

The Rhetoric of Democracy-building in Ukraine. NATO and the Militarization of Eastern Europe

Part I: “Linking People to Reforms”

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Region: [Europe](#)

Theme: [History](#)

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

Buying Freedom on the Free Market

Obscured by the mythology of pursuing economic and political autonomy, Ukraine plays the latest role in a long, unfolding process of western corporate, political and military interests establishing the “territorial integrity” not of independent Eastern European states, but of “NATO’s border” under the monolithic control of the United States. Ukraine has long served as a Western frontier—its political and economic ambitions co-opted by Washington’s pundits and financiers—and what the NATO Association of Canada has [described](#) as “the only country standing between Russia and the EU”.

While NATO regularly conducts military training at the Russian border, including intensified military exercises through Forward Presence in Latvia, Canada maintains a presence in Ukraine through Operation UNIFIER, and in the Balkans through NATO’s Operation Reassurance. Canada’s own slogan for its military mission, Operation UNIFIER—“Linking people to reforms”—reflects much more than the military aid it has given to Ukraine, signifying the vast economic reforms imposed upon an “independent” Ukraine.

NATO has recently intensified its US-led military exercises in Eastern Europe by launching [Defender Europe 2020](#), the largest exercise in 25 years, based on an imaginary war in 2028. The exercise shipped 20,000 American soldiers to Europe, and spans Russia’s borders with the Baltic States, Poland and Georgia.

In the media’s flaunting of NATO militarization in Eastern Europe, however, it’s often overlooked that the encroachment of NATO bases and intensifying military exercises in Eastern Europe have long been in blatant violation of an agreement that “broadening of the NATO zone is not acceptable”, “not one inch eastward”—as was agreed between U.S. Secretary of State James Baker and Mikhail Gorbachev on February 9, 1990. The question of NATO’s military expansion was deliberated within the context of competing economic systems.

“You are moving to a price system that is very important,” Baker had [praised](#) the perestroika during their conversation, “I am delighted that you made the decision and it is not easy to get there.”

Just three years earlier, during a meeting on March 30, 1987, Gorbachev had [confronted](#) Margaret Thatcher about the “whiff of the spirit of the 1940s-1950s” that was present in

Thatcher's earlier speech in the English resort town of Torquay. "Again Communism and the Soviet Union were presented as the "evil forces", he stated, "again the same words about the need to grow a position of power in the West."

"We duly appreciate the contribution of the bourgeoisie to the historical process," Gorbachev [quipped](#), remarking on what he called the "sophisticated mechanism" created by the powerful class under capitalism. "It is you who does not acknowledge socialism's contribution, or even its historical right to exist. With this we emphatically disagree."

When Margaret Thatcher visited Ukraine three years later—in June 1990, while the country was still part of the Soviet Union—her visit was seen as symbolic of Ukraine's transition to a "market economy", prescient of the first privatization law that Ukraine adopted in March 1992. Thatcher's guiding light has since left a strong impression on Ukraine. In an [interview with Euronews](#) in 2013, former Ukrainian Minister of Foreign Affairs Leonid Kozhara—who is presently [under investigation](#) for the murder of an advertising executive—praised Thatcher, "Her personal contribution into the new composition of a new Europe is a great one. That's why we are all today in great sympathy to this great person."

As NATO continues to scoop up the Baltic States—including North Macedonia on March 27, 2020—Washington's stance has been to aggressively push for the integration of Ukraine and Georgia. Former Ukrainian President Leonid Kuchma famously declared the intention for Ukraine to join NATO in May 2002.

Proposals have since been floated for Ukraine to act as a neutral buffer state—notably proposed by political scientist John Meirsheimer in his controversial critique of the West's role in [aggravating conflict](#) in Eastern Ukraine. This "buffer" role would supposedly position Ukraine akin to [Finland](#) or [Switzerland](#), though even Finland has experienced [pressure to align](#) with NATO.

But opposition to Ukraine as a "buffer state" has been louder, claiming without a hint of irony that neutrality would be "[meddling](#)" by "external actors", and that "buying sovereignty with neutrality simply [does not compute](#)". Clearly, Ukraine's independence from Washington, and its Canadian military support base, is not realistic. Ukrainian political leaders have consistently proven that the country will be harnessed to serve American interests in Washington's wars on Afghanistan and Iraq—despite [majority domestic opposition](#) to Ukrainian deployment in the early 2000s, and polls that reflected more concern from Ukrainians over George W. Bush as a threat to world peace than Saddam Hussein.

On February 5, 2020, Ukrainian President Volodymyr Zelensky's Cabinet of Ministers approved the 2020 Annual National Program, which intends for Ukraine to join NATO within five years—on the basis of what the Cabinet [has referred to](#) as the "human-centric approach the North Atlantic Alliance is committed to". Additionally, this past May 27, Zelensky [signed off](#) on an agreement that pushes ahead Ukrainian military and civil reforms to meet the criteria for NATO membership. Zelensky's acceleration of reforms is just a continuation of former President Petro Poroshenko's own [pledge for reforms](#) in 2017, which was intended for Ukraine to meet NATO requirements already by 2020.

Yet, even within NATO there has been no consensus on Ukraine's place in the US-led military alliance. Washington's push for the addition of both Ukraine and Georgia has

consistently been met with [reservation](#) from some European members—notably France and Germany—as it would risk further destabilization in Eastern Europe. During the Bucharest NATO Summit in April 2008, leaders of France and Germany [opposed](#) George W. Bush’s position on Ukraine and Georgia joining NATO, although it was ultimately agreed that Ukraine would eventually join the alliance.

Eastern European militaries are widely introducing reforms and upgrades for “interoperability” to meet NATO military standards, which are essentially set by the United States. In September 2019, for example, the U.S. [approved](#) the “potential” sale of 32 F-35 fighter jets to Poland, worth \$6.5 billion (USD). The fighter jets are described in the United States’ [2018 Nuclear Posture Review](#) as an integral part of NATO military capacity, and are ultimately intended to carry upgraded B61 nuclear bombs.

For Ukraine to meet the conditions required to join NATO, it must introduce both military and economic reforms. In 2015, Ukraine adopted a [National Security Strategy](#) that would prioritize a “maximum level of interoperability” and the implementation of NATO standards. Its Annual National Program also includes reforms for the introduction of a civilian, parliamentary oversight committee for the Ukrainian military—which, since 2014, has integrated [extremist, far-right militias](#) like the Azov, Dnipro and Donbas battalions. These reforms go hand in hand with the privatization of state-owned weapons manufacturing enterprises.

Bulgaria, for example, had begun the process of [privatizing](#) its arms production companies in 1997, apparently to recover from debt but also as a strategy to join NATO—leading up to its admission to the alliance in 2004. During Bulgaria’s early years of privatization, Human Rights Watch (HRW) warned of the [dangers posed](#) by Bulgaria’s stocks of surplus weaponry as, in its reforms to meet NATO standards, the country sought to buy new weapons from the West. This is particularly an issue when military technology quickly becomes obsolete.

Already in 1998, HRW reported that a suspicious arms deal of surface-to-air missiles was halted, *en route* for Zambia from Bulgaria—while the Angolan government claimed that Bulgaria was in fact arming Angola’s UNITA, following the party’s shift from socialism to supporting capitalism. HRW was informed by government officials, and an end-user certificate, that the missile deal “was brokered by a U.S.-Ukrainian company registered in the United States, Miltex”—though, at the time, this was denied by Ukrainian officials. Bulgaria is still considered to be the centre of European manufacturing of AK47s; the town of Kazanlak [subsists](#) on the Arsenal factory’s continued manufacturing of the assault rifles, now for Europe and NATO, despite growing [illegal](#) proliferation.

“Bulgaria has a long record of exporting surplus weapons to war-torn countries,” wrote HRW in those first years of Bulgaria’s reforms. “Such sales demonstrate the potential for NATO-inspired military modernization to generate a dangerous “cascade” effect, providing a source of weapons to abusive military forces.”

The story is no different for Ukraine today, as the privatization of weapons manufacturers creates “favourable investment conditions” for opportunistic Western companies to set up shop with their own weapons and munitions factories in Ukraine. The privatization of Ukraine’s weapons manufacturing was part of an [Agreement on Friendship and Cooperation](#) signed between Kuchma and former Canadian Prime Minister Jean Chrétien on October 24, 1994, which sought for the Ukrainian military industry to become “technologically and

economically competitive”.

The Canadian Liberal Party under Prime Minister Justin Trudeau jumped at the opportunity to construct a jointly-owned [ammunition factory](#) in October 2017, shortly before Canada added Ukraine to the Automatic Firearms Country Control List (AFCCL) in December 2017, allowing the export of Canadian-made sniper rifles. By July 2019, Trudeau had [confirmed](#) that an unnamed Canadian company had invested in an ammunition factory, and Zelensky [confirmed](#) during a joint meeting on defense cooperation, “We already see the investments from Canadian companies in the production of ammunition in Ukraine.”

Amid the ongoing Donbass conflict and NATO’s aggressive maneuvers on Russia’s borders, Washington’s own pundits are salivating at the thought of [turning](#) Ukraine into “a leading supplier of weapons”. Michael Carpenter of the Biden Center for Diplomacy and Global Engagement at the University of Pennsylvania, and non-resident fellow of the Atlantic Council, clearly reflects this perspective and has been widely quoted in the media.

Ukroboronprom is a state-owned association of around 130 enterprises in the military sector, and regulates export licenses and imports of foreign military equipment. The association should face reforms that “essentially gets rid of Ukroboronprom in its current form,” Carpenter [wrote in 2018](#), and should be replaced with an “independent” supervisory board that consists of, naturally, representatives from the United States, the United Kingdom, Lithuania, Canada, Germany, and Poland. The “corporatization” and “injection of foreign capital” into Ukroboronprom’s newly formed constituents, Carpenter described, would groom Ukraine’s military companies for privatization.

Ukroboronprom’s reforms began in 2015, eliciting support from Anthony Teter, former head of the US’ Advanced Defense Research Projects Agency (DARPA), and later DARPA director Steven Walker, who provided Ukraine with [assistance](#) on information warfare. Under the guidance of Teter, Ukraine and its American partners have [endorsed the creation](#) of a DARPA analogue through the Kiev Polytechnic Institute.

The “corporatization” of Ukroboronprom is but one part of Ukraine’s Annual National Program, accompanied by other [requirements](#) for a “shaped market economy”—considered to be part of ongoing “democratic transformations”. Ukraine’s extensive privatization is also a condition pushed upon the country by the International Monetary Fund (IMF) as part of its provision of a \$17.5 billion loan to the country.

The IMF [has been pushing](#) Ukraine to “accelerate reforms” including privatizing remaining state-owned enterprises, introducing pension reforms that include an increase in age of retirement (called “modernizing”), and restructuring “excessive regulation” that currently deters foreign investment. Poroshenko’s government approved the privatization of 23 large state-owned companies in July 2018, primarily in the industrial and medical sectors. These [included](#) an insulin manufacturer that sells within Ukraine, as well as to Moldova, Kazakhstan, Russia, and Brazil; electricity companies; as well as mining and chemical companies. That same year, Ukraine [invited](#) a delegation of twelve “large American companies” for an exclusive tour of the state assets being sold off. But while these “market-friendly” reforms characterized Poroshenko’s own term, such neoliberal reforms have just accelerated under Zelensky.

It was only recently, on October 28, 2019, that Zelensky [overturned](#) a two-decade old law that prevented the privatization of state-owned companies. Zelensky also lifted a

moratorium on selling Ukrainian agricultural land, a move that was [opposed](#) by Ukrainian farmers, with fears that foreign land owners would take away Ukrainians' ability to farm and work on their own lands, on their own terms.

Ukraine has also been obligated by the IMF to raise gas prices for domestic consumers, though the IMF [claimed](#) in 2017 that utility subsidies were “hiked to limit the impact on the poor”. Clearly, this wasn't the case for long, as cuts to subsidies have been ongoing—such [as those](#) in 2016, and [more recently](#) in 2019 to “reduce budget deficit”. The latter cuts under Poroshenko proved to be an election issue in May 2019, gaining votes for Zelensky.

The IMF describes these cuts to subsidies as beneficial for Ukraine, reducing corruption from businesses that divert subsidized gas from households to their own purposes. Meanwhile, American policy analysts have centered US interests in Ukraine's gas, [advocating](#) for the privatization of Ukraine's gas production, which would “prove popular among the international donor community and those looking to do business in the country”.

More recently, at the World Economic Forum in Davos on January 22, 2020, Zelensky [offered](#) a five-year “tax vacation” to lure foreign capitalists willing to invest at least \$10 million into state enterprises now being privatized. Ukrainian debt bonds were put up for sale following this “tax vacation” overture, shortly before the quarantine and pressures of COVID hit with full force—with recent buyers including Aberdeen Standard Investments.

One of Ukraine's early debt owners was American investment firm Franklin Templeton, which bought \$7.4 billion in debt bonds between 2011 and 2014, and was notoriously accused of [money laundering](#), selling its bonds in 2017. Franklin Templeton has also [bought bonds](#) out of Italy and Spain's economic troubles—when the appeal of Italian debt was described by Franklin Templeton's David Zahn as “a sweet spot between too risky and too safe”, and Spain's debt was summarized as “No risk, no return”.

Under the economic pressures of COVID, Ukraine's intensifying austerity measures have also included cuts to the cultural sector—usually one of the first social sectors to see devastating cuts. Zelensky's government announced in April 2020 that funding will be cut for all activities of the Ministry of Culture and Information Policy, threatening the very existence of [cultural funds and organizations](#) like the State Film Agency of Ukraine, the Ukraine Cultural Fund, and the Book Institute.

Meanwhile, in the months to come during the economic fall-out of the COVID crisis, the US is expected to push for Ukrainian partnerships between companies like Lockheed Martin and Raytheon. American exceptionalism is fully on display with similar investments by China [denounced](#) as “predatory”, and US investments described as “an opportunity”.

As George Soros proclaimed that South Africa was “in the hands of international capital” at the 2001 World Economic Forum in Davos—a new bourgeois business class ushered into the post-apartheid era by foreign capital—so it is with Ukraine today¹. The IMF describes its reforms as [intended](#) to “fight corruption” and “reducing the role of the state and oligarchs in the economy”. But the IMF's missions to Ukraine make no note of the role of international financiers and Western oligarchs.

Back in 2014, Greek economist and former member of Syriza, Yanis Varoufakis [wrote](#), “the IMF cannot wait to enter Russia's underbelly with a view to imposing another ‘stabilization-and-structural-adjustment program’ that will bring that whole part of the former Soviet

Union under its purview.” Varoufakis has [recently remarked](#) on how Greece itself has remained in the chokehold of the IMF and its demands for cuts to social services and sweeping privatization reforms—despite the comfortable returns for foreign investors on their debt bonds. Indeed, last March, the IMF [stated](#) that “Greece should reconsider recent changes in collective bargaining policies and press ahead with its unfinished reform agenda.”

History has shown that promises by the IMF, the World Bank, and the World Trade Organization of “trickle down” wealth and empowering a middle class—dare they even mention the unnamable working class and poor—have proven to only enforce reforms that exacerbate income inequality. In this long-game, the conditions are being created in order to concentrate income among a few, foreign capitalists and their Ukrainian partners. Clearly, Ukraine’s future is being shaped into only one possible form—that of free market capitalism. Ukraine’s democracy, and political and economic autonomy, has ultimately been equated with reforming the country in a vision that suits American foreign policy, and the model is being strong-armed by the IMF, WB, and WTO. But these reforms rarely meet the criticism they deserve, lest this critique trample on the fragile illusion of a so-called democracy.

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Note

1. George Soros’ quote via John Pilger, *Freedom Next Time*, Black Swan Books (2007).

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