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European Languages

زبانهای اروپایی

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14.03.2023

## *A neoliberal experiment called Ukraine*



**Sources:** The economist gadfly

*Economics is the method. The aim is to change the heart and soul (Margaret Thatcher)*

The Ukrainian and international media never fail to remind its inhabitants that this war is being waged in the name of *the "European future of Ukraine"*. I imagine this one will never come; Anyway, and in the meantime, what are these small economic sacrifices compared to all the blood that is shed for this "great ideal"? The sad thing is that under the promise of achieving this illusion, the foundations of a country have long been laid, which, like others, becomes the neoliberal laboratory of Dr. Frankenstein.

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The EU is keen to maintain the illusion of "European integration" of Ukraine and the United States are interested in a territory close to Russia to its measure. In the global context, the EU is increasingly vulnerable economically. In recent decades, many European countries have become increasingly dependent on migrant workers, within that there are Ukrainians, many of them expelled from their country precisely for unemployment and low wages created by wise reforms proposed by the EU and the US. According to the Central Bank of Poland, 11% of Poland's GDP growth between 2015 and 2020 is due to immigrants Ukrainian. Unsurprisingly, Poland has always been among the most active in encouraging Ukraine's "choice of Western civilization."

The country goes against any economic theory of war. The interventionism and dirigisme of production by the State was what prevailed in the two wars of the twentieth century that shook the world. The states in War tends to nationalize key sectors of the economy to maximize arms production and stabilization of the civilian economy. They try to strengthen the Buy national, encourage credit, pay better wages, forgive debt internal and stop paying external debt, collect extraordinary taxes, and They obviously forget about corruption. Interestingly, this has not happened in Ukraine, in fact, the opposite is true.

Everything seems to be upside down in Ukraine, at least Some data are paradoxical. Russia occupied Ukrainian land territory (parts of Luhansk, Donetsk, Zaporizhia and Crimea), almost 27% of the territory with about 4,400,000 inhabitants, that is, 10% of the Ukrainian population. To Despite refugee disparities, as of 21 February 2023 More than 7.0 million registered Ukrainian refugees have been counted in different countries of Europe, the strange thing is that 2,852,395, that is, [more than 40% of the refugees went to Russia](#). Having in count these data, very conservative, hopefully Ukraine has 31 million inhabitants, 30% less, data to take into account with economic measures.

In November last year, the Ukrainian president Volodymyr Zelensky signed a memorandum of understanding with BlackRock that will That the investment fund advises the Government. BlackRock's history makes Let all this be especially prescient. According to a [statement](#) from the president's office, the Investment had already been advising the Ukrainian government "for several years." months" at the end of 2022, basically about privatization.

In December last year, before the invasion, when Kiev and BlackRock had been arguing for months, parliament Ukrainian [pushed](#) for legislation backed by promoters real estate that had stagnated before the war, deregulating laws of urban planning for the benefit of a

private sector that has been avidly watching the demolition of historic sites. This is just a Sample of how the war, the lack of political opposition and media trapped the Ukrainian Congress.

According to the [Ministry of Finance of](#) Ukraine, from January to June the State budget recorded \$35 billion in spending and \$000.21 billion millions of dollars in revenue. This situation has been getting worse. Of the \$800 billion in revenue came from various forms of credit and aid. outside. The finance minister has repeatedly stated occasions that, without an increase in aid, Ukraine will be forced to further cutting non-military spending in a few months: This is all a Statement: War matters, not people.

The tension has already been felt in state employees. Workers at the state railway company, who have been playing an important and dangerous role in saving the lives of millions of civilians, receive their wages late and when they do, they are reduced by a third. Many teachers and university professors have not received salaries for months. But most strikingly, according to the Finance Ministry, 21% (\$7.3 billion) of all budget expenditures from January to June were devoted to state debt payments. This completely absurd situation will only get worse, according to [Bloomberg](#), which calculates that Ukraine will face a debt repayment deadline of \$1.4 billion in September.

## **Próximos Vencimientos**

Pagos de bonos en dólares y euros a los que se enfre



The Negotiations underscore Ukrainian government's goal of remaining in good terms with global investors, particularly to be in conditions for financing the reconstruction of the country after the war, business that everyone is looking at. From now on begins a concert of mistakes and business facilities in a country that, shortly, ends or does not end the War, it will be ghost.

One of the most important and consistent demands that the IMF and other creditors Westerners since 2014 has been the "independence of the central bank", which It is true, as in In Argentina or Brazil, the Central Bank is independent of the country! This means that you will have to follow the strictest of the Orthodox liberal logics. That is, considering the "inflation target" at Through monetary means, raise interest rates to clouds like Only acceptable form of state intervention. Companies can't Get credit and the country deindustrializes, but at least the currency is stable, which is also not true. That is, with the consent of the central bank. National banks facilitate capital flight, while "partners" Westerners" do everything possible to facilitate the flight of human capital.

The The Central Bank's decision of an orthodox monetarist solution is entirely inadequate to the wartime context, but consistent with International credit agencies because everything comes together in the same place. See. There is no interest rate high enough to to convince foreign capital to invest in Ukraine, given the risks military and devastation. Inflation in Ukraine is caused by factors on the supply side, such as the global energy crisis, the shortage of gasoline due to Russian military attacks, lack of power for produce, import congestion at the border, lack of investment, lack of production, not because of an overflowing demand or because of a Astonishing income redistribution, quite the opposite. For To get an idea, the finance minister created special war bonds after the invasion, hoping to receive around \$13.500 billion, appealing to "patriotic citizens". But after two months, only \$2 billion had been raised. The national bank was forced to intervene, buying the value of 1.9 billion dollars. But the The same bank immediately began to worry about the trends to the Inflation and currency devaluation, worsened by money printing to buy war bonds.

The twin deficits are huge, but it calls the Attention the external. From the internal point of view, surprisingly It passed a law, at the end of June, which aims to "restart the privatization of state assets at a new level." When ordering the Nationalization of companies contrary to privatizations to buy less externally, the Ministry of Economy pointed out that "it is no longer the time for the National Anti-Corruption Bureau of Ukraine (NABU)." He said this because in the last eight years, a wave of "anti-corruption bodies" (NGOs, state and other bodies) have focused on eliminating state intervention in the economy. Both the United States Agency for Development International (USAID) and the Open Society Foundation, have created websites such as [Prozorro](#) ("[transparency](#)"), which handles Ukrainian state procurement, and According to this page itself is the result of a partnership between companies, government and civil society.

The requirement that state tenders be conducted with a minimum quantity of domestic suppliers should be rated at least as "extremely strange", but the agency of the American embassy Prozorro believes that before fewer local competitors are neutralized the "risks of corruption", the "Stop corruption" imperatives take precedence over development economic Ukraine. With this idea, about 40% of state purchases Ukrainian are from foreign producers. One of the most corrupt countries in the World for decades, now buys abroad to not be.

At the beginning of the war, the government of Ukraine cancelled import taxes and duties. This was a great News for car dealerships, with thousands of cars crossing the border at much lower prices than normally Sell. But it was bad for Ukraine's budget, which lost. about [\\$100 million](#) a month.

The government does not consider it necessary to increase the taxes on large companies. In an [interview with Bloomberg](#), the finance minister not only assured that 75% of the Budget is for the war, "he reiterated that he is not in favor of modifying the tax system in any form, either by making it more flexible or hardening it." Therefore, Ukraine's fiscal policy in times of The war has not departed from the post-Euromaidan consensus, which considers that Cutting taxes is the key to growth and prosperity. Indeed, by canceling so many taxes and talking about mainly of post-war reconstruction in terms of free zones From export taxes, the war has paradoxically seen a intensification of this fiscal model. Meanwhile, tax revenues that are received, of course, are not used to strengthen the state sector.

On August 17, 2022, the congress approved a new Your country's labor law known as Law 5371, which involves a complete Flexibility of the labour market to the detriment of workers. The pressure from Ukrainian and foreign trade unions, including the Confederation Trade Union International, which brings together more than 200 million workers in Everyone protested against the law. ***"It is grotesque that the workers Ukrainians, who defend the country and care for the wounded, sick and Displaced, they are now being attacked by their own parliament."***

The new labour law [and the Recovery of Ukraine](#) in Lugano, Switzerland, plus BlackRock, is where the direction that Ukraine could take during and after the Russian War. Workers are particularly affected by the Russian army offensive. Hundreds of thousands, if not millions, of Workers have lost their jobs. However, those who still are at work have had their rights severely restricted since The war began: currently, strikes are

prohibited and the Inspectorate of Work has almost completely stopped its revisions, which means that the Violations of labour legislation are no longer documented.

While The Ukrainian workers defended the country and did everything in their own way. Scope for things to continue to work in very difficult times, They pushed through multiple reforms that limited rights in the workplace of work. First, a law was passed that relaxed protection against dismissal and increased the maximum workweek to sixty hours. To this A law followed that allowed so-called zero-hour contracts, a form of radical on-demand work in which you are not entitled to a minimum of hours of work and only the services actually performed are remunerated.

The First drafts of labour laws emerged in early July, in the Ukraine Recovery Conference held on the idyllic shores of the Lake Lugano in Switzerland. Numerous representatives of the main International corporations were also present: companies tech like Google, agricultural giants like Syngenta, merchants from commodities such as Trafigura, payment service providers such as Mastercard and consulting firms such as PricewaterhouseCoopers had come to Lugano to discuss reconstruction. A plan for Ukraine, presented there for the first time.

The Plan is divided into three phases: first, emergency aid will be provided direct during the war, then the destroyed infrastructure will be renewed and, finally, long-term goals will be implemented to reform the state. The Lugano conference opened with a video link to Zelensky in Kiev, in which he made it clear that reconstruction is not only a local project but also a a task for the entire democratic world. And, certainly to their benefit, "The EU and NATO are firmly united because of us." Europe is in It agrees and encourages human capital expelled by war, the new Labor flexibilities and starvation wages fill the vacuum of hands that They have their neighbors.

The Ukrainian representatives repeated this slogan as a mantra in Lugano. The country must not only be rebuilt but reinvented from war. In the future, Ukraine should be greener, more digital and socially open, and a better partner for investors and corporations. The Day of Independence, on August 24, launched a campaign entitled "Advantage Ukraine." With advertisements in Britain, the United States and Germany, the Global corporations will be motivated to invest in Ukraine. The talking slogan against a blue and yellow background: "We are free. Are Strong. We are open for business."

The New Ukraine, delineated by neoliberalism, is a country tailored to the exploitation, lack of rights, and spurious businesses. No industry, trying to give away the land, without a state and with debts of all kinds, shows The new ideal that capitalism needs to invest.

Soft power in All its expression shows the capacity of a political actor, such as a State, a multinational, an international organization, conditions and affects in the actions or interests of other actors using cultural means, ideological and economic. The ground is being prepared and Ukraine will be a puppet of Western business.

Source: <https://eltabanoeconomista.wordpress.com/2023/03/12/un-experimento-neoliberal-llamado-ucrania/>

Rebellion 13.03.2023