

materials. S and T Holding, the Ukrainian representative of Hewlett-Packard, will soon open an office in Odessa in response to increased demand for U.S. products. McDonald's hopes to have a restaurant opened in the city by the end of the year. Germany's DAIMLER-BENZ has recently announced its intention to take part in reconstruction of the city's airport and harbor facilities.

TOURISM

Tourism is another sector that holds promise in the future. The region offers 175 km. of beaches, and there are literally hundreds of resorts along the coast. The city itself has one of the most highly-regarded opera houses in Ukraine, several museums, attractive parks, shopping centers and recreating areas.

2.5. THE ROAD TO A FREE MARKET

There were several difficulties on this road. One of them was the absence of comprehensive plans that would enjoy the support of the entire population. Of course, there were several reform programs, but they were too **technocratic**, were not specific enough, and required too many sacrifices from the population, which was already having trouble surviving. But the main **deficiency** of these plans was that they were not sufficiently Ukrainian; in other words, they lacked an understanding of specific Ukrainian problems and, consequently, were unable to offer solutions to these problems. **Subsequently** these attempts were replaced by uncritical transfers of some models supposedly containing universal schemes of market transformation worked out by the "well known" specialists from international financial and economic organizations. As a result, neither the government nor the society has had a clear idea of the role the state sector should play in the new **market environment**. It has been commonly accepted that state ownership and market economy are not **compatible**.

Nevertheless, one has to note some positive and **irreversible** steps toward the marketization of the economy. The Ukrainian parliament passed 76 laws intended to create a legal basis for a market economy. This progress was made despite the resistance of the previous and present parliaments, consisting of a large bloc of men (and a few women), by profession directors of enterprises and sovkhozes, and heads of kolkhozes. They seem to be unable to **reconcile** themselves to the probability that their **fiefdoms** will be denationalized and privatized. For example, at the beginning of 1994 the enterprises auctioned to private individuals and privatized or rented to worker collectives accounted for only 20% of the industrial output and 30 % of the overall number of industrial enterprises. The defenders of the past knew well that without the transformation of ownership and the formation of a private owner class interested in maintaining and increasing national wealth no progress toward market economy was possible.

Although privatization has been progressing at a slow pace, some results are evident. During the first half of 1998 alone, 1,040 enterprises were transferred into private hands. It was expected that 14% of them would be paid by privatisation ownership certificates distributed to the population by the state. Still, as a result of historical conditions, renting state enterprises to management teams and more often to working collectives remains more popular in present-day Ukraine. Such rented enterprises produce more than one-fourth of the total industrial output and account for one-third of all construction work. A new impulse was given to the privatization of large enterprises. For example, the sale of ownership shares of one of the largest machine building enterprises in Ukraine, the Novokramatorsk plant, began in 1994.

Unfortunately, parliament has not supported all the initiatives introduced by the executive branch. The following case may serve as a good example of parliamentary **gridlock**. Even before 1991 the volume of unfinished construction had been growing continuously. This is a well-known Soviet tradition, which became especially pronounced in the seventies and eighties. The president's decree ordering the sale of these unfinished projects was completely justified. Nevertheless, parliament blocked this and other similar initiatives under the **pretext** of preventing the **alleged squandering** of national wealth.

Despite these legislative **setbacks** and the absence of a comprehensive economic plan, the government has continued through various measures to **enhance** the competitiveness of Ukrainian products abroad. It supported the expansion of Ukrainian – foreign enterprises, the number of which rose from about 800 at the beginning of 1993 to over 2.000 after ten months. Also, steps were taken to promote the **infusion** of foreign capital and the introduction of new technologies.

Slow changes are also taking place in the agricultural sector. Regardless of the complications caused by the parliament's **amendments** to the law on agricultural enterprises, reorganization has been undertaken in almost 8.000 kolkhozes and sovkhoses and about 5.000 new collective enterprises and over 1.000 agricultural cooperatives were organized in this sector. Progress in organizing agricultural **infrastructure** also needs to be mentioned. Presently, the following enterprises specializing in agricultural business are functioning: 11 agricultural – industrial commodity exchanges, 18 commercial banks, insurance companies, 10 broker and **middleman** firms, and 14 financial settlement centers.

The pioneers of the rebirth of free agriculture in Ukraine often suffer from shortages of small agricultural vehicles, high prices of repairs and chemicals, and, of course, hostility on the part of kolkhoz and sovkhos directors as well as of all those who are against any economic reform.