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PERSPECTIVES ON

Opportunities In Ukraine

by His Excellency Oleh G. Bilorus

The new democratic partnership between the United States and Ukraine is based on the principles of justice and equal cooperation. Ukraine has much to gain from the United States—much to study, much to learn. At the same time, Ukraine is ready to help the United States achieve further economic growth while developing a new economic market in the middle of Eastern Europe.

Ukraine has a huge market with enormous economic, scientific and technical development potentials. It also has an extremely large reservoir of natural resources which is, for the moment, a big market with inexpensive labor. One of the most impressive paradoxes of Ukraine's economy is that people work there for an equivalent of US \$10.00 a month. That situation will hardly change in one year. It will be present for a minimum of seven to ten years with, of course, certain evolution.

Sometimes people in the United States and in Western Europe mistakenly think that roots of a market economy were destroyed in Ukraine by the so-called socialism and a system of central planning. Indeed, my country was serving for more than three quarters of a century as a huge laboratory of negative economic roots and will be able to function effectively under a new marketing system.

Ukraine was one of the pioneering countries in the so-called "farmer economy." Historically, the distance from one farm to another was ten to twenty kilometers. Farmers were used to living in isolation. Self-reliance, self-supply, self-financing and self-determination were the realities of their lives. Those qualities were later transferred to the industrial and business life of Ukraine. With new radical economic reforms, we discover more often that the economic roots of initiative and self-reliance are still alive among Ukrainians.

As a professional economist, I believe that the political and economic development of Ukraine is very specific. First, Ukraine generated a political miracle. Ukraine is the most stable of all the

countries of the former Soviet Union. The new Ukrainian statehood was restored in a peaceful, democratic, parliamentary way. There was no fighting on a national or religious basis. In the political sense, the fighting was very constructive. The democratically elected President of Ukraine, Mr. Leonid Kravchuk, has proclaimed programs that represent a radical change from a centralized economic system to a natural socially oriented marketing system.

Economic Miracle

The political miracle is extremely important for Ukraine and its people and for the Ukrainian historic imperative. But we understand better than others that the real basis of all development is a national economy. What we now have to do is to reach another miracle—the one in economy. Now we are obliged to change from a centralized economic system to a market system.

We are not discussing capitalism versus socialism since there was no socialism in my country. In fact, the United States had much more socialism than we had in the former Soviet Union and Ukraine.

What we had in Ukraine was a despotic state system which might be called social feudalism. The state was the monopolist in the production and distribution; it was the sole owner of all means of production, while ordinary citizens were limited to existence and were exploited by the state.

Ukraine is perhaps the richest country in Europe, while the people of Ukraine are very poor. The reason for that paradox is that the state economic system was unable to integrate all the elements of public production: labor, capital, land, and a favorable economic environment. The time has come to put those elements together in the interests of the nation and make a breakthrough to the economic miracle which Ukraine is worth.

Agriculture

The main economic reform challenge is to privatize agriculture. It is extremely complex, and there are many obstacles on the way. The ownership of property, the organic integration of goods and commodities, and the ownership of the means of production were never resolved under the old economic system. The accumulation of these problems is enormous.

Ukraine is a large producer of agricultural products. Historically, Ukraine has been the "breadbasket" of not only the former Soviet Union but of Europe as a whole. Now we are in a situation where it must import large amounts of grain. And that is one of the biggest paradoxes of the Ukrainian national economy.

The American Agricultural Editors' Association sponsored a press backgrounder in Washington, DC on July 1, 1992. It focused on developments in Eastern Europe. CHOICES is pleased to include in this issue the presentations of the five panel members and the summary of L. Tim Wallace who chaired the program.

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The potential productivity of Ukrainian agriculture is very high. However, we need two things to realize this potential—a hard currency system that people can trust and a system whereby the land belongs to those who work it. Farmers need to feel themselves the real owners. Otherwise, why should they invest their efforts working day and night and mobilizing all of their financial and spiritual resources? My government understands that we need radical reform in this area. A new law makes it possible to buy land, but the problem is how to implement the law. Our farmers have no money and no credit.

That law also has some limitations. For example, it is forbidden

to sell land to foreigners or to foreign companies. This law is somewhat restrictive from the point of view of a really open economic system. But we must understand that it is impossible to jump from the old economic and political system to the new one overnight. It requires evolution.

In five years, we will be dealing with different problems: problems of competitiveness, problems of agricultural exports, not imports. I am absolutely certain that in five to seven years, it will be a reality. This means that there will be opportunities for American business, including agribusiness. They are unlimited. At the same time there will be very strong international competition for the Ukrainian market. You know the rule: first come, first served. I wish Americans to be the first. 