

EU-Ukraine Trade Deal Paves the Way for Brutal Economic Austerity. IMF to Apply “The Greek Model”

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Amid intensifying US and European Union sanctions and military provocations against Russia, the EU and the Western-backed government in Ukraine yesterday signed a pact that paves the way for brutal austerity measures and free market “reforms.”

The EU-Ukraine Association Agreement is based on the deal that former President Viktor Yanukovych’s Ukrainian government rejected, leading to the US- and EU-instigated protests and violence that ousted him last month.

The pact, signed in Brussels, declares that the Ukrainian government must “embark swiftly on an ambitious program of structural reforms” and submit to “an agreement with the [International Monetary Fund].” The plans being drawn up are based on the “Greek model”—the savage cuts imposed on Greece by the IMF and the EU that have produced a massive growth in unemployment and poverty.

For all their claims of a “democratic revolution,” the EU leaders and Ukraine’s unelected regime of former bankers, fascists and oligarchs announced that they would delay finalizing the economic clauses of the EU association pact—and hence unveiling the austerity measures—until after elections in May.

The pact is another step toward realising the underlying objectives of the Ukrainian coup—Ukraine’s integration into the orbit of the Western powers, the transformation of the country into a cheap labour platform for global capitalism and the ratcheting up of economic and strategic pressure on Russia itself.

Ukraine’s hand-picked interim prime minister, Arseniy Yatsenyuk, declared: “Frankly speaking, I don’t care about Russia [in] signing this deal ... This deal meets an aspiration of millions of Ukrainians that want to be a part of the European Union.” Herman Van Rompuy, the European Council president, said it would bring Ukraine closer to a “European way of life.” German Chancellor Angela Merkel said the event demonstrated “jointly held values.”

What is the “European way of life”? For the working class, not just in Greece but across the continent, it means social misery—drastic cuts in jobs, wages, public services and living conditions—to satisfy the demands of the same banks, financial institutions and corporate giants that were responsible for the economic meltdown that erupted in 2008. In Ukraine, after two decades of capitalist restoration following the dissolution of the Soviet Union, there is already widespread poverty and shocking health and social conditions.

What are the “values” invoked by Merkel? They can be judged by the anti-Semitism and ultra-nationalism promoted by her Ukrainian allies. Three days before the ceremony in Brussels, a [video on YouTube](#) provided a glimpse of the reign of terror that pro-regime fascist thugs are unleashing in Kiev. Led by Igor Miroshnichenko, a Svoboda party MP notorious for his anti-Semitism, a gang broke into the offices of Ukraine’s state television, NTU, and forced its president to sign a resignation letter.

To further undercut Russia, the EU said it would sign similar association agreements with Georgia and Moldova, two other impoverished territories once part of the Soviet Union.

US President Barack Obama this week formally denied any plans for outright war with Russia over Crimea, after its people voted to join Russia. However, Washington and its European allies are continuing to exploit the crisis they created in Ukraine by targeting the Russian economy and conducting military exercises along Russia’s borders.

As Obama and the European leaders announced new sanctions against Russia, credit ratings agencies Fitch and Standard & Poor’s both revised Russia’s debt rating to negative. The latest US sanctions impose asset freezes and travel bans on 20 individuals, some regarded as close to Russian President Vladimir Putin, and prohibit US citizens and companies from doing business with them, as well as a Russian bank, Bank Rossiya.

Visa and MasterCard immediately stopped processing payments for Bank Rossiya. Shares on the Moscow stock exchange, which have lost \$70 billion of their value this month, fell sharply after Obama threatened to target major sectors of the economy. Obama said he signed an executive order authorising such measures, even though they could be “disruptive to the global economy.”

After a closed-door summit on Thursday, EU leaders then added a dozen more names to the list of mostly Russian and Crimean officials on whom they have imposed travel bans and asset freezes. They instructed EU officials to draft wider “stage three” economic sanctions. German Chancellor Merkel declared: “We are ready to start stage three if there is further escalation with a view to Ukraine.”

The EU also provocatively imposed restrictions on goods from Crimea that pass through Russia. “From now on, goods from Crimea have to come through Ukraine or they’re going to get very hefty penalties and tariffs put on them,” British Prime Minister David Cameron said.

Despite concerns over the potential impact of wider sanctions on their corporate interests—such as German auto sales and energy investments in Russia, French arms sales to Moscow and the financial services of the City of London—the European powers are committed to the offensive against Russia.

The US and its NATO partners are continuing to stoke military tensions, with Obama claiming that Russian military exercises inside its western borders carry “dangerous risks of escalation.”

Yesterday, the US ambassador to Poland, Stephen Mull, said the US military was planning large-scale war games in Poland, involving troops from the Czech Republic, Hungary, Slovakia, Bulgaria, Romania and the Baltic states (Lithuania, Latvia and Estonia).

Also on Friday, the Ukrainian military joined two weeks of multinational military exercises in Bulgaria that involve troops from 12 NATO members and partner nations, such as Armenia,

Azerbaijan, Georgia, Moldova, Serbia and Turkey.

A day earlier, the US and NATO announced that annual Rapid Trident war games would proceed in Ukraine this summer. In addition to US and British soldiers, there will be units from Armenia, Azerbaijan, Bulgaria, Canada, Georgia, Germany, Moldova, Poland, Romania and Ukraine.

The Pentagon has already dispatched 12 warplanes and hundreds of troops to Poland. Last week, the US military announced that the aircraft carrier USS George H.W. Bush and its group would remain in the Mediterranean Sea.

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