

Ukraine passes IMF-backed land reform bill, social cuts as coronavirus spreads

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Ukraine's parliament met Monday in what has been labelled a "historic" session to pass two pieces of legislation demanded by the International Monetary Fund (IMF) in exchange for a potential \$5.5 to \$8 billion loan package. The Ukrainian state – in the midst of an economic and social crisis caused by the ongoing civil war in eastern Ukraine and a rapidly growing coronavirus epidemic – faced certain default in the absence of the IMF's backing.

Monday's emergency parliamentary session was held as the Ministry of Health announced that the number of cases across the country had grown to 548 with 13 fatalities. Throughout the session all members of parliament and President Volodymyr Zelensky donned facemasks and gloves.

The first bill that passed was popularly known as the "anti-Kolomoisky" bill as it specifically targets the well-known oligarch Igor Kolomoisky. Kolomoisky had previously backed Zelensky throughout his 2019 presidential campaign but had since fallen out with the comedian-turned-president. A central element of their dispute was the return of Kolomoisky's PrivatBank, which was nationalized by the previous Ukrainian president Petro Poroshenko.

It was widely expected that Zelensky would return the assets taken by Poroshenko to Kolomoisky. However, the bill passed Monday explicitly forbids any former owners of banks that have been declared insolvent or nationalized. The bill had been pushed very strongly by the IMF, the EU and the US and was central to the IMF's granting of new loans to Ukraine.

Second, the parliament passed the so-called "land reform" bill that will end a decades-long moratorium on the sale of agricultural land. The moratorium is now set to be lifted in July 2021. The bill, which had been mired in parliament for months due to the widespread opposition of the Ukrainian working-class, was ultimately only able

to pass during an emergency parliamentary session while the country has been put on shutdown due to the growing coronavirus epidemic. According to a recent Rating poll, 73 percent of the population are opposed to the bill.

The bill passed with some measures that were opposed by the IMF and Western imperialism, including limitations on the size of plots sold and a referendum on the sale of land to foreigners.

Agriculture makes up 40 percent of Ukraine's GDP and it is estimated that the country, long known as the "bread basket" of Europe, possesses 32 million hectares of arable land, which would be highly desirable if opened to both wealthy foreign and domestic investors. By comparison, Germany – which has roughly double the population of Ukraine – has just 12 million hectares of arable land.

The passage of the bill was celebrated by Zelensky's backers both in Ukraine and in the west. Appearing in an op-ed on the website of the Washington, DC-based think tank *Atlantic Council*, Zelensky's spokesperson Iuliia Mendel called the measures "historic" and signaled that the limitations on the sale of land would be temporary, as the Zelensky government was already preparing "complementary" legislation that would help Ukraine's land market function more "efficiently."

Mendel also chalked up opposition to ending the land sale moratorium as nothing more than Ukrainians being "intimidated by political myths for nearly thirty years."

Zelensky's former right-wing Prime Minister Oleksiy Honcharuk hailed the opening of the Ukrainian agricultural land market as "Another post-Soviet vestige returning to the past!" and called the bill "historical" despite his opposition to its limitations.

Just prior to Monday's vote, President Zelensky released a video address in which he pleaded for parliament to pass the IMF-backed legislation which he called a "crossroads" with "two paths." According to Zelensky the first path was "the adoption of two vital

laws. After that, we will receive support from our international financial partners in the amount of at least ten billion dollars. This is needed to stabilize the country's economy and overcome the crisis." The second path, or a failure to pass the laws he warned would lead to "economic downturn" and "default."

The coronavirus epidemic and subsequent flight of foreign capital out of Ukraine have caused severe economic damage in what is already Europe's poorest country according to the IMF. Ukraine implemented a quarantine, set to last until at least April 24, and has shut its borders to international travel.

A government spokesperson reported last week that as a result of the coronavirus the country's GDP could shrink by 3.9 percent and inflation could increase by 8.7 percent. The spokesperson also reported that unemployment could hit 9.4 percent and that the budget deficit could triple. Ukraine already operates on a budget deficit of approximately \$642 million and owes billions of dollars to the IMF in loan repayment.

In polls, 69 percent of Ukrainians indicated that they had suffered economically from the consequences of the pandemic. One in six said that they had lost their job or at least one source of income. Thirty-eight percent had experienced a decline in their regular family income and 16 percent had lost all forms of income. Of those who have lost income as a result of the quarantine, 45 percent only have enough money to make it through March, if at all. About a third had enough for March and April and only 16 percent would be able to make it for three months or more. An estimated 60 percent of Ukraine's population were already living beneath the subsistence minimum before the coronavirus pandemic.

Now, on top of skyrocketing unemployment, the government has quickly revised the yearly budget and will make additional cuts to educational and social programs, gas bill subsidies, and compensation for houses destroyed by Ukraine's army as result of the ongoing fighting in the east of the country. Meanwhile, as reported by the Ukrainian news website *Strana.ua*, military funding and IMF repayments will remain untouched.

The policies of the Zelensky government threaten the working class with a social and medical disaster of immense proportions. The Ukrainian government's response to the spread of the virus has been criminally inadequate. According to the country's Deputy Health Minister Viktor Lyashko there are approximately 1,117 ventilators available for the entire country of 40 million people.

The country's former Health Minister has admitted that the country is even less prepared than Spain or Italy, where hundreds are now dying on a daily basis from COVID-19. Ukraine also had a substantial population of elderly people – constituting about a quarter of the total population – that are at particularly high risk of dying from the virus.

Last week the investigative publication *Bihus* revealed that Kiev's Municipal Health Department was creating special "VIP" hospital rooms for state officials and their wealthy friends, where they would be treated in separate rooms by more experienced medical staff.

The attitude of the Ukrainian bourgeoisie and the Zelensky regime was revealed most openly by Health Minister Ilya Emets, who was forced to resign Monday due to honesty. Emets, who had previously stated that all of Ukraine's "pensioners will die," more recently told Ukraine's 112 News, "We know the statistics, how many people are over 65 years old. It's a shame, but the average life expectancy for men, I think, is 65. Therefore, I will say frankly that the financiers who should help us need to focus on those people who are still alive. I'm not joking and I'm not trying to scare you. I say all the time: do the math, see how much we need to allocate on living people, not corpses."

Fully aware that the combined impact of these frontal assaults on the living standards and lives of the working class will provoke mass opposition, the municipal government of Kiev has already moved to officially employ the far-right "Municipal guard" to implement the quarantine in the capital. The Municipal guard includes fascist thugs from the neo-Nazi party Svoboda and C-14, a notorious far-right organization with close ties to the Ukrainian state.



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