

# Ukrainian government looks to intensify exploitation of IT workers

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The Ukrainian government is moving forward with plans to exploit the country's IT workers as it faces an uncertain economic future due to both the ongoing COVID-19 pandemic and the reorientation of American foreign policy.

Following his disappointing meeting with US President Joe Biden last Wednesday, Ukrainian President Volodymyr Zelensky headed west to San Francisco where he met with leading investors, representatives of venture funds and Silicon Valley accelerators in an attempt to attract foreign investment to Ukraine's IT sector.

"Our meeting here in Silicon Valley is a great opportunity to discuss the prospects for the development of the IT sector and innovations in Ukraine. Our country is rapidly transforming and adopting innovations. Over the past year, we have managed to make a real breakthrough in the digital sphere. At the same time, we still need to do a lot," Zelensky said.

He went on to state that his government had hoped to raise the income of Ukraine's IT sector from \$6 billion to \$16.5 billion per year within three to five years and expand the IT sector to account for 10 percent of the country's GDP.

Ukraine's IT sector currently employs approximately 200,000 workers and the Zelensky government is hoping to increase that number to approximately 450,000 by 2025.

For the Ukrainian ruling class, the country's educated and talented IT workers—themselves a legacy of the Soviet Union's educational emphasis on science and math—represent a potentially lucrative source of foreign exchange in an economy that saw its GDP decline by 4.4 percent and saw exports decline by 4.6 percent in 2020 due to the COVID-19 pandemic.

Further undermining the country's economic situation, in July the Zelensky government learned via the press that the Biden administration had reached a deal with Germany not to oppose the completion of the Russian-German Nord Stream 2 gas pipeline. Its completion is expected to significantly undercut Ukraine's importance to European energy markets and potentially deprive it of approximately \$2 billion in annual gas transit fees.

Meanwhile, Ukraine's IT exports grew by 20.4 percent in 2020, according to the National Bank of Ukraine. They now account for 8.3 percent of the country's total exports.

Junior software engineers in Ukraine earn just \$600 a month. While this exceeds the average Ukrainian's poverty wages of approximately \$350 a month, it is a pittance in comparison to the average salary of a junior software engineer in the United States of approximately \$90,000 a year.

Like many IT workers globally, the bulk of Ukrainian IT workers are employed as independent contractors. As a result, they are not subject to the same labor laws regarding hours, conditions, vacation and benefits as workers employed as regular workers. IT workers all over the world are often forced to work exceedingly long hours to meet critical deadlines imposed upon them by employers.

Zelensky's appeal to Silicon Valley coincides with his government's ongoing attempts to undermine the country's existing labor laws in favor of the capitalist Ukrainian oligarchy.

In March 2020, the Ukrainian parliament was forced to withdraw Draft Law No. 2708 after worker protests. Among other measures, the law's passage would have allowed companies to fire workers without reason, reduced overtime payments and permitted companies to

institute a 12-hour workday.

Since the draft labor law's failure, such labor "reforms" have been introduced as separate incremental proposals in order to avoid a direct confrontation with the Ukrainian working class.

Zelensky's moves to restructure the Ukrainian labor market in favor of foreign capital has elicited support from the imperialist powers, and especially from Washington. Speaking with the right-wing American think tank the Atlantic Council, the president of the American Chamber of Commerce in Ukraine, Andy Hunder, commented on Ukraine's growing IT sector but urged further pro-market "reforms."

"What helped achieve this year's impressive results? Minimum red tape, the professionalism of Ukraine's IT specialists, and a stable industry-wide tax policy," Hinder stated. "It is vital to ensure sustainable and transparent conditions for the IT sector to stimulate further growth and development. Namely, this means preventing increased regulation. It is also essential to guarantee IT companies freedom of their activities, business models and forms of interaction with human capital. IT companies must be safeguarded from unlawful interference in legitimate business activities."

While in California, Zelensky also met with Apple CEO Tim Cook. Apple is well known for its exploitation of workers all over the world, particularly through its partnership with the sweatshop electronics manufacturer Foxconn.

Zelensky spoke glowingly of being granted the privilege to meet the billionaire Apple CEO. Following the meeting, he tweeted: "Ukraine is already a global IT hub. We are interested in expanding Apple's presence in Ukraine and implementing new ambitious joint projects."

The attempts to intensify the exploitation of the working class, including IT workers, are the response of the Ukrainian the ruling class to the ongoing COVID-19 pandemic. The economic crisis has hit Ukraine particularly hard due to its large number of migrant workers and crumbling health care system.

Over 57,000 people have officially died from COVID-19 in Ukraine while hospitalization rates are climbing again due to the spread of the Delta variant and the low vaccination rate of just 10 percent of the country. With a population of less than 40 million, Ukraine has already officially recorded over 2.4 million

COVID cases.

Throughout the pandemic, medical workers in Ukraine have worked in desperate conditions with outdated and missing supplies. To make matters worse, Ukrainian medical workers have often gone for months without receiving pay and the National Health Service has continued to cut hospital staff and wages.

Defying the Zelensky's government push to both reform the labor market and push workers back to work, during the summer a number of medical workers went on strike, demanding unpaid wages and COVID-19 hazard pay. In August, doctors and nurses in the eastern city of Kupyansk went on strike despite intimidation and threats of layoffs from hospital administration. Earlier in the month, 150 medical workers in the city of Valkov went on strike and blocked a major highway over unpaid wages. Similar strikes took place throughout the summer in Kiev, L'viv, Suma and Slovyansk.



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