

IMF Loans to Ukraine: Deadly “Economic Medicine” Aimed at Total Destabilization

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On February 12, Christine Lagarde, Managing Director of the International Monetary Fund, announced that the IMF had reached an agreement with the Ukrainian government on a new economic reform program. Ms Lagarde's statement, made in Brussels, came only minutes after peace negotiations between the heads of the German, French, Russian und Ukrainian governments in Minsk, Belarus, had ended. The timing was no coincidence. Washington had been left out of the negotiations and now reacted by sending its most powerful financial organization to the forefront in order to deliver a clear message to the world: that the US will not loosen its grip on the Ukraine, if not by sending weapons, then at least economically and financially.

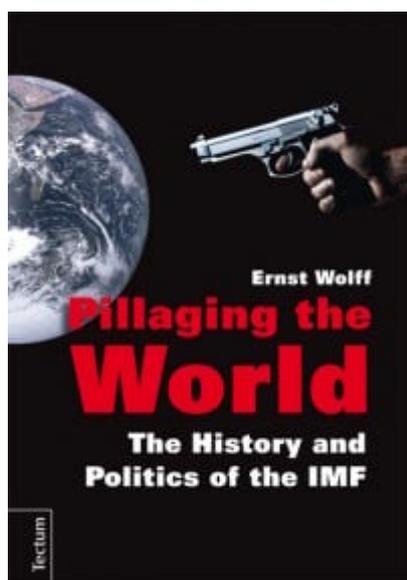
Mme Lagarde's assertions that the program „would support immediate economic stabilization“ and spell „a turning point for the Ukraine“ are as far removed from reality as the main stream media's depiction of the IMF as an aid organization helping a drowning country to survive in times of trouble. Not a single cent of the loans will go to the Ukrainian working people. Instead, the money will be used to prop up the Yatseniuk government which is totally subservient to US interests, and enable it to service the debts incurred by its predecessors in the aftermath of the financial crisis of 2008, to pay off most of its military expenses of around \$ 250 million per month for the continuation of a war against its own population and to fill at least some holes in the state budget which are due to the country's ongoing economic deterioration.

The loans will be based on the terms of an economic program for Ukraine for 2015 - 2020, passed by the Kiev parliament in December 2014, and are tied to harsh conditions laid down in a letter of intent, signed by prime minister Yatseniuk and president Poroshenko in August 2014. Some of the measures have already been implemented, others will follow. Among those already in force is the flexible exchange rate regime which has not only led to a 67% devaluation of the hryvnia, lowering the average monthly wage of Ukrainian workers to less than \$ 60, but has also opened the doors for international currency speculators who have already made millions by indebting themselves in hryvnia and repaying their debts in euros and dollars.

The rate of inflation, running at 25 % in 2014 and expected to rise even higher in 2015, and a hike in gas prices by 50 % in May 2014 made survival almost impossible for the weakest 20 % of the population who already lived below the poverty line in 2013. Among the measures still to come are the layoff of 10 % of the country's public employees and the partial privatization of health care and education. The retirement age for women is to be raised by 10 years, that for men by 5 years, most benefits for old age pensioners are to be abolished, the pharmaceuticals market is to be deregulated. Retirement pensions will be frozen, and there will be no more free lunches for school children and patients in hospitals.

Benefits for victims of the 1986 nuclear disaster in Chernobyl are to be cut, and the boundaries of the officially designated radioactive hazard zone will be revised. The country's monthly minimum wage is to remain at 1,218.00 hrivna (\$ 46 at the current rate of exchange) until at least November 2015.

None of these measures will serve to „improve the living standards for the Ukrainian people“, as cynically predicted by Ms Lagarde. Nor will they „restore robust growth“ in an economy which is teetering on the verge of collapse, with a central bank left with only \$ 6 billion in currency reserves and incapable of raising new funds



ing in foreign exchange auctions. However, they will contribute to an intensification of the suffering of the Ukrainian people, deepen the social divide of a country already torn apart by a bloody civil war and lead to its complete disintegration, nurturing separatist movements and thus creating perfect conditions for a future of violence and despair.

In pursuing this strategy, the IMF is totally in line with the geopolitical policies pursued by Wall Street and the government in Washington. Both are in deep trouble, with the US torn apart by ever-increasing social inequality threatening to explode in massive social unrest, while its rulers are drowning in debt and losing control over the world financial system. Having dominated global markets for seven decades, the United States' economic decline and a shift in global power are ringing in the end of the US dollar as the world's reserve currency and thereby heralding the end of the US's status as the world's super power.

In a reckless attempt to stop this unstoppable process, Wall Street and the White House are waging an extremely aggressive campaign against Russia and China who have dared to complete an energy deal outside the petro-dollar and whom the US fear to be preparing a new, possibly gold-backed, currency that might replace the US dollar as the world's reserve currency. To prevent this from happening and to gain control of the vast natural riches of Russia which promise enormous profits, Wall Street and the White House are pursuing a strategy of regime change in Moscow, undertaking everything possible to replace the Russian government by one that is as subservient to US interests as that of Ukrainian premier Yatseniuk and his investment banker cronies in Kiev. One of the means to this end is the integration of Ukraine into NATO in order to step up the military threat against Russia. However, as the EU - and Germany in particular - do not seem to be willing to join forces in an all-out war against Russia (not out of humanitarian considerations, but because of their

dependency on Russian gas and oil and their anticipation of a new monetary world order no longer dominated by the US) and as the majority of Americans, despite a massive media campaign demonizing Vladimir Putin, are unwilling to support a war that would cost more money and more lives than any war in the past and could end up in a nuclear catastrophe, the US government's and the IMF's main purpose in Ukraine is to deepen and widen the already existing economic, social and ethnic conflicts. By doing so, they hope to force Vladimir Putin into a long-lasting and costly war that will weaken his position at home and eventually pave the way for the installation of new rulers in Moscow.

Looking at Ukraine as a part of the present geopolitical struggle, one can see that the IMF's new loans to Ukraine, announced by Christine Lagarde, are anything but a „turning point“ signalling the country's stabilization. They will lead to unspeakable human suffering and contribute to the trail of blood which Ms Lagarde and the IMF are so used to leaving behind after intervening under the pretext of „helping“ countries in times of trouble.

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