



Kyiv  
International  
Economic  
Forum



**Ukraine: Industry, welfare, and  
national identity.  
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Tallinn University of Technology**

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# A time of ideological shifts.

- US: The ideological extremes - Trump and Sanders – both agree on a) *free trade is no longer good for the US*, b) *the US (private) health care model is inefficient*.
- UK: Brexit.
- The old EU periphery: sinking deeply into debt and getting poorer (Greece, Italy, Spain, Portugal).



# An 1848 moment....

...when the old order collapses because it is attacked from the political right and the political left *at the same time*.

Overly abstract theories collapse. The old elites are under attack from «all sides».

**The 1848 Generation: three books – all from 1848 – covering the political spectrum from left to right, all recanting David Ricardo (i.e. creating less abstract theories).**

- Marx & Engels, *Communist Manifesto*.

Marx was so radical he had to flee to England.

- Bruno Hildebrand, *Economics of the Present and the Future*.

H. was so conservative he fled to Switzerland.

- John Stuart Mill, *Principles of Political Economy*.

English liberalism recants on free trade!

# **The crisis that started in the 3rd World is now reaching the West.**

- Third World 1970s: De-industrialization, falling wages and disappearing middle class in small Latin American countries.
- Second World 1990s: Massive destruction of industry in former Soviet Block. Wage collapse.
- First World 2010s: De-industrialization, falling wages, disappearing middle class, Brexit, Trump/Sanders.

# **Rediscovering the link between industry and «civilization»?**

“From manufacturing you may expect the two greatest ills of humanity, superstition and slavery, to be healed”.

Ferdinando Galiani (1728-87), Italian economist.

# Understanding the similarities between communism and Western capitalism!





# The man who brought Friedrich List to Ukraine (and also worked here)

Sergei Witte (1849-1915)  
who served under the last  
two tsars.

Formula: Diversify out of  
the raw materials  
(agriculture) into industry,  
maximize the division of  
labour + infrastructure  
(railways, roads)

Translated Friedrich List  
into Russian.



# **Build on a Ukrainian economist who understood industrialism well.**



**Michael Tugan-Baranowsky (1865-1919)**