Poverty skyrockets in Ukraine

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Poverty in Ukraine has increased more than tenfold since the outbreak of the US/NATO-Russia war, according to the latest data from the World Bank (WB). Officially, 25 percent of the country's population is now poor, up from supposedly just 2 percent before February 2022. Both numbers are a huge underestimate, as Ukraine already had the lowest or near-lowest GDP per capita of any European country before the Russian invasion, and its government has long set an absurdly low poverty line in an effort to undercount the number of people living hand to mouth.

With officials predicting that the poverty rate could rise to as much as 60 percent or more next year, levels of deprivation are emerging in Ukraine that have not been witnessed on the European continent since the end of World War II.

Unemployment is now running at 35 percent, and salaries have fallen by as much as 50 percent over the spring and summer for some categories of workers. The lowest paid segments of the workforce—students and unskilled laborers—are estimated to be surviving on a monthly wage of about $291. With its economy on track to contract by 35 percent this year, according to the International Monetary Fund, Ukraine's public debt has now soared to 85 percent of GDP.

Basic goods and services are both unavailable and unaffordable for millions, as inflation, which stood at 24.4 percent as of September, eats away at workers' salaries and pensions. A recently released joint study by the World Health Organization and Ukraine's Ministry of Health found that 22 percent of people in Ukraine cannot access essential medicines. For the country's 6.9 million internally displaced, that number rises to 33 percent.

Eighty-four percent of survey respondents said that prices are too high, and 46 percent said that what they need is simply not on the shelves. The medications that are hardest to get—those that treat blood pressure, heart problems and pain, as well as sedatives and antibiotics—reveal a population struggling to cope with decades of poverty-induced ill health and the physical and psychological trauma of war.

While US and NATO officials are able to dispatch massive amounts of firepower to Ukraine's front lines within a matter of weeks, the delivery of life-saving humanitarian goods is seemingly an impossible logistical challenge.

Meanwhile, COVID-19 is spreading, with another 23,000 cases recorded between just October 10 and 16. Ukraine's coronavirus vaccination rate is under 45 percent, and only a small fraction of the population has ever gotten a first or second booster dose. Even before the outbreak of the war, Ukraine was, in the words of President Zelensky himself, "medically naked" as the result of years of austerity measures imposed by overseas lenders.

More than 7 percent of the country's housing stock has been damaged or destroyed, and millions have lost access to heat, electricity and water. Last week, 30 percent of the country's power stations were knocked offline. According to news reports, in preparation for the winter, people are gathering wood and building makeshift stoves in abandoned buildings that still have roofs. Under these conditions, the government in Kiev recently made the helpful suggestion that everyone charge their devices and stock up on batteries and flashlights, in anticipation of ongoing rolling blackouts.

Among the most vulnerable are the elderly, immobile and disabled. Out of a prewar population of 44.13 million, Ukraine has 2.7 million people officially registered as having a disability. Thousands among them are housed in grossly underfunded and often horrific orphanages and nursing homes, where they are especially vulnerable to the ravages of war. Human Rights Watch and other nonprofit groups issued statements in August noting that authorities had overlooked many of those institutionalized in these settings in their evacuation plans, leaving them stranded. Reports surfaced of the mentally infirm chained to beds and undernourished children left to lie in their own waste. In September, the Western media carried news stories claiming that Russian forces were using

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these populations as “human shields,” failing to mention the fact that for the Ukrainian government they had long been human trash.

The government in Kiev is requesting large amounts of aid from international agencies and foreign states, as the overwhelming majority of its domestic budget is being eaten up by military expenditures and debt servicing, as well as the payment of salaries and pensions. According to Prime Minister Denys Shmyhal, 60 percent of Ukraine’s budget is now devoted to defense. World Bank regional country director for Eastern Europe Arup Banerji recently stated that if Ukraine does not receive more financing soon, it will have to either further cut social spending or resort to simply printing money, thereby driving up the inflation rate.

Speaking last week at an annual meeting of the International Monetary Fund, Ukrainian President Zelensky requested another $55 billion from the international community—$38 billion to cover next year’s budget deficit and $17 billion for infrastructure. The World Bank estimates, however, that Ukraine’s overall rebuilding costs at more than six times that amount, $349 billion.

But foreign governments are not nearly so generous with their purses as they are with their stocks of arms. While financiers and politicians have repeatedly spoken about the necessity of giving Ukraine grants in Marshall-Plan-like funding schemes, much of what the country is currently promised is coming in the form of loans or not coming at all.

In an October 12 commentary published in the *South China Morning Post*, right-wing economist Anders Aslund noted that of the $35 billion the IMF has pledged to Ukraine to help it keep its government running and schools and health care facilities open, it has released just $20 billion. And of the 9 billion euros the EU committed to the country in May, just 1 billion has been sent.

Speaking about Ukraine’s “very large” financing needs, in mid-October IMF Managing Director Kristalina Georgieva noted that her agency is gearing up for talks with Ukrainian officials “to discuss Ukraine’s budget plans and a new IMF monitoring instrument, which should pave the way for a full-fledged IMF program once conditions allow.”

In other words, should there be anything left of Ukraine, the IMF is intent on using the physical destruction of the country to increase its oversight of the government and economy and force through privatizations and massive cuts to social spending. The recent appointment of Ukraine’s Minister of Finance Sherhiy Marchenko as rotating chair of the IMF’s Board of Governors is an expression of the full commitment of the Ukrainian bourgeoisie to this longstanding project. International lenders have been bleeding Ukraine dry for decades.

And even under conditions in which grants, as opposed to credits, are extended to the country, Ukraine will be kept on a tight leash. A recent analysis by Deloitte Insights, an online publication by the international financial management, first emphasized the importance of “anti-corruption” and “fraud prevention” in all ongoing funding deals with Ukraine. When it suits them, the international community will, once more, discover that Kiev’s “freedom fighters” are a bunch of thieves.

In an expression of what is being prepared, over the course of the summer the Ukrainian government pushed through, with the avid support of its Western allies, a series of “reforms” gutting salaries and workers’ rights on the basis of the fact that martial law had been imposed in the country. So-called “zero-hour” contracts are now legal. In addition, all those employed by small- and medium-sized enterprises, about 70 percent of the workforce, have been denied the workplace protections granted in the national labor code, which is no longer applicable to their category of employment. While allegedly these measures are to be temporary, the government clearly intends for them to continue indefinitely.

In motivating the passage of the new legislation, Zelensky’s grossly misnamed Servant of the People party insisted that Ukraine suffers from “extreme over-regulation of employment” that “creates bureaucratic barriers … for raising the competitiveness of employers.” Minister of Parliament Danylo Hetmantsev denounced labor regulations as being at odds with a country that is “free, European, and market-oriented.”

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