

Ukrainian workers are struggling for survival

Tuesday 11 October 2022, by [LOBODZIŃSKI Wojciech Albert](#) (Date first published: 5 October 2022).

Why does the Ukrainian government impose the laissez-faire economic policies? I think they are really bad at history and they don't know what to do in times of war. They have a very ideologised vision of neoliberalism in which the market will solve every problem. The anti-social reforms introduced in Ukraine come partially due to the ideology of market fundamentalism, partially due to business lobby, and partially just because of lack of experience of our leaders - says Vladyslav Starodubtsev, historian by education, social and political activist in Ukrainian democratic socialist organisation "Sotsialnyi Rukh", a honorary member of Polish left-wing Razem party.

While the whole world watched Ukrainian offensives in Kherson and Kharkiv regions, Sotsialnyi Rukh, or Social Movement, held its congress. How do you respond to the upcoming privatisation of state-owned industries, forests and also flat tax reform that are implemented by the Ukrainian parliament?

We accepted the resolution to support the Ukrainian army, to help her win this war and end the occupation of the all territories invaded from 2014 until 2022. But later comes the neoliberal vision of the economy and society imposed by the government and politicians connected with the current government. So we have to fight on two fronts: against Russia and against the neoliberal policies proposed and realised by the current political elites here in Ukraine. They are going to make Ukrainian workers weaker. The war didn't help them in any case, now the government is going to even worsen their situation.

In the media we can see the discussion about privatisation of forests and nearly all state-owned companies, cancelling some labour rights... So what do you exactly mean by neoliberal policies?

I mean all of this and some other policies that are not so much scrutinised as those you've just mentioned. There are also social cuts. Social spendings are going to be halved or even more radically cut. [Social funds and pensions are in process of being merged](#), in order to "optimise" them, so the government will spend less money on the social benefits and pensions in the end. Even though their value was in fact smaller and smaller with the crippling of the Ukrainian economy thanks to the war.

What's even more interesting is that even military objects are privatised now with no nationalisations in sight... Privatisation campaign continues to close the gaps in the budget, and [parliament adopts easing of the process of privatisation](#).

With the start of the war, new temporary tax reform was implemented, but this is different, because there is now a huge discussion inside the government, that this tax reform would cripple the state funds to the level of no repair. The Committee of Finance tries to stop it, saying that it's going to destroy the budget. But politicians from the parliament, from the governing party of Zelenski's, want to push it further. They propose to reduce the value added tax, which is currently 20%, to 10%, and

personal income tax from the current 18% to 10%. They also want to reduce the corporate income tax from 18% to 10%, and in the medium term to completely abandon it.

Instead, the proposal includes the introduction of a tax on capital transferred abroad — 10-15%. [So nothing in the end could be financed in this manner](#), even the army. No reconstruction of the country after the war would be possible. This is discussed right now.

And the reforms of labour rights, how are they going?

Yes, and they wanted to stripe us of those laws even before the war. Now war makes it easier to be denied the right to strike. But what's more, those reforms are denying us the right to work 8 hours, and no more. Right now there is no time limit for work, so if your boss wants you to work more, they will do that. You cannot do anything against it.

Regulatory commission were practically shut down, together with a moratorium on labour inspections, which made defending the right to adequate working conditions harder as ever before.

As to attack on worker's rights, few important laws were adopted — law #2136 — on temporary regulations of labour relations, [#5371](#) (partially rewrites #2136) — with the same topic, [law #5161](#) — introducing 0-hour contracts and [law #7251](#), relieving the employer of responsibility to pay wages for mobilized.

#5161 precaritizes labour relations and creates a lot of instabilities in life, in such way that planning your life becomes nearly impossible. You cannot be sure that there will be work, and if there is none, employer relieved of responsibility of paying wage for idle time, and at the same time relieved of responsibility to provide work.

It creates a strange and awful situation, when one could be paid a lot less than minimum wage (185 EUR), practically abolishing the concept of minimum wage.

#5371 is a massive and complex attack on workers rights, which introduces:

1. unilateral dismissal of an employee for no reason at the initiative of the employer
2. to deviate from the labor code and to establish unfair terms of the employment contract.
Empowering bilateral contracts with the possibility to propose nearly any working conditions, including overwork or work on state holidays
3. the employment contract may establish additional grounds for termination of the employment contract as well as establish sanctions to worker, such as fines

Zelensky's party, Servant of the People, pushes forward a very neoliberal, Thatcherite vision of the economy, which already shows its failings in the West. It threatens democracy and strengthens inequality, and, as now we can see by Liz Truss' government, will have very dire consequences for the economy.

OK, but what is the source of all these ideas? Don't the Ukrainian leaders realise they are doing harm to their own society?

I think they are really bad at history, so they don't know what to do in times of war. They have a very ideologised vision of neoliberalism in which the market will solve every problem. The anti-social reforms introduced in Ukraine come partially due to the ideology of market fundamentalism, partially due to business lobby, and partially just because of lack of experience of our leaders

How can one believe that the market will be an universal solution in the times of war?!

They, I think, believe that it is going to work even now. As I said, it is partially due to the actions of the business lobby, and partially by ideological prejudice. Usually both.

They believe that the country that is being bombed every day by Russia is going to recover fast with the spirit of entrepreneurship thanks to the market reforms. I know it sounds crazy, but that is how it's going here right now.

They probably think that by dissolving worker's rights they could help the country to have a more "appealing investing climate". As you know, investments in business in places, where this business could be bombed in any day, are pretty unstable, and by worsening life of ordinary people in this situation even more it won't help much.

This is their way of "improving our economy". It's very regressive, hazardous, undemocratic and unsustainable. Usually, in the times of war every kind of government, even right-wing, applies keynesian or interventionist kind of policies. Social guarantees for the people who are in the army, or can lose their jobs, infrastructure projects, creating new jobs and reopening or building new factories which can provide the army with ammunition, guns, etc. This is the way to handle wartime.

So this is your proposition?

Yes. This is the minimum of what we are proposing.

By implementing government reforms, they actually are making country more vulnerable to the invasion, provoking social conflict and division and promote class-politics oriented on enshrining privileges of businesses on the extent of rights of the majority of population, who are fighting in the frontlines or producing necessary equipment to win the war.

As of now, the main goal of any politics should be to create a socially stable, united country capable of dealing with the invader. With the respect to military, diplomatic and media successes of the government, their social and economic policies are benefiting a very small and rich minority at the extent of safety, stability of the majority, as well as at the extent of defensive capabilities.

A lot of commentators from Western Europe say that this agenda was imposed by Boris Johnson, who wanted to create a space for British business in Ukraine. It was some kind of a barter deal, you give us cheap labour and state-owned assets, laissez faire market, austerity policies, we give you weapons, they say. Wasn't it like that?

I think that this cooperation was here even before, and it didn't come from the United Kingdom. [Our elites wanted to dismantle the social contract long before the war. On the other hand, perhaps this direction, the really fast and cruel reforms were eagered by the Tories. Nevertheless, the the will to implement these changes has been from the side of our government.](#)

Usually, even European mainstream politicians are saying that this is not a good direction to take. They are moderating the most radical of neoliberal proposals by Zelensky, which are also incompatible with EU law and goes against agreements Ukraine has with ILO. Most of Western governments actually in some ways push more social approaches and more moderate neoliberal policies that our government is planning.

At points, this sounds like some kind of a scheme. You think that this government around Zelensky wants to create their own oligarchy, by buying state companies and land?

I think that they have had those plans for this economic agenda. Now they are just using wartime to implement it. All of this was already proposed before the war.

For example labour rights reform was meant to be implemented year ago, but trade unions did not allow that through direct actions and demonstrations. Even the media supported them. Now they speak only about the war, so there is no space for any civil unrest that could be recognized by the mainstream media. What's more, protesting is to some extent illegal. To be more precise, they are legal, but any demonstration could be legally shut down if the government decides that it is needed to do so. Also, the people who would protest right now are partially in the army or busy with volunteer work.

Privatisation has been here already, but now it's getting faster and faster. Those cuts and limitations of taxation are adopting in tandem to ensure that privileges of the rich is paid by the poor, and with this it's really funny when you can see a neoliberal Committee of Finance that is trying to prevent some of their colleagues from implementing their radical neoliberal policies, because they already know that it is not going to work.

And how people respond to that? Is there any discussion, live or on social media, about the government's reforms?

Mostly people don't know about particular reforms or do not understand what they will mean in the future. It's not on the agenda, because all of the media space is now occupied with war-related content. However, there are a lot of discussions in social media, especially with some narrow communities, like Facebook groups of particular industrial plants, people who are affiliated with trade-unions etc. Major trade-unions usually repost or republish our (Sotsialnyi Rukh's) materials on the issues and discuss it. It's not in the mainstream, but a lot of communities directly affected by it engage in discussions.

How people cope with living in the times of war? What is now the average condition of living in Ukraine among working class people?

Very much depends on the region. Life in Mykolaiv, occupied regions, Lviv and Kyiv differs very strongly. Another factor is strictly personal - should the person flee a war, has he/she lost a job, home, etc. Basically, the people in occupied regions are facing genocide, mass killings and political persecutions, together with radical worsening of working conditions and undermining of all political and social rights. People who are working with humanitarian aid, always at risk of being killed or robbed, if they are trying to deliver supplies to occupied regions, because of Russia monopolising humanitarian "aid".

In some cities, people are actively preparing for the winter, buying or making "burzhuika". There are people who lost their homes or were forced to flee live in all of the different places — communal buildings, [factories](#), at the train station, in the metro.

There is a strong problem with housing, as researches from Cedos conclude: "As of March 18, 6.5 million people have moved within the country. About 4 million of them are in Western countries. Part of housing has been destroyed: according to the State Emergency Service, as of March 22, Russian military units damaged at least 3,780 residential buildings and completely destroyed 651 buildings. A notice appears about an illegal eviction from a rented home and an increase in rent price for it. Access to housing remains among the biggest challenges facing state and local governments today, as well as volunteers in all regions"

City authorities mainly focus on providing people with short-term crisis housing. The shelter is arranged both in the housing stock and in non-residential premises (schools, kindergartens, sports halls, cultural institutions, stations or any other big spaces that could be rearranged to accept

people)

Let me also quote a [material](#) of Ukrainian left-wing magazine “Commons”: “If a year ago five people applied for one vacant job, then in August - 13. According to the Sociological Group ‘Rating’ for July 27, the number of people who kept their jobs after the war is 59%, and only a third of them work fully, the rest - remotely or on a part-time basis. But even having a job does not guarantee a financial cushion, since wages, according to the estimates of the National Bank, have decreased by 25-50% since the beginning of the war. And given the ongoing hostilities and the falling economy, the outlook is not bright”.

If one adds inflation, destruction of infrastructure, deteriorating social services, uneasy winter and a lot more, the situation becomes really “not bright”.

A lot of people find it very hard just to survive in these conditions, and lack of social policies makes hard life even harder. Conditions are awful. Fortunately, now there is at least some help in providing temporary housing, free food and some small (50-100 EUR) of financial help from international organisations such as the UN. A lot of help comes from volunteers, which practically are doing the job that the government should do — they are really helping to survive for an astonishing amount of people, on the basis of self-organisation, but the situation is still very harsh for a lot of people.

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