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Ukraine

Ukraine's New Cabinet: Neoliberal Reforms Threaten Wartime Solidarity

- IV Online magazine - 2025 - IVP606 - July 2025 -

Publication date: Saturday 26 July 2025

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Ukraine's first government reshuffle since Russia's full-scale invasion has brought Yulia Svyrydenko to power as Prime Minister, but this change offers little hope for ordinary Ukrainians facing wartime hardships. Rather than addressing critical shortages in defence resources and rising poverty, the new cabinet appears committed to accelerating neoliberal reforms that prioritise private capital over public welfare.

Key appointments include Oleksiy Sobolev, who will oversee both economic policy and environmental protection—a concerning merger that threatens to subordinate nature conservation to corporate interests. Meanwhile, former Finance Ministry official Denys Ulyutin's appointment to social policy signals continued austerity measures. This analysis from a leading member of Ukraine's Social Movement examines how the cabinet reshuffle represents not renewal, but an intensification of policies that risk deepening social inequality during the country's most vulnerable period.

The government of Prime Minister Yulia Svyrydenko represents the Ukrainian elite's familiar ineffectiveness in solving the people's problems, combined with the forcing through of liberal reforms without proper discussion. The danger of adopting a new Labour Code will increase, as will the risks of the state losing valuable assets as a result of privatisation. Economy Minister Sobolev will be given environmental policy, likely to simplify corporate access to mineral resources. Such a step, together with blocking inspections (labour, environmental), will distance Ukraine from the EU. At the same time, the social sphere will be managed by someone from the Ministry of Finance, a department known for its commitment to cutting social spending according to International Monetary Fund (IMF) templates. The policy of such a government will inevitably lead to social stratification, excessive enrichment of the oligarchy and the inability to finance truly important things like defence and welfare.

On 17 July, Ukraine changed its government leadership for the first time since the beginning of the Russian invasion. But hardly anyone believes that the Cabinet of Ministers, headed by Prime Minister Yulia Svyrydenko, will be able to solve the most pressing problems of today: lack of defence resources, economic primitivisation, and the country's depopulation. Much has been said about the new Prime Minister's dependence on the Presidential Office. However, we would like to analyse the changes from a socio-political angle: what ideological priorities do the new government officials have and what should ordinary people expect?

Even More Capitalism?

Government policy will be set not just by bureaucrats, but by fanatical supporters of unbridled capitalist development – something directly opposed to the goal of preserving the country during war by putting all resources at the service of the state. Yulia Svyrydenko will likely squeeze the juices from the country and its people much more decisively for the prosperity of private capital:

- her goal is to accelerate the sale of the wealth with which Ukraine is endowed, and the signing of the Subsoil Agreement in the USA was a vivid overture to this;
- Ms Yulia will persistently promote the new Labour Code, which she developed as Economy Minister;
- graduates of the Kyiv School of Economics [KSE - a prominent Ukrainian business school], which too generously

valued her teaching, will have increasing influence. Last year, she earned over 3.1 million hryvnias [approximately €72,000] at this establishment, i.e. several times more than at her main job.

Under Yulia Svyrydenko's tenure, the Ukrainian economy lost state control and reached a new level of dependence on foreign partners. She presented as a great victory the privatisation of the titanium giant – JSC "United Mining and Chemical Company" [Obyednana hirnycho-khimichna kompaniya], which strategically weakened Ukraine. She is responsible for industrial decline, the colossal scale of economically inactive population (12.5 million people), reduced social support for the unemployed and high levels of industrial injury (most deaths in Ukraine are not war-related). These indicators show labour market destabilisation and frankly unattractive working conditions. The dysfunctionality of labour inspections, which remain underfunded and rarely conduct control measures, deepens workers' vulnerability.

And instead of dealing with these troubles in her new position, she will focus on endless reform, i.e. fulfilling obligations to business circles. It's no surprise that her first step in her new status was announcing a one-year moratorium on business inspections (let's clarify that such a moratorium formally operates anyway for the period of martial law according to the Cabinet resolution of 13.03.2022).

Two other KSE lecturers and adherents of turbo-neoliberalism have taken government positions: Oleksiy Sobolev (Minister of Economy, Environment and Agriculture) and Taras Kachka (Deputy Prime Minister for European and Euro-Atlantic Integration). The greatest threat to public interests comes from Mr Sobolev, who receives too many levers for promoting capital interests.

Nature for Sale

"Our main goal is to cancel as many regulations as possible" – this is how Oleksiy Sobolev described his main mission when he was Deputy Economy Minister. With his participation, the so-called Interdepartmental Working Group on Deregulation, by its own admission, conducted consultations on cancelling various rules only with business (they don't care about the opinion of trade unions, who will be affected by the changes). He also participated in developing the Government Action Plan for Economic Activity Deregulation. Apart from purely caricature ideas like cancelling permits for healing or doing business in the exclusion zone [referring to the Chernobyl exclusion zone], there are also frankly dangerous ones like simplifying construction in nature reserves or water areas. Would the protagonists of deregulation themselves dream of living in a world where business can neglect the most basic environmental and social norms?

As a fierce opponent of any business inspections, Mr Oleksiy will bury hopes for strengthening labour inspections. Workers should not even hope that such a politician would want to expand the powers of the State Labour Service [Derzhpratsya], so that this service could counter employer tyranny. Let's recall that the European Commission gave a low assessment to Ukraine's European integration efforts in employment and social policy due to the lack of an effective system for monitoring compliance with labour rights. Since the minister listens exclusively to employers, the field of labour relations entrusted to him will move even further away from European standards worthy of emulation.

The transfer of the functions of the Ministry of Environmental Protection and Natural Resources under Oleksiy Sobolev's wing directly threatens sustainable development interests. This will lead to obvious subordination of environmental policy to profitability considerations. This is probably being done to implement mineral extraction projects by US companies. It was the Ministry of Environment [Mindovkillya] that determined policy in the field of subsoil use and directed the activities of the State Service for Geology and Subsoil Use. Such a merger of ministries will mean a shift towards recognising natural wealth and land as commodities. And precisely O. Sobolev, given his

significant experience in the investment sector, is the person for whom business benefits will come first. After all, a whole series of environmental organisations in their statement called these changes catastrophic.

Minimising Social Standards

A separate pain is the Ministry of Social Policy, Family and Unity, which will replace the previously existing Ministry of Social Policy [Minsotspolityka]. Instead of the completely empathy-deprived Oksana Zholnovych, who could compete even with Halyna Tretyakova in the number of scandalous statements, social policy will be managed by Denys Ulyutin, who was First Deputy Finance Minister. This department consistently opposes any expansion of social support and adheres to a course of strict austerity. Thanks to Mr Ulyutin, a Budget Declaration was pushed through, which froze all social standards for at least this year. Restraining the minimum wage at 8,000 hryvnias [approximately €186, or 30% of average wages] became one of the factors in the frightening growth of poverty, as masses of people can afford fewer and fewer goods due to the inflation spiral. Will this technocratic servant of the IMF care about the fate of pensioners, internally displaced persons or mothers? No less important is that MinFin and Ulyutin himself opposed filling the budget through additional taxation of bank income.

It has already become known that Denys Ulyutin was tasked with conducting an audit of all social benefits, and this will precede a review of payments towards their reduction. A threatening guideline for future transformations could be the recent phrase by ruling party MP Dmytro Hurin that "veterans should have no privileges".

It should be added that the person who drove the most dubious reforms of the last five years will not disappear from the Cabinet: in fact, Denys Shmyhal will head perhaps the most important body – the Ministry of Defence. According to legend, his task should be building elements of a war economy and increasing arms supplies. Although a war economy under these conditions can only be fiction, because it's incompatible with such phenomena as selling off strategic assets (OKHK [United Mining and Chemical Company]) or depriving critical infrastructure workers of payments. After linking the Ministry of Strategic Industries' [Minstratehprom] functionality to the MoD, there are grounds to assert that the defence industry sphere, where billions are spent, will become even more closed due to centralisation of flows and Shmyhal's inability to interact with the public.

We face deteriorating living standards, liberal chaos in the economy and dismantling of social regulations, but at a much higher pace. The authorities have demonstrated an inability to draw conclusions from failures: a striking example is keeping the extremely irritating ministers of education and medicine, who are incompetent. Despite underfunding and incompetent experiments, ministers Oksen Lisovyy and Viktor Lyashko kept their positions. The most outraged should be precisely those working in the respective sectors, because they left the scandalous officials in their chairs, ignoring the opinions of nurses and teachers...

Change by Averting the Worst

In such a case, the Cabinet will not be a driver of development, but only of service to the elite. But in times of war, there can be no other good for the authorities than the good of the people, who bear the main burden. And only when the people see people in power who are concerned about their problems will the people be ready to do even more for the state.

Currently, the ruling class is not ready for sharp changes and is only capable of increasing the pace of controversial reforms to create the appearance of results. In the absence of elections, no one will let the people influence policy;

instead, we face a struggle to preserve rights. The public should demand progressive changes, and their rejection will clearly demonstrate how futile are hopes for any improvements from changes in the composition of the Cabinet of Ministers.

Those ministers who most neglect public interests and lead elite lifestyles should receive maximum attention in the information field. It's necessary to prove that their work (1) contributes to the enrichment of individuals; (2) harms the security and welfare of the people. The more people realise the inadequacy of officials to the scale of challenges – the more chances there are for implementing progressive policy in the future, when the restoration of competitive democracy becomes fact.

To bring closer breakthrough changes for strengthening defence and social cohesion, we need to stop adapting to the system of oligarchic capitalism. The reference point for such changes can be the statement-plan ["Zberegty krayinu, a ne oligarkhiv" - "Save the country, not the oligarchs"]. The state still has enough levers for Ukraine to become a truly independent and prosperous country.

21 July 2025

This article was originally published in Ukrainian on the progressive, ecosocialist and feminist website of [“Sotsialnyy rukh”](#).

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