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Ukraine

Recipes for curbing the conference

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On the day of the October Revolution, November 7, left-wing academics and activists in Kyiv proved their ability to carry out socially critical activities of international level. The renowned Kyiv Polytechnic Institute (KPI) hosted researchers from Ukraine, France, Great Britain, Russia, Belgium, Germany, and Greece. The “Economic Crisis or Crisis of Neoliberalism? Alternative Development Policy for Ukraine” conference demonstrated a high level of debate against the dominant ideological discourse. Economists, sociologists and trade union activists voiced many pressing issues. However, the representatives of the Ukrainian government, who would need to hear the raised proposals in order to save the country from collapse, did not show up at the conference.

Ideological barrier

Pavlo Kutuev, the Head of the Department of Sociology of KPI who hosted the event, addressed a welcoming speech on behalf of professors of the institute.

Referring to the title of the conference, he said that the current global crisis should not be perceived as a “natural phenomenon” but rather as a sequence of implementing a specific ideology, namely that of neoliberal policy (privatization, market deregulation, reducing state intervention in the economy and cuts of social benefits). He also drew attention to the countries whose governments allegedly do not agree with this system but at the same time tend to be authoritarian. Usually, they justify their authoritarianism with some social or economic efficiency which seems to be at least controversial. It is important how government is accountable to the masses, the speaker highlighted. The task of the academic community is to find viable alternatives.

Left-wing anti-Putin politician Ilya Ponomarev, the only Russian MP who voted against the annexation of Crimea, now a political emigrant, started his speech by congratulations on the occasion of the 1917 Revolution anniversary. Then, he underlined the general problems faced by Ukraine. He shared his experience in communicating with the international donors that complain about the lack of reforms in Ukraine. “I tell these donors: you are not helping but just giving the money – it’s not the same”. The funds received by the Ukrainian government are mainly financial loans that need to be returned, rather than the needed investments in real production.

Criticizing Arseniy Yatsenyuk’s current cabinet for its underestimating of industry, Ilya Ponomaryov stressed that Ukraine has the capacity to produce goods that would find their buyers from across the globe. He believes that it’s quite erroneous when Ukrainian government replicates Thatcherite policies of closing the mines considered unprofitable: the number of unemployment would increase while the amount of funds saved would be negligible. In total, the policies of de-industrialization and increasing tariffs which are implemented in Ukraine leads not to modernization but rather to something quite opposite. The guest also explained the relevance of writing off the foreign debt (not just debt restructuring), because the value of the default risk is included in the interest rate of the loan and is already being paid.

Referring back to the controversial issue of the relationship between Ukraine and Russia, Ilya Ponomaryov noted that the taglines of Kremlin propaganda are changing. A year ago, Putin’s advocates used to justify the Russian intervention in Ukraine by the need “to save the Russian-speaking brothers from the bloody junta”; now it comes to “preventing from the return of 1990s”.

In both countries, unholy alliances of nationalists and neoliberals retain power, and in Ukraine, the latter seem to dominate. He urged Ukrainians to make away with popular delusions about the forthcoming collapse of their northern neighbor, the Russian Federation; no matter what the price of oil is, Russia is able to maintain stability due to the low cost of its extraction.

Ukraine is in a difficult situation: the industrial capabilities of the Soviet era are lost, and Western investors are reluctant to invest. But Ilya Ponomaryov still retains hope for the changes in economic policy and the probable progress of Ukraine in order to become an example of a democratic and socially oriented alternative for the other post-Soviet countries.

The recent adoption, on first reading, of the Labor Code of Ukraine curtailing workers rights is a manifestation of global trends, said French author Catherine Samary. She is a lecturer at Dauphine University (Paris), a veteran left militant and an important figure of the reunified Fourth International and member of the radical left in France. At present, the process of destruction of the welfare state is observable both in poor countries of the periphery and in capitalist core countries such as France and Germany (at the beginning of 21st century they had also reduced the salaries and the protection of the employees).

The Pinochet/Reagan/Thatcher-style offensive of the market fundamentalist forces exerted in the last quarter of the twentieth century under the mottos of “trade not aid” and “workfare not welfare” ultimately led to the current crisis of capitalism that has been simmering since 2008. The capitalist “anti-crisis” policy has class priorities; particularly, budget funds have been allocated to bailout indebted private institutions: the state had been saving “the banks, not the people”.

According to the researcher, in 2009 the ruling classes used the crisis as an excuse to start a “new international anti-social war” that continues today. The speaker expressed her doubts in the idea that the aggravation of inter-imperialist contradictions in terms of the crisis means a “new Cold War”. In her opinion, rather it could be called “Yalta-2”: the great powers bargain on the division of spheres of influence, and events in Ukraine and Syria serve as corroboration. Neoliberalism must be stopped to give the Ukrainian people an opportunity to defend their social and ecological rights, as well as the sovereign right to rule their own destiny rather than obey the dictate of the imperialist forces.

Specific causes of the local crisis lie in the war, debts, and dynamics of the Ukrainian capitalism, noted Marko Bojcun, a British researcher of Ukrainian origin from the London Metropolitan University. Transformation to a market economy after gaining independence led Ukraine to depletion of productive forces. Wage arrears reached record levels. The situation requires a significant strengthening of the working class, which is now effectively deprived of political voice and representation. Therefore, development of “large-scale party of labor” is necessary. Mutual support of the oppressed social groups and horizontal solidarity between them are the priorities on the way of bringing together the working classes. Marko Bojcun concluded by stressing the need to combine social movements around the struggles of miners against the closure of coal mines.

Specter of the Greek scenario

We are constantly frightened with the “Greek scenario”, even though Greece represents an extremely important experience of victories and defeats in the struggle against austerity and the “vicious circle of debt”, stressed Denis Pilash, opening the session on the issue of external debt. Several highly competent experts, including a guest from Greece and the founder of the global movement for debt relief, provided their analysis of the debt issue, Syriza-led government accomplishments, and the possible option of Ukrainian default.

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The analysts believe that developing countries are not able to pay their debts off to the IMF and other financial institutions. Under these conditions, the peripheral countries are doomed to lag behind in development, paying debts on the cost of their sovereignty and social standards.

As Judith Dellheim from the School of Solidarity Economy of Rosa Luxemburg Foundation noted, external debt becomes a tool for pushing privatization, lower wages, and commercialization of the public sector. These processes can be confronted by fighting for the preservation and expansion of social and environmental standards, as well as for radical democratization of public control over the financial sector. Speaking about the domestic economic policy, she stressed the need to allocate funds to secure common public interests, in particular through the implementation of socio-economic projects in the infrastructure sector at a local level. Like in the case of workers' self-managed factory in Greece, the introduction of such initiatives, corresponding with the interests of communities and the environment, will be the key to the sustainable development.

Moisis Litsis, a journalist from Greece renowned for his trade union and anti-fascist activities who's also a member of the local anti-debt committee, cited facts that confirm the extent of the crisis hitting the people of Greece: over the last years, GDP fell by 25%, youth unemployment has risen to 60%, and external debt reached 175% of GDP. The so-called "international financial aid" is actually addressed not for Greece, but for the banks, while the terms of the bailout package memorandums led to further deterioration of workers' welfare and elimination of the system of labor contracts. The collapse of the public sector on the local level often made solidarity networks and civic initiatives such as "social clinics" the only hope for thousands of people.

For the first time in contemporary history, Greeks voted for a party to the left of the traditional social democracy, Syriza, to form a new government and combat the Troika. However, they were not fully aware of the complexity of confrontation with the dictate of creditors, bankers, and European bureaucrats. At the critical moment, the new government did not have an alternative – a "plan B" – in case the negotiations drop to a standstill and the creditors neglect the expression of the will of the Greek people (62% of them voted against the anti-social conditions of the new loan agreement in the national referendum).

In addition, the cabinet of Alexis Tsipras failed to conduct a decisive attack on the Greek oligarchy and had the illusion that they could gain real support from Russia and China or individual governments within the EU. So, it is extremely important now to create an international movement against the debts, appealed the speaker.

Probably the best choice to tell more about such a movement was Éric Toussaint, a Belgian political scientist and reunified Fourth International militant, author of numerous books, and the speaker for the Committee for the Abolition of Third World Debt. He coordinated the audits of public debt in several countries; the most recent of these cases was the Greek Truth Committee on Public Debt. Continuing the narrative of his Kyiv lecture delivered a day before, he described how the debt bondage leads different countries to underdevelopment. He cited examples of the opposite policies as well: success stories of states that defied recommendations imposed by the IMF and the World Bank.

After a long-lasting audit of the odious debt, the leftist government of Ecuador defaulted and implemented an interesting e-currency experiment, thus freeing direct funds for economic development, education, and poverty reduction. Éric Toussaint urged the Ukrainians to "disobey the creditors" and to demand debt relief. If the "plan A" (reaching a consensus through negotiations) does not work, we should implement a "plan B" – revolutionary break with the international financial institutions. However, it is clear for the citizens of Ukraine that their government is hardly capable even for the first scenario.

Discussing the case of Greece, where the government was forced to capitulate without having used the report of the anti-debt committee, established by former President of the Hellenic Parliament Zoe Konstantopoulou, Éric Toussaint

noted that even this defeat should be a lesson for the European Left: during this period, they have to figure out how a “plan B” could look like.

Back to Ukraine

So, what should be the alternative for Ukraine? To paraphrase one of the speakers of the third session, the question is only what we need to do first – either to relieve the debt or to introduce progressive taxation. There is little doubt from the view of economic analysis that both steps should be done as soon as possible. It seems that Ukraine can use its advantages only due to balanced social and economic policies for the benefit of the working classes instead of observance of the “free market” dogmas.

Aleksandr Odosii stated that agriculture can be a source of future development only in case of adequate governmental regulation. To overcome the lack of balance between agricultural and energetic sectors, alternative energy should be promoted. The potential of existing transport infrastructure should be also used to full extent. Today, the agricultural sector is beneficial for a bunch of businessmen (profit of sunflower farming can reach 300% in some cases), and the owners channel significant funds to consumption rather than production development.

Enjoying superprofits, agricultural companies pay negligible share of taxes (0.6%) to the state budget, using the offshore optimization, as noted by Zakhar Popovych, an expert of Center for Social and Labor Research and a member of organizational committee of Social'nyi Rukh (“Social Movement”), a Ukrainian left-wing political party currently under formation. Using comparative studies, Zakhar Popovych concluded: “In terms of taxation of big business, we seem to be on the last place in Europe” (like as by the level of salaries). 45% of the economy is in shade. The planned reform by the Ministry of Finance will become the “punishment” for the poor, in accordance with monetarist orthodoxy: the budget will continue to be pumped up by the employees through the personal income tax, while corporations pay less tax from their profits.

The problem of public debt has become rampant, underlined Oleksandr Kravchuk, economy expert of the Center for Social and Labor Research, and one of organizers of the conference. This year, the total public debt is set to exceed the GDP level, and loan repayment began to constitute the most substantial share (16.4%) of the state budget. These funds could potentially go to the industrial production or to the development of scientific and technical sphere. Controversial loans strangling the country became an unbearable yoke for the people and must be denied. According to the economist, the latest debt restructuring agreement secures disadvantageous provisions for Ukraine but is beneficial for the creditors – as the repayment of debts is tied to the economic growth of the country, it will limit the possibilities of future development.

Admittedly, Ukraine is too keen on liberal trends which have been challenged at the West long time ago. Oleksandr Antoniuk, energy economist based in Luxemburg, reported about malignancy of energy sector privatization. He instantiated this point by the facts that the majority of “developed countries” (France, Sweden, USA etc.) either have never conducted course for liberalization of the energy sector or have already curtailed this process. The introduction of “market prices” led to an abrupt increase of tariffs without improving service quality: in California, electricity prices skyrocketed by 13 times after the liberalization.

The issue should be put bluntly: what social forces will embody the demands, obvious and rational in terms of common good? One of the organizers of the conference, sociologist Oksana Dutchak stressed that the vast majority of recent socio-economic protests have been taking place without participation of political parties, because people trust none of them. So the question remains open. Demand for the existence of such political subject is indisputable: it should reflect the interests of the diverse grassroots protest groups.

The path of justice

The conference concluded with the speeches of those who themselves create wealth and require its equitable distribution: working class activists. Experience of independent trade unions is particularly valuable to restore the confidence to the workers' organizations in general.

Spectacular examples of trade union activities aimed to protect the workers were presented by Valeriy Petrovskiy from the Free Trade Union of Railway Workers of Ukraine. The union attained a collective agreement providing extensive social guarantees, including the 13th salary and even the payment of jubilee awards. However, there is a danger that in the wake of attempts to corporatize "Ukrzaliznytsya" [Ukrainian Railways], its management tends to sack at least a part of its 300,000 employees. However, Valeriy Petrovskiy assured that no member of his trade union could be fired "without a fight".

Yuriy Samoilov, miner and lifelong union activist, made an excursion into the workers' history of Kryvyi Rih, an important ore mining and refining city in the centre of Ukraine, and spoke about the need to restore the class identity among employees. In addition, he pointed out that workers' organizations should not only respond to the arbitrary actions of the employers and government, but must move to the offensive, pushing their own agenda of social change in the interests of the working majority.

Yevhen Derkach, the young leader of the independent trade union "Zakhyst pratsi" at the "Pivdenmash" ["Yuzhmash"], a legendary factory that once constructed the most sophisticated Soviet space rockets but today is nothing than struggling for its bare surviving, depicted the importance of trade unions for the society. Describing eloquent examples of over-exploitation of employees, he stated: in order to change an individual consciousness ("from slaves to free people") and the social mood, you should always be prepared for class conflict with the employers. Yevhen Derkach and his fellow comrades experience this firsthand, facing pressure and even violent attacks in their fight to preserve the workspaces at their factory.

One of the reports concerned the workers' struggle in extreme conditions at the front-line areas. Pavlo Lysyanskyi described the experience of his Eastern Human Rights Group that works in the war-torn regions of Luhansk and Donetsk. He listed the EHRG assistance for the protesting workers at Svitlodarsk hospital and a supermarket chain. The group is complimentary to trade unions, it assists in establishing new ones and provides a form of external pressure on the company. Human rights lawyers and journalists are in contact with workers, labor rights of whom are violated, and turn to law enforcement. Trade unions are launched at the enterprises upon successful campaigns "from outside" by EHRG members.

Coordinator of "Solidarity Center" programs in Ukraine Tristan Masat, regrettably noted the lack of constituency for progressive political subjects in Ukraine that could consolidate social movements for grassroots pressure on the government. So he advised the representatives of unions and NGOs present at the conference to develop membership-based organizations as for mass mobilization (particularly the campaign against the new Labor Code) and apply to international organizations for the protection of labor rights.

Judging by the heated discussions and lots of questions, the conference helped bring together workers and students, academics and activists from Ukraine and abroad in sharing their experience, developing the agenda of a democratic socialist alternative, and finding a way for deeper cooperation. Let's hope that such events bring us closer to the very moment when the conference theme, the neoliberal capitalism itself, becomes a mere subject for studies by historians.

Translated by Lesia Bidochko and Anton Pechenkin

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