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Ukraine

Ukraine is not the Neoliberal Laboratory for Transnational Capital

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The war in Ukraine has led to the deaths of more than 45,000 Russian soldiers, tens of thousands of Ukrainian soldiers and civilians. [1] Many of those affected by the war in Ukraine are workers and the oppressed. More than 5,300 civilians have lost their lives in Ukraine and many Russian soldiers from the poorer ethnic minority republics like Buryatia, Kalmykia and Dagestan have been killed. [2] The war has destroyed much of Ukrainian industry and agriculture.

This war also has the character of the battle for market share. Putin's military aggression has afforded US and European capital as well as Russian political capitalists an even better profit-making opportunity. And transnational capital is promoting and deepening neoliberalism through the war. Ukrainian government's neoliberal policies had placed an inordinate burden especially on women and on migrant workers. [3] On the other hand, Ukraine's sovereignty, territorial boundaries, and mechanisms to protect the life of the population, which are vital to present and future Ukraine, remain unclear. Ukrainian neutrality indicated in a tentative peace plan of March 2022 was denied in the Kyiv Security Compact released on 13 September. [4]

Profiteer of the violent military aggression

The aftermath of the war in Ukraine has created global supply shortages of energy and food. And transnational capital is making the biggest profit with the accompanying price increase. Also, the war is the best business opportunity for the companies producing all kinds of weapons and equipment. Now is the best time for military-industrial complex to dispose of existing conventional weapons and produce new and expensive ones amid concern about a potential recession. The market for defence goods has no relation to commercial demand in the civil economy. [5] Stock prices of US arms industry such as Boeing, Lockheed Martin have soared since the Russian invasion of Ukraine began. Russia's brutal aggression has pushed the defence stock prices of several companies to a record high. For example, about 40% of the Boeing Company revenues are already derived from defense contracts. [6] The US national security budget for 2022 is \$778 billion and the highest military spending in US history is planned at \$813 billion next year. [7] On October 4, the US announced plans to provide an additional \$625 million in military aid to Ukraine. [8] The situation is similar in Europe. The Russian invasion of Ukraine has triggered a groundswell of military support for Ukraine and that will buoy their sales for the time being. Unreasonable profits to the war profiteer were made as the result of great sacrifice of workers and socially vulnerable who are always exposed to all kinds of violence.

Victims of Russian unprovoked aggression and the battle for market share

By early September, more than 5,300 civilians had lost their lives in Ukraine. The war has usurped the right to self-determination of Ukrainian population and attacked territorial boundaries. The actual number of victims will be much higher [9]. [9] But it is not only physical damage that this war has brought to the Ukraine. Basic democratic rights for every worker are continuing to be suppressed. The labor rights of Ukrainian workers have been attacked by strict rights restrictions. A strike over working conditions cannot be organized and the offices to enforce labor law are not functioning. In March this year, the Ukrainian Parliament adopted a new Law "On Arrangement of Labor Relations during Martial Law" which allows suspension of collective bargaining agreements upon the employer's initiative. [10] Nearly 5 million jobs had been lost as of May this year. [11] The normal duration of working time was increased from 40 to 60 hours per week. And Laws 5371 and 5161 were also passed on 19 July, destroying workers' rights and

working conditions in Ukraine. [12] All companies with less than 250 employees, employed by about 70% of all Ukrainian workers, are no longer protected by the labor laws. The Ukrainian government continues to rely economically on a neoliberal dogma in its struggle against Russia. [13] The Ukraine's dogmatic free-market measures that suit Western creditors more than its own population date back to 2014 after the Maidan uprising.

Neoliberalism policies that destroy the everyday life of workers

After the Maidan uprising in 2013, then President Petro Poroshenko supported neoliberal policies. And they were taken over by the Zelenskyy government. Successive governments have failed to consider the substantial capitalist structure of Ukrainian society. The neoliberal reforms were not made by decision of the Ukrainian population itself. That is in line with the interests of foreign lenders such as the International Monetary Fund, on which Ukraine relies. Ukraine has also been advised by its Western partners such as the UK. It is speculated that the UK government is sponsoring deregulation in Ukraine. [14] The war in Ukraine facilitated integration of Ukraine's neoliberal policies into neoliberal globalization and played the role to weaken resistance in Ukraine. The war provided political opportunities for neoliberalism and has created an irresistible situation for neoliberal reconstruction under the pretext of "recovery" of Ukrainian economy. Meanwhile, transnational capital and influential groups within the country is also stepping up plans to integrate Ukraine into the capitalist economy to make a testing ground for the violence of the neoliberal state.

Ukraine Recovery Conference (URC 2022)

The Ukraine Recovery Conference (URC 2022) which was held on 4-5 July this year symbolizes "recovery" which aims at a neoliberal offensive to Ukraine. Representatives of more than 40 countries and international organizations attended the conference. The conference in Lugano was renamed the Ukraine Recovery Conference to discuss the "recovery" of Ukraine which has been devastated by the Russian aggression. The URC has been held annually since 2017. Invited to URC 2022 were leaders of EU, NATO, G7, the World Bank, and South Korea. The reason why Korea was invited is probably because it is a country that has "recovered" through neoliberalism since the IMF Crisis of 1997. URC 2022 reiterated its plans to restructure the Ukraine economy towards neoliberalism. At the conference, the Lugano Declaration was concluded and the National Recovery Plan (hereinafter referred to as "NRP") was prepared as supplementary by the Ukrainian government. One of the visions of NRP is "Strong European Ukraine is a 'magnet' for international investment". Also, NRP presented prerequisites to the vision such as "de-oligarchization". [15] It is the same context as the IMF's requests to South Korea in the IMF Crisis of 1997: financial and [chaebol](#) reforms.

The NRP also includes a series of neoliberal reforms such as privatization and deregulation. They are the company-friendly but not employee-friendly policies that South Korea has already experienced. The NRP criticizes Ukraine's labor laws as "outdated labor legislation leading to complicated hiring and firing process, regulation of overtime". And the NRP praises the anti-worker and anti-trade union legislation of South Korea and other countries. The plan extends capitalists' authority for higher taxes on the majority of people and a reduction of taxes on the wealthy. The battle for market share by transnational capital will be continued. The UK will host a conference next year (URC 2023) and an office will be set up in London.

Repeated neoliberal counter-reforms

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Currently, the same situation as the IMF crisis in 1997 Korea and its aftermath is about to occur. Hard-won worker protections were ruthlessly dismantled and domestic markets were opened for foreign capital in South Korea. And low-price Korean assets were devoured. Within 10 years, nearly half of South Korea's total stock market capitalization was owned by foreigners. In the early 2000s, the present writer witnessed the situation where Seoul Station was full of ATMs of foreign banks such as City Bank. At that time, many Korean major banks were effectively sold to foreign investors. Following is the percentage of foreign capital in South Korea's major banks as of 2004. [16]

KB Kookmin Bank 77.36%

Korean Exchange Bank 71.88%

Hana Bank 66.59%

Although NRP praised the structural adjustment policies of South Korea, the results of the policies executed under the pretext of the financial crisis did not lead to the dissolution of conglomerates which are known in South Korea as chaebols. Chaebols account for about 80% of the market capitalization of the South Korea stock market. Privatized industries and services worked contrary to their official purposes. The monopolistic markets dominated by chaebols were rather extended destroying non-chaebol companies with the power of capital. And the social reproduction of labor power was reduced. Neoliberal reconstruction was accelerated as a result of the structural adjustment policies supported by chaebols and global capital.

The ongoing war in Ukraine is a factor to speed up neoliberal reconstruction in Ukraine. The war has also taken on the character of an economic war. Ukrainian government's neoliberal policies for reconstruction (shock therapy, structural adjustments, privatizations) under the pretext of Ukraine's "recovery" will be executed without discussion. And Ukrainian workers' rights and working conditions continue to be destroyed. A "nation" that does not guarantee the fundamental rights and only ruins the lives of oppressed people is not the place to live. Ukraine is not the neoliberal laboratory for transnational capital. Ukrainian present and future should be decided by the Ukrainian population themselves.

6 October 2022

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