from analyzing a fraction and explaining it through the whole in an attempt to explain historical changes in both[5], just as this thesis begins from analyzing discourses on FDI in Ukraine as to explicate changes in relations to the world economy.

2.3 Central Concepts

According to neo-Gramscian theory, social structure at the global level is to be understood not merely as a structure of states, but its integration and disintegration with social institutions (e.g. civil society, non-governmental organizations (NGOs), and businesses). In contrast to using

[1] Van Leewuwen in Wodak & Meyer (2001): 7.
[2] Gill (2008): 24; 46.
[3] Cox (1987): 7.
[4] Cox (1981): 32; 144.
[5] Gill (2008): 24; 32; 46; and Cox (1981): 128-129.

‘inter-state system’, that would exclude non-state actors and also entail rigidity, neo-Gramscian use the term *World Order*. It refers to the totality (World) of the way things happen (Order), and should be understood as an analytical construct for specific configuration of social forces in specific historical situations—not a normative stance.[1] Furthermore it is also important to note that the term ‘order’ does not refer to a lack of turbulence.[2]

Another concept that is central for both Gramsci and later followers is *historical bloc*. It is a concord of material forces, ideologies, and institutions in a given historical period that take shape as class forces with a defined idea and act in conscious struggle for *hegemony* (understood as both material coercion and ideational consent). Importantly, the struggle for hegemony takes place in both political and civil life, meaning that a hegemonic status cannot be acquired merely through force, but must gain a degree of support amongst the masses in order to be successful.[3] Through this relation, the historical bloc is able to define and legitimize the limits and task of the state, which becomes part and parcel of its very definition[4], i.e. re-defines the state according to the aims of the historical bloc. On the contrary, a *passive revolution* lacks hegemonic leadership and can take the form of a slow and cautious movement, or an elitistic movement without mass participation (possibly led by external, non-domestic forces)[5].

Ideas, material, and institutions are in reciprocal relation and on a global level this is represented by states and international organizations (IOs) with material capabilities and shared ideological basis. Institutions are especially important for hegemonic strategies, as they allow for both representation of diverse interest and policies that bring uniformity.[6] IOs can be seen as machinery for the harmonization of national policies, since adjustments are perceived as responding to the needs of the system as a whole and not the will of dominant countries.[7] According to Gill, IOs tend to adopt the same ‘framework of thought’ that serves three purposes. Firstly, it organizes and orientates actions of a *transnational capitalist class* that seeks to sustain,

[1] Gill (2008): xvii; 47.
[2] Cox (1981): 151-152.
[3] Gill (2008): 61-62.
[4] Cox (1987): 6.
[5] Gill (2008): 62.
[6] Cox (1981): 135-137.
[7] Ibid: 145.

regulate and rule an increasingly global capitalist order. Secondly, it legitimates its leadership, and thirdly restricts the means through which to question it and construct alternative visions. This is the ideational aspect of the transnational capitalist class, while its material force is the restructuring of international production and TNCs, e.g. through legislation. In this way ideology, institutions and material forces have converged at a given historical period. They 'lock in' commitments towards economic rather than social efficiency and similarly 'lock out' potential alternatives in political economy and democratic participation in economic policy, a feature Gill calls *New Constitutionalism*. New Constitutionalism affirms macro-economic policies according to ideas of efficiency, confidence, credibility and competitiveness, i.e. aims to make neoliberalism the only viable model of development.[1] For these reasons, the discourses of Ukrainian actors will be contrasted to those of four IOs with particular importance in this case: the Organization for Economic Co-operation and Development (OECD), International Monetary Fund (IMF), World Trade Organization (WTO), and the World Bank—all which have been pointed out by neo-Gramscian theorists as furthering the structural power of transnational capital based on a neoliberal ideas and logic of capitalist competition[2]. However, the continuation of a transnational historical bloc requires local support, e.g. the historical blocs and social forces at national levels, because ultimately: "*…capital as a social relation depends on the power of the state to define, shape and be part of a regime of accumulation*."[3] Foreign capital is therefore not an independent force outside state control, but is represented by classes within the state itself.[4] The focus on domestic political elites in this thesis can show whether the ideas of the IOs are supported or not, and indicate whether such a class exists in Ukraine.

Cox views conflict as something constructive, being a constant process of remaking human nature and social relations while constant consensus could bring about stagnation. Hence, neo-Gramscian theorists stress the importance and strength of civil society in posing challenges and *counter-hegemony* against historical blocs. Further, the relationship between the state and

[1] Gill (2008): 79 and Bieler and Morton (2004): 97.
[2] Cox (1992): passim.
[3] Gill (2008): 75; 94-95; 117; 104.
[4] Bieler & Morton (2004): 92.

civil society has an influence on the ability of limiting external influences[1], like that of transnational capital. Therefore, if civil society is highly influential the government will be keen to prioritize their wish above those of TNCs' in case of conflict. Even if counter-hegemony does not necessarily have to be based on class divisions or identity of a 'global proletariat', there is a shared rejection of capitalism's individuality, i.e. anti-capitalist stance. Yet it must be understood that the relations towards capital is embedded differently according to social context, i.e. there must be "unity through difference"[2]. Rupert claims that the goal of the counter-hegemonic historical bloc would therefore be to transform capitalist social relations and there through the separation of state/society, theory/practice and politics/economy. This would devolve a class-based political rule for social self-determination, i.e. democratization of economic relations and re-absorb political society into social society[3]. This thesis will treat Ukraine as a part of a 'global civil society', and the focus on the discourses of a Ukrainian historical bloc will show whether alternative- or counter-discourses to those of the IOs have been formulated.

2.4 Neoliberal World Order and Foreign Investments

The changes that took place in policies for TNCs during the 1980s, mentioned earlier, is part of what Gill defines as the emergence of 'disciplinary neoliberalism'—a system based on the belief of the world market as the ideal form of governance.[4] This is an ongoing stage of a global neoliberal project that began with the 'structural adjustments' in 1980's Third World, when states began to shape policies to enable investments conditions, and therefore the start of competition for foreign investments. It was the beginning of a progressive reduction of restrictions on international mobility of financial capital. Integrating production progresses at a transnational scale through TNCs restructured capitalism into globalization and resulted in new forms of labor

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[1] Cox (1981): 134.
[2] Rupert (2005): 494; and Rupert & Solomon in Rupert & Smith (eds.)(2002): 297-298.
[3] Rupert (2005): 493-494.
[4] Gill (2008): 63.

and increased the structural power of transnational capital—something that was promoted by elites in business, state and IOs favoring the logic of the capitalist market[1].

Thereafter the reform programmes of the 1990s to implement neoliberal capitalism in former Soviet space and Easter Europe took place. As post-Soviet states gained independence, the prevalence of disciplinary neoliberalism made them face either the acceptance and implementation of neoliberal ideals, e.g. private property right, or punishment through denial of aid and institutional access (e.g. to WTO, NATO). As a passive revolution with high external influence and the absence of an internal historical bloc, Gill claims that this gave room for the emergence of a transnational historic bloc and believes shock therapy to "represent the use of direct political power in order to develop the structural power of capital"[2]. As pointed out in the introduction, there was a large difference in the reconstruction of post-1945 Western Europe and that which took place in post-Soviet space in the 1990s. From a neo-Gramscian approach, the former had the aim of creating a consensual alliance of major capitalist states (*Pax Americana*, a Fordist form of capitalist political economy based on mass production), while the latter took the shape of a passive revolution under heavy external influence.[3] Furthermore, David Harvey has pointed out that the neoliberal turn in post-communistic countries was not aimed as much to restore, but to build a new upper class and their influence on politics[4].

The current economic globalization is not based on free competition according to neo-classical liberalist theories, argues Gill, but on protection of the strong and market discipline of the weak[5]—a move towards prioritizing free market forces before democratic accountability. As this undermines democratic procedures and gives political agency to experts and consultants ('organic intellectuals'), a neoliberal world order with disciplinary neoliberalism and its resistance has been forming[6]. From a neo-Gramscian perspective then, globalization has been the project of a transnational historical bloc that has constructed an institutional infrastructure for

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[1] Bieler & Morton (2004): 94.
[2] Gill (2008): 30.
[3] Ibid: 35; 59-60.
[4] See Harvey (2008): 26.
[5] Gill (2008): 130-131.
[6] Ibid: 64; 77-78; 103.

international trade and finance in which foreign investments have come to form an important transnational economic linkage.[1]In this world order, neo-Gramscian researchers have identified discourses that help to further the ideational consent.

As explained previously, questioning what seems to be taken for granted is the foundation of neo-Gramscian theory, and one of the 'givens' pointed out by Gill is the expectation that growth (economic and social) and innovations are driven best in the private sphere—which is one of the reasons for the 'appropriate business climate' becoming such a strong idea.[2] Moreover, Sinclair has suggested that "…more abstract investment standards will establish greater potential for ties between domestic and foreign interests…[perhaps] reinforcing the impression that investment is a neutral activity, rather than a struggle for resources between competing societal interests."[3] This removes the discussion from the political sphere and makes it technical, or a question of efficiency. In connection to this, Rupert and Solomon argue that 'competitiveness' has become a discourse that affects policies both within states (removing barriers) and firms (lowering labor standards), while it also puts pressure on workers. Furthermore, they claim that in the neoliberal world order "[States] don't compete qua firms but for firms"—a competition between the owners of the means of production and those whose income is derived from labor. On this view, 'competitiveness' is understood as a rhetorical tool in the competition over the division of surplus.[4]

As pointed out earlier, the relation of either the state or TNCs posing threats on each other is mutual. Neo-Gramscians nonetheless see great potential in states being able to oppose the transnational historical bloc, since capitals' reproduction is territorially rooted[5]. However, a race for capital attraction between states becomes a race to the bottom in terms of future policy possibilities when national governments undermine their own authority towards global capital through their competition for it, and increase the structural power of capital (achieved through the

[1] Rupert & Solomon in Rupert and Smith (eds.) (2002): 286.
[2] Gill (2008): 105.
[3] Sinclair (1994): 461.
[4] Rupert & Solomon in Rupert & Smith (eds.)(2002): 294-295.
[5] Wood in Rupert & Smith (ed.) (2002): 36-37.

consent of national elites). Due to this, the stance that states have towards freedom of enterprises "is at the heart of the issue"[1]—a stance that changes in Ukrainian discourses on FDI will reveal.

2.5 Critique

Being an outspoken theory whose followers make their political stance clear, neo-Gramscianism has been criticized both by other IR-theories as well as Marxist strands. Given the dedication to reflective criticism of Critical Theories, it is perhaps not surprising that it is foremost the latter that has been most active in this endeavor—especially concerning things outside of meta-theoretical arguments. This subchapter will focus particularly on five points of critique which are of relevance to the topic of this thesis.

A very fundamental point of criticism was directed by Randy Germaine and Michael Kenny in 1998. The claim was that neo-Gramscian theorist have strayed away too far from the original works of Gramsci. This especially concerned the understanding of the historical setting of Gramsci's ideas when applying them, i.e. a need to "historisize", and questioning whether Gramsci's ideas are applicable on the international level at all, based on the fragmented legacy left behind and that his conception of hegemony originally was intended for the state-civil society relationship.[2] This was responded to in a welcoming manner by Mark Rupert shortly after, seeing that it encouraged the reading and re-reading of Gramsci's work in order to comprehend its potential in understanding the present. However, Rupert argues that hegemony indeed is applicable to the international since it ultimately reflects the contestation of social forces, whether at the level of the state (as Gramsci's originally did), the international, or indeed the transnational. Institutions such as the church or centers for education have now taken on an international network beyond the state structures, potentially becoming source of opposition, and Gramsci's ideas can be used to understand the relationship between global and local.[3] Furthermore, Bieler and Morton point out that the relevance of past ideas should not be locked

[1] Gill (2008): 104.
[2] Germain & Kenny (1998): passim.
[3] Rupert (1998): 431-434.

down, but can be appreciated both in their original context and beyond them[1]. It can also be added that one of the prerequisites of scientific work is the idea of accumulation, which makes the idea of re-modeling earlier ideas to current settings less strange.

A Marxist point of critique is that neo-Gramscian theorists underestimate the importance of class and class structures. However, the non-preoccupation with class has been explained as "a refusal to always and forever privilege class processes, and the concomitant refusal to ignore them."[2] Actually, in the case of FDI class plays an important part if taking a neo-Gramscian approach. As Rupert points out, capital classes are both employers that can control labor and labor-processes and investors. The international spread of TNCs' resources also increases their possibility of asserting authority across national boundaries, meaning that one company can influence policies of several states[3] (as well as being under the scrutiny of them). In this position, they are able to affect labor and resource allocation, and indirectly limit public policy through 'implicit threats' of investment strikes and loss of business confidence; governmental freedom of maneuvers is thus constrained by the investment decisions of global capital[4] (and the transnational capital class argued to further it). Moreover, Cox argues that it was possible to speak of a transnational class only after the internationalization of production, which in turn expands through direct investments.[5]

Neo-Gramscians have also been criticized for overestimating the internal cohesion of the transnational class, as well as neoliberalism, which hinders the perception that counter-hegemonic movements are possible and can therefore be claimed to strengthen the neoliberal configuration.[6] Furthermore, there is another point of critique which is closely related to the above and of high relevance to this thesis, namely that neo-Gramscian theorists are too occupied with elites and top-down type of research (which is claimed to have its roots in an undeveloped use of Gramsci's understanding of hegemony)[7]. These arguments have been countered by the

[1] Bieler & Morton (2004): 104.
[2] Rupert & Scott in Mark & Smith (ed.)(2002): 286.
[3] Gill (2008): 107.
[4] Ibid: 110; and Rupert (2005): 486.
[5] Cox (1981): 145-147.
[6] See Drainville (1994) and Cammack (1999) in Bieler & Morton (2004):103.
[7] Murray & Worth (2009): passim.

statement that neo-Gramscian research is fundamentally about resisting configurations of this sort, but can at this stage merely serve as a first and fundamental step in the direction of investigating possible alternatives—for which it is necessary to study what it is supposed to oppose.[1] There is therefore a reason for why neo-Gramscian research thus far largely has been focused on developed market economies and international institutions, and there are at least two further points which need mentioning. The first is that the transnational still involves state-society complexes, but on another level. In the view that this thesis follows, what the (national) state was for Gramsci, the World Order is today. They are not the same as to their content or in law, but they fill the same function in relation to civil society. Secondly, neo-Gramscian theory should not be regarded as exclusive in the sense that it would not allow itself to be applied on civil society research and bottom-up approaches, indeed it welcomes it.[2] Nevertheless, it can be agreed there is a need of moving forward towards enquiries into non-developed market economies, especially since they do not have the same outset for economic policies as those that have been studied before. Even if this thesis is under the scrutiny of having an elite focus, it can be claimed to begin to explore this 'next step'.

Finally, there is one point of criticism that has not been directed towards neo-Gramscian theory directly but nonetheless *may* present a challenge, which is the claim that: "Classical neoliberalism has [already] lost its hegemonic position"[3] in favor of an idea of social investments (see pp. 4-5). Jenson argues that occurred in the late 2000s when neoliberalism was perceived to have reached its social policy potential. Seeing that neo-Gramscian theory has been highly critical of neoliberalism and claimed its hegemonic status in the current World Order Jenson's assertion poses a challenge to this idea.

[1] Bieler & Morton (2004):103.
[2] Gill (2008): 12; 20.
[3] Jenson in Morel et.al. (2009): 27.

2.6 The Case of Ukraine

Despite the criticism towards neo-Gramscian theory explicated above, the theory still holds explanatory power. This is especially precise in the case of Ukraine since it is an unexplored field for neo-Gramscian theory. One reason for this is that earlier writings have traditionally been focused on developed capitalist states and World Orders, and it is only more recently that case studies of industrial- or less-developed market economies have been conducted. Moreover, Ukraine has thus far been placed in the category of East-European countries rather than studied in its own right. Sibel E. Özdilek has analyzed Ukraine from a neo-Gramscian perspective as a case study in a larger framework of the European Neighborhood Policy (ENP)[1], but apart from that there are gaps to fill. Moreover, neo-Gramscian theory has touched the subject of FDI and explained its importance, but merely as a fraction of an investigation rather than being the sole focus. The kind of take on FDI in this thesis has therefore been unexplored. Furthermore, in 2008 Stephen Gill claimed that international pattern of elite interaction had not been thoroughly investigated from a neo-Gramscian perspective.[2] The choice of actors below can therefore attempt to fill the space that Gill has identified.

[1] Özdilek (2009).
[2] Gill (2008): 108.

3. Methodology

As explained above, the neo-Gramscian approach takes both ideational and material aspects into consideration. These are in a dialectical relationship and therefore both need to be considered while trying to come to terms with societal changes. The focus of this thesis, however, is the ideational aspect and the material aspect will serve as contextual background due to a choice of narrowing down the research. The use of statistics in this thesis is therefore not to be seen as an attempt to find causality with discourse. First of all, neo-Gramscian historicism is more concerned with explanation of historical change than causality[1]. Secondly, the effects of policy changes is hard to operationalize as there is a high risk of lag between implementation and reaction, and of singling out the effects of one policy amongst others' (e.g. foreign investment from privatization). The method of investigating the ideational aspects is done a discourse analysis of articulations by Ukrainian key actors with regards to FDI, and their relation to those of the IOs (both presented below).

3.1 Critical Discourse Analysis

'Discourse' refers to the notion that there are different ways of using language according to situation (i.e. context), and discourse analysis attempt to reveal their meaning beyond linguistic properties, as in what they attempt to portrait and in what manner.[2] The various approaches within the field of discourse analysis share the idea that language is social; however, there are important distinctions between them. The choice for this thesis, keeping both the topic and theoretical approach in mind, has been Critical Discourse Analysis (CDA) as presented by Norman Fairclough.

CDA has its foundation in Critical Linguistics that emerged within linguistic studies in the late 1970s, but some views can be traced back to the Frankfurt School before the Second World

[1] Ibid: 21.
[2] Paltridge (2006): 2-3.

War[1]. However, it was not until the 1990s that CDA became considered as an approach as such in its own right[2]. What distinguishes CDA from other approaches to discourse analysis is its interest in the relation between language and power, or more specifically how "discourse structures enact, confirm, legitimate, reproduce, or challenge the relations of *power* and *dominance* in society"[3]. Furthermore, CDA does not focus solely on discursive but also societal phenomena and assumes the existence of other social practices beside discursive ones[4]. It therefore stresses the need not only to analyze spoken and written text, but also the structure and social processes that precede their production[5] (thus the upcoming contextual background). CDA could hence be categorized as what Tonra and Christensen refer to as a 'macro' approach to discourse, i.e. one interested in how discourse constrains and constructs social processes, in contrast to 'micro' approaches that deal with patterns of language on a lower basis, such as conversations[6]. In neo-Gramscian terms, CDA puts a greater emphasis on the dialectical relation between order and the struggle for ideational consent than do other approaches of discourse analysis.

In 1997, Fairclough and Wodak summarized the foundations of CDA into eight main tenets.[7] Based on these, the fundament of CDA is that it addresses social problems that in turn derive from power relations, and these power relations are discursive. Further, discourse is a form of action that constitutes society and culture, does ideological work, and is historical. This means that although discourse has a strong influence on the formation of power relations, the content of these are by no means set. Moreover, the link between text (written, oral, or visual) and society is mediated, meaning that the context of both text and society play a role in how the prior is perceived by the latter. Due to this, analysis of discourses should be both explanatory (*what* text is produced) and interpretative (*how* it is mediated and affecting society).

With the above in mind, it is hardly surprising that when placing CDA within the wider scope of social studies, Fairclough refers to this approach as belonging within the tradition of

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[1] Van Dijk (2007): 252.
[2] Wodak & Meyer (2001): 5.
[3] Van Dijk in Tannen et.al.(2001): 253.
[4] Cf. Moffe or Laclau, see Tonra & Christiansen (2004): 79.
[5] Fairclough & Kress in Wodak & Meyer (2001):2-3.
[6] Tonra & Christiansen (2004): 65.
[7] Fairclough & Wodak in van Dijk (2007): 271-280.

'critical social science'[1]. Hence, CDA and neo-Gramscian theory share the same position towards social research when Fairclough claims that CDA attempts to display hidden power relations[2] and is ultimately out to resist social inequality[3]. For the purposes of this thesis, CDA thus offers an explanatory power to neo-Gramscian theory and complements it better than other approaches of discourse analysis might have done. Especially its trait of emphasizing power relations makes CDA applicable as a method in other disciplines of social science, such as IR, since it is not bound to linguistics *per se* but has a broader scope. In fact, developing a transdisciplinary dialogue and recognizing that textual analysis should not be seen as a replacement for other forms of social research, but rather as a supplement, is one of the very motivations in Fairclough's work.[4]

By different 'forms of critique' Fairclough refers to ways of displaying the inter-connectedness of social phenomenon[5]; and three major distinctions can be made between them in CDA: ideological, rhetorical and strategic. Ideological critique looks at the effects of semiosis[6] on social relations of power, e.g. how the creation of meaning affects who rules and who obeys. Rhetorical critique concerns persuasion through texts, e.g. how ideas or actions are motivated to persuade others. However it is the third, strategic critique, which will be adopted as a more specific method in this thesis. Strategic critique looks at how semiosis is used within strategies and is pursued by social agents or groups to change societies in particular directions.[7] In Fairclough's *Critical Discourse Analysis,* strategic critique is applied on the discourses of 'information society' and 'knowledge-based-economy'.[8] The same objects of research presented there will be used in the investigation of discourses on FDI in Ukraine. In this case, it would

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[1] Fairclough (2003): 15.
[2] Wodak & Meyer (2001): 15.
[3] Van Dijk in Tannen et.al.(2001): 252.
[4] Fairclough (2003): 5-15.
[5] Fairclough (1985):747.
[6] Semiosis refers to the creation of meaning through associating a signified with a signifier, e.g. foreign investments (signified) may be connected to 'threat' or 'developing' (signifier). Importantly, CDA agrees with other forms of discourse analysis that the relation between signifier and signified can be changed, but disagrees with the thought of it as arbitrary: rather, it is socially motivated, i.e. there is a social (political) reason behind what is connected to, for example, foreign investments. See Fairclough (2002): 74-75.
[7] Fairclough (2005): 12.
[8] Fairclough (2003): passim.

indicate a deliberate process of attaching certain characteristics to FDI through using a specific discourse in shaping policies and strategies, the aim of which is to change the direction of the Ukrainian economy and society. The concepts in italics below, taken from the above-mentioned article, will function as guidelines in the unraveling of these discourses.

After having clarified the emergence or appearance of a discourse, the depiction of the *struggle for hegemony* or *defeat of the alternative* follows. This involves finding the portrayal of any existing alternative as well as finding the portrayal of a self-conception. According to Fairclough, a struggle for hegemony between political forces can partly be seen as a contention between universalistic visions and representations of the world[1]; in neo-Gramscian terms, a study of a hegemonic discourse should also take counter-hegemonic discourses into account. For the purpose of contestation, political forces use *imagined realities:* representations of how things might, could, or should be. A fictional statement such as ‘Ukrainian participation in the world economy will bring prosperity to the country and set it on its rightful path’ serves as an example. Further, the formulation of imagined realities can also come about through adopting external discourses. In that case *recontextualization* occurs, i.e. as external discourses enter Ukraine they face a new context, into which they are adopted. Within the process of ‘recontextualization’, there is a dialectic relation between the processes of *colonizing* and *appropriation*. ‘Colonizing’ refers to the entrance of new concepts into the internal discourses and practices. It is feasible that concepts such as ‘global economic integration’ or ‘investment friendly’ were a part neither of the discourses nor of the practices in Ukraine while in the Soviet Union, but that they entered later on from an external source[2]. ‘Appropriation’ refers to the way new concepts or discourses are adapted to the internal context, i.e. “putting it in relation with what already exists”[3]. For example, when used in the Ukrainian context, ‘investment friendly’ may acquire a different meaning than elsewhere—i.e. instead of meaning less bureaucracy it could mean increased state supervision. Once discourses have been ‘recontextualized’ they have become a part of the internal discourse and therefore a way of thinking (which in turn directs the society towards a certain direction).

[1] Ibid: 45.
[2] This is obviously a matter of empirical investigation. Here it merely serves as an imaginary example for the sake of an argument.
[3] Fairclough (2003): 103.

Thereafter, *materialization or operationalization* occurs. This is when the discourses have been translated into tangible action, as in the example of economic discourses resulting in production of new factories or products.[1] In the field of foreign investments, such 'materialization' or 'operationalization' may be the creation of new government departments or bodies, legislation, or institutes. In turn, 'operationalization' could also be connected to *depoliticisation,* meaning that what has been a part of a political discourse becomes a technical one, thus removing it from the political field of discussion and making it appear as 'self-evident' (and undemocratic in a neo-Gramscian understanding[2]).

In order to understand the appropriateness of the chosen CDA concepts in investigating discourses on FDI, their application could be made more comprehensive. Clarifying the hegemonic discourse is a matter of finding what foreign investment is (and is not) associated with and the self-perception of Ukraine, while finding 'imagined realities' requires looking at the assumptions a text makes. 'Recontextualization' demands looking at both external and internal discourses to find whether they correlate or differ. 'Operationalization' looks beyond the text at a material output.

3.1.1. Research Material

In order to keep the material for this research relevant and manageable, a data filter has been formulated. The first prioritization is to focus on the ideational side, i.e. discourses rather than statistics. Secondly, the time span selected for consideration is the years 1991-2010. Both neo-Gramscianism and CDA favor a long span of enquiry, and this also allows following a national discourse from its very beginning. Although it may seem long, the complementing criteria enable the material to be kept manageable. Thirdly, the text has to be a policy recommendation, strategy document, report, or a commentary by Ukrainian actors on FDI. Fourthly, the text must refer to foreign investment. This is necessary in order to avoid any confusion with privatization or other

[1] Ibid: 240.
[2] See Shields (2008): 459-463.

economic policies that instead will be referred to as context and secondary material. It should be pointed out that all material is in English (i.e. not Ukrainian or Russian). Although this may restrict the access to discourses it is still the discourse towards international actors that is of interest, and since FDI is international per definition documents (and legislation) are often translated into English. Finally, the actors that have been chosen, and whose texts will be analyzed, are divided into two: internal and external.

By internal is meant the following Ukrainian actors: the Presidents, Prime Ministers (PM), chairmen of Verkhovna Rada (i.e. the Parliament), the National Bank of Ukraine (NBU), Ministry of Finance (MoF), Ministry of Economy (MoE) and the Ministry of Foreign Affairs (MFA).[1] These have been chosen as they seem to represent 'the elite' in FDI policy formulations, and here constitute what Gramsci would refer to as the historical bloc. In total, they cover governmental-, monetary-, financial- and foreign relations, which hopefully will contribute to providing a broad picture. Furthermore, Cox has pointed out that certain state agencies (e.g. ministries of finance, prime minister's offices) are key institutions in adjusting domestic economic policies to international ones[2]. Nevertheless, it should not be forgotten that other groups obviously can be influential (e.g. trade unions, local politicians, opposition parties, oligarchs, diplomats or lobby groups) but these have been excluded from this study.

There are two main types of sources for the above discourses: the documents and commentaries found on respective official website, and the media source *The Ukrainian Weekly*, a newspaper primarily aimed at the Ukrainian diaspora in the United States and Canada that has been published since 1933. The latter has been added as the official websites do not cover the early 1990s as adequately as the 2000s. Knowing that critique could be aimed at the angling of representations, the usage of its content has been drawn down to using direct quotes or paraphrases of the mentioned actors in connection to foreign investments. If a direct quote has

[1] It should be noted that the proportion of these actors in the material is not completely balanced, as can be seen in the bibliography. This is particularly true for the Verkhovna Rada and the Ministry of Economy, but their contribution was nonetheless deemed important and thus included. This showed to be one of the major obstacles in using the English language only.

[2] Cox (1981): 145-146.

been used, the footnote will refer to the representative in respective journalist's article, if paraphrased then only to the journalist.

As *The Ukrainian Weekly* publishes its archive online, it has been possible to narrow down the relevance of the issues. The search has been done through the issues of 1991-2010 with the words: foreign investment (i.e. not "foreign investment"). Although this approach causes more hits, it has allowed finding articles that treat the subject of FDI, but formulate it differently, such as: foreign -investors, -firms, -businesses, -businessmen, -capital, and -economic activity, as well as 'foreign- and domestic investment'. The search has then been sorted by relevance. Regarding the 1990s, all issues with hits were investigated as to find more material, but for the 2000s the top-20 issues by relevance per year were chosen. Using the same search words within the issues have in turn narrowed down the relevant part of articles significantly. All in all, this has resulted in 662 issues that were hits, whereof a total of 54 articles were used from 49 issues.[1] It should also be added that no joint statements, i.e. of Ukrainian and foreign leaders, have been included as they are not considered to be fully and only representative of the Ukrainian side.

The external actors are: GATT/WTO, OECD, IMF, and the World Bank. As explained earlier, these have been identified by neo-Gramscian theorists as highly important actors in international political economy and institutionalization of the interests of a transnational historic bloc. Additionally, they have also been engaged in Ukraine's economic policies to different degrees since its independence. The main sources for their discourses have been documents released on Ukraine in particular, but the lack of relevant material from the 1990s has made it necessary to include documents from the category of former Soviet states. In total this has added up to 15 relevant documents, of which a majority were from the World Bank. The same search words were used here as for domestic actors. *The Ukrainian Weekly* was not used for external actors in order to narrow the material. Anything outside of the above is considered secondary material in the usage of CDA.

[1] From 1991-1999: total of issues with matching search: 442; issues used: 23; and articles used: 27. From 2000-2010: total issues with matching search: 220; issues used: 26; and articles used: 27. As to exemplify these, 32 articles have been chosen to represent the discourses in the following text,

3.2 Research Questions and Aims

The heuristic point-of-departure for this thesis is whether one must comply with the prevailing consensus of global political economy in order not to be marginalized, i.e. if alternative conduct can be successful within structures that do not favor them. The underlying issue is how a post-communistic state or any state not 'fitting the mold' has adapted itself to the environment into which it gained its independence, i.e. in relation to 'the consensus'. Ukraine is one of those states and, as explained above, withholds a peculiar position in the field of FDI. Further, this adaption cannot only be measured quantitatively but should be complemented by a more qualitative approach. These are the ideas upon which the following specific research questions have been formulated:

- What changes can be seen in the Ukrainian discourse on foreign investments since independence in 1991?
- What perceptions of Ukraine, the state, business, and the world economy do they reveal?
- In what way do the discourses relate to those of the WTO, OECD, IMF and the World Bank?
- Have alternative or opposing discourses been formulated amongst the Ukrainian political elite?

Through the attempt to answer the above questions, this thesis will primarily aim at four things. Firstly, is seeks to contribute to the diversification of the study on foreign investment and its policies. Thus far the majority of research is within the field of economic studies, while there could be explanatory power in other fields such as IR. Secondly, looking at FDI in Ukraine through CDA can bring forth some ideational features that have been lost in quantitative research, and complement their results. Thirdly, it can contribute to neo-Gramscian theory through its application on an earlier unstudied case. Neo-Gramscian theory began with the analysis of advanced capitalist states, while this study focuses on a post-communistic state that possibly has undergone, or is undergoing change. Finally, it may give some grounds for alternative representations of FDI and its policies that perhaps can contribute to the continuing, although quiet, discussion of the necessity or possibility in creating transnational FDI policies.

4. Ukrainian Discourses on Foreign Investments

The idea of increasing inflow of FDI into the Ukrainian economy has been present from the first years of independence. The material has shown that there have been six clearly present discourses on FDI. As seen in the introductory chapter (see 1.2 The Dualism of Foreign Investments), FDI has 'traditionally' been attributed to providing technology transfer, training of domestic workers, increased competition, efficiency, filling the gap of investment need and speeding up the privatization process. Three of the Ukrainian discourses have this more traditional character, formulated as' growth', 'modernizing', and as 'competitiveness'. The other three discourses have a different, more social orientation where FDI is seen as: 'financing', 'integration', and 'cooperation'. Understandably there are several overlaps, not only within the broader categories of traditional and social perceptions but between them as well, which should be kept in mind.

With a focus on FDI, this chapter begins with a historical overview of the context in which the discourses were shaped. Thereafter it presents the emergence of discourses together with some examples, and shortly shows what representations they make; in CDA terms, this chapter looks at the emergence of discourses. A further look at the representations of actors in FDI; their relation to the discourses of the chosen IOs; and the larger changes within the discourses will be presented in the subsequent chapter.

4.1 Contextual Background

The dissolution of the Soviet Union has been claimed not to be the revolution that Ukraine would have needed, but a collapse;[1] and surely, the turbulence of political life in Ukraine had only begun when independence was declared in August 1991. Leonid Kravchuk, member of the Belovezhskaya Pushcha Pact that took part in dissolving the Soviet Union and creating the Commonwealth of Independent States (CIS), and who had initiated the referendum for Ukrainian

[1] Subtelny (2000):597.

independence, was elected the first Ukrainian president in December the same year.[1] Kravchuk was the leader of the Communist part of Ukraine (CPU) during the last years of the Soviet Union, but after its dissolution adopted the nationalistic aspirations of the Rukh party instead. With both nation-building and economic reforms in mind, and as the suggestions ranged from shock therapy to gradualism, Ukraine chose a third option: a "socially-oriented market economy". Initially, Ukrainian political economy also became a question of sovereignty. For example, Dyzcok points out that Ukraine understood the need of capital, but at the same time wanted to keep Russian ownership of Ukrainian businesses under control.[2]

Ukraine sought to retain command of its economic resources and at the same time balance this with the trends in international economy, i.e. increased foreign investments. The total flow of FDI in the world had nearly tripled in the 1980s—business was going international and looking for new markets. Meanwhile, there was a significant difference in the importance that FDI held in relation to domestic investments in 'developing' and 'developed economies'. Although comparatively small amounts, the increasing inflows of FDI to developing economies played a much greater role in their economies than before.[3] In Ukraine, FDI amounted up to closely 2.7 percent of GDP in 1991[4]; and by the end of 1992, it has signed five bilateral agreements on investment protection.[5] However, during Kravchuk's presidency avoiding political conflict and ensuring social stability was prioritized before economic reforms.[6] After three years in power, Kravchuk resigned whereby Leonid Kuchma took power and set the country on a new course from 1994 onwards: Ukraine initiated market- and economic reforms and became internationally active.[7] Ukrainian legislation on FDI that had begun with granting generous incentives, like tax holidays and exemptions from regular business legislation, were phased out during Kuchma's

[1] Official Website of the President of Ukraine (2011).
[2] Dyczok (2000): 7; 79.
[3] This report from which the terms 'developing and developed countries' are taken, has not included Eastern Europe or the USSR in its analysis (and therefore not the conditions of Ukraine). However, these figures serve a good indication of the overall world situation regarding FDI. United Nations Conference on Trade and Development (UNCTAD) (1991):3-6.
[4] In current US$, See World Development Indicators Database (2009b).
[5] China, Denmark, Egypt, Finland and Mongolia. InvestUkraine (n.d): 21-23.
[6] Kravchuk (2002): 59.
[7] Subtelny (2000): 619-620; Official Website of the President of Ukraine (2011) and Kravchuk (2002) 39.

first term.[1] Moreover, oligarchic clans became a driving force in politics as it would be no exaggeration to say that all presidents and PMs from Kuchma and forward either have had an oligarchical background or political backing from such groups, at times even dominating the Verkhovna Rada.[2] Moreover, by 1996 the income share of the highest ten percent had increased by eight percentage points in comparison to 1992.[3]

Ukraine entered the new millennium with re-electing President Kuchma for a second term in 1999. Even though Ukraine was credited for its nation-building in a complicated environment it was also criticized as not having developed enough from an economic perspective—to such a degree that the World Bank called it" the lost decade".[4] It is at this time that the ideas of an approaching "miracle" emerged, because even if the Ukrainian economy in the 1990s has been regarded as misdeveloped rather than underdeveloped[5], there was hope for the situation to turn towards the better. With regards to FDI Ukraine had (on paper) played it by the book as both legislation and incentives were in place and state agencies set up. Still, FDI had "failed to materialize".[6] As the focus of FDI-policies shifted from 1990s' emphasis on shaping macro-policies to creating the right 'enabling environment' in the 2000s[7], the Ukrainian government decided to create Special (Free) Economic Zones (SEZs) in targeted areas where privileges and incentives were granted in order to increase FDI inflows. Only a few all-encompassing laws were implemented, while the establishment of zones had to be passed by the Verkhovna Rada. Moreover, projects that wanted privileges had to have close contact with both local authorities and a contract with central government bodies[8]—i.e. the zones were not free according to market economic definition. In 2002, it was claimed that Ukraine remained "stuck between the plan and the market"[9].

[1] OECD (2001a): 16.
[2] See Åslund & McFaul (2006): 9-28.
[3] World Bank Development Research Group (2011).
[4] World Bank, the (2000b): ii.
[5] Dyczok (2000): 68.
[6] Möllers in Hoffman & Siedenberg (eds.)(1999): 139.
[7] Gallagher & Zarsky in Zarsky, L. (2005): 14.
[8] World Bank, the (2005).
[9] Kravchuk (2002): 6.

The turbulence in politics had not calmed even though the same President had been in power for almost ten year, and this showed in the 2004 presidential elections. As it became evident that the elections' second round had been tampered in favor of the current PM Viktor Yanukovych, the presidential candidate from the party Our Ukraine and former PM, Victor Yushchenko, urged the people to gather at the Independence Square in Kiev, "Maidan", to show their discontent. Massive demonstrations took place around the country and government buildings were barricaded. Foreign participation in negotiations between the two camps held the situation peaceful, but the end of the standoff came after a decision on constitutional amendments that would reduce presidential powers and change electoral laws. After a rerun of the second election round, Yushchenko and what had become known as the "Orange Revolution" had won.[1]

Yushchenko and PM Yulia Tymoshenko promoted a 'pro-European way', separation of business and politics, and easing the process of conducting business—a rhetoric that was internationally welcomed.[2] President Yushchenko warned rich businessmen that they would have to take larger responsibility in contributing to increasing the social standards in the country, mainly through sharing the tax burden as legal loopholes would be closed.[3] In 2005, all privileges of the SEZs were eliminated without consultations[4] but the major break with the Kuchma era was the re-privatization and televised sale of the prior state-owned company Kryvorizhstal, which first had been sold under market price to Ukrainian businessmen disregarding higher bids from foreigners. As it was sold to Mittal Steel it came to be Ukraine's single largest FDI flow to date.[5] Furthermore, through a Presidential Decree in 2005, the State Agency of Ukraine for Investments and Innovations was created, in which InvestUkraine became the contact with foreign businesses[6]—a recommendation that the World Bank had given in 1993 as to "encourage the flow of foreign capital". [7] In this short amount of years, many policies were therefore

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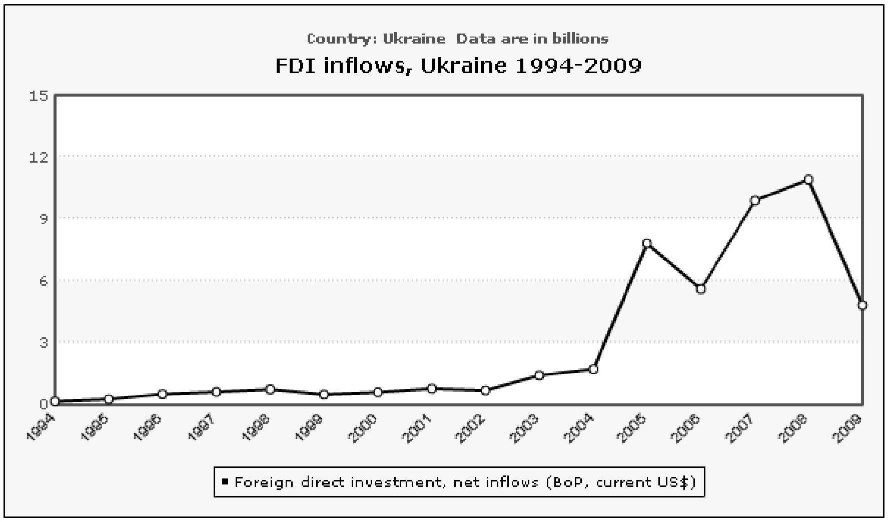
[1] Åslund & McFaul (2006):1-4.
[2] Terterov (2006): 1-3.
[3] Woronowycz (2004).
[4] World Bank, the (2005).
[5] Terterov (2006): 8.
[6] State Agency of Ukraine for Investments and Investment and Development (SAUII) (2011) and InvestUkraine (2011).
[7] World Bank, the (1993b): 5.

implemented. In 2007, the World Bank stated that in western business circles “the “Orange Revolution” put Ukraine on the map and investment interest is significant”[1]—which can be seen in in FDI inflow in the graph below.



Graph 1 The graph shows the changes in inflows that occurred after the Orange Revolution, and the immense impact of the 2004 sale of Kryvorizhstal.
Source: the World Bank.

The orange camp that originally had been shaped around the opposition towards Kuchma did not last. In 2005, after ‘internal disputes’ with Yanukovych, Tymoshenko left office but returns as PM in 2007 after winning the parliamentary election, and decided to run for President in the 2010 elections.[2] The results, however, were in favor of Viktor Yanukovych who had been pointed out as Kuchma’s successor prior to the Orange Revolution, and who was inaugurated in February 2010. Thus, and all the way up to this date, Ukrainian politics has seen turbulent changes, yet the with same faces in different constellations. It was during these times and against this political background that the following discourses were formulated.

[1] World Bank, the (2007b): 10.
[2] Official website of Yulia Tymoshenko (2011).

4.2 Growth

As seen, economic reforms had to wait in favor of political stability in Ukraine's first years of independence. Nevertheless, once economic growth became the focus in Ukrainian policies FDI was a part of these considerations. In a communication to GATT in 1994, the government of Ukraine stated that:

> "In Ukraine, an even greater importance is being attached to foreign investments as these present an effective means of facilitating her way out of the crisis. At present, for instance, the required volume of foreign investment accounts for about 26% of the national budget for 1994."[1]

This shows that Ukraine counted FDI as a part of its national budget, and an important one as well, as it is seen as a way of accelerating Ukraine's attempt to get out of the crisis. Regarding the public policies on FDI, the same document states that they were "[…] directed towards substantial growth of foreign investments in Ukraine's economy, *especially those* that bring in capital, new technologies, facilitate privatization, support the creation of new production facilities and jobs…" [own emphasis].[2] This reveals that Ukraine is depicted as needing all things listed, wherefore it can also be regarded as having old technology, not being privatized enough, lacking production facilities, and not creating work possibilities. Meanwhile, FDI is not seen as an entirety that brings these advantages automatically, as there is an indication that all FDI do not bring what Ukraine is looking for; however, the government does not show indications of stopping those that do not. Overall, the idea that foreign investors have to be encouraged, e.g. through incentives, rather than acting on their own became increasingly present. This reflects that the government is responsible for tackling hinders for foreign investments and foreign investors can therefore be seen as passive in this effort—rather just waiting for it to happen[3].

Early on, the role of FDI in Ukraine's economy was also expressed in terms of helping the situation in Easter Europe at large, wherefore it would be important for others to invest in its economy (despite problems associated with undergoing reforms):

[1] Government of Ukraine (1994): 27.
[2] Ibid.
[3] For example, see Bihun (1996).

> "Further foreign investment can be beneficial to both Ukraine and the foreign investor, he [President Kravchuk] said. "We are aware that no one can bring Ukraine out of its economic crisis, but Ukraine can and will play a stabilizing role in Eastern Europe."[1]

Although reflecting Ukraine as in a crisis situation from which it cannot be helped and must manage on its own, it also gives the impression of a level of confidence and what role it is willing to play in the future. Kravchuk defines Ukraine as a country in Easter Europe, an instable region that needs to be stabilized. FDI is depicted as something positive and foreign companies are encouraged to see it as such both ways. Furthermore, the discourse of 'growth' also sees FDI as a sustainable alternative[2], as understood not from an environmental perspective but in the sense that it can be a steady income that generated more capital along the way—e.g. bringing the economic stability the region needs.

Later and in a continuingly positive manner, President Yushchenko expressed that: "…I want them [investors] to more actively come to our country because our potential is very promising and strong. It triggers positive changes in different spheres of our lives."[3] Here Ukraine is seen as having strong potential with a promising future, but without others having recognized it yet. FDI is seen as having positive effects on various parts of life (i.e. not only economical) and that investors can, and should, have an active role in state change. The same idea is expressed by the National Bank of Ukraine (NBU), although in more technical terms:

> "[…] thanks to foreign investments and external borrowings a surplus balance of the financial account will compensate the red ink of the current account whose volume and structure may suffer certain changes due to the expected rise in fuel prices and deceleration of the world economy development and with taking into consideration the need in adaptation of the external economic relations of Ukraine to the rules of the WTO"[4]

As Ukraine needs to adapt its external economic relations to the rules of the WTO, for which it has applied for membership, it is perceived that there might be complications and FDI (along with

[1] Lew (1994).
[2] Government of Ukraine (1998).
[3] The Ukrainian Weekly (2008).
[4] National Bank of Ukraine (2008):5.

other forms of external financing) can compensate this. This is the promotions of a solution where external actors need to be involved to solve Ukraine's issues at the international scene. This reflects that Ukraine's economic welfare also depends on external factors on the international market and not just its own policies.

4.3 Modernizing

In the 'modernization' discourse FDI is thought to bringing technology, diversification, reforms, quality, innovation, managerial experience, consolidation of businesses, and efficiency—all features that are simultaneously detached from Ukraine. The shared idea behind the discourse is that Ukraine should and could become modern both in terms of production and governance. The implication is that Ukraine is not a modern state, wherefore it has asked for outside assistance (that are considered as modern), and the role of the government becomes to steer investments into priority sectors of modernization.[1] Although stated by Ukraine's second president Leonid Kuchma in 1998, the quote below speaks for clearly for the idea of FDI having modernizing effects, present both before and after this date:

> "Our goal is to become a modern country with all the institutions and processes that will make it possible for us to work within the world economic community…To achieve this, we need your [foreign- and joint businesses'] experience, your know-how and your business ethics".[2]

Ukraine is perceived as un-modern and can be interpreted as having low levels of experience, technology and business ethics. It also reveals an idea of the world economy as a community, for which Ukraine is 'unfit' but wants to belong to (remembering that Kuchma is believed to have opened up Ukraine internationally, see p. 30). Even if Ukraine is unable to change this situation entirely on its own, it is recognized that the government has a responsibility over their economy, and that FDI could be of assistance in modernization. The role that is ascribed to foreign business

[1] See Government of Ukraine (1994); Chomiak (1997); Yatsenuk (2007); Socor (2008); Yanukovych (2010a)
[2] Kuchma in The Ukrainian Weekly (1998):3.

in national modernization was also present in Ukraine's very first year of independence, as could be read in the *The Ukrainian Weekly*:

> "[President Kravchuk] stressed that although Ukraine will have to solve its own problems, foreign business assistance can be crucial in helping to get the inefficient economy out of its present state".[1]

This reflects a self-perception of being in a bad condition and inefficient, yet capable and ready to take responsibility if foreign business is willing to help out initially—i.e. the same ideas that were presented later on by Kuchma (above). Foreign business is seen as efficient, and market actors as a possible source of help for state actors—in some cases even of better assistance in economic development than the state. In a later statement aimed at the WTO, the government expressed that:

> "Industrial enterprises can not [sic.] count on State subsidies in the development of modern technologies and modernization of production…The Government…plans to attract foreign investment s [sic.] and technologies in those industrial branches that are not able to compete in the world market."[2]

The perception of Ukrainian businesses is that they are badly operated and need to take responsibility of their own development without state intervention; instead, FDI is ascribed competency and given the role of making Ukraine a competitive state and the world market is seen as a competitive environment.[3]

A problematic situation, however, is identified by President Kuchma in 1998: "[Western businessmen] only promise us everything if reforms go through. But reforms cannot be completed until investment develops".[4] This frustration of being 'caught' or slowed down in its development shows on a perception of dependency in the relation between Ukraine and foreign business. It also aims critique towards western business for being too timid and not understanding

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[1] Zakydalsky (1991).
[2] Government of Ukraine in WTO (1995).
[3] Although present in this discourse of 'modernization', competitiveness has been such a strong feature that it is presented in the forthcoming part. For its presence in the 'modernization discourse, see: Zadalsky (1991); Government of Ukraine (1994); and The Ukrainian Weekly (2009a).
[4] Kuchma in Woronowycz (1998).

its role in the development on Ukraine. A certain frustration towards the world market is also seen, believing that states should not have to be caught in a catch-22, i.e. end up in a situation which it cannot influence. Another point of critique towards investors has been that the interests of the investors must be long-term[1] (which shows on certain doubts as to whether they are). Closely after this, the SEZs were introduced.

A gloomy picture of Ukraine is painted throughout the 1990s, where the state is seen as unable to complete projects towards modernization, and privatization is promoted to enhance efficiency and technology.[2] During Yanukovych's presidency, Ukraine attempts to present a more positive self-image with regards to modernization. Ukraine is presented as active in addressing its own problems, making efforts at all levels, and having a lot of potential—something businessmen should recognize.[3] At the same time, increasing FDI inflows becomes one of the priorities of his government:

> "In economics, one of the top priorities for my government is to modernize out economy, increase its competitiveness and attractiveness for investors. We clearly understand that Ukraine should encourage a considerable growth of foreign investments."[4]

Implicitly, Yanukovych's statement claims that if modernization and competitiveness is the aim then it is "understood" that a state should encourage FDI. Ukraine is portrayed as not modern, FDI as something that has to be attracted (i.e. does not act without incentives), and that low attractiveness and competitiveness can hinder these developments, as further explained below.

4.4 Competitiveness

As a newly independent state it was not surprising that Ukraine's economic changes would be compared to those of other states in the same situation. Apart from that, Ukraine's relations

[1] Government of Ukraine (1999).
[2] See for, example, Government of Ukraine (1994) and (1997).
[3] See Yanukovych (2010a); Yanukovych (2010b).
[4] Yanukovych in The Ukrainian Weekly (2006).

towards Russia were also under consideration. The presence of foreign businesses seems to have been viewed upon as a step towards lesser dependence on former Soviet structures, and towards a greater independence. For example, in 1994 President Kravchuk claimed that "massive investment by private Western business concerns in Ukraine would go far to stabilize Ukraine's economy and, as a consequence, solidify its statehood."[1] Similarly, in an address to financial and capital management groups in 1991 President Kravchuk expressed: "I want you to look to Kiev, bypassing Moscow."[2] Quite clearly, this statement makes a point out of distancing Ukraine from Russia, claiming its independence from it, wishing to be treated accordingly, and that foreign business can confirm its independence through directing its attention to Ukraine without having Russia in the back of their minds. Kravchuk's interest in nation-building is thus present.

The material also shows that in the 1990s, the Ukrainian actors made a separation between foreign investors and Russian investors, but the same division was not present in the 2000s. As Russia started to become one of the major foreign investors in the economy of Ukraine, and it was questioned whether this was troublesome, the Minister of Economy said that it was not an issue, but an indication that the Ukrainian economy was not adequately open[3]. Thus, in 2003 Ukraine did not seem to have the same need of distancing itself from Russia and stress its independence, but thought that the wider issues is that the Ukrainian economy is closed. It seems as if others are the judges of openness, and that Ukraine has not reached the degree wanted. Furthermore, it also shows that even if Russia is not an issue for Ukraine, it seems to be for others.

In this discourse of 'competitiveness' FDI has been used as a point of comparison towards other states and their successes.[4] Often the Ukrainian actors have used Poland as the benchmark case. For example, the former vice-chairman of the NBU stated that "Although the overall sum [of FDI] remains paltry compared to that of Ukraine's neighbors such as Poland…"[5], and the

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[1] Stercho (1995).
[2] Kravchuk in Kolomayetz (1991).
[3] Bihun (2003).
[4] See Kravchuk in Kolomayetz (1991); Kuchma in Woronowycz (2000); Woronowycz (2001a); Yushchenko in Adams (2005); and Yushchenko (2008).
[5] Woronowycz (2001a)

third President Yushchenko made it even clearer when saying that: “When I was chief of the central bank, I had only one dream and that was it [sic.] investment in Ukraine could reach the level of that in Poland.”[1] Not only does this reflect that Ukraine has been failing compared to other states in FDI attraction, it also shows that it is possible for post-communistic states to be successful in this endeavor, which means it should not be a hinder for Ukraine. This comparison to other states has also been a way of claiming Ukraine’s position in the world economy; as could be read in *The Ukrainian Weekly* in 2000:

> “In a 15-minute address to FIAC [Foreign Investment Advisory Council] members, Mr. Kuchma emphasized that everything possible is being done in Ukraine to make it “one of the most attractive countries for investment in the world”.”[2]

While expressing these ambition plans, Kuchma’s statement also reveals some ideas about Ukraine and the world at large. Ukraine is understood as not being attractive enough but putting a lot of effort into changing this. It also displays the idea of FDI being a way of measuring states against each other, since the word ‘most’ entails a ranking system—which perhaps more importantly gives the imagery of states being at competition, i.e. a competitive world. A similar statement to the above was made by president Yushchenko some years later: “Ukraine has a [sic.] unique potential for foreign investors…The time has come to tell investors that Ukraine, with its companies, provides the best opportunities for investment”[3]. Again, a ranking and competitive nature is present. This also reveals what the two previous discourses have pointed out: that foreign investors- and investments need to be attracted or allured—they do not act without incentives. Yet another case was when Yulia Tymoshenko expressed the will of Ukraine to claim its position internationally, and that there is a civilized and an uncivilized world, of which the former is the business friendly and corruption free which Ukraine wants to take part of while the latter is none of the above[4].

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[1] Yushchenko (2008).
[2] Kuchma in Woronowycz (2000).
[3] Yushchenko in Adams (2005).
[4] Tymoshenko in Zawada (2006).

With regards to Urkaine's perceptions of its image abroad, the current President Yanukovych has expressed that his government has undertaken:

> "[…]an important task – to modernize the country, make it competitive and dynamic…The situation in the investment area is stabilizing gradually…Restoration of investors' confidence in the national economy means that the country is moving in the right direction."[1]

In combination to what has already been said, this shows that not only do investors need to be allured, they also *define* whether Ukraine is moving in the 'right' direction or not—i.e. not Ukraine's government itself. The field of FDI policy therefore seems to a large extent be played on the terms of the investors rather than governments'.[2] Furthermore, and as with the discourse of 'modernizing', the 'competitiveness' discourse shows on a rather low self-esteem during both terms of Kuchma's presidency. Ukraine is depicted as being incapable of holding on to money, and thinks that it is being perceived by others as untrustworthy and uncompetitive. Another issue in getting FDI to increase, as Kuchma saw it, was that the Verkhovna Rada and President did not work together. In 1994, President Kuchma turned to the Rada:

> " […] asking that deputies work with him to secure foreign investment, but added that it is difficult to get this when Ukrainian capital does not return to its homeland, but is instead invested in other countries…"billions of dollars are in the hands of the populace…but this capital does not work for the Ukrainian economy, because neither our businessmen nor our citizens have faith in our state"[3]

Despite increases in inflow of FDI, President Kuchma expressed that there was still much work to be done. Even though money was returning, Ukraine has failed in its legislation and was to blame for it having left in the first place—leading to the idea that governments should adapt to the logic of capital and please investors, otherwise losing their faith in the Ukrainian market. After having used international comparisons themselves, Ukraine showed signs of frustration in the 2000 with regards to its position within, and the ranking system itself. In 2000, the current Prime Minister (PM) and former Finance Minister, Mykola Azarov was paraphrased as connecting increases in

[1] Yanukovych (2010c).
[2] See, for example, NBU (2007).
[3] Kuchma in Kolomayets (1994). Also see Woronowycz (2001a).

FDI "with exception of Ukraine from "the black list""[1]. Who sets the criteria for inclusion is not clear, but it seems as if Ukraine can only affect the situation through adapting to them, and not defining them itself, if they wish to stay off it.

Some glimpses of a more positive representation of Ukraine have however been presented. President Yushchenko expressed, with confidence in competences of the government, that the increased flows of FDI in 2005 was a:

> "sure manifestation that the Ukrainian government has managed to find the right formula in the dialogue…referring to the dialogue with businesses, since a lot has been done to create fruitful and favorable conditions that would be attractive to businesses."[2]

States and business should converse to a larger extent than they do today, and FDI can be a forum for that—a form of dialogue between governments and businesses that can be beneficial for both, and where private capital should not fear the state.

Although mostly giving positive imageries of the world economy, the former Minister of Finance Igor Mityuokov gave a harsh statement regarding criterion and assessments of states in fields related to FDI in 2000, where much criticism is directed towards NGOs:

> "We are working hard on improving the transparency of our economic management and privatization…for the sake of improving the business climate for domestic and foreign investors…NGOs are causing substantial damage to the current Ukrainian authorities by publishing self invented [sic.] governance ratings...Ukraine, as many other countries, has been trying hard to be transparent about their institutional weaknesses and existing challenges and this open attitude should not be discouraged or even punished."[3]

This sign of frustration shows that Ukraine is working hard but constantly faces critique rather than encouragement while still being in a changing process. International classifications or rankings of states can be unfair or not representative and this can seriously hurt the reputation which is needed to develop the things Ukraine is attempting to improve. It also shows that Ukraine does not see itself as an isolated case but that this happens to others as well—it identifies

[1] Ministry of Finance of Ukraine (2004).
[2] Yushchenko (2008).
[3] Mityokov (2000).

itself with those that are in the same position. The argument is that states should not be discourages while in the process of making efforts to improve points of critique and that accountability also should be directed towards those that demand it; international comparisons should be fair and encouraging. All in all, the discourse of competitiveness has on one hand showed willingness of adaptation and on the other a harsh critique on how states are internationally assessed.

4.5 Financing

As said in the introductory part of this chapter, there are discourses that point towards a more social aspect of FDI, and the discourse on FDI as 'financing' is one of them. Even though it may seem as a very technical or 'traditional' approach to FDI, it does differ from the above discourses in a very clear way. The financing referred to here is explained as serving the goals of Ukrainian policies, as being a complement of competent measures rather than a substitution of incompetent actors.[1] This reflects a different kind of belief in Ukraine's ability to grow economically than the discourses above. For example, in 1992 the former chairman of the Verkhovna Rada, Ivan Pliushch, presented an interesting viewpoint on FDI—as a source of financing, but more importantly as *not aid*. As pointed out before, in the context of recently gaining its independent it is possible that there was a feeling of needing to establish sovereignty and showing competence, wherefore aid was less attractive than other forms of financing. Pliushch said that Ukraine "is not asking for humanitarian aid—Ukrainians do not want to be carpetbaggers—but what they need is technical assistance and foreign investment."[2] In another article from the same year, Pliushch cautioned the Ukrainian diaspora from giving direct financial aid and instead:

> "Invest your capital in joint ventures, in businesses. Our law on foreign investment, according to your leading economists, offers guarantees that the state cannot seize your capital. It also

[1] See Udovenko in Woronowycz (1994); Government of Ukraine (1994); The Ukrainian Weekly (1995); Government of Ukraine (1998); NBU (2006): 64; NBU (2007): 58-61; NBU (2008): 5; Yanukovych in The Ukrainian Weekly (2010a); Yanukovych (2010a), Yanukovych (2010e); and Yanukovych (2010f).

[2] Pliushch in The Ukrainian Weekly (1992): 11.

> offers one of the lowest taxes, comparable to any other countries that offer incentives for foreign investment."[1]

In these statements, it becomes clear that FDI is to be preferred over aid for the reason that it gives a different image abroad—aid as carpetbaggers, FDI as competitive. Regarding Ukraine it is not technically advanced but does follows external expert advice in order to increase its competitiveness. It also shows the idea that capital should not be seized by the state and that international experts should be listened to. Interestingly, the idea of FDI as the preferable source of financing was not expressed by Ukrainian actors later on—but as will be seen it was expressed by the IOs.

In 1994, the Minister of Economy, Mr. Udovenko, expressed that Ukraine has high ambitions of restructuring the economy but that in order to do this "we need foreign investment, it will be very difficult to make large changes in our industry, in our agriculture without financial in-flow."[2] Again, Ukraine is depicted as able to make changes on its own, but that it needs financing to handle restructurings of larger scale; on the other hand it also shows that Ukraine's economy is badly structured. One year later, PM Yevchen Marchuk made a similar claim when expressing that the Ukrainian leadership was willing to "endure painful reforms, but that much of the success of those reforms depended on a serious inflow of private capital."[3]

One way to contribute to the financing of Ukrainian policies is to take part of the tax base through being legit in business conduct—a characteristic which seems to be understood as associated with foreign investors and TNCs that bring FDI:

> "The president [Kuchma] accused the Cabinet of Ministers of "accelerating the shadowing of the economy" and the Parliament for "excessive politicizing." He explained that the Cabinet of Ministers had done little to promote a more favorable investment climate in Ukraine and to spur the emergence of legitimate businesses willing to pay taxes."[4]

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[1] Pliushch in Kolomayets (1992).
[2] Udovenko in Woronowycz (1994).
[3] The Ukrainian Weekly (1995).
[4] Woronowycz (1997).

Besides expressing the opinion that businesses should have a responsibility of contributing to the tax base of the host economy, the quote also reveals the belief that questions regarding investments should not be 'politicized'—i.e. should be depoliticized, or made a technical issue. Moreover, according to this statement states should be creating an economic situation in their country that suits investors and promotes legitimate business (that perhaps is missing in Ukraine). This was two years prior to the introduction of SEZs.

President Kuchma explained that Ukraine has made a lot of efforts to restructure its economy, and that its priorities of tax reforms, stronger banking system, stable hryvnia, lower inflation, amongst other reflected this: "We expect that our steps in this direction will be supported by the growing presence and acceleration of efforts by foreign businesses in the Ukrainian market".[1] Hence, not only is FDI portrayed as financing, but at the same time a sign of foreign consolidation of the efforts of the government; and Ukraine wants affirmation of its hard work and expects some returns from the sacrifices it has made. Moreover, it also expresses that Ukraine should continuingly move in the taken direction, and should be supported and encouraged in doing so—much like the critique of the world economy expressed in the 'competitiveness' discourse.

The 'financing' discourse shows off a much more confident self-perception in comparison to the previous discourses, and this increases with Yanukovych's term that starts portraying a positive image of Ukrainian accomplishments in the late 2000s. At the same time, they also formulate FDI as a tool for the government to use, rather than being of an actor in a managerial manner:

> "Through organization and efficient work of the government we can considerably improve the situation [of the economic recession]…The most important thing today is to use the existing resources and foreign investment effectively."[2]

The Ukrainian government is explained as capable of improving its situation even during recession, while Kravchuk had expressed a slightly more negative view on Urkaine's capability

[1] Kuchma in Woronowycz (2001b).
[2] Yanukovych (2010b).

(see p.36). From Yanukovych's stand-point, FDI becomes a tool in the hand of the government rather than an actor with intrinsic values. Interestingly, in another statement Yanukovych says that "[…]certainly, we should direct these funds into development of the national economy and *social investments.*" [own emphasis].[1]

More recently, and in relation to the already presented discourse of 'competitiveness', President Yanukovych explained that: "In the conditions of huge deficit of internal capital investments we should emphasize Ukraine's competitive advantages to attract foreign investment."[2] FDI is explained as not being the first-hand option, since internal capital investments are looked upon more positively. It also shows that it is not until domestic efforts are not enough that Ukraine turns to the competitive side—i.e. FDI is used for a deliberate purpose rather than being an end in itself. However, it could likewise be argued that this is the reason why FDI is needed in order to bring the competitiveness that otherwise is lacking, if it wishes to take part in the world economy.

4.6 Integration

Throughout Ukraine's independence, FDI has been formulated as a step towards integration into the 'world community' with the perception that it has thus far been excluded from it. To actively address foreign (especially 'western') businesses has been seen as a necessary effort in order to be accepted into it:

> "The Ukrainian government…is expanding upon it [FDI legislation], and realizes it must provide protection from expropriation, as well as tax incentives, and continue the process of putting fundamental business laws into place to attract Western businesspeople…Ukrainians

[1] Yanukovych (2010c).
[2] Yanukovych (2010d).

> need exposure to the outside world…as the previous regime effectively insulated them from it."[1]

As with the other discourses, FDI is perceived as having to be attracted and needing incentives, in this case in the form of legislative matters and taxes. FDI is looked upon positively, as they are willing to allow them and prepared to make these concessions. More importantly, Ukraine is depicted as having been isolated from the world economy (being exclusive) and sees FDI as one way to join it. Therefore, increased FDI has also been used as an argument for Ukraine actually being on the road of becoming integrated, i.e. both a step towards it as well as a sign of it:

> "[…]as experts believe, this [WTO accession and integration into the global economy] would allow us to attract US$35 billion foreign investments…in order to organize in Ukraine the new dynamics for its economy, to create new working places and to improve economic life."[2]

FDI is thus not only a prerequisite for integration; it is also a result from it. Moreover, FDI is believed to create working places, bring dynamism and improvement of economic life at large—which are perhaps more of the 'traditional' view. The statement also reveals that Ukraine listens to expert advice in its policy making and uses it as an argument in addressing foreign actors. Moreover, it gives the impression that market forces can help organize state economies.

As for the possibilities of integration into the world economy and international community, the perception of Ukraine as lagging behind other states in its economic development is still considered problematic. In 2010, President Yanukovych stated that:

> "[…] it is extremely difficult to catch up with industrially developed countries. However, it is possible…[A strategy has been developed] to take our rightful place in the international distribution of labor…not strengthening the role of state in the economy, but government's participation in establishment of effective market mechanisms…The prerequisites for renewal of investors' and international financial institutions' confidence in Ukraine are ensuring

[1] Yurchyshyn in The Ukrainian Weekly (1991b). Also see Goncharuk (1999); Ministry of Finance of Ukraine (2004); Yuschenko in The Ukrainian Weekly (2005a); and the already used citation of Kuchma in The Ukrainian Weekly (1998):3.

[2] Yushchenko (2007).

> political stability, fighting corruption, establishing clear and…permanent rules of relations between the state and business."[1]

Ukraine is depicted as having a non-developed industry that needs to work towards getting closer to the industrialized countries—something regarded as possible although difficult—in order to remove Ukraine from its unrightful place in international distribution of labor. The idea is therefore that there is an international distribution and that the world is competitive and divided. Furthermore, the statement expresses that the state should play a strong role in forming strategies for economic development, but not to get involved in the economy itself; the state should rather ensure and protect market mechanisms. Thus as of 2010, despite WTO membership and increasing FDI flows, Ukraine still does not see itself as equal to other states, at least not all of them (as will be exemplified below).

4.7 Cooperation

Apart from answering a question on how Ukraine envisages cooperation with other countries in the field of agricultural technology, with the answer that the "main direction…consists in the attraction of foreign investment" [2], the discourse on FDI as cooperation did not emerge until the latter part of the 2000s and the Orange Revolution. Perhaps not surprisingly, the Ministry of Foreign Affairs (MFA) has been the driving force, but others have expressed this aspect of FDI as well. For example, President Yushchenko told the participants at the World Economic Forum in 2005: "I am here in Davos to ask for your help. Ukraine needs you to visit, to invest, to help us to become a strong country"[3], which shows that others have a role to play in Ukraine's economy and that Ukraine is incapable of handling its development entirely on its own; shortly put: states should help each other. The same year, the emphasis of this newfound importance of FDI was expressed the following way by the MFA:

[1] Yanukovych in The Ukrainian Weekly (2010b).
[2] Government of Ukraine (1995).
[3] Yushchenko in Adams (2005b).

> “The improvement of Life of each citizen of Ukraine is inseparably linked to the inflow of foreign investment and implementation of large-scale international projects…Under conditions of market economy the mission of the Ministry of Foreign Affairs is to assist Ukrainian producers to establish contact with foreign partners and to facilitate the inflow of foreign funds into our state.”[1]

Not only does this raise the importance of FDI in relation to civil society, it also claims the importance of international cooperation for the Ukrainian people and businesses. Furthermore, it also states that that Ukraine is a market economy and that this defines the tasks of the ministry, giving it a role of establishing not only diplomatic, but economic relations—one way which is through attraction of FDI. Another recent example of both this idea and the way in which it is attempted to be implemented is seen in the following statement from 2009, when the Foreign Minister expressed that a priority of the MFA:

> “[…]is economic cooperation: supporting the interests of Ukrainian companies when entering the international market, as well as attracting investment…”Our embassies were given clear instructions to make particular efforts to ensure economic cooperation and attract investments”[2].

Again, Ukrainian companies should be supported when attempting to enter the international market (meaning that they need help) and it should be done with their best interest in mind. FDI is expressed as a possible forum for bilateral cooperation, where diplomatic channels have been put to use. Indeed, the aim to increase levels of FDI as an effort to better bilateral relations has been very present, for example:

> “The Head of Ukrainian foreign ministry invited representatives of American business circles to be more active on Ukrainian market as well as noted a great potential of *investment cooperation* between Ukraine and the USA.” [own emphasis][3]

Besides putting the MFA tasks into action, the statement shares the view with the above discourses that the Ukrainian actors do not view foreign investors as being active enough. More

[1] MFA of Ukraine (2005).
[2] Ohryzko in The Ukrainian Weekly (2009b).
[3] MFA of Ukraine (2007a). Also see MFA of Ukraine (2008a) and MFA of Ukraine (2008b).

interestingly however, it clearly expresses that investment can be a form of bilateral cooperation. The same idea also occurs when speaking to Canadian representatives, where the Minister of Foreign Affairs was said to "pay significant attention to bilateral cooperation, in particular to intensification and deepening of cooperation in trade and economic as well as investment spheres" and especially with Canadian business and financial circles.[1] In these cases, FDI is presented as a form of economic cooperation or bilateral commercial relations. It also stresses that states should cooperate with the private sphere, in the case of Ukraine foreign ones, which is depicted as best suited to drive development and since they are a global force that is beneficial for economic development in general.

When speaking to American and Canadian audiences above, the direction of cooperation seems more one-sided in comparison to other cases, like in bilateral talks with the Heads of the Arab diplomatic mission in 2010:

> "Special attention was paid to encouraging economic ties through expansion of trade, more active participation of the Ukrainian entrepreneurs on the Arab markets, involvement of the Arab investments into the energy, construction, agricultural sectors of the Ukrainian economy".[2]

It seems as if Ukraine is offering more of its capabilities, when referring to its businesses' participation in the Arab market, while the previous examples have only spoken of what the foreign country could do for Ukraine. Thus the approach presented here is based more on mutual benefits. Another example of this is when speaking of Russia (as seen from previous discourses a possibly controversial subject): "Every Russian investment in Ukraine and every Ukrainian investment in Russia will make our partnership as two brotherly peoples and two brotherly nations irreversible"[3]. In this case, investments are not only an expression of bilateral cooperation but of deepening already existent, historical ties. The addresses to Arab countries and Russia above, seem to point to the Ukrainian vision being that FDI should be mutually beneficial (when possible) and that the private sector could be a form of international cooperation.

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[1] MFA of Ukraine (2007b).
[2] MFA of Ukraine (2010b).
[3] Kinakh in The Ukrainian Weekly (2005b).

5. Representations, Relations and Changes in Ukrainian Discourses

While the preceding chapter presented the discourses that were found in the Ukrainian documents and statements on FDI, this chapter turns to what they represent in terms of perceptions of Ukraine itself and other actors involved in FDI; how they relate to the documents of the chosen IOs; and what changes that have taken place in Ukrainian discourses on FDI. In CDA terms, the chapter first investigates the struggle for hegemony and imagined realities, and then the recontextualization. What these points entail in a larger, global perspective is explored through the neo-Gramscian approach in the subsequent chapter.

5.1 Representations of Ukraine, the State, Business, and the World

From the discourses above, it becomes evident that the Ukrainian self-perception for long was based on a bad self-esteem, where it was portrayed as: unmodern, uncompetitive, incapable of handling its own situation, a low-technological state, untrustworthy, unattractive, and having a non-functional legal system. These ideas were persistent throughout the 1990s in all identified discourses. There were two ideas that were particularly reoccurring. The first is that Ukraine has been unable to better its own situation without external assistance from the private sphere even though, as seen in the discourse 'growth', there have been claims of independence at the same time (the exception to this is the discourse of 'financing', see below). The second self-perception that becomes evident is that Ukraine has been lagging behind, left outside and isolated from, but badly wanting to be integrated into 'the world economy- and community'; it is afraid of being placed outside it or ending up on a "black list". Moreover, there was the perception that Ukraine had an unrightful place in the international distribution of labor and wanted to move beyond it, along with the need of claiming its place as a European state. All these perceptions were worsened once discussed in a comparative manner, as in the discourse of 'competitveness'.

Only at a few occasions, often while addressing foreign investors, was the self-perception somewhat more positive in the 1990s. It has then been formulated in terms of Ukraine's potential, willingness to make sacrifices, and efforts put into achieving its goals. Very little of this positive image has been present in the discourses of ‘growth’, ‘competitiveness’, and ‘integration’. Instead, the discourse of FDI as ‘financing’ has had the most consistent and positive image where Ukraine is depicted as responsible, competitive and attractive—with a span from the early 1990s forward. It is also in this discourse that Ukraine dares to both ask for returns for its efforts and question the world community. Otherwise, it was not until the late 2000s that Ukraine has been formulated in the same terms in the other discourses, where a more active and capable Ukraine is put forth. As seen in the ‘cooperation’ discourse, mutual benefits have been absent from talks with the US and Canada which might be because of a self-perception of not having anything to contribute with.

The discourses also reveal Ukrainian perspectives on the role of the state in general. Dominantly the role ascribed to states seems to be not to hinder investments, present threats to the private sector, or have a strong role in the economy or enterprises; but rather ensure conditions for investments and competitiveness, and embrace what the inflows could do for its budget. If a state wishes to initiate a modernization process, it should do so by attracting investments and then steer them into priority sectors. The state should not be responsible for modernization itself, as it is portrayed as having limited capabilities for this and private actors are seen more competent. The state is also warned not to subsidize domestic enterprises at loss, seize capital or to politicize investment questions. Moreover, it should be prepared to endure reforms and to adapt if it wishes to integrate into the world economy. There are however also some signs of other perspectives, although marginal, where the state should be responsible of its national economy, matter in the eyes of the private sectors, be at dialogue with (rather than just listening to) the private sector, and use revenues from the private to the public sector.

In relation to this, there are the perceptions of what business or the private sector is and ought to act like. The private sector is expected to bring efficiency and competence, and drive development. Further, it should be independent from the state and not expect state support; rather, businesses should take own responsibility and be legit in their conduct, neither should it be hesitant or inactive as they are needed for economic growth. Another aspect which also is present in the discourses is that foreign investors set the standard for attractiveness, since the perception is that they only act on incentives. These are to a large extent what the Ukrainian actors view as the role of the private sector today, and hardly any signs of discontent are seen. There are however other aspects that are expected from businesses that are more of a request type, or an addition to their conduct. With regards to Ukraine in particular, they should recognize its independence from Russia (as expressed in the early 1990s) and its potential. Business should not fear the Ukrainian state and have faith in its settings. Furthermore, they should invest with long-term interests and actively stimulate already undergoing tendencies in the host economy—i.e. have an active role in reforms and economic organization of states. This needs to be done through a dialogue with the state, which also can take the form of international cooperation.

Finally, the discourses also portrait images of the world economy or the international community, as it is and how it should be. Both are seen as competitive since states are at competition and are compared to each other. The world economy is also seen as modern and technologically advanced, in which there is an opportunity for post-communistic countries to become developed market economies if they wish. At large, the world economy is depicted as a community, but which can take exclusive forms (as seen in Ukraine's self-perception). However, the community can also be built on cooperation in which states can play a role in each other's development. Overall a positive image is depicted but there are points of critique towards it too. First of all, the image of the world divided into east and west persists. While eastern Europe is depicted as labile, it is claimed that the West is timid and does not understand its role in Ukraine's development, especially in the first years of its development when business was hesitant to invest yet demanding reforms. This is due to the West not being familiar with Ukraine's conditions, it is argued. Moreover, the critique that was aimed at NGOs for their ranking system of states shows on a frustration, as developing countries are discouraged in their efforts. Instead, the world economy should recognize the potential in less advanced states, international comparisons should be fair and encouraging, and accountability should be demanded by all. At the same time, less advanced states should welcome other states and international experts into their development process, and there should be room for bilateral cooperation, i.e. states should help each other. Hence, although presenting some alternative views on FDI Ukraine seems to accept the world economy as it is perceived by them and does not set out to change it radically.

5.2 Relations of Ukrainian Discourses to Those of International Organizations'

In the early 1990s, the interest in the chosen IOs' documents for the post-communistic countries was large, for FDI somewhat smaller, and for Ukraine quite small—hence particularly small for FDI in Ukraine. When comparing the overall changes in the discourses it becomes clear that the focus of the IOs' has increasingly been on the more 'traditional', technical evaluation of FDI rather than indications of social relations; to such a degree that the gap of occurrences had almost tripled at the end of the 2000s. At the same time, the material shows that while the Ukrainian documents and statements revealed six clear discourses, the IOs only showed four as there was little mentioning of 'integration' and 'cooperation'.[1] Amongst these, the discourse of 'modernization' increased heavily and was dominant at the end of the 2000s, while having decreased quite significantly in Ukraine; it occurs almost twice as often in the documents of the IOs than in the Ukrainian statements. The representations that the Ukrainian discourses depict above (see previous subchapter) are to a large extent the same as the IOs make; this refers to the view on all the actors involved. There are, however, a few exceptions and those will be focused on below.

To begin with, it can be said that the few documents on FDI that were written in the early years of post-Soviet states had high hopes for their development, as in a report on FDI in Eastern Europe, released by the OECD in 1991:

> "Foreign investments by OECD-based enterprises in the reforming East European countries and the Soviet Union is being actively requested and encouraged…all with the objective of

[1] This strictly refers to FDI and the material which was chosen for this thesis. The presence of both these ideas with regards to business-state relationships cannot be regarded as excluded from the ideas of the IOs, but in that case they have not been expressed in relation to FDI in Ukraine.

> increasing jobs, productivity and the standard of living in the transition to more open, market-based economies...The opening of Eastern Europe and the USSR as a location for multinational enterprise activity will have an effect on corporate strategies and on East-West economic relations."[1]

As seen from the quote, it does not only refer to employment and reforming but also to increased standard of living, while countries are in transition towards becoming market-based economies (viewed as an improvement). FDI is seen as something highly positive that economies in transition should promote. Furthermore, it is said to have a positive effect on relations between the two earlier rival blocks, of which the eastern part is considered economically closed and in need of reform. This is also almost the only mentioning of FDI as 'cooperation'. Some years after this, Ukraine expressed the idea of FDI bringing growth in order to stabilize Eastern Europe (see p. 35)—a role that has not been subscribed to it in the discourses of the IOs.

Instead, Ukraine was viewed upon as being in a terrible condition in the early 1990s, a perception that has lasted to present days.[2] Paradoxically, this is seen as both the reason for needing FDI, and at the same time the reason for its non-presence.

> "Markets are collapsing, supplies are in short supply, and there is the threat of large-scale unemployment. In addition, foreign investment is not likely until the major macroeconomic issues are satisfactorily addressed. This means that the government will have to face the problems directly and take very difficult decisions."[3]

The government is pointed out as responsible for changing the situation, especially since inflows of FDI is unlikely. FDI is seen as an indirect measure against the issues, much like in the statements by Yanukovych in the discourse of 'financing' in 2010 (see p. 48). Likewise, this also repeats the indication that has been persistent in the Ukrainian discourses: that foreign investments need to be attracted. However, the above argument for its non-presence was criticized in the statement by Kuchma in 1998, when western business was claimed of not recognizing its responsibility in helping Ukraine to establish the wanted reforms (see p. 38). In

[1] OECD (1991): ii.
[2] See, for example World Bank, the (2010): 5.
[3] World Bank, the (1993b): 64.

comparison, Ukraine promotes a much more conscious and active role for business in state development than the IOs do, and asks it not to fear the state but instead take part in shaping bilateral cooperation.

The idea of sustainability was not dominant in the Ukrainian discourses, although mentioned in 1998 (see p. 35). Amongst the IOs however, speaking of FDI as a part of sustainable economic growth became increasingly present from the 2000s onwards; the Ukrainian government cannot rely on loans and aid in their budgetary planning (as in 1994) and commercial presence should give Ukraine the revenues it needs instead[1]:

> "While foreign assistance is crucial in this period of economic transition, official flows of assistance in the longer term could be dwarfed by private capital flows if Ukraine creates a more conducive environment for private sector development"[2]

As seen, even though approaching Ukraine's first decade as independent, it was still not considered as having completed transition into a market economy or as integrated into the world economy. FDI is seen as a solution to decrease official flows such as aid or loans, in favor of a source of financing that encourages the host state's private sector. Moreover, it is not merely spoken of in terms of a sustainable solution for the host economy but for the IOs as well. The private sector is seen to take over the role of official creditors, such as the World Bank, and only then the economy can become sustainable.[3] Furthermore, the senior IMF representative in Ukraine, Henri Ghesquiere, commented that even if Ukraine has achieves economic growth, in order for it to be sustainable:

> "Ukraine needs to attract high-quality investment that will generate new jobs that are productive and globally competitive. Only well functioning [sic.] market economies are likely to attract such investment on a sufficient scale. In such economies the government delegates resource allocation to individual enterprises and households and limits its economic role to setting a favorable framework."[4]

[1] For example, see World Bank, the (2000b): 12; and Figliuoli & Kryshko (2002):1-2.
[2] OECD (2001a): 10.
[3] See, for example, World Bank, the (2000b): 31.
[4] Ghesquiere (2000): 7.

The claim that states need to work according to market economy logic in order to attract does not differ from the Ukrainian perception on state responsibility from the same period, i.e. they should ensure market mechanisms but not to get involved further (see pp. 53-54). What does differ in perceptions on the state is that Ukraine stresses the importance of a dialogue with business, rather than merely listening to it. The statement above also claims the importance of being globally competitive, and on the same note Ghesquire states that: "Nowadays, countries vie for foreign direct investments"[1]—i.e. the world is competitive and states should be too. On this point the perceptions are the same. However, with regards to the world economy there are a few points which differ. The first is Ukraine's idea that even if the world is competitive, it should be encouraging. Meanwhile, the IOs see that requirements for those entering the world market need to be set, and furthermore there seems to be the impression that the actors in their world are suspicious of each other—in comparison to Ukraine's vision of cooperation.

The major difference in perceptions lay in the view on Ukraine. The IOs were not always sure about the Ukrainian intentions or willingness to reform completely. As Ukraine continuously seemed to fail in FDI attraction, it was claimed that the measures that had been taken in privatization had been the wrong efforts. It was argued that privatization to foreign actors would have been better than to domestic ones, but that the option had not been the preference of the authorities[2] (possibly stated before the Khryvorizhtal affair); and regarding the national perception of FDI, the World Bank expressed concern that even though local operators "are not strong enough yet…they remain to be quite hostile to the idea of strategic foreign investors entering the Ukrainian market."[3] This if anything would be refuted by the Ukrainian actors, who continuously stated their interest in doing what it takes to increase FDI inflow and at times as having succeeded greatly (see p. 52). Moreover, in contrast to Ukrainian discourses, the IOs do not speak of it as having been isolated from the world community other than while in the Soviet Union.

[1] Ibid 4.
[2] IMF (2005a): 19.
[3] World Bank (2004b): 103.

The promotion of FDI by IOs has not been one-sided however, as Ukraine has been told that there are risks involved in relying too heavily on foreign capital. In 1997, the World Bank warned that "[…] exclusive reliance on foreign financing would pose considerable convertibility and exchange rate risks. It also might not be acceptable from a political standpoint."[1] Interestingly, this expresses that foreign financing is a political issues as much as an economical one. Another complication is that even though Ukraine may welcome FDI, the investors must be interested; further, that capital markets can close down and exclude actors depending on their interests even if states are open for them.[2] Similarly, a perception that was reoccurring in the Ukrainian discourse is also presented in those of the IOs: that investors set the standards for what the economy should act like.[3] That Ukraine has failed in attracting FDI is its own fault as business has a major role in driving economic growth and ensuring employment. Business should therefore be served the conditions it expects, wherefore states should have attraction policies and serve business' interests in its legal framework.[4] Hence the perception of FDI is not entirely positive, which is why OECD pushed for "[…] enhancing both Ukraine's image abroad as an attractive investment location and the image of foreign investment in Ukraine as an agent of growth."[5]

5.3 Changes in Ukrainian Discourses on Foreign Investments

Although all presented discourses have been existent in Ukraine from the beginning of its independence, they have fluctuated in influence amongst each other and changed within themselves. Moreover, if making the division into more traditional and social perspectives, Ukrainian discourses have somewhat surprisingly been very even throughout in comparison to

[1] World Bank, the (1997): 42.
[2] See World Bank, the (1999): 3.
[3] ibid.
[4] See OECD (1991): ii; World Bank (1999); Ghesquiere (2000):3-7; World Bank (2000a):34; OECD (2006): 2; and Correa (2007): 11.
[5] OECD (2001b): 17.

the discourses of the IOs that have been dominated by more traditional views. The following sections attempt to map these changes.

The discourses of ‘financing’ and ‘modernization’ stand out amongst the Ukrainian discourses and could be claimed to have driven the evenness of the economic and social division respectively. Hence, FDI has been spoken of both in technical and more ‘traditional’ terms, but likewise (and to the same extent) as a social relation. The ‘modernizing’ discourse has been expressed by a range of actors with no regards as to what government has been in place, and foremost by presidents and PMs. The declared purpose has always been the same as it refers to Ukraine’s level of technology and efficiency and there has been no larger difference in its presence if comparing the total occurrences of the discourse in the 1990s and 2000s. However, there was a leap in the early years of the 2000s, and perhaps this is the reason it has lost influence vis-à-vis the other discourses during the same period of time. Nevertheless, the dominant position it held in the 1990s it continuingly has at the end of the 2000s together with the other dominant discourse of ‘financing’, that contrary to ‘modernizing’ continued to withhold that position throughout the 2000s—meaning that it has been the overall dominant discourse. Within it, describing FDI as an integral part of the privatization process disappears in the 2000s, while it had been a strong consideration in the 1990s. As with the ‘modernizing’ discourse, the actors that have expressed it have been very diverse.

The discourse of ‘growth’ has stayed the most internally stable out of all, meaning that there has not been a gap in the presence of the discourse. This is perhaps due to FDI dominantly being depicted like this by the NBU that releases annual reports (wherefore it is constant), also possibly explaining why it is only referring to economic growth (rather than social). Even though it did increase its presence in the 2000s it never became the major discourse. The third discourse of a more traditional kind, ‘competitiveness’, has been defined differently throughout the years (e.g. potential, faith, stability, success of government policies) but the common denominator is that it has always been on the terms of foreign actors’ perceptions—which led to a low self-esteem when setting the same criteria for Ukraine as for developed economies. If Ukraine has had own ideas of what competitiveness *should* or *could* be, the discourse did not present them. Yet, it is the discourse that has had increasing occurrences in talks on FDI, as the near non-existence in the 1990s has changed into one of the most present discourses of the 2000s.

The discourse of ‘integration’ has also been present from the early 1990s onwards and experienced an increase in the 2000s, nonetheless staying non-dominant. The actors who have spoken of it are most various—from NBU to ministries and presidents. The two latest presidents, Yushchenko and Yanukovych, seem to have been particularly articulate on this. A similar development took place for the discourse of ‘cooperation’. It too experienced an increase in the 2000s yet stayed non-dominant. The Ministry of Foreign Affairs became the promoter of viewing FDI this way. Together with ‘growth’ and ‘integration’, it has in a longer perspective stayed in the background.

In terms of the perceptions that the discourses have revealed, almost no change can be seen regarding the role of the state—moreover, it concurs with that of the IOs. To a large extent this also applies to the vision of the world economy and the international community as competitive, where both Ukraine and the IOs agree. However, at the beginning of the 2000s Ukraine also aims critique at ‘unfair and discouraging ratings systems of states’, something that has not been present amongst the IOs. The perception of Ukraine has basically stayed the same in the discourses of the IOs; while there have been changes in self-perception amongst Ukrainian actors. Instead of being critical of its development, especially concerning modernization and competitiveness, a more positive image has been put forth in the late 2000s.

Even if not being a change within the Ukrainian discourses over time, the perception of the role of the private sphere or business has increasingly differed from those of the IOs. In contrast to the latter, Ukraine has promoted that business have an active role in reforms and economic organization of states and that a dialogue with the state needs to take place. Moreover, it has promoted the private sector as a way of conducting inter-state cooperation. Ukraine lays more responsibility on the private sphere than do the IOs that instead promote state adaption to market actors. On the whole, the Ukrainian perceptions have continued to concur with the perceptions of the IOs, but also added in other features. In CDA terms, the discourse of ‘growth’, ‘modernization, and ‘competitiveness can be said to have colonized the Ukrainian discourses, yet having been appropriated in time—meaning that Ukraine has changed its perception in contrast to IOs.

An important point that has become clear is that though changes may take place within discourses and in their relations, the occurrence of them in relation to Ukraine has been increasing. Not only does this reflect the interest in this field but also that no matter the economic and financial situation of Ukraine, FDI will be promoted as a part of the solution—i.e. from having been promoted as supportive the privatization process, it is changed into being significant for whatever process that is important now: there is a *constant* need.

6. Neo-Gramscian Perspectives on the Ukrainian Discourses

The foregoing chapter showed what the presented discourses represent with regards to Ukraine's self-perceptions and view of other FDI actors, how the discourses relate to IOs, and the changes that have occurred within and between them. This chapter applies a neo-Gramscian approach to analyze what this entail in a larger context of World Order, both in terms of the case of Ukraine and the relationship between state and TNCs in general. It is divided into topics that have been prevalent in the material and begins with connecting the presented ideas with New Constitutionalism, and thereafter the ability of states to act within its structure is problematized. Finally, alternative or counter-discourses will be considered.

6.1 Expressions of New Constitutionalism

To review, New Constitutionalism is what Gill has named the process where IOs organize and legitimize the interests of the transnational capitalist class—i.e. prioritizing economic efficiency before social participation—and hinders developments of alternative visions to emerge. Thus, democratic accountability in economic areas is put aside for the ideal of the free market and its actors. Furthermore, IOs are used to harmonize national policies according to mantras of efficiency, confidence, credibility and competitiveness so as to make neoliberalism the only viable model of development. In this structure FDI has become a transnational linkage for which 'the appropriate business climate' is endorsed upon states (see pp.12-14). With regards to the discourses presented earlier, these notions have been visible both in the articulations of Ukrainian actors and IOs—foremost in the view of the state and its competitiveness.

The ability of a historical bloc (here the Ukrainian political elite) to define and legitimize the limits and tasks of the state should not be underestimated. In the Ukrainian case, its view that the state should protect market mechanisms without getting involved in the economy and that the role of the government should be to steer foreign investments and under no circumcises hinder them (see p. 36 and 46) can be seen in its present policies. However, Kuchma's regulations for investments made it near impossible to act without the involvement of the state (see p. 31). As each SEZ had to be approved by the Verkhovna Rada, there also had to be broad political consensus in these matters. Although this furthered the free movement of international capital it was done through democratic processes (if disregarding possible economic interests of the members of the Rada)—thus also demonstrating the ability of the historical bloc to formulate the tasks of the state. Then again, the subsequent government's removal of the SEZs did abolish all privileges earlier enjoyed by the TNCs, but also the involvement of democratic processes in the field of FDI. Moreover, as the first investment promotion agency was set up investment questions were directed to a body without democratic accountability. Some years after that, the MFA actually articulated that the fact that Ukraine worked according to a market economic logic *defines its tasks* to facilitating inflows of foreign capital (see p. 49). Thus, even though the perception of Ukraine has not fluctuated heavily throughout political elites, the persons that have constituted the historical bloc have formulated the tasks and limits of the state differently. As seen from the graph on FDI (see p. 33) this can have clear effects on FDI inflows.

Earlier neo-Gramscian research has pointed out that 'competitiveness' as a discourse is a rhetorical tool used to remove barriers and lower labor standards. In Ukraine the discourse of 'competitiveness' increased from the mid-2000s concurring both with the shift to an orange government and the removal of democratic processes in TNC establishment, which indicates that at least the first point may be correct. In neo-Gramscian terms, through using this discourse strategically the Yushchenko government increased the structural power of capital before the state's capability to resist it, hence increasing the belief in neoliberalism as an ideal economic model and weakening alternative visions. However, the discourses of 'competitiveness' can also play a further role the field of FDI. IOs have been promoting Ukraine to compete for FDI for its economic development and especially for modernizing, but this can also be a formulation that makes states believe they are responding to the world economic system as a whole rather than a dominant force (see p. 12). This in combination with the arguments of foreign investors not only being beneficial for the host state but also promoted to take over the role of official creditors as to eliminate the risks involved for them (see p.56-57) makes 'competitiveness' more than a question of removing barriers. When IOs begin to speak about "sustainable growth" during Kuchma's second term, it is not only spoken of as beneficial for the host state but also for the IOs that otherwise would have financed (the lack of) it. Competitiveness and sustainability are thereby connected, and this is interesting. Firstly, the argument goes that competitive states will have a sustainable economy, which in turn will ease the pressure on IOs as they have to finance a smaller amount of uncompetitive states. In a neo-Gramscian perspective this would mean that the IOs would have succeeded in furthering a neoliberal hegemony as both ideational and material aspects would be covered. The state would have adopted a neoliberal ideology and by joining the competition furthered the mobility of transnational capital that therefore can find new grounds for its production. Secondly, wanting to give responsibility to the private sector also shows that the material coercion (aid and loans in return for fulfilling criteria) of the IOs is not sustainable without states wanting to be at competition for transnational capital. To make states believe in competition can thus be a way to create a demand for international capital which sustains the economic system as a whole—which might explain the last point in the previous chapter: that the discourse of FDI always is able to adapt as to be in constant demand.

The problem with the above however, from the perspective of IOs trying to further neoliberalism, is the problematization that this thesis began with: FDI does not have an institutionalized agreement on a transnational level. Competitiveness has been established as a notion in a larger context but not specifically on FDI and therefore it might serve as a forum in which discussions can make policies move in an opposite, alternative direction.

6.2 Self-Perceptions and the Ability to Act

As explained, according to neo-Gramscian theory structure on the global level is not constituted solely of states but also of their relations to social institutions, and should not be separated from politics or individuals that shape it. Social agency can transform structure as there is no determinism; wherefore the self-perception on capabilities to act in a period of time becomes vital (see pp. 9-10). Thus, Ukraine's perception of self, the state, business and the world economy have set the background for Ukrainian strategies and formulation of FDI policies—hence continuing to further these perceptions unless actively changing them.

When looking at the Ukrainian self-perception the belief in its ability to act was first limited to its domestic sphere, e.g. consolidating sovereignty and deciding upon its economic strategy. Increasingly however, private actors were seen as more capable of handling economic issues than state actors (see pp.52-53), something Gill warned as having become 'self-evident' and therefore needs to be questioned. In the Ukrainian discourse no such questioning appears and the perception grew even stronger once discussed in a comparative manner, e.g. in the discourse of 'competitiveness' (of which the problem is described above). Moreover, the way Ukraine believes itself to be perceived by others also plays a role. The statement by Yanukovych that Ukraine "clearly understands" the need to attract FDI (see p. 38) exemplifies the presence and influence of what neo-Gramscians call organic intellectuals. As seen, Ukraine has a numerous points referred to following expert advice, and even used it as an argument in inviting investors. Expressions of the Ukrainian need for external assistance, like in the 'growth' discourse, also undermines the agency of the political sphere against private actors.

If a government views itself as incompetent and chooses to entrust private actors to fill its functions, it is alarming from a neo-Gramscian perspective since it removes economic and financial spheres from democratic accountability. The statement by Kuchma in 1997 which expressed that investment questions should not be excessively politicized, being addressed to a Parliament that is democratically elected and represents not only various political perspectives but popular vote, makes it particularly problematic. If economic issues are removed from the political scene, civil society and the classes that are represented therein are excluded from discussion.

With regards to the capability of states to allow foreign businesses into their economies on *their terms* it has both been argued as true by others, and increasingly complex by neo-Gramscians (see p.5-6), who nevertheless believe in the capability of the state-society complex to oppose transnational blocs. The discourse of 'competitiveness' has shown Ukraine's perception that the field of FDI to a large extent played on the terms of the investors rather than the government, wherefore the logic of the market economy determines acceptable behavior; it has also become evident that foreign investors not only have to be given incentives but also *define* if Ukraine's development is headed in an acceptable direction (see pp. 41-43). On the other hand, the ideas of the government and foreign investors may concur, and as of yet there are hardly any signs of discontent; because even if the Yushchenko government later has depicted a more positive image of Ukraine, and at first sight very welcoming, it has done so based on arguments of its capabilities of providing what foreign investors want rather than non-dependence of them in its development. If to be critical, the combination of depicting a positive image of FDI along with expressing the willingness to ensure settings according to investor's criteria, without claiming alternative ones, indicates that the transnational bloc may have the local support that it needs in order to legitimize its presence. As explained earlier, a transnational bloc can only sustain itself through local support in states' ability to partake in the accumulation of capital, i.e. it is not an independent force, which perhaps is why the acceptability of foreign financing from a political standpoint is brought up by the IOs (see p. 58).

6.3 De-politicization and Class Struggle

As pointed out earlier, neo-Gramscians have argued that shock therapy was used as a political power in developing the structural power of capital, and attempts were made to build a new upper class and their influence on politics in the post-Soviet countries (see p. 15). While the former could be questioned in the Ukrainian case, seeing that it initially chose a "third way", the building of an upper class seems to have developed when taking income distribution into mind. As seen, the top ten percent increased their share immensely in just four years when Kuchma took over. After that, the income distribution stayed the same throughout both decades without any signs of low income groups to have increased their position. Moreover, in Ukraine there has not only been a class that are employers and investors, but meanwhile have held direct political power in the Verkhovna Rada (see pp. 31-32). Politics and strong economic groups seem therefore to have been connected early in Ukraine, but this does not entail that the direction of policies were given.

If viewing the political elite and oligarchs as a capitalist class, then the critique aimed at neo-Gramscian theory of being too confident in the cohesiveness of capital both has a point yet can be questioned (see p. 18). On one hand, it seems as if different capitalist groups have been at struggle for political power, yet on the other to have been united when their overall common interest has been threatened (e.g. before elections); and it is perhaps the latter that is of importance, as it ensures the continuation of the system as a whole while the prior only changes the distribution between them. Therefore it can be questioned whether this can be seen as a politicization or de-politicization of economic issues, or if both can be present at the same time.

At times the political elite have explicitly urged other political actors to de-politicize. In 1997, Kuchma aimed critique at the Cabinet of Ministers of "excessive politicizing" and not doing enough for the investment climate. This was closely before the implementation of SEZs and expressing that foreign business presence could be an indication of moving in the right direction. However, and as has been explained, the rules and conducts in these areas were highly politicized. When they were removed there was a decrease in democratic control at local levels. The Yushchenko government also began articulating FDI in terms of competitiveness around the same time. Thus, if Kuchma's policies had signs of politicizing in practice, the following governments have been de-politicizing ever since.

From a neo-Gramscian standpoint, the above is the situation of the domestic capitalist class that was built to anchor the interests of the transnational capital class—i.e. furthering neoliberal hegemony both in ideational and material form. Classes within the state represent foreign capital as it is not a force outside of state control (see p.12); making the stance of the domestic political elite towards the freedom of enterprise vital. Hence, when the Ukrainian discourses show that there are some requests as regards the behavior of the foreign investors, there might be indications of a less self-evident support for the interest of the transnational capitalist class and more potential for alternative visions to emerge.

6.4 Alternative Perceptions on Actors in Foreign Investment

Neo-Gramscian theory is not only out to explain international relations but to transform the practically, therefore it seeks for signs of alternative or counter-hegemonic ideas that could help shape transformative politics. In the current World Order, which is believed by neo-Gramscians to be based on a neoliberal capitalist hegemony, such a counter-hegemonic movement can take the form in an anti-capitalist stance where state and civil society limit the external influence on its production processes and through it transform capitalist social relations (see pp. 9-14). However, in this research there have been no direct anti-capitalist expressions amongst the Ukrainian political elite. Most probably there are such ideas in Ukraine, but they have not come forth in the scope of this research. Nevertheless, it can be stated that there have been two formulations of alternative discourses, namely ‘integration’ and ‘cooperation’. Moreover, the overall dominant discourse had a more social character than the IOs that instead focused on the ‘traditional’, technical evaluation of FDI rather than indications of social relations. Ukraine has also, without trying to change the system, attempted to reformulate the responsibilities of actors involved in FDI. Although accepting the neoliberal logic of the tasks of the state, there are alternative visions of both business and the world economy that have been formulated as requests and demands respectively. Besides expressing the opinion that market forces should take responsibility in organizing state economies, state-business relationships should be one of dialogue rather than command, and the world economy should be an encouraging environment.

Even if the Ukrainian discourses and perceptions work within the World Order rather than contend it, it would be wrong to say that they do not withhold potential for the counter-hegemonic tendencies that neo-Gramscian theory is attempting to find. Although not being radical, the above aspects of Ukrainian discourses are alternative nonetheless and there are possibilities on extending on them. Foremost, it is the balance of social and more traditional views in Ukraine that contrasts to the heavily traditional in IOs; indeed, the discourse of ‘cooperation’ can be used as autonym to that of competition.

7. Conclusions

Studying FDI through the qualitative method of CDA has enabled to find aspects in the field that have not come forth in quantitative research; it has helped to identify the presence and emergence of discourses, the representations they make, and how these related to other actors in international relations. The discourse analysis shows that increasing the inflow of FDI into Ukraine has been an articulated aim ever since its independence—no matter who has held political power—and that all in all six discourses have been identified amongst the Ukrainian actors. What traditionally is associated with FDI has been presented in the discourses of 'growth', 'modernization', and 'competitiveness', and another view of more social character has been present in the discourses of 'financing', 'integration', and 'cooperation'. This chapter returns to the research questions (see p. 28) and the answers that have come forth in the material and analysis.

The changes in Ukrainian discourses since independence can be seen both with regards to their internal dominance and the representations they have made of Ukraine, the state, business and the world economy. The 'financing' discourse has been the overall dominant discourse throughout, followed by that of 'modernization' that has balanced up the division between traditional and social discourses on FDI. Amongst the other discourses 'competitiveness' was not a surprising find, given the theoretical background, and its occurrence increased extensively during the 2000s compared to earlier years—becoming one of the most present discourses if looking at that decade only. Furthermore it can be said that the arguments for increasing inflows of FDI are re-defined according to economic conditions and strategies as to promote a constant need.

As for the representations it became clear that the view of the state had stayed the most constant, indeed not changing at all. It has been regarded that it should protect market mechanisms and basically works according to neoliberal market logic. On the other hand, the perception of Ukraine has turned from negativity towards its own capabilities, especially in terms of modernization and competitiveness, to a more positive image at the end of the 2000s. The world economy has been viewed upon as competitive and mostly in a positive manner, although some critique towards unfair comparisons have been claimed in the latter half of the 2000s. It is the view of the private sphere and business that has changed the most. Ukraine requests a more active private sphere that acknowledges its role of assisting in the development of state economy, especially due to the competence that is associated with it. Regarding the world economy, Ukraine accepts it as perceived by them and does not want to change it radically. Ukraine is thus willing to work according to market logic, but on the prerequisite that businesses meet states halfway in dialogue.

In contrast, the IOs only present four clear discourses, as ‘integration’ and ‘cooperation’ were not explicated and the weigh was heavily on the more traditional understanding of FDI. Furthermore, the discourses of the IOs have had an emphasis on sustainable growth and modernization, while Ukraine has turned to growth in general and FDI as financing. The representations have to a large extent been similar; both have the same ideas of state responsibility, but as pointed out Ukraine has promoted a dialogue with business rather than just listening to it.

Ukraine has not formulated any counter-hegemonic discourses in the sense of having an anti-capitalist stance, but has nonetheless formulated two alternative discourses on FDI: integration and cooperation, where FDI can provide a forum for bilateral ties in a mutually beneficial way. These have been articulated alongside the increase of positive self-perception, through which Ukraine challenges the world economy and asks for return for its efforts. Moreover, as the entire focus of Ukrainian discourses is much more social than that of the IOs, the idea of what characteristics of FDI that should be prioritized could also be seen as an alternative vision.

8. Discussion

As pointed out in the introduction, although there has been much response to the reasons behind Ukraine's low inflows of foreign investments the answer is likely to be more multifaceted than recognized. The discourses and their analysis have shown that perceptions of how things are, how they should be, and whether they are changeable can affect the relationship between all actors involved. While the thesis has attempted answering questions of events that have occurred, new ones have arisen regarding the future. This chapter brings forth four such areas for discussion: compliance to consensus and issues of inclusion, the self-evidence of competition, the non-existence of international harmonization of FDI policies, and the relevance of critical theories.

8.1 Compliance and Inclusion

The thesis began from a heuristic point of departure questioning whether states must comply with a prevailing consensus of global political economy in order not to be marginalized, or if there are possibilities of succeeding even if choosing to behave differently (see p. 28). This thought derived from observing states' ambitions of pursuing position as main actors in the world economy, yet without attempts to change it *per se* but simply the relations between actors within it. Unless trying to change the structure from the inside, then all seem to accept or choose to play according to the same rules—and who decides upon those is diffuse. In the field of foreign investment it is even more so as there is no institutionalized agreement on an international level, i.e. there is no institutionalized consensus for those involved.

In the beginning of the research it was not evident that FDI flows would be looked upon as an indicator or mean for inclusion in the world economy or community. Although an implicitly present idea in secondary material and earlier research, it had not been explicated; and as seen from the discourse analysis in this thesis, neither was it by the IOs. However, the Ukrainians have increasingly done so, especially through the formulations of the discourses 'integration' and 'cooperation'. FDI was perceived not only as a prerequisite for integration but a result from it too. If seeing foreign investments as a sort of inclusion, then the lack thereof should point to segregation from the world community while increases are seen as integrating, much like in the formulated Ukrainian discourse. This might explain that even though approaching Ukraine's first decade as independent and being a member of the WTO, it was still not considered as having completed transition into a market economy or as integrated into the world economy (at least in these discourses on FDI). Hence, based on the perceptions of that have come forth in this study it seems as if states have to adapt to the consensus in order to be accepted in the world economy and community—i.e. not to be marginalized. However, even if states would be willing to adopt the ideas of the consensus and its rules of conduct the issue of inclusion still seems to be problematic. This is foremost the case since instead of a state being part of the formulation of what is 'attractive', the definition lies in the hands of business, creating predefined criteria to which states need to adapt (otherwise ending up on "the black list"). These criteria are then articulated in the definition of competitiveness. Hence if states want to be (viewed as) competitive and dynamic they need to adapt to the definition of foreign investors. In this circle then, both competitiveness and the attraction of FDI become self-evident and as pointed out earlier this can be problematic.

The question is however not whether they need to adapt if they want to be members of the consensus, but if they have to comply if not to be misfits in the international community. The expression that the state was in need of external assistance in order to achieve the economic development strived for can serve as a hint, and this raises the question whether it is possible to receive such support without sharing the same ideational ground. However, on the basis of this study it is hard to answer such a question since Ukraine clearly attempted to be included, and perhaps this is nothing to be answered by studying the field of FDI, but nonetheless deserves to be problematized so that the structure of the global economy does not go unquestioned.

8.2 Questioning Competition

As seen, competitiveness has been a dominant idea within the field of FDI and even though neo-Gramcian theory has explained this as being a way to further the structural power of capital it is almost shocking how self-evident it is perceived that states are at competition. In neo-Gramscian terms the field of investment has become a field of struggle for resources, although this would not necessarily have to be the case. In this competition, those classed as 'uncompetitive' are attributed with lagging behind which also depicts the world economy as divided and exclusive. From the discourses it has also become evident that this idea worsens self-perception when discussed in a comparative manner, which was evident in the Ukrainian critique of unfair rankings of states. It also seems as if when self-esteem is low then states adapt to the consensus, but when portraying a positive self-image dares to question the structure and sees its abilities to act much more positively. This opens up for the discussion of the purpose of competition and competitiveness. If the aim of a state is to increase economic and social growth in order to be able to affect the direction that the structure it is in takes (e.g. the World Order, global political economy, or other), and it raises its perception of ability to act through having a positive self-perception of those capabilities, this points to two thing: firstly, ideational perceptions matter in international relations, and secondly, that the idea of competitiveness increases the ability of already strong states to act, while weakening that of others.

In contrast to the notion that even if the world is competitive it should be encouraging, as presented by Ukraine, a stronger argument would be that the relationship of states in the global economy should be redefined all together. However, if the actors covered in this thesis have had own ideas of what form this should or could take, or with what competitiveness could be replaced, they have not been expressed here. There is also the possibility that just as new discourses can be formulated old ones can be re-defined as to absorb the critique it has got, e.g. if competitiveness would involve not only economic, but human capital. Nevertheless, if it becomes evident that the notion of competition leads to continuing divergence of social spheres in the world economy, a pronounced alternative would be able to question one of the fundamentals of neoliberal market economy—thus holding much potential in changing it if desired.

8.3 Non-Existence of International Agreements on Foreign Investment Policies

It can be questioned whether there is a need for alternative representations of FDI. To answer this it must first be understood that FDI is not an isolated form of economic and political interaction, but a part of a larger structures with manifold actors. The perception of FDI and its role does therefore not only affect the direct interests of those involved in a specific case, but reflects attitudes towards the world and projections of ideas as to what it ought to be like. Moreover, FDI is not natural or eternal wherefore its definition and task can be reconstructed if there is a force willing to do so. Hence, alternative perceptions of FDI can lead to different relations between the actors involved that in turn can change the structure of which it is part. Further, it opens up for debate on economic issues that can otherwise be deliberately removed from discussion. Alternative representations of FDI thus extend the framework of the possible in political economy. Questioning FDI is as important as questioning all things regarded positive for granted.

Throughout the thesis it has become evident that FDI thus far has been formulated in ways that support market mechanisms and free market actors. Boundaries are lessened for TNCs, enabling them to become globally mobile and affect different host economies simultaneously, thus facilitating foreign investments to form a transnational economic linkage. The fact that there have been intentions of declaring a code of conduct for TNCs with regards to their role in host states, as in the 1970s, shows that the issue has been on the agenda. Without any further knowledge on the motivations for the abandonment of such plans, the shift that took place in the 1990s serves as an indication of the materialization of those ideas—the rights of investors were prioritized before those of host economies and this was done through national policies. The dualism that foreign investment was explained as imposing on national governments is therefore yet to be solved—if they need to be, that is. It is not necessarily the case that international coordination would solve the issues that are derived from foreign investments today. It would depend on how the rules of conduct are shaped and with whose interest in mind, which in turn depends on the perception of the role of foreign investors- and investments. Furthermore, there might be values to keeping policies in this field on a bilateral level. Moreover, just as changes in the international, ‘unwritten’ regimes on FDI were shaped by national policies before, there are capabilities of doing so again. If re-connecting to the theory again, the fact that FDI policies continue to be formed on a bilateral level may be seen as a deviant way of conduct, and therefore a potential source for counter-hegemonic movement as it requires the negotiation of business and host states—i.e. it demands the dialogue that Ukraine expressed longing for.

With regards to this, one of the perhaps most interesting ideas that has come forth in the discourse on FDI is as a form of international cooperation, since it shows on a different take on bilateral relations where diplomatic contact is not the only legit way of cooperation, but relations between state and business, or the private sector entirely, can be considered within this framework as well. Hence, it can be argued that the lack of a multilateral agreement on foreign investment enables a forum for enhancing bilateral talks in economic spheres, which serves a political purpose. On the other hand, if FDI policies would be institutionalized into an international body there would be a struggle deciding on whose terms this would be formulated and what conditionalities would be placed upon whom. If Ukraine would have a say, perhaps it would be working according to a neoliberal ideology, but with the addition that businesses should be willing to accept their role in supporting state development to a larger extent than ‘originally intended’ by neoliberals—i.e. a market driven system with socially conscious actors that prioritize inclusivity and democratic processes to the same degree as profits.

8.4 The Relevance of Critical Research

This thesis adopted both a theory and methodology that are categorized as belonging to the critical branch of social sciences, in IR and linguistics respectively. As this involves not only being critical towards the empirical material but of theory itself, the relevance of critical research should be examined.

As pointed out in the introduction, the majority of earlier research on FDI has been of quantitative kind, while this thesis aimed to contribute to the diversification of the study of FDI through choosing a qualitative approach, moreover a critical one. Although not seeking to answer what has bewildering researchers before, i.e. why there has been so little FDI in Ukraine, it has been able to find other motivations of why there needs to be more besides those that earlier studies have been based on. That those motivations change and do not necessarily concur between actors is also something that should be kept in mind; and as said, these results should be seen as complementary to earlier studies rather than the refutation of them. The use of CDA has enabled not only to identify the presence and emergence of discourses; it has also showed the how to go deeper into the representations they make, through which it has supported the theory in connecting the material to relations of power in international relations. CDA has thus shown to bring forth aspects on FDI that otherwise could have been missed.

Even if this thesis is under the scrutiny of having an elite-based focus it has begun to fill in the 'next step' for neo-Gramscian theory through its application on an earlier unstudied case of a post-communistic economy. The theory has allowed for connecting local discourses with broader structures and changes in the political economy they are formulated in. It should be pointed out that other theories could have filled this function as well, giving another analytical result, but the neo-Gramscian approach also emphasizes the potential the discourses withhold for the development of alternative perceptions on FDI—an important result if wanting to build grounds for further research or political change. Moreover, it is important to understand that the necessity of neo-Gramscian research does not disappear with an eventual abolishment of neoliberal policies or capitalism; because, it is not an anti-capitalist research orientation per se but rather questions any claimed 'self-evidence'. Its critical stance is useful even in communist countries or alternative World Orders. However, the statement by Jenson that neoliberalism already has lost the position that neo-Gramscians claim it to have surely poses a challenge to one of its fundamental assertions. Neo-Gramscians might argue that social investment is a way for the transnational capital class to make concessions and save the capitalist system as a whole; nevertheless, if the tendency increasingly moves towards this direction of a new hegemony based on social investments, it demands neo-Gramscian theory to makes sure to define itself according to its research position: not solely as an anti-neoliberal theory, but a critical one.

9. Concluding Remarks and Suggestions for Further Research

The intent of this study was never to provide policy advice. As seen, the results are not recommendations to the Ukrainian government or any other FDI-policy making body. However, it may give some points for reflection for those that are interested in the area (whether researchers, policy makers, or other). Neither has it been an attempt to argue for or against the establishment of an international agreement on FDI. Rather, the issues brought up in the previous chapter may serve as a basis for further discussions on issues regarding both FDI and transnational cooperation at large. It can contribute by making the point that perceptions of FDI are more diverse than usually believed and that this affects the relations between actors involved, which has to be kept in mind if such agreements were to be formulated. However, there are many fields that have been left out as to demarcate the scope of this thesis that deserve attention and which' results perhaps also could contribute to the above discussion.

The most obvious way to continue the research in this thesis would be to go into depth on the material aspects of neo-Gramscian theory, as in how the change in discourse can be seen in material form. There could also be further use for the research plan that has been adopted here for answering other research questions as well. Two questions that were considered were what policy recommendations Ukraine has received and how these have materialized, and on what grounds Ukraine has tried to attract investments (e.g. low labor costs, membership of IOs, or position between major markets). The investments agencies that have been set up are one expression of this, and the ideas that they reflect could be yet another, i.e. how the materialization breeds new ideational aspects. As said, from a theoretical perspective it would be highly interesting to continue with such research.

Another point worth mentioning is that this thesis could have included the views of oppositional parties of Ukraine, but the choice was made not to do so although it would provide a very interesting perspective. The reason for was based on the idea of primarily looking at elite-to-elite interaction (IOs and national government) as to see whether there was opposition between the two. A further reason was that choosing oppositional parties, especially the communist party in the case of Ukraine, would have so to say, played neo-Gramscian theory right in the hands.

The choice of actors could therefore be seen as a challenge to the theory, as it was less obvious. If to look at it from another angle a study of the discourses of TNCs and their self-perceptions with regards to being foreign investors would also be highly interesting; i.e. the self-perceptions of their role in the host economy, in contrast to already executed research on their choice of host state to invest in. It should also be noted that the promotion of foreign investment has been a well-discussed topic amongst the readers and writers of *The Ukraine Weekly*, especially in the 1990s. However, since they are not the chosen actors for this thesis, their views have been excluded from the analysis. If there would be an interest in mapping out the discourses of Ukrainians outside Ukraine and their relation to the economic developments of their home country; advertisements for investment companies specialized on Ukraine; or of diplomats to Ukraine it can be assured that there is extensive material to be found.

With regards to more in-depth topics, the privatization of the steel company Kryvorizhstal in 2004 deserves an own investigation. As of yet, there seems to have been no research done on this sale through discourse analysis and neo-Gramscian theory, as well as little on other privatizations of state-owned companies elsewhere. Yet another interesting study would be what actually happened when international agreements on TNCs were brought to the fore, and then abandoned, as this is the reason behind the situation in the field of FDI today.

To conclude, in contrast to what was stated in the beginning, foreign investments were never been perceived as a 'miracle drug' by the Ukrainian actors, their view has been broader than that. Throughout its independence Ukraine has not only shown a consistency in the perception of FDI in a traditional manner, but also changed and formulated alternative discourses meanwhile those of the IOs have stayed stagnant. If to discuss future possibilities of formulating international agreements, it should thus be kept in mind that while waiting for miracles, the IOs expected something familiar whereas Ukraine longed for something new.

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