

Higher costs for oil and gas imports from Russia was a principle factor in generating large external imbalances. Living standards for most of the population have fallen steeply, by about 40% in 1997 as compared with 1991. Intensified energy shortages led to wide spread rationing and harsh winters for the population.

Historically, Ukraine was an engine for socialist industrialization in the Soviet Union. Exports of food, coal, metal and machinery from Ukraine contributed remarkably to regional development. This important material exchange continues even today. With a population of 16% of the FSU (former S.U.) Ukraine in 1995 absorbed 27% of total imports and contributed 15% of total exports in the interpublic trade. About half of Russian exports to the FSU went to Ukraine, which accounted for about three quarters of Ukraine's imports from the FSU, while two-thirds of Ukraine's interpublic exports went to Russia.

Task:

1. What role did Ukraine play in the economy of the Soviet Union and after 1991?
2. What was the nature of the financial crisis in the FSU and how have Russia and Ukraine suffered?
3. Discuss the text together with your groupmates.
4. Explain the meaning of the emphasized words.

2.7. DIFFICULTIES ON THE ROAD TO A FREE MARKET AND WAYS TO OVERCOME THEM

Difficulty	Ways to overcome difficulties
1. Technocratic plans	
2. Neglect of specific Ukrainian problems	
3. Foreign specialists	
4. Resistance of the parliament and reluctance to lose their fiefdoms	
5. Huge taxes	
6. Absence of clearing	
7. Disproportion of our economy	
8. Brain-drain	
9. Problems with privatization	
10. Deficit of the budget	
11. Law – disobedience	
12. Low level of technology	
13. Broken ties with former business partners	
14. Subsidizing of some enterprises	