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New Faces, Old Ideas in the Old Country

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Ukraine's new government, led by comedian-turned-politician Volodymyr Zelensky, wants you to believe that they're a fresh face. So fresh, in fact, that some government figures associated with his party, Servant of the People, are still in their early twenties, like MP Sviatoslav Yurash. The Prime Minister, Oleksandr Honcharuk is 35 years old, the Minister of Justice, Denys Maliuska, is 37, the Deputy PM, Mykhailo Federov, is 28, as is Hanna Novosad, the new Minister of Education. Youth, in Ukraine's new cabinet, is seen as a strength.

But there's a problem with the new guard, one that threatens to make moot all their promises of reform. And those promises are significant, not least because of the backlash that could snap back onto President Zelensky and his party – promises like 40% economic growth over five years, sustained 7% GDP growth per annum, the elimination of corruption in state-owned companies and ministries, and the enforcement of rule of law.

How does the government plan to achieve all of this? In a word, the oldest trick in the playbook (well, at least since the end of

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the Second World War), and that word is neoliberalism. Now, I don't simply mean the standard leftist insult that one applies to anything they dislike. No, this neoliberalism is the purest type, the artisanal, fresh from the source neoliberalism distilled from the finest of fetid World Bank-sponsored conferences and Goldman Sachs-funded think tanks. Nothing but pure, unadulterated neoliberalism to cleanse the pores and get rid of all those Soviet-era labour laws.

"It's easier to divorce someone in Ukraine than it is to fire someone," said the Prime Minister recently during a conference in Kyiv. And he's sort of right, if we ignore reality. Putting aside the question of divorce for the moment (which, at least as of a few years back, still required putting an ad in the paper if one of the partners was absent), firing someone officially in Ukraine is a chore. Not only do you need good reason, you also need to make an argument in front of a labor board convened for precisely that purpose, and you stand to make the person un-fire-able if you lose the argument. And while Ukraine has its problems, that sounds like a pretty good basis for employment law, at least if you're a worker.

But here's the truth: up to 45% of the country works unofficially, under the table, and in many industries, not just blue collar ones – service, retail, and construction jobs are usually unofficial gigs, but so are start-ups, publishing houses, even media outlets. And a growing number of Ukrainians employed in IT and other white collar industries are being forced to register as a 'FOP', or 'independent contractor' in order to work. They also do not count as working officially, as they aren't employed, legally, by the business that de facto employs them. Thousands of Ukrainians work in the gig economy, which in the capital of Kyiv is at least as widespread as it is in LA – Uber, Bolt, local competitors like Uklon, as well as delivery services like UberEats and Glovo. Unions exist in Ukraine, but they are the Soviet-style of unions, toothless and utterly beholden to the state. Independent unions are nearly non-existent.

Taken all together, and quite a different picture emerges of Ukraine's growing and modernizing economy, one where the

majority of workers are subject to discriminatory and unfair at-will employment practices, where shifts of more than 10 hours are common, where breaks and lunches are kept to a minimum. So while it can be hard to fire someone in theory, in practice, only those workers employed by state companies or state bodies are afforded that protection.

Labor liberalization is of course a hot topic amongst IMF economists who drove half of Europe into utterly unnecessary austerity following the Euro crisis and the Great Recession. The precariat, as it's been called, has seen its labor rights scaled back to the start of the previous century, with only barely-functioning norms keeping us from working until we starve, often for aptly-named starvation wages. And indeed for many, like Bengali laborers in the Gulf countries or Latin American workers in the United States, their labor rights are nonexistent and their labor situation is scarcely improved to Victorian workhouses.

Another drive for the new government, under the false guise of 'reforming the economy', is the upcoming firesale of state assets via massive privatizations. Let's be fair: much of Ukraine's corruption stems from capture of state-owned enterprises by bad actors, and state-owned industries are chronically inefficient, bloated, and generally shitty. But there isn't any evidence to support the idea that privatized ones are any better, and indeed, are often worse, with historical evidence like the privatization of the rail system in the UK as a great example. Yet this is a process that the current government seems to want to copy wholesale.

Instead of tackling the problems Ukraine faces head-on, the government, which fancies itself as a 'technocratic' administration (much like the maligned Matteo Renzi in Italy) has lifted wholesale the standard neoliberal IMF playbook for developing countries, ignored the decades of history that has led to said developing countries becoming hollowed-out austerity-ridden basketcases, and called it modernization.

Yes, labor laws in Ukraine need to be reformed. But they need to be reformed in order to reduce the growing use of independent contractors and informal employment, and ensure that all workers have access to labor protections, not just those employed by state industries.

And yes something needs to be done with those state-owned industries. But that can be accomplished through judicious use of anti-corruption legislation and enforcement, instead of selling them off bit by bit to private investors in the name of 'attracting Western capital.' (And if you think those same directors who run the state-owned companies won't be the first ones bidding for them during privatization, I have a bridge in Brooklyn in just fantastic form to sell you.)

What about other government initiatives, like the land market reform, which, at 42 million hectares, will become Europe's largest land market? While there are certain national-populist restrictions built into the proposed law, such as limited purchases, citizenship requirements, and so on – only someone willfully blind would ignore the obvious fact that major enterprises with capital will have the means and motive to convince poorly-educated, old rural farmers to sell their land for a pittance, and build up, via trusts, land portfolios that they otherwise could not.

Ukraine's new, young, millennial dominated government seems like a good thing. And in many ways, it is – Zelensky's party and promises are enormously popular, and with 56% of the Parliament, they don't require any checks or balances to pass legislation. It is, as one commentator mentioned, 'A Lee Kuan Yew-style 'express democracy' – but it is one that the Ukrainian people voted for, after decades of seeing nothing but kleptocrat after kleptocrat steal their past, present, and future.

Yet, despite the youth of the new government, the neoliberal aspirations of the government are old news – a common capitalist trick, selling you an old product made up in new packaging.

And while they're moving ahead with their 'express democracy', Ukraine's workers run the risk of being left behind.