The Plebs News

https://www.facebook.com/SheffieldCentralCLPEducationPage

daveberrygmb@yahoo.co.uk April 2023

Who is running the UK economy?

Government calls for growth but Bank of England calls for austerity and deflation.

Remortgaging families see mortgage rises of £500 per month.

UK mortgage rates have risen sharply in the past year

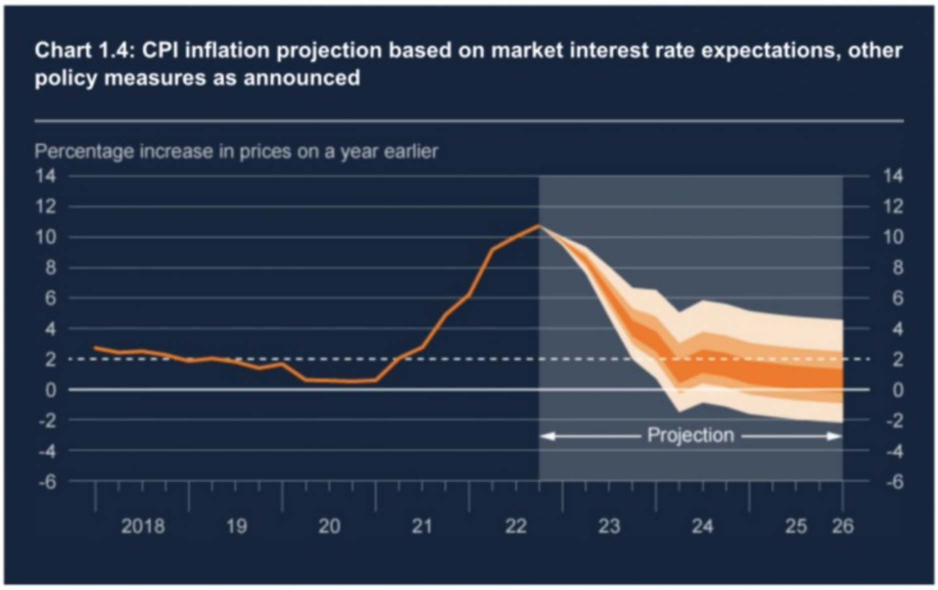
Average quoted mortgage rates for 5-year fixed mortgage at a 75% loan-to-value

Purchasing the average detached UK property on the same terms in December 2022 would have resulted in a monthly mortgage repayment of £2,041 (up by 60.7% on December 2021). For terraced houses, it would have been £1,063 (up by 59.6%). For flats and maisonettes, it would have been £1,028 (up by 54.6%).

The first Budget delivered by Jeremy Hunt in March was long on promises on growth, investment and debt with promises to deliver growth without any recession and tax competition to encourage investment, despite any evidence that it has worked in the last 40 years. His promise on debt was in line with the 3% of GDP in of the EU Financial Stability Directive, despite the claim that Brexit would deliver new financial freedoms. But the Chancellor did not mention the actions of the other major player in monetary policy, the Bank of England. After a pause to allow the chaos caused in the pensions market by recent rises to settle the Bank is forecast to continue with interest rate rises and, if necessary, to force the economy into recession and further austerity. In a consumer driven economy interest rate rises drive up mortgage costs, production costs and kills investment. As well as rises causing increase in mortgage costs it also flows through into the private rental sector forcing rental increases on landlords funded through "buy to let" mortgages.

The key question is what will Labour do that is different to the current Tory government. There is no doubt that it would be difficult to be as incompetent as this Government but will there be a change in ideological direction. In 2010 Labour presented the electorate with an "austeritylite" manifesto that was rejected by the public. Richard Murphy of Tax Research and the Mile End economists advocates a different monetary policy using money creation to fund public services instead of rescuing the financial sector. Plebs begins with a number of articles from his blog highlighting different approaches to the economic problems the UK faces.

Rate rises or falls? Who will win the battle in Threadneedle Street? - Richard Murphy



As I have already mentioned this morning, I spent last evening reading speeches by members of the Bank of England Monetary Policy Committee whilst watching coverage of Trump. I have already commented on Trump. Let me now turn to the Bank of England.

There were two speeches. One was by chief economist Huw Pill. It was the usual bilge that Pill always has to offer. As the Bank said of the speech:

In this speech Huw Pill discusses the outlook for the economy, including how lower energy prices might push down on inflation in the short term, but could also boost demand and therefore impact inflation in the medium term. He stresses that the MPC must continue to monitor how these external shocks to inflation might become embedded in the economy, and therefore risk persistently high domestically driven inflation.

If I decode that Pill is saying that he knows price increases are going to slow and rapidly. But, for a high interest-rate fetishist like Pill this is no good reason to think that the war on inflation is over. Instead, he says that a reduction in the rate of price increases will release all our animal spirits (even though wage rates are lagging far behind price rises) and we will all go on a spending spree (although with what money, since people are running short of it, he does not say) and as a result, inflation will boom again.

All I can presume that Pill is describing is the potential behaviour of his own equally very well-heeled mates, because in the real world this is not going to happen. But then Pill knows he has a duty to those mates to keep rates up. After all, they will be earning positive rates on interest on their savings very soon if he manages to do so, and that is as they would like it. Blow the rest of us. Pill believes people are driven by self-interest, and he brings that belief to his job.

Politely, Pill is talking total nonsense.

The speech by Professor Silvana Tenreyro, an independent member of the committee whose time on it is very nearly up, was very much more interesting. She has opposed interest rate rises for many months now. I will ignore her comments on QE for the moment, fascinating and equally maybe a little disingenuous as they are because I think she knows that there is much more to that issue than she mentions in the speech. Instead, I will concentrate on her comments on what the Committee needs to do right now, which came at the end of the speech. She said:

With Bank Rate moving further into restrictive territory, I think a looser stance is needed to meet the inflation target in the medium term. In general, a looser stance can be achieved either through lower Bank

Rate today, or through lower Bank Rate in future... So I expect that the high current level of Bank Rate will require an earlier and faster reversal [of interest rate policy], to avoid a significant inflation undershoot.

Her opinion is, in that case, diametrically opposed to that of Pill. She wants bigger and faster cust in bank base rate, as Danny Blancflower and I have called for. Her reason is simple: she thinks it likely that the inflation rate will not only get to 2% much faster than the MPC suggests at present, but has a very real chance of turning negative, as was forecast by the MPC in February. Keeping rates high now would, in her view, make the likelihood of this very much stronger. And since the Bank is meant to deliver a rate of 2% an immediate cut in rate is, in Pro Tenreryo's view, essential.

I could not agree with her more. The evidence all stacks in her favour, and none of it does in favour of Pill. Here is the critical chart from Februray:

This is an MPC forecast showing deflation is likely. She is simply confirming that likelihood. Pill is in fantasy land off the upward scale of the projection.

The question is, who will win this argument? I have no doubt Pill will. Leave misogyny and the fact that Prof Tenreyro is leaving out of it. I think that the Bank of England is set on a course of destruction, of which Governor Andrew Bailey and Huw Pill are the architects and the rest of the employed apparatchiks at the Bank will not dare challenge them, and so they will get their way.

The price of this folly will be paid by us all. The days of having an independent central bank have to be numbered.

Truss 'irresponsible' for threatening to review Bank of England remit

Labour's Rachel Reeves says Conservatives are 'playing blame game' for UK's economic problems- Guardian Aug 2022

It no longer makes sense for the Bank of England to be independent

OPINION: The bank's power over interest rates is political. It must not be held by unaccountable technocrats

Andrew Fisher- Open Democracy

Labour must open a debate about the issue of publicly generated money

Prof Mary Mellor (emeritus professor of economics, Northumbria University, and the author of several excellent books on the nature of money) had this letter in the Guardian today:

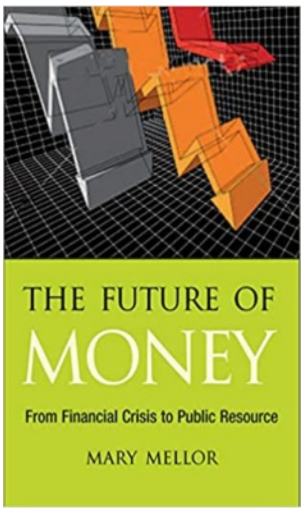
Labour is failing to promote core Labour values such as equality and welfare (The Guardian view on Sir Keir Starmer: his party remains a mystery to voters, 4 April) because it is still wedded to the "handbag economics" of neoliberals such as the late Nigel Lawson. The view of the state as like a household, constrained by a shortage of money, bears no relation to the public monetary largesse of 21st-century states. Since the 1990s deflation crisis in Japan, the financial crisis of 2007-08 and the pandemic, central banks in key economies have been in full flow. However, this has mainly supported the financial sector and the market generally, rather than public welfare.

To open up this new agenda, fundamental questions need to be asked about the creation and circulation of money in the 21stcentury. Why is publicly generated money (QE) used to bolster the (financial) market rather than public services? Why can banks borrow from the central bank, when governments have to borrow from private finance? Why is that government debt, when bought back by the central bank using publicly generated QE, not then cancelled?

If Labour is to win the next election (rather than the Tories losing it), it must open a debate about the issue of publicly generated money, and the role of the public economy in building the true wealth (wellth) of the people.

Prof Mary Mellor

Newcastle upon Tyne



As the recent financial crisis has revealed, the state is central to the stability of the money system, while the chaotic privately-owned banks reap the benefits without shouldering the risks. This book argues that money is a public resource that has been hijacked by capitalism. Mary Mellor explores the history of money and modern banking, showing how finance capital has captured bank-created money to enhance speculative 'leveraged' profits as well as destroying collective approaches to economic life. Meanwhile, most individuals, and the public economy, have been mired in debt. To correct this obvious injustice, Mellor proposes a public and democratic future for money. Ways are put forward for structuring the money and banking system to provision societies on an equitable, ecologically sustainable 'sufficiency' basis. This fascinating study of money should be read by all economics students looking for an original analysis of the economy during the current crisis.

The cost of living crisis is now seriously reducing people's financial resilience

Richard Murphy

Investment advisers Hargreaves Lansdown have a pretty slick media operation these days. This sent me this comment and table this morning:

GLOSSARY VIDEOS KEY RESOURCES Search

	Proportion with enough cash at the end of the month (2022)	Proportion with enough cash at the end of the month (2023)
North West	29.4%	21.1%
Yorkshire and The Humber	20.1%	15.3%
East Midlands	26.7%	21.5%
West Midlands	25.5%	21.4%
East of England	27%	19.9%
London	42.1%	31.4%
South East	43.8%	34.5%
South West	37.7%	29.3%
Wales	25.1%	20.6%
Scotland	28.3%	20.4%

Runaway inflation has ravaged the amount of money people have left at the end of the month. In Yorkshire and The Humber only around one in five have enough cash at the end of the month to be resilient, and in the North East, and West Midlands only around one in four do. By the end of 2023, inflation will have taken a horrible toll. The proportion with enough surplus cash to be resilient will drop in every region. It will be around or below one in five in eight out of eleven regions, but will fall furthest in London the South East, the South West and Scotland.

All such measures are, of course, estimates. But what this research shows is a persistent loss of financial resilience right across the UK impacting large parts of the population. The consequences cannot be good: if the aim of politics is to relieve people from fear the exact opposite is happening right now.

The junior doctor’s pay dispute is existential and about more than pay

Richard Murphy

"More than 2000 props sounds unbelievable and it is. But they are not all traditional steel props. The hospital is undergoing a major programme to support the roof with huge wooden ceiling struts (so if parts of it collapse, it's less likely to hurt people). Each one of these pieces of wood is counted as a "prop"

www.bbc.co.uk

A four day junior doctor's strike will start tomorrow. After a long holiday weekend tomorrow would usually be a day of excess demand in the NHS, with everyone and everything stretched to its limits. What this strike means is that the resources to meet that demand will simply not exist. There is no point pretending otherwise: people will suffer and some might die as a result.

Except that is true every day in the NHS now. Recently, excess deaths (i.e. deaths above average rate seasonally and population adjusted) have been running at up to 10% a week. Many have been due to Covid. Others have probably been related to it. The government's reaction is to actually refuse to make Covid vaccines available to most people, to cancel data collection on the issue and to pretend the problem no longer exists. That is not normal behaviour in the face of a medical crisis.

Just as it is not normal to let 7 million people be on waiting lists requiring medical appointments and to pretend that nothing can be done about that.

And as it is not normal to try to run hospital services in buildings that are falling down, like that in King's Lynn is, and to pretend that forty new hospitals are being built, but not in King's Lynn.

Nor is it normal to refuse to make a reasonable pay offer to those you employ and on whom you are utterly dependent when you know that they have the option of leaving and working elsewhere, even if Canada and Australia are currently the preferred alternates.

None of this is normal. But nor too has the financialisation of doctor's pay arrangements been normal. Of all professions outside the church many, including doctors, thought that their work was a vocation. Pay mattered, but the calling was what distinguished the profession.

And then doctors were charged up to £100,000 for their training. They began to come out of medical school burdened with interest charges designed to be penal and with excess tax charges of 10% likely to persist for much of their careers. Just as their senior colleagues were burdened with excess tax charges on their pensions, junior doctors were penalised with them for simply choosing the career.

To top that, and to break what Tories saw as the power of overpaid consultants, politicians have since 2010 pursued a policy of deliberately underpaying junior NHS doctors. The aim was to reduce their status. They were to be put in their place. They were to become the fodder for recruitment by private medicine that would offer them more pay to break the NHS. The real decline in pay exceeds 25 per cent. That was not accident. It was design. The Tories thought they could trap the junior doctors into being the agents of change. Their hope was that the frustration of those doctors would break the NHS.

To some extent the Tories were right. Junior doctors realised they cannot afford to work for the NHS and enjoy anything like the lifestyle that their older colleagues did at the same stage in their careers. The financial placed burdens on them, and the deliberate underpayments, guaranteed that.

But the junior doctors aren't stupid. That's hardly surprising. They are recruited precisely because they are not stupid. They worked out the game. They saw that the end point was destruction of the NHS. Even now they are winning the PR game with Steve Barclay, the health secretary, precisely because they are able to call out his refusal to make a pay offer to resolve the dispute simply because they have more wit than him.

For that sane reason they can see that the Tory end game is the destruction of universal, high-quality health care for all, free at the point-of-supply. They have fought to defend this. I applaud them for doing so. That is why I support their strike this week. They are striking to save the lives the government threatens week in, week out.

But junior doctors are also people. And they can do the sums. The burden being placed on them is intolerable, as it is on most young people. The financialised obligations of debt, high costs of housing, high taxation and the cost of living have eaten into the fabric of their lives. It is staggering that somehow this burden is accepted by so many.

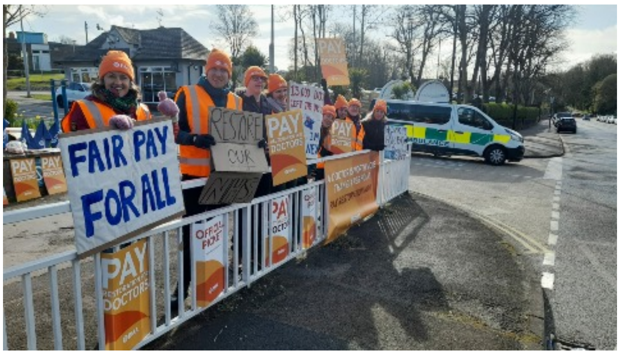
I think this strike is pivotal because my suspicion is that it is the signal that this acceptance is over. Doctors have never wanted to strike. It goes against all they want to do. But they are doing so, and I suspect support for the strike amongst doctors and in the public will be very high. That is because what they are saying is that they have had enough. This time it is pay up or they quit. They will go and work in finance, and take the money that goes with it. Or, more likely, they will leave the UK and never come back. Their need for a life demands that, and the government is proactively denying them that life.

The conflict is actually quite simple in that case. It is between the goal of financialising everything, and everyone, and the chance of a life well lived. The doctors see no chance of that life well lived, in or out of work. The government thinks money is everything. The dispute is about clashing philosophies. There is the belief that life is there to be lived, opposed to the belief that we are just slaves (I use the word deliberately) to servicing finance.

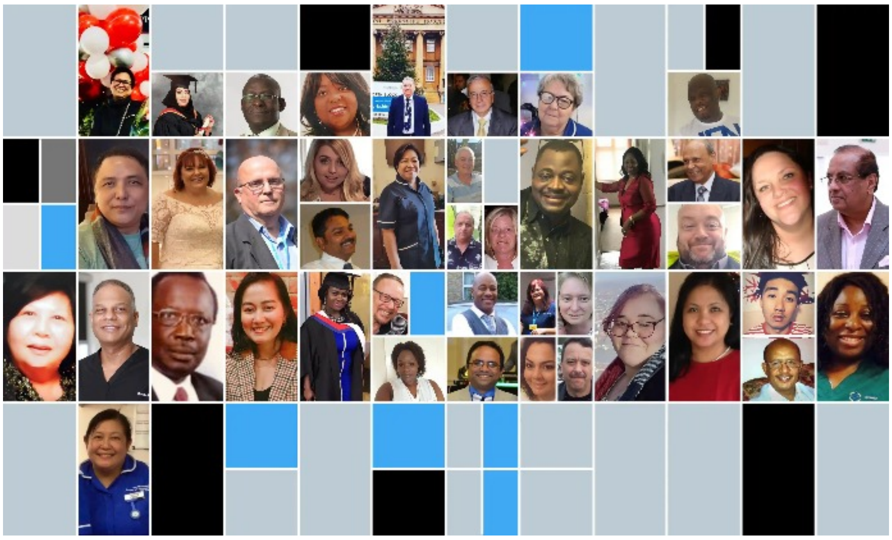
That conflict is existential. That is why this dispute matters. It matters most because there is no sign that either major Westminster party shows the slightest sign of understanding how badly they have got their approach to this issue wrong, with noises from Labour being almost as inappropriate as those from the government.

This dispute is about saving lives. But that is an issue much bigger than providing care to those in hospital beds this week.

BMA Picket Lines around the Region



We clapped during the Pandemic: Now is the time for the Government to pay up



Doctors, nurses, porters, volunteers: the UK health workers who have died from Covid-19- The Guardian 2020

Tribute for NHS staff who have died from Covid-19 while 'battling for others'

Hundreds of Amazon workers in Coventry to launch fresh strike over pay

HUNDREDS of Amazon workers are set to continue their ground-breaking strike over plummeting take-home pay this weekend.

GMB union members at the US-owned online retail giant's Coventry warehouse will begin another three-day walkout on Sunday.

The staff, who become the first British-based Amazon workers to launch industrial action in January following a "derisory" 50p wage offer, will also down tools between April 21 and 23.

GMB senior organiser Amanda Gearing said that her members are "worth more — they will not accept a pay rise of pennies from one of the world's wealthiest corporations.

"With strike action in Coventry escalating and ballots under way in five further depots, this could fast become a summer of strike chaos at Amazon."

The firm, owned by one of the world's richest men, Jeff Bezos, said that minimum starting pay for its employees has increased to between £11 and £12 an hour, depending on location.

"We also work hard to provide great benefits, a positive work environment and excellent career opportunities," it said in a statement.

Members of the GMB union during a rally outside the Amazon fulfilment centre in Coventry as Amazon workers staged their first ever strike in Britain in a dispute over pay. Picture date: Wednesday January 25, 2023.

Environment Agency workers escalate strikes over 'woeful' pay

UNISON members at the Environment Agency launched another weekend of strikes today in a long-running dispute over "woeful" pay.

The union said that the stoppage, which will start from 7pm tonight until 7am on Monday, marks a "significant escalation" of industrial action that began last year.

Staff were given a "terrible deal" of just 2 per cent, plus a one-off lump sum of only £345, last autumn — almost five times smaller than 40-year high double-digit inflation, Unison said.

The union, which has already called on Environment Secretary Therese Coffey to agree to talks, has now written to Chancellor Jeremy Hunt urging him to intervene and free up more cash so that the essential public body can pay its employees "fairly."

Unison general secretary Christina McAnea said: "There's a strong danger that, without government intervention, the damaging dispute over this woeful wage increase could drag on for months.

"That would cause further discontent among staff and leave at-risk communities without proper protection."

She warned that "uncompetitive pay" is driving a worker exodus at a time when "environmental damage and rising pollution levels are in the spotlight like never before.

"This dispute has gone on for far too long — it's in everyone's interests to get round the table, find the extra funding to secure essential services and hammer out a deal," Ms McAnea insisted.

Unite's Profiteering Commission finds very strong signs of long-term profiteering by energy distributors and corporations. Supposedly regulated monopolies are recording massive profits. This isn't just post-pandemic #profiteering, but the sign of a broken industry.

www.unitetheunion.org/what-we-do/unite-investigates/

Unite Investigates:Corporate profiteering and the cost of living crisis

This new report from Unite Investigates reveals the profits of the UK's largest companies are now 89 per cent higher than before the pandemic.

This research is the first to take a forensic look at where profiteering is happening and how corporations are taking advantage of a crisis to raise their prices.

"This crisis is about choices. Thousands of decision makers in major corporations have been choosing to raise their prices. Governments are choosing to facilitate it."

Across critical industries and supply chains these choices are revealed to have caused the "price spiralling" driving inflation. Make no mistake, profiteering has resulted in the high prices we've all had to pay.

This report is the latest in a series of contribution to Unite's Profiteering Commission. Our aim is simple: to uncover who is really profiting from this crisis.

Unite Investigates: Corporate profiteering across the economy - it's systemic

This new report from Unite Investigates reveals the profits of the UK's largest companies are now 89 per cent higher than before the pandemic.

This research is the first to take a forensic look at where profiteering is happening and how corporations are taking advantage of a crisis to raise their prices.

"This crisis is about choices. Thousands of decision makers in major corporations have been choosing to raise their prices. Governments are choosing to facilitate it."

Across critical industries and supply chains these choices are revealed to have caused the "price spiralling" driving inflation. Make no mistake, profiteering has resulted in the high prices we've all had to pay.

Corporate courts and the Pacific trade deal

Last week the UK government signed us all up to the Pacific trade deal. That locks two of the most aggressive users of corporate courts in the world further into the corporate court system… one of which is us!

This could easily be avoided, but at present the UK government is choosing not to. Can you email the trade minister and tell her it is vital to drop corporate courts in the Pacific trade deal?

The Pacific trade deal, or CPTPP (1), was agreed in 2018 between eleven countries around the Pacific rim. The UK has been trying to join it for the last few years in a highly secretive process.

One of the most contentious parts of the deal is the notorious corporate court mechanism – the secret tribunals written into trade deals which enable corporations to sue governments for billions. Fossil fuel companies have been using them to challenge climate action, as we know from our campaigning on the Energy Charter Treaty.

UK companies' use of corporate courts is a massive threat to other countries in the Pacific trade deal, which includes several countries in the global south. Corporate courts have always been most used by corporations based in rich countries suing poorer governments, and UK businesses are among the worst offenders.

The UK could exclude itself from corporate courts in the Pacific trade deal by signing what are called 'side letters'. New Zealand is doing this, and the UK has actually done this too – but only between us and New Zealand or Australia. Those two countries are worried about the risks of corporate courts and both asked the UK to exclude it.

The UK needs to take this further and exclude corporate courts (formally known as ISDS) with all the other countries too. Help us raise the pressure by emailing the trade minister:

A key country to worry about is Canada, where the Pacific trade deal would introduce corporate courts with the UK. Canadian companies in particular are aggressive users of corporate courts, having brought 64 cases over the years. Canada is a hub for mining and fossil fuel firms, and the majority of these cases relate to energy or environmental policies. (2)

One of the largest fossil fuel corporate court cases is by a Canadian corporation. The owners of the Keystone XL tar sands oil pipeline, TC Energy, are suing the US after President Biden cancelled it on climate grounds. They are demanding an astronomical US$15bn. (3)

In separate trade negotiations specifically with Canada, the UK government's own strategy makes it an objective to ensure corporate courts are not included.

The UK government claims that the Pacific trade deal includes exceptions to protect environmental policy. But we know these don't work. For example in another Canadian case, brought by mining company Eco Oro against Colombia, it was decided that a similar clause did not mean the government was excepted from having to pay a penalty – even though that is literally what an exception is supposed to do! This sweeps away the idea that these kinds of clauses can be a safety net.

The only effective way to protect people and planet from the dangers of corporate courts is to get rid of them.

Jean Blaylock

Trade campaigner at Global Justice Now

Notes

1. The Pacific trade deal is also known as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). The countries in the trade deal are Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore and Vietnam.

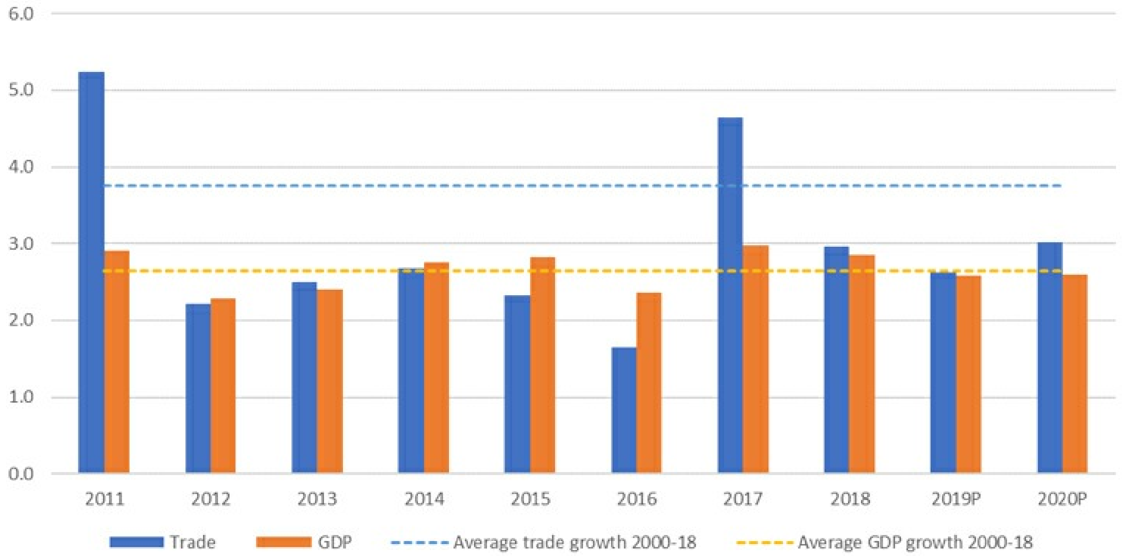
2. Canadian Centre for Policy Alternatives, On the Offensive: how Canadian companies use trade and investment agreements to bully foreign governments for billions, 2022

3. Global Justice Now, Corporate Courts versus The Climate, 2022

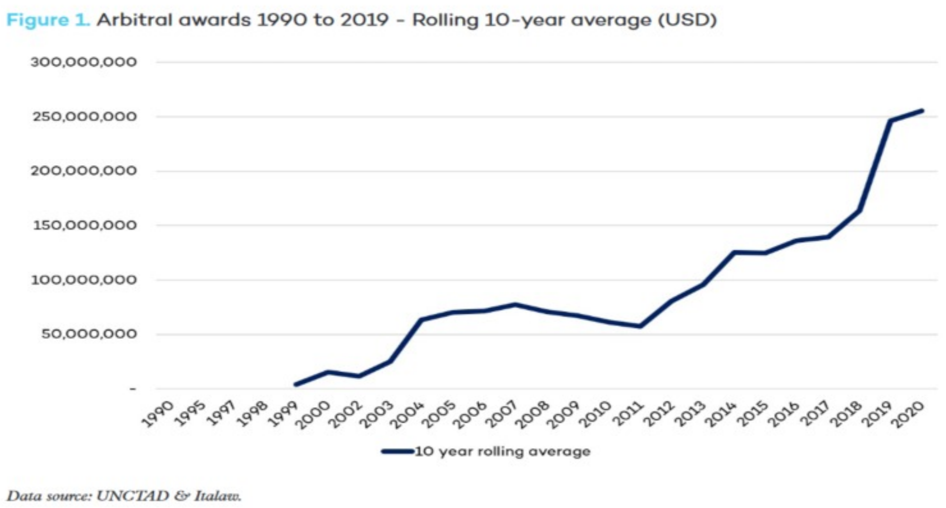
For more background, see our new briefing, What's wrong with the Pacific trade deal?

Stop corporate courts blocking climate action

Fossil fuel companies are using secret tribunals written into trade deals to sue governments over climate action. But a movement is coming together to call on the UK and governments around the world to scrap these 'corporate courts'.



After 20 Years, NAFTA Leaves Mexico's Economy in Ruins-Common Dreams



Foreign debt is destroying Ukraine's social safety net: The price of war

Elliot Dolan-Evans

The Ukrainian army continues to make territorial and military gains against invading Russian forces on the eastern front. But how is the country faring on the 'western front'?

Some have suggested that the dangers confronting the Ukrainian state come not only from Russian tanks but also Western banks and, more specifically, from Ukraine's growing foreign debt.

This debt could hinder Ukraine's spending on the war effort and drastically reduce its social spending. It also means that, once the war is over, Ukraine could face considerable pressure from its creditors on how the county's reconstruction should happen.

According to Ukraine's economy minister Yulia Svyrydenko, the Russian invasion has already cost Ukraine $564.9bn (£494.5bn) in destroyed infrastructure and lost economic growth. Post-war reconstruction costs so far are estimated at nearly $750bn (£632bn).

Ukraine's exports have collapsed by around 35% since 2021, and GDP is estimated to have contracted at a similar rate.

At the same time, inflation is soaring and the country's currency, the hryvnia, is collapsing – partly because, due to a lack of investor interest, the country's central bank had to buy bonds issued by the government to fund the war effort. Subsequently, the bank more than doubled interest rates – to 25%, the highest in Europe – to fight the inflation it had helped create.

Temporary debt freeze…

Ukrainians and their global supporters have long campaigned for debt relief. Finally, in August, after months of pressure and with $1bn (£840m) of bond payments due on 1 September, Kyiv was granted a temporary freeze on debt payments. This suspends Ukraine's need to service significant debts until the end of 2023, and potentially for another year.

Campaigners for Ukrainian debt relief rightly noted this as a positive development. However, the debt cancellation that some had hoped for now seems unlikely, and the debt excludes major creditors such as the International Monetary Fund (IMF) and the World Bank. The European Commission, which has loaned Ukraine more than €13bn (£11.4bn), also did not join the deal.

Before the freeze, Ukraine had already spent $2.8bn (£2.4bn) this year just on servicing its debt. To put this in perspective, it is a third of what the government has spent on social welfare during the Russian invasion.

Some major Ukrainian companies are also facing debt problems. In July, Naftogaz, the part-state-owned energy company, defaulted on payments to some bondholders who had not signed up to deferral plans. Ukrainians can't afford to pay their utility bills (domestic gas prices have increased 650% since 2014), which contributed to Naftogaz's default – but it's vital that the company continues to function as the country enters winter.

Roads agency Ukravtodor and electricity company Ukrenergo – both state-owned – managed to negotiate a two-year freeze on $1.5bn's worth (£1.26bn) of bond payments due at the end of the year. However, their debts are state-guaranteed, so the Ukrainian government will be responsible if there are problems with future payments.

… but not from the IMF and World Bank

International financial institutions that have loaned huge sums to Ukraine since the start of the war in Donbas in 2014 are insisting that the country continues to pay its debts to them – plus the associated interest, charges and fees. The annual meetings of the IMF and World Bank last month didn't even discuss suspending, relieving or forgiving Ukraine's debt.

The long list of monetary problems that Ukraine is facing means that, once the war is finally over, the country will have to dance to the tune of the IMF and World Bank

This year, despite the war, Ukraine has repaid the World Bank $496m (£417m) plus $58m (£49m) in fees and interest, and the IMF $1.3bn (£1.09bn) plus $150m (£126m) in surcharges. Over 2022/23, Ukraine is expected to repay the IMF $2.7bn (£2.27bn), plus $486m (£409m) in surcharges.

These enormous amounts are even more astounding when compared to the country's vital expenditures. So far in 2022, Ukraine has spent $77m ($65m) on environmental protection, half the figure paid to the IMF in surcharges, and $1bn (£840m) on education, $300m (£252m) less than its repayment to the IMF.

Once the debt freeze is lifted

Thanks to these crippling debt repayments, as well as soaring military expenditure and increased social spending, the Ukrainian government has a monthly fiscal shortfall of $5bn to $6bn (£4.2m to £5m). It relies on loans to bridge the gap.

Although the freeze appears to give the embattled country a 'payment holiday', these loans will have to be repaid – along with the interest that is continuing to accumulate. In other words, this "market-friendly" deal straightjackets Ukraine into suffocating and unsustainable obligations.

This matters because Ukraine's debt levels will determine the country's future reconstruction.

This is dangerous for two reasons. First, because most of Ukraine's debt is denominated in US dollars (60%) or euros (24%), spiralling Ukrainian inflation ensures that debts are harder to repay.

Second, in addition to approximately $25bn (£21bn) in bond commitments, Ukraine has outstanding 'GDP-linked' obligations to creditors of $3.2bn (£2.7bn).

These instruments ensure that Ukraine will pay investors an increasing amount as post-conflict reconstruction increases GDP, as repayments on these obligations are tied to GDP growth.

Goodbye labour rights, hello privatisation

The long list of monetary problems that Ukraine is facing – crushing debt obligations, runaway inflation, collapsing exports, downgraded credit ratings, devalued currency – means that, once the war is finally over, the country will have to dance to the tune of the IMF and World Bank.

When it comes to post-conflict reconstruction, the strategies of these financial institutions is centred on ensuring a 'friendly environment' for private capital to guarantee 'business confidence'.

International creditors, financial institutions and 'experts' of various kinds are already calling for further deregulation, labour liberalisation, privatisation and reduced social spending in Ukraine.

Experts from London's Centre for Economic Policy Research (CEPR) even suggested that Medecins Sans Frontières and the Red Cross can take over the medical supplies and services in Ukraine. In other words, it envisioned the country as a hollowed-out state that abandons its citizens to the ravages of local and global capital.

Once the war is finally over, Ukraine will have to dance to the tune of the IMF and World Bank

The Ukrainian government has seemingly jumped at the opportunity of enforcing a business-friendly environment, even as Russian bombs rain down. Ensuring the power of business at the expense of Ukrainian workers, parliament recently passed legislation that curtails trade union representation, makes it possible to remove Ukrainian workers from national labour law protections, and allows firms to suspend employees arbitrarily.

This new law – which the UN's International Labor Organization objected to, and the UK government secretly supported – was originally submitted by the Zelenskyi government in 2021, but only passed under wartime conditions. This is despite about 40% of Ukrainians losing their jobs since the invasion began, and Ukrainian businesses slashing nominal wages.

The government is also planning to merge its social insurance fund with its state pension fund, firing personnel, cutting state expenditure and reducing benefits in the process – even though millions of Ukrainians asked for social assistance when Russia invaded, and the pension fund provides a lifeline for the country's elderly. Even the government itself estimates that 60% to 80% of Ukrainians may end up below the poverty line.

Again, Zelenskyi's government first mooted this idea during the pandemic crisis, and only passed the changes now.

The debt freeze announced in summer appeared to be a win for the conflict-affected Ukrainian people, but a closer look reveals a much bleaker picture. It actually locks Ukraine into an era of distressing debt servitude, and also ensures that the country's reconstruction is dictated by the neoliberal imperatives of creditors, international financial institutions and bondholders.

Ukraine needs complete debt cancellation so that it can build a more free, equitable and collective society once the war is won.

SHEFFIELD: WHERE REAL ECONOMICS BEATS NEOLIBERALISM

Tue 9 May | 7–9pm | Quaker Meeting House | £5

In partnership with Compassionate Sheffield, Age UK Sheffield & Gathering Ground

The Guild Socialist debates in Yorkshire first gave England an understanding of the banking and government malfeasance which brought about wage slavery and financial exploitation. Their solutions to overcoming the deadening impact of neoliberal policies and corporate greed lay in applying the principles of social credit and communitarianism. We will confront the wrong economic thinking that results in inequality by applying these principles in our communities to overturn the government policies that persecute us today.

Omnibus Episode 1

Anthropologist David Graeber explores the ways debt has shaped society over 5,000 years.

58 mins | 29 Jul 2016

Omnibus Episode 2

Anthropologist David Graeber explores the ways debt has shaped society over 5,000 years.

58 mins | 05 Aug 2016

Elite Universities - Working Class Students

Thinking Allowed

CLASS AND EDUCATION

Laurie Taylor talks to Kalwant Bhopal, Professor of Education and Social Justice at the University of Birmingham, about her research into the inner workings of elite universities and the making of privilege.

They're joined by Iona Burnell Reilly, Senior Lecturer in the Sociology of Education at the University of East London, whose latest study presents a collection of autoethnographies, written by working class academics in higher education, and considers how have they become who they are in an industry steeped in elitism.

Further Reading

Book: The Lives of Working Class Academics: Getting Ideas Above your Station

1963-2023 DIAMOND ANNIVERSARY
St Mark's Church
LIVING THINKING LOVING FAITH

the unitarian and free christian churches

'DAMNED BAD PLACE SHEFFIELD'

A play in two acts

Saturday 29 April at 7pm
Upper Chapel, Norfolk Street.

Entry is free but there will be a collection for Church and Chapel funds.

This will be a dramatised play reading in period costumes by players from St Mark's Church Broomhill. It is being performed at Upper Chapel where the Gales family worshipped. They and other Chapel members were heavily involved in the reform movement.


Joseph Gales


Upper Chapel

In the 1790s, Sheffield was the most radical town in England. This play, by David Price, author of *Sheffield Troublemakers*, tells the true story of a radical newspaper editor, Joseph Gales, and his wife, Winifred, who became so heavily involved in Sheffield's campaign for Parliamentary Reform that they were pursued by the authorities and had to flee to the USA.