

China's Initiative: From the Doom of Self-Destruction, to Prosperity and Progress

Below is the presentation of Natalia Vitrenko, Doctor of Economics, People's Deputy of Ukraine in the 2nd and 3rd Conventions (1994-2002), and leader of the Progressive Socialist Party of Ukraine, at the Nov. 25-26 Schiller Institute Conference. This is an edited translation of her presentation.

The existing world order is past its time. As long as it continues, mankind will be threatened by a spread of the conflicts in the Middle East, Ukraine, and North Korea into a nuclear Third World War, and by a crash of the worldwide speculative financial system, which will be just as destructive. The international institutions of globalization, created by the leading capitalist countries under the aegis of the U.S.A.—the International Monetary Fund, the World Trade Organization, NATO, the World Bank, and the European Bank for Reconstruction and Development (EBRD)—have failed to solve a single one of the most acute problems facing mankind: hunger, the inaccessibility of medical care and education for billions of people, drug addiction, trafficking in human beings and their organs, and rampant terrorism on every continent of our planet. That is why 15,000 scientists from 184 countries issued their second Warning to Humanity on Nov. 13, 2017, (the first was in 1992), identifying global



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threats and proposing ways to solve them.

In this setting, reasonable people cannot fail to understand the need for a radical change in the paradigm of international relations and the model of globalization. In the course of history it has come to pass, that China has proposed the new paradigm. This ancient, five-thousand-year-old civilization, which has creatively adopted the newest model of a socialist economy.

The People's Republic of China, with the largest population on Earth, severe income inequality between regions, low standards of living, and economic

and military backwardness, has been able within an unbelievably short period of time, to transform into a mighty agro-industrial power. Its GDP has surpassed that of the United States. China is ahead of the U.S.A. and the EU in the rate and scale of its development. China is not only confidently exploring outer space, with its ambitious lunar program, but is also showing the entire world indisputable successes in solving social problems. Whereas five years ago 100 million people were still living in deep poverty in China, as of 2017 only 43 million were, and by 2020 deep poverty will be eliminated, according to the Communist Party of China plans.

Chinese leader Xi Jinping is actively strengthening international ties, finding new markets for Chinese

goods, production of which is growing at the fastest rates in the world. The Chinese government has a clear interest in building solid economic alliances and good diplomatic relations. This requires a constructive ideology of development, with cooperation instead of mercile competition, intrigues, and financial speculation.

This was the background to China's initiative, put forward by Xi Jinping in September 2013, to create the economic model of the New Silk Road, under the slogan "One Belt, One Road," on an unprecedented scale. The project anticipates \$3 trillion in investments, and already encompasses around 100 countries on various continents. The Chinese President reported these parameters at the special Belt and Road Forum, held in Beijing in May 2017. Taking part in the Forum were the heads of state or government of more than 30 countries, leaders of national and international public institutions, and businessmen—over 1200 participants in all. By 2030, Xi promised, the project will have been built. This will be a transformation of civilization, a change of the world for the better.

Does the world community need this? Yes, with great urgency. That is why it is so important for government officials, politicians, experts, and people's diplomacy to support the Chinese initiative.

Will there be (or, rather, are there already) opponents of this initiative? Without a doubt there are, and there will be. The apologists of the old world order will fight against it with all their might. After all, the current system of globalization creates comfortable conditions for financial speculators of all stripes, drug traffickers, corrupt officials, war-hawks representing the world's most powerful military-industrial complex, and the terrorists they breed.

One weapon in their arsenal of means for destabilizing the situation on various continents is the creation of suicide-states—countries that self-destruct—destroying their own sovereignty and economic foundation, their population, and their science and culture, in order to foster hotbeds of tension, zones of bloody conflict, and to draw enormous resources into provoking and waging wars. In such countries, power is held by armed agencies (both those of the state and non-governmental ones), which drain the budgets of their own countries and condemn their people to unimaginable suffering.

A vivid example of this struggle by the old world order against the new is Ukraine.

It was no accident that precisely in the Autumn of 2013, when the world heard Xi Jinping's announce-

ment of the New Silk Road project, the coup d'état began in Ukraine. The whole world now knows that this unfolded according to the plans, under the direction, and with the powerful informational, financial and organizational support of the United States.

The result of the policies adopted in Ukraine after the coup, namely integration into the European Union and NATO and moving towards war with Russia, all completely under the outside guidance of the U.S.A., caused great harm.

GDP. Real GDP, according to World Bank figures for 2014-2016, fell by one-half, to 50.9% of its 2013 level. Even the projected 2% GDP growth in 2017 will increase it by only 1 percentage point against the 2013 level (to 51.9%).

I should note that the liberal economic model, implemented since 1992 according to the IMF's prescriptions and with its loans, had already earlier been ruinous for Ukraine. With a real GDP of \$261.9 billion in 1990, Ukraine was one of the top ten countries in the world in per capita GDP. As of 2016, real GDP stood at only one-third of the 1990 level (\$93.3 billion). The past three years have dealt an even more crushing blow, through the crash deindustrialization of the country.

Key to this process was the ideology of "Eurointegration" for Ukraine, which led to the signing of Ukraine's Association Agreement with the EU in 2014, the disruption of production cooperation with Russia, and the loss of the huge Russian markets for the output of Ukrainian factories. Entire sectors of our national economy have been lost as a result: rocket-building, ship-building, the aircraft industry, and the automotive industry. Machine-building was the powerful core of industry in Soviet Ukraine, comprising 30.5% of total industrial output in 1990. As of 2013 this share had fallen to 10%, and by 2016—to 5.8% of a total industrial output which itself has fallen by 25% since 2014. Economists estimate that if the current policy continues, machine-building will account for no more than 2% of industrial output in 2020.

In this setting, of course, there has been a steep increase in unemployment and in the number of workers leaving the country. Even before the fighting in the Donbass, more than 4 million people had left to seek work in Russia, and more than 2 million had gone to EU countries. The coup d'état, the war in southeastern Ukraine, mass political repressions, and crash deindustrialization have all contributed to a large outflow of the population. With the introduction in June 2017 of visa-

free travel to the EU, this will only increase. Let me give the example of Poland: in 2013, there were 9,800 Ukrainian citizens working in Poland on formal labor visas. In the first quarter of 2017, this number had increased tenfold, to 98,000. In addition, around 1 million Ukrainians are working in Poland on temporary work permits. Polish Minister of Foreign Affairs Waszczykowski has said that 1.3 million visas with the right to work were issued to Ukrainians in 2017, and in 2018 half again as many will be issued!

And that's without mentioning how many of my fellow citizens are forced by want and unemployment to flee to Czechia, Hungary, Germany, Spain, Slovakia and other countries!

That is because the conditions of life at home are becoming more and more unbearable.

In these three years, our national currency (the hryvnia) has been devalued by a factor of almost three-and-a-half (from 8 hryvnias to the dollar, to 26.5 hryvnias to the dollar). According to government statistics, prices in Ukraine rose by a factor of 2.72—nearly triple—in the same period of time. It is clear that foreign capital gains a lot from this kind of devaluation of our labor power, of Ukraine's industrial output, and of our natural resources. There is covert and overt looting going on, a merciless, humiliating exploitation of Ukraine's workers.

Look at the changes in the monthly minimum wage. Even though prices and rates were rising out of sight, the minimum wage in 2015-2016 stood at only half the value it had in 2013. Only on January 1, 2017 was it raised slightly (to 3200 hryvnias, or \$123), which is still 20% below the 2013 level. The overall wage system in Ukraine has become horribly distorted. Top executives of the national gas company Naftohaz, the National Bank, Ukrainian Railways, etc., have monthly salaries of hundreds of thousands or even millions of hryvnias (tens of thousands of dollars), while the overwhelming majority of working people eke out a miserable existence on \$100 or 200 per month. People are forced to harm their health and deprive themselves of leisure and vacation time, while working two or three jobs to support their family. Or to forego having children. Or to flee the country.

The situation of pensioners is even worse. The monthly minimum pension established by the Euro-



U.S. State Department

Obama's Assistant Secretary of State, Victoria Nuland, with Ukrainian President-elect Petro Poroshenko.

maiden regime has remained at less than half the 2013 level throughout these years. One-half of the 11.8 million pensioners in Ukraine receive that minimum level. And the pension reform adopted last month, as demanded by the IMF, has only made the situation worse, in effect raising the pension age, reducing the actual amount of each pension, and depriving millions of employees of their pension benefits.

That is why the population of Ukraine is dying off at horrific rates. Ukraine ranks first in Europe in 2017 in the level of mental illnesses and the death rate. According to official statistics, out of the 52 million population of Ukraine in 1990, only 42 million remain. But, contrary to the international practice of taking a census once every ten years, no census has been conducted in Ukraine since 2001. That is deliberate. The regime does not want to answer for the genocide, and they want to be able to commit vote fraud by registering millions of dead souls. Economists estimate, based on levels of bread consumption, that no more than 25 million people live in Ukraine today. Since 6 million of the decline in population is accounted for by the loss of Crimea and those living in the self-proclaimed Donbass republics, this means that Ukraine has lost 21 million people since 1990 through emigration and the excess of deaths over births.

The 2017 United Nations Human Development report notes that Ukraine fell from 50th place on the Human Development Index in 2015, to 84th place in 2016.

The Gallup Institute in the United States this month published a study ranking Ukraine as one of the three countries with the highest "suffering" rates in the world,

alongside Haiti and South Sudan. The survey showed that only 9% of the population in Ukraine consider themselves to be thriving, 41% are suffering, and 50% are somewhere in between.

One of the factors in the suffering of the Ukrainian population is the insane rise of residential utility rates.

The increase of household gas rates in the past three years, is a good example. These rates have nearly tripled! Yet on Nov. 3, 2017, the IMF imposed four new conditions for disbursing the next tranche of its loan to Ukraine. One of them is to raise household gas prices for the population once again. This is despite the fact that Ukraine has its own natural gas production (around 20 billion cubic meters annually), which fully covers the needs of the population! One of the Euromaidan leaders, Arseniy Yatsenyuk, loudly denounced the previous government on this count, promising that gas prices would be brought down sharply. Brought down, indeed! As prime minister of Ukraine, Yatsenyuk forgot about his promises, but not about increasing his own net worth.

President Petro Poroshenko likewise forgot about his promises. He renamed the fratricidal war in south-eastern Ukraine as the “Anti-Terrorist Operation” (ATO), which is an absolutely wrong definition, and promised to end it within days. Instead, it has gone on for three and a half years!!! According to United Nations figures from May 2017, more than 10,000 people have been killed, including 3,000 civilians. In addition, tens of thousands have been wounded or injured, and more than 3 million have fled the region as refugees, going either to Russia or to other regions in Ukraine.

Government spending on the military is now 5% of annual GDP. Estimates of the awful cost of rebuilding from the tremendous destruction of the Donbass have already reached \$50 billion! That is equal to two-thirds of Ukraine’s budget for 2018! Rather than forcing Kiev to carry out its part of the Minsk agreements of February 2015, which after the UN Security Council resolution of Feb. 17, 2015 became a document of international law, mandatory for all parties to implement, the U.S.A. and the leading EU countries are closing their eyes to the bellicose position of the Ukrainian regime, which I assert has a direct interest in continuing the bloodbath. That is because if the war ends, then the Ukrainian regime would have to rebuild the infrastructure and factories of the Donbass, which it destroyed, and answer to the population, above all the people of Donetsk and Lugansk Regions, for failing to meet the government’s social obligations, and for genocide against the people of Ukraine.

Every public opinion survey shows that at least two-thirds of the population of Ukraine demand an end to the war in the southeast of our country. But there are other forces, who preach the misanthropic ideology of Nazism. These include various neo-Nazi parties, movements, volunteer battalions, and non-governmental organizations. They are generously financed by Ukrainian oligarchs and sponsors in the West, while the Presidents and other leaders of the U.S.A. and EU countries close their eyes to the overt fascism. These people do not hide their positions or their ideology! They have named streets and avenues not only in Kiev, but all over Ukraine, after their idols Stepan Bandera, Roman Shukhevych and Yevhen Konovalets, who were collaborationists and agents of German Military Intelligence, the *Abwehr*. The slogan “Glory to Ukraine—to the heroes glory” had been adopted in April 1941 at the Second Grand Assembly of the terrorist Organization of Ukrainian Nationalists, the OUN(b) (which at that time was allying with Hitler to fight the USSR), as a call-and-response like “Heil Hitler—Sieg Heil.” In Ukraine after the Maidan coup, it was made an official greeting.

Today’s Nazis are completely unrestrained—they are not merely taking advantage of the conditions of lawlessness, but are also sponsored by the regime—and they wreak havoc throughout the country. They organized the blockade of coal from the Donbass; they use the methods of raiders to seize banks, companies, stores, and offices of businesses and political parties; they cause the cancellation of tours by artists they don’t like; they pressure the courts in a daringly blatant way; and they beat up peaceful demonstrators, thus terrorizing the entire population of the country. Our party, the Progressive Socialist Party of Ukraine, and I personally as its leader, have experienced this directly.

I would like to take the opportunity to offer my sincere thanks to all our friends from the LaRouche movement and the Schiller Institute, who in various forms—articles, statements, demonstrations, and a parliamentary inquiry in the European Parliament—have supported our party’s fight for a progressive transformation of the world, and for turning Ukraine into a democratic and prosperous nation.

In October 2017 it became known that Ukraine, despite everything, will join the New Silk Road project by allowing Chinese freight trains to cross its territory en route to the European Union countries, and through the importation by China of food products including flour, candy, vodka, cooking oils, and so forth. As a citizen of my country, a politician and a scientist, I was sincerely

happy to hear that Ukraine would not be isolated from this project of the century.

Unfortunately, however, I also understand that in a country that is falling apart, with a backward economy, a population being brutalized, and the rampaging of armed bands, there is a threat that any serious international projects will be wrecked. And what if bands of neo-Nazis seize Ukraine's nuclear power plants or major chemical factories? What will happen to the transport corridors and the cargoes moving through them? Therefore the normalization of the situation in Ukraine, an end to the fratricidal war, the elimination of paramilitary groups, and a ban on the neo-Nazi ideology and any parties and movements which preach it—all these steps are needed immediately not only for

Ukraine itself, but for the entire world community that strives for progress and development.

Only then will this black hole on the Eurasian continent be eliminated. Then, conditions will be created for restoring a firm economic foundation for Ukraine and for creating millions of new, modern jobs, conditions for the return of the emigrants to their country, for steady growth of incomes and the quality of life for the population, and for the full-fledged inclusion of Ukraine in a new, progressive model of world civilization, where, as China proposes, there will be:

**peace instead of war, cooperation instead of competition,
respect instead of humiliation,
plenty instead of hunger.**