



The solution of the questions outlined above will help to advance the process of reaching a positive decision by the Verkhovna Rada (Parliament) with respect to the accession to the NPT Treaty and the ratification of the START Treaty together with its Lisbon Protocol. A delay by some states, on which such decisions depend, lays on such states equal responsibility for the delay in the process of consideration of these important documents in the Ukrainian Parliament.

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While the accession of Ukraine to the NPT Treaty will be an important step in strengthening the Treaty itself, it will not resolve the issue of prevention of proliferation of nuclear weapons around the world. It is well known that there are today some fifteen so-called "threshold" states that are close to developing their own nuclear weapons or are suspected of doing so. In the opinion of many experts, some of them already have nuclear weapons.

But even with the present level of technical development in such countries, the development of nuclear weapons, relying only on one's own resources, is impossible. In the implementation of their nuclear programs all these countries relied on the support of some nuclear states. Some countries that are suspected of possessing nuclear weapons, but have not joined the NPT Treaty, are receiving large scale assistance from the nuclear weapons states in military, economic and other spheres without any pressure from such donors with the view to encouraging them to join the treaty and to decline their nuclear ambitions.

In Ukraine's view, no state, and particularly no nuclear state, can conduct in this age a duplicate policy, so common in the recent past, in the area of nuclear disarmament and non-proliferation of nuclear weapons. We are convinced that all nuclear states, without exception, should follow Ukraine's chosen path - the path of assuming in the future, preferably a near future, a non-nuclear status; they

should implement a singular unvarying policy with regard to the securing of universal implementation of the NPT Treaty and the accession of all states to this international instrument.

(Statement made at the World Economic Forum in Davos, Switzerland, Feb. 2, 1993.)

UKRAINE'S PATH TO REFORM

Excerpts from an interview with Deputy Prime Minister of Ukraine Victor Pynzenyk, by Edward Balls and Chrystia Freeland of the Financial Times

What are the goals and methods of your economic reform programme?

The goal of the reforms is to stabilize the economy and to create circumstances which will be favourable for its growth. But we are opposed to the view that we should have stabilization first and then structural reform.

The lessons we have drawn from Russia's experience is that a pure monetary approach which looks very good on paper is nearly impossible to implement in an almost entirely monopolised economy. You cannot expect that with a single "big bang" liberalization you can initiate all of the necessary structural changes in the economy.

For example, one of the most profitable sectors in the economy is metallurgy but these profits are due entirely to its monopoly position. Until we manage to de-monopolize this sector we cannot free prices.

Another problem is that there are effectively no owners of state property. Property is controlled by the directors but no one controls the directors. This has led to very serious abuses. We have seen the slow growth of a very strong alternative economy - an uncontrolled process of free or spontaneous privatization. Before we can stabilize the economy we must reassume control over the state sector.

How will you liberalize the economy and tackle corruption?

Whenever you have a closed stock company you should look for corruption. So we must commercialize enterprises and transform them into open joint stock companies. We also plan to transform collective farms into open stock companies.

The other way that these enterprises will change their form is through bankruptcy. The decision we have taken to liberalize prices and end subsidies will lead to the almost immediate bankruptcy of many collective farms. Most collective farms were very positive about our decision on price liberalization, especially the good ones because the good farms subsidised the weak farms.

The people who are opposed to it are the local bureaucrats because our decisions have restricted their authority considerably...

So why not just push ahead with mass, small-scale privatization?

The problem is that many monopolist trading organizations have gone over to a leasing arrangement, thus preventing commercialization of the trading system. But we plan a decree which gives the state the right to break the leasing arrangement if privatization occurs... But there is another problem... The private racket takes 10-15 per cent of the profit of the private retail stores but the state racket hands 50 per cent of state store profits to local bureaucrats. Opposition to commercialization comes from people who have very specific economic interests which they are protecting. So before we can push ahead with commercialization we have to take much stricter control of state enterprises.

What is the timetable for capping credit emissions and how long will it take before we see effects on the inflation rate?