

The IMF Ukraine \$17.5 Billion Bailout Linked to “Reform” and the Impoverishment of the Ukrainian Population

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

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SUMMARY:

Ukraine will receive total loans of 40 billion dollars from international tax money. For this purpose, Ukraine will carry out “reforms” especially such demands as that the social system be dismantled and privatization [selloff of government assets in order to repay the loans] be performed. The Kiev government is very pleased with the ‘help’. A native of the US, Ukraine’s Finance Minister Natalie Jaresko wants to buy weapons with the money. European banks are relieved because Kiev, for the time being, is able to meet its debt service

DETAILS:

Angela Merkel and IMF chief Christine Lagarde rejoiced in Berlin on Wednesday, because, in their view, Ukraine is on the right track.

The International Monetary Fund (IMF) has fully approved its new loan package of 17.5 billion for Ukraine. This approval from the IMF Board of the four-year loan program was announced in Berlin on Wednesday by the IMF’s head Christine Lagarde. She said that the loan will help to stabilize the economic situation in Ukraine as quickly as possible. At the same time Ukraine will launch far-reaching reforms to restore robust growth and improve the living conditions of the population, she promises.

“Ukraine has fulfilled all conditions for this loan program,” Lagarde said in Berlin after a meeting with German Chancellor Angela Merkel (CDU) and the heads of other global financial and economic organizations. The newly approved plan will pay Ukraine ten billion dollars in the first year.

Overall, the international community is now fully committed to provide to Ukraine around \$ 40 billion in loans. Specifically, the IMF has converted its previous short-term loans (Stand-By Arrangement) into a long-term loan program (Extended Fund Facility).

Ukraine is virtually bankrupt and can, according to the statement from Prime Minister Arseniy Yatsenyuk, survive only with the IMF loans. Yatsenyuk says that the amount of the

first installment of the new loan program from the IMF will be five billion US dollars. “We managed to show the IMF that we implement reforms,” he said on Wednesday night, according to local media in Kiev – and he pointedly held five fingers in the air.

The EU has recently approved 1.8 billion euros for Ukraine. Germany has bilaterally (with Ukraine) granted an additional credit line of 500 million euros for economic stabilization. In addition, Reuters reports that IMF insiders believe that the creditors of Ukraine will be asked to pay. They are expected to contribute 15.4 billion euros – which could run for example via a waiver [of part of what’s owed]. This could affect Russia as well as the investor George Soros, both of which hold Ukrainian government bonds.

Ukraine will get more funds, more time, more flexibility and better financing terms, Lagarde said. She pointed out that additional funding will be added. Furthermore, the Ukrainian government has initiated talks with lenders to reduce the national debt to a sustainable level in the medium term.

The IMF says that the impact of the reforms, particularly for the poorest part of the population, will be to cushion and enable to be strengthened the social network and enable its measures to be implemented in a more targeted way. But the opposite is actually true. The government has in particular brought in laws by which the situation of pensioners, the sick and children will significantly deteriorate.

“The program is ambitious and involves risks,” said Lagarde. This is particularly true in view of the conflict in the east. Encouragingly, the ceasefire agreed in Minsk seems to be holding, to a large extent.

In addition to the new IMF loans, the loan program to Ukraine also includes money from Western industrialized countries (G7), the EU and other institutions. Germany alone controls so far the additional credit line of 500 million euros for the reconstruction of the country. These are guarantees [insurance] to project funding.

The federal government had earlier stressed the “bailout” is linked to “reform”. “This financial support from the IMF and the European Union can be provided only with the understanding that Ukraine will adopt and implement urgently needed reforms,” said government spokesman Steffen Seibert in Berlin.

US Secretary of State Victoria Nuland vowed on Wednesday in addressing the US Congress, that the reforms in Ukraine, will go beyond all the praise, by cutting pensions and the social system, and by privatizing Ukraine’s agriculture. International seed companies like Monsanto will benefit from the credits from taxpayers because these companies will be able to buy agricultural land from local farmers at low prices [without having to worry about the riskiness of Ukraine’s government debt]. [It should also be noted that [until the U.S. took over Ukraine, there were no GMO seeds allowed anywhere in Europe.](#)]

Only recently have oligarchs established an agency for the reconstruction of Ukraine. The agency is endorsed by ex-Commissioners and SPD politicians like Peer Steinbrück. Western politicians will likely help Ukraine’s oligarchs benefit from the tax money coming from Europe and America.

Taxpayers’ money will be controlled by the former employee of the US State Department, the investment banker [and now Ukraine’s Finance Minister] Natalie Jaresko. Jaresko has

already announced that the new credit in addition to the debt service will help Ukraine to buy, especially, weapons.

The occupation of the key Ministry of Ukraine [Finance] by an American is describe by criticis critics as a provocation.

Banks in Europe are investing heavily in Ukraine, and therefore also will benefit from the newly approved loans. [Taxpayers take the risks, while those banks reap the benefits.]

Note by Eric Zeusse

The deal that seems to be shaping up is that while Obama's secondary goal of enabling U.S. and EU corporations to plunder Ukraine will be fulfilled, Obama's primary goal of Ukraine's joining NATO will not. Russia has to approve these loans to Ukraine, because Russia is Ukraine's most-senior debtholder. So, if this plan works out as described, and Russia accepts being treated instead as a junior debtholder, then Russia will have to be getting in return what it wants most, which is that the new, rabidly anti-Russian, Obama-imposed, Ukrainian regime, not be allowed into NATO, and not become a launch-site for NATO missiles. Implicit in this is also that the acceptance and permanency of the existing battle-demarcation-lines, in which Ukraine's forces occupy Mariupol. This settlement suggests that Russia will somehow have to find a way to build a ten-mile [bridge](#) across the [Kerch Strait](#) connecting Crimea with the rest of Russia.

When Ukraine invaded Mariupol during 7-9 May 2014 and set afire the police headquarters and shot directly at the residents to terrify and subdue them, this started the bloodiest of the civil war's battles that Ukraine ended up winning, and Mariupol is now virtually a ghost town except for Ukraine's occupying troops. Ukraine's very bloody conquest of Mariupol may be considered to be Ukraine's revenge for having peacefully — because of Russian troops in Crimea — lost Crimea to Russia on 16 March 2014.

This news-story is basically a first-statement of the proposed and implicitly accepted settlement-terms of Ukraine's civil war. Western taxpayers will be bearing much of the burden, though they had no role in approving these terms except for their having been fooled by propaganda into voting for politicians whose primary loyalty is to the individuals who financed their campaigns and their careers — not to the public. The entire Ukrainian gambit of Obama ends up as little more than a pillaging operation. If he accepts it as being that, and if Putin accepts it as being nothing more than that, then the deal will stick, and the residents of Ukraine will become even more impoverished, and will massively migrate into Europe, as prostitutes and other desperate people competing against the existing refugees and other poor there. This will be a major victory for aristocrats, who will not need to pay as much for workers as formerly. However, everyone else will suffer. This is what the aristocracy calls 'the free market,' and 'democracy.' It's a massive money-funnel to the super-rich.]

Investigative historian Eric Zuesse is the author, most recently, of [They're Not Even Close: The Democratic vs. Republican Economic Records, 1910-2010](#), and of [CHRIST'S VENTRILOQUISTS: The Event that Created Christianity](#).

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