

How to restore employment in Ukraine: an alternative proposal to the government's neoliberal reconstruction plan

Friday 12 August 2022, by [KULBACZEWSKA-FIGAT Małgorzata](#) (Date first published: 10 August 2022).

Although the war in Ukraine continues, it is necessary to have a vision of possible reconstruction scenarios. With this goal, Vitaliy Dudin and Artem Tidva held an event that highlighted the experiences of post-war employment regulation in other countries, the existing problems caused by the war in Ukraine and the risks of the government's neoliberal reconstruction plans, as well as alternative proposals.

[In his online lecture on post-war reconstruction](#), Vitaliy Dudin took the International Labor Organization's study "Jobs after war. A critical challenge in the peace and reconstruction puzzle" as his starting point. In the center of attention, there were the problems of the impact of the war on employment – among them, first of all, massive job losses, the destruction of enterprises, depriving people of social benefits and the rapid growth of the number of refugees.

The plans for reconstruction and employment regulation currently being prepared by the Ukrainian authorities are radically neoliberal in nature and do not include the opinion of the public and workers. Instead, they take into account only the interests of political elites and corporations.

1/2 □ On September 1, Ukraine will begin mass privatization, - Prime Minister Denys Shmyhal reports.

The necessary laws have already been adopted. In addition, funding programs are being created to motivate companies and people to create as many jobs as possible:

pic.twitter.com/pSvPzvnMqD

— Flash (@Flash43191300) [August 4, 2022](#)

However, the problems caused by the war are not unique to Ukraine – different scenarios of their solution are known historically. Such alternatives were discussed using the examples of Great Britain, South Korea, Georgia and Croatia. Reconstruction models are certainly not limited to these countries, but each of these cases reflects different institutional approaches:

- Post-World War II Labor-led Britain nationalized and redistributed wealth, which gave the government the resources to carry out social reforms.
- Korea in the 1950s conducted an industrialization campaign, which was financed by grants. At the same time, it implemented reforms that enabled regulating the economy by the state. This policy made it possible to have state employment control, which was combined with elements of liberal policy.

- Georgia chose the most neoliberal path, which led to the absence of state control and the destruction of labor legislation in order to attract investors. However, the consequences of such policies were the lack of employment growth and the erosion of labor standards, which led to harsh criticism from the International Labor Organization.
- The most “compromise” option, being at the same time most promising for Ukraine is the path chosen by Croatia in the 1990s. Croatia carried out market reforms with the involvement of international finance institutions, but no significant deregulation in the labor sphere was carried out. On the contrary, the new labor code limited atypical employment, preserved benefits for vulnerable categories of workers and stimulated the employment of veterans and war victims.

In Ukraine, the most urgent needs are infrastructure restoration, housing construction, supply of necessary goods and guarantees of decent jobs.

However, the consequences of liberal reforms are already felt – the budget deficit caused by tax reform and benefits for cooperatives, the arbitrariness of employers, which was additionally normalized by laws adopted already during the war, poverty and the growth of unemployment, and the reduction of social dialogue due to the anti-trade union moves at the local and national levels. These reforms added to the military destruction and the worsening of the situation of the working people.

Nevertheless, the government’s recovery plan includes deepening deregulation, which is supposed to reduce pressure on business and promote investment. However, there is no such pressure against the background of neoliberal politics. In addition, according to Doing Business and the World Bank, it is not labor legislation that is the most important factor in determining the investment climate, but corruption.

Other priorities of the authorities are the encouragement of foreign capital (for which, according to some proposals, even subsidies are provided) and the stimulation of self-employment, for which it is planned to distribute microcredits to entrepreneurs. The problem is that not all employees are inclined to this form of work and it is not appropriate in all professions.

Involvement in labor-intensive work is also foreseen, as the demand for this kind of work will definitely increase due to the military destruction. However, such employment does not guarantee decent working conditions and positive long-term prospects for workers.

Bill 5371 would entrench low labor standards, for example by encouraging flexible contracts, and this would lead to fewer demands for better working conditions, as workers who would demand higher social standards would be more easily fired.

Reconstruction according to the government’s priorities can also contribute to the flow of capital abroad – due to the involvement of foreign firms.

Inequality between countries will increase, and Ukraine will retain its peripheral status.

In addition,

fragmentation of the economy is possible due to the growth of self-employment and micro-entrepreneurship. According to the research of the Korean economist Ha Jung Chan [1], it is known that such employment is an indicator of the country’s poverty and the lack of alternative, more stable forms of employment, rather than the power of the

economy.

Such employment is suitable for professions that require unique skills, but not for low-skilled workers and spheres oriented to collective work (such as the social sector and, in particular, medicine).

Therefore, such a policy can lead to the dequalification of broad sections of the population and a general increase in social inequality with a small retreat of the successfully self-employed. The effect of international financial aid without the control of the public and trade unions will be leveled.

Taking into account all the expert's criticism and based on the research of the ILO, alternative principles of reconstruction were proposed.

Vitaly Dudin offers the following priorities:

- affirmation of social justice
- taking into account the position of employees
- commonification of the economy – building social-oriented economics
- development of human capital

Necessary economic changes involve the creation of a social and solidarity economy, cooperation and nationalization.

For this, the already existing powerful volunteer movement can be used – for example, to launch various cooperatives that are a sustainable form of integration of spontaneous public initiatives. The effect of such a policy will be solidarity – as opposed to disintegration caused by self-employment and small business.

Subsidies should be distributed to companies where there is a social dialogue – in this way, businesses that fulfill social responsibilities will be encouraged. From the experience of Croatia, it is appropriate to subsidize the employment of vulnerable persons – veterans, refugees, orphans, widows, disabled people, etc. The economic reintegration of these groups should be achieved through subsidies and training with the participation of the state and, in particular, by guaranteeing the sufficient duration of such programs.

The necessary institutional changes include the creation of a Ministry of Labor, which will be the key body representing the interests of workers, as opposed to the Ministry of Economy, which only cares about competition and the interests of employers.

In addition, de-oligarchization and write-off of foreign debt are necessary, which will make it possible to concentrate resources for economic and technological breakthrough and freedom from external financial dependence, development of industry and science-intensive industries. The mechanisms of these changes should be de-offshoreization, open accounting and automated exchange of tax information.

Further compromises with the oligarchs are impractical, as they are discredited by historical experience. Instead, dialogue with trade unions and various civil society actors should be guaranteed.

Proactive labor inspection is needed, which should have a wider scope than now (even basic duties are not being performed at the moment). The priority of their activities

should be to increase employment. Again referring to the example of Croatia, we can mention the rules that allow inspectorates to prohibit overtime work if it prevents the hiring of additional workers – thus the state promotes employment growth. Therefore, overwork and underpayment for some and unemployment for others will be eliminated.

In the fight against shadow employment, the issuance of a certificate to each employee, which will testify to the presence of a person in labor relations with a specific employer, will help. If there is no such certificate, then the relationship is not formalized and the employer should face a fine. This will save time for checks. In the interests of workers, there should be guaranteed salaries from €1000 in export industries, many stable and quality jobs.

In addition, given the traumatic situations experienced during the war, physical and psychological safety are very important for working capacity. Risk assessment should be carried out by trade unions, and psychological support can be provided for example through free access to psychologists (as is currently offered in Sweden). Protection against mobbing, for which the relevant laws have not yet been adopted, is important. Such measures will contribute to the safety of women and men.

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P.S.

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<https://www.crossbordertalks.eu/2022/08/10/reconstruction-ukraine/>

Footnotes

[1] Chang, Ha-Joon. 23 things they don't tell you about capitalism. Bloomsbury Publishing USA, 2012.