

Is Ukraine Being Pushed Towards Long-term Indebtedness and Subservience?

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Global Research, June 28, 2023

Region: [Europe](#)

Theme: [Intelligence](#)

In-depth Report: [UKRAINE REPORT](#)

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Ukraine's people desperately need a future based on welfare and peace, and this is what all of their sincere friends would desire, but in reality Ukraine is being driven towards the kind of huge indebtedness that leads to subservience and dominance by those countries (or institutions controlled by them) which own the loans, a condition that cannot bring peace and welfare.

It is common for war-torn countries to get into debt. However in the case of a proxy war, it may be reasonable to suppose that the country on behalf of which the proxy war is being fought will bear much of the expenses. Therefore it is important that whenever the USA or its allies announce their weapons or other supplies to Ukraine, they should clearly mention whether this is loan or grant, sale or 'help', and if this is a loan, what are the terms and interest rates? The present indications are that a lot of this is loan, not grant. So if a country fighting someone else's proxy war also gets indebted to this country and its allies on a long-term basis, what is in this for the people of that country?

Actually the story of getting indebted for the desires and whims of others does not begin here, nor does it end here. It begins in 2014 with the maidan coup which also set Ukraine on the path of indebtedness. As for the future, this indebtedness is set to get aggravated with the (already being planned) distorted reconstruction process.

After the ouster of a democratically elected government in Ukraine following a coup engineered by the USA and its allies, a number of very important changes took place in its policies. The political aspects of these policy changes include pressures from those who facilitated the coup to have a permanently anti-Russia policy, to be aggressive all the time towards Russian speaking citizens of Ukraine, to strengthen neo-Nazi forces to facilitate their attacks on Russian language speaking citizens of Ukraine. In addition the changes in economic policies were also very important. Ukraine became more indebted (with the third highest debt in the world to the IMF) and had to face structural adjustment policies imposed

by the IMF and other international financial institutions. As in the case of most such structural adjustment programs, there was a lot of privatization leading to big gains to the richest, including foreign interests, while at the same time heavy costs were imposed on ordinary people including workers and farmers. There was stagnation and decline of real wages while prices were rising. In particular there was heavy increase in the price of gas which is very important for people for heating and fuel. The elderly people depending on pensions were very badly affected. The poverty rate increased from 28% to 41% in 2019, although it even approached about 55% at one stage in between.

Far-reaching changes were initiated regarding land ownership and land relations so that land ownership pattern started becoming heavily concentrated in the hands of the super-rich. As Ukraine has a lot of fertile land capable of supplying food and feed to Europe, attempts were being made earlier also by big agribusiness interests and super-rich oligarchs to grab some of this land or gain control over it. However before 2014 various governments also took steps to check such trends. After the 2014 coup, however, restrictions on land markets were increasingly removed. The aim was to facilitate the passing over of vast areas of farmland into the hands of the richest oligarchs and even foreign interests. Even though some restrictions on foreign control may still remain formally, in practice this has not prevented effective control passing into the hands of foreign interests based mainly in the USA, Europe and Saudi Arabia. Several of the oligarchs and foreign interests are also linked to tax havens (and may be registered there), making even taxation more difficult, while at the same time several of the oligarchs and agribusiness interests have borrowed from western banks and funds. West-based banks, pension and equity funds, various endowments and foundations have their money invested in such deals, and thus have a stake in the continuation of regressive land changes which take ownership and control from farmers and hand it over to big business.

A recent study titled 'War and Theft' by the Oakland Institute (USA), an institute known for its commitment to justice based farm growth and ecologically protective farming, has revealed that nearly 3 million hectares of arable land in Ukraine have passed into the hands of just about a dozen big controlling interests. Altogether about 9 million hectares have passed into the hands of oligarchs, corrupt individuals and big agribusiness. The other side of this grab is that less and less land is available for the ordinary farmers. If a big share of the cultivable land is to be taken by the super-rich then certainly the land available to the ordinary farmers is reduced significantly at a time when they need to earn more to cope with inflation and other adverse factors.

Despite adversities it is the small and medium farmers who contribute most of the food and any adverse impact on them will be bad for food security too. The ongoing changes are bad for environment and climate too, as the industrial agriculture practiced by big business interests is much worse from the point of view of GHG emissions, while small farmers are much more conducive to adopting eco-friendly practices which makes for sustainable livelihoods that can help to check climate change as well.

The current trend in the structural changes program and west-backed policies is to go on promoting big business interests in Ukraine farming. While already the biggest single owner may have in excess of five hundred thousand hectares, the future plans for such big owners are to grab more and more land, helped also by the tendency of government farm development programs to favor them.

In addition the current Ukraine government is also wooing western, particularly USA companies to invest heavily in the exploitation of natural resources of Ukraine. This country has extensive deposits of natural gas, and what may turn out to be even more lucrative eventually, of lithium.

After the war started there have been frequent announcements of assistance, particularly in the form of weapons, by the USA and its allies. In the interests of transparency, and keeping in view the heavy debts Ukraine already has, it would be prudent for the lender as well as the debtor to acknowledge clearly and openly whether this assistance is conditional to something bigger, whether it is a loan or grant, what are the terms of the loans. Although this is rarely done, there are certainly indications that the indebtedness of Ukraine is worsening all the time.

For the future, it is likely that the program of reconstruction being planned for Ukraine by the collective west will also increase this indebtedness. While the prospects of peace are not bright at all just now, one should at least hope that peace will come sooner rather than later, and in this context the early planning for reconstruction for is welcome. Clearly, keeping in view the devastation already suffered by Ukraine, this reconstruction should be on the basis of generous and unconditional grants by all rich countries, particularly those countries whose proxy war demanded so much sacrifice on the part of the people of Ukraine. In addition these funds should be distributed among people without any bias as to their social identity or political affiliation, with those who have suffered the most getting more help on the basis of certain criteria. The reconstruction should be very transparent with in-built systems for checking any corrupt practices. This reconstruction should be led by communities in decentralized systems, so that community and family needs are met properly. While this is what the reconstruction and rehabilitation effort should aim for, the picture that is emerging from the various reconstruction conferences in London or Lugano or elsewhere is of a highly distorted form of reconstruction.

Here reconstruction appears more like a gigantic earning opportunity for big business interests, mainly of western countries. It appears from present trends that most, if not all, of these funds will also come as a loan, not as a grant. The repayment of loans is likely to be postponed for some years, as in any case the country will not have much of a capacity to pay back for some time. The huge effort is likely to be led by corporate interests and is also likely to involve low levels of transparency, judging from past experience. The role of governments of leading donor countries may be to provide insurance cover for big business interests, and also provide a subsidy on interest, but even this is likely to involve strict conditions relating to Ukrainian policies and government's overall attitude being within the acceptability limits of the donors.

At the same time, and this can be seen already, there is a big clampdown on any dissenting views and opposition in Ukraine. All groups which are left of centre, or which favor a durable policy of peace with Russia, are being discouraged or silenced in various ways. Rightist, extreme rightist and even neo-Nazi groups are encouraged. Laws relating to welfare and social security of workers, or laws which protect labor rights are being removed. There is a steady and increasing entry of foreign interests in strong roles. While an earlier phase was for local oligarchs to get big control over the assets, now the situation is more likely to favor takeover by foreign big business interests with the Ukrainian government and armed forces authorities also benefiting personally from such deals, somewhat resembling the Yeltsin years in the last decade of the 1990s in Russia when the health and life expectancy of the Russian people had fallen in unprecedented ways even while the USA and allied western

interests were making big fortunes and also dictating policies. A very ironical and cruel situation then was that experts from western countries flaunting the names of their prestigious connections were moving around Russia recommending policies which were resulting in the ruin or even death of a very large number of people, but at the same time were getting all the hospitality of being very prestigious guests. Something similar may happen in Ukraine, in fact may already be happening in Ukraine.

In such a situation the ordinary people of Ukraine, farmers and workers and middle class households, may well wonder whether their real interests are being sacrificed. This is a question that must be increasingly raised by the people of Ukraine and by their sincere friends.

While peace is the biggest priority just now, questions and concerns remain about the impact of the heavy indebtedness of Ukraine and continuing impact of structural adjustment policies linked to this. Hence it will be a good idea for the people of Ukraine settled now in various countries to get together and, after also obtaining the helpful collaboration of local friends, to start planning for an alternative development path, a very different development path for the people of Ukraine, based on peace, freedom, democracy, decentralization, justice, equality and environment protection. This will give a different vision to people to which they can aspire, a vision which brings peace and welfare to the people of Ukraine, and at the same time also helps the cause of world peace.

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