

Perpetrator or victim? Russia and contemporary imperialism

By Renfrey Clarke and Roger Annis, February 7, 2016

Political phrasing on the left and on the right labels contemporary Russia an "imperialist" country. Is this accurate? Does having an accurate appraisal of Russia's social and economic formation matter?

This 3,000-word essay was published in [Links International Journal of Socialist Renewal](#) and also on Roger Annis' website [A Socialist In Canada](#). A longer, 8,000-word, essay on the same topic was published by the two authors on Feb 29, 2016, titled ["The myth of 'Russian imperialism': In defense of Lenin's analyses"](#).

The decision by the Crimean people in March 2014 to secede from Ukraine and rejoin Russia sparked fury in right-wing circles worldwide. Urged on by the new ultra-nationalist government in Kyiv, Western leaders made haste to subject Russia to political and economic sanctions.

In commentaries in the Western conservative media, the meme of 'Russian imperialism' took firm root. Less predictable, and calling for serious reflection, was the response in another quarter: denunciations of 'Russian imperialism' were echoed cheerfully by significant sections of the international left.

For many of the leftists concerned, 'Russian imperialism' was such an obvious truth that it required no serious explaining. The British weekly *Socialist Worker*, for example, intoned on 11 March 2014: "It remains imperative to struggle against all sides in the imperialist conflict being fought out in Ukraine....Russian imperialism has made its move to retain political and economic domination over the country with its takeover of Crimea – this should be unconditionally condemned by all revolutionaries claiming to be anti-imperialist."

But just what is imperialism, now the stuff of such effortless catch-phrases? Can the term be applied meaningfully to today's Russian state? This article is an introduction to several longer pieces forthcoming by the authors on the same subject. We will argue that today's state and economy in Russia fit neither empirical nor Marxian theoretical definitions of imperialism.

What is imperialism?

Imperial expansion has a history that far predates the rise of industrial capitalism. But earlier forms of imperial ambition pale before the modern variety – the imperialism of the industrial magnates and large financiers that first emerged in the last decades of the nineteenth century.

The new production methods of industrial capitalism, involving armies of hired workers and huge quantities of raw materials, created unprecedented volumes of goods for exchange. But this new productive capacity overwhelmed the buying power of masses of ill-paid workers. Expansion beyond the boundaries of the nation-state became imperative if raw inputs and markets were to be secured. The result was the rapid carve-up of the non-capitalist world into

huge colonial empires and spheres of influence, centred on the core countries of advanced capitalism.

During these decades, the structures of modern capitalism evolved as well. Prospering in the new industrial economy required massive amounts of capital. The largest capitalists out-competed and devoured their weaker class kin, forming sectoral monopolies that eventually became huge international cartels and trusts. This monopolism was not simply a matter of business organisation but also had a crucial technological aspect. Only the largest blocs of capital could exploit to the full the potential for superior profits offered by the most modern processes and equipment.

Employing their monopoly advantages, firms in the countries of the imperialist centre could set the prices of their manufactured exports at a stiff premium. By contrast, the producers of raw materials in the colonies and semi-colonies – the 'periphery' of the imperialist world-system – were forced to compete against one another, cutting their margins to the bone. A system of unequal exchange thus operated, siphoning value from the periphery to the centre. It was at the centre that capital mainly accumulated. The capitalism of the periphery remained dependent and technologically backward.

The build-up of capital in the home countries of imperialism saw an increasing financialisation of economic life. Banks and other financial institutions acquired an economic power to match that of the industrial firms, often becoming their controlling shareholders. Increasingly, the forces of financial and industrial capital became fused into giant oligarchic blocs dominating economic and political life.

The contradictions of this finance capital were legion. Relative over-accumulation of capital caused returns to drop. One escape valve was a growing trend to the export of capital rather than simply of goods. Investors flocked to build railways in India and Argentina and to sink mines in South Africa.

This process led to a certain development of the periphery, but not to major local accumulation of capital or to a broad-based prosperity. The more advanced sectors of the peripheral economies were very often owned by capitalists of the centre, who remitted their profits home. In any case, the imperialist monopoly over the most advanced and profitable equipment, technology and processes remained iron-clad.

Meanwhile, the chronic over-accumulation of capital in the countries of the centre was becoming a powder-keg. By the early years of the twentieth century, the territories of the periphery had been substantially divided up between the countries of the centre. Increasingly, imperialist powers could only find new foreign markets at the expense of other imperialist powers. This was especially true for such newly-emerged imperialisms as those of Germany and Japan. The result was inter-imperialist war.

Lenin and modern imperialism

The development of imperialism during these decades was tracked and analysed by Marxist and left-liberal thinkers. A classic work in this field was the 1916 pamphlet by the Russian revolutionary V.I. Lenin, *Imperialism: The Highest Stage of Capitalism*. In this text, Lenin characterised modern imperialism very clearly as the most advanced and developed form of the capitalist system. The key characteristics of imperialism, as expounded by Lenin in his pamphlet, were monopoly ownership and control of production, the rise to dominance of finance capital, the phenomenon of capital exports as an outlet for excess capital, the rise of cartels and trusts, and the division of the world among the strongest capitalist powers.

Imperialism has undergone many changes of form since Lenin's time. But the essence described by the Bolshevik leader remains present and vitally relevant.

Of the obvious changes to the system, one is that the imperialists, after two world wars, have come to understand that a third war would destroy them altogether. The result has been a stepping-up of interpenetration between the structures of different imperialist capitals. Multinational, mega-political and military entities such as the European Union and NATO, for example, are much more evolved analogues of the international cartels and defensive alliances of Lenin's time. Now, however, the military alliances are not aimed against rival imperialist powers but against a more developed and potentially assertive periphery.

A second change has been the near-complete ending, in formal terms, of the colonial system. But here too, the snake has merely changed its skin. No longer is the 'developing world' ruled by viceroys; now, it is beneath the heel of debt dependency, of the World Trade Organisation, of emissaries from the World Bank and IMF, and of other neoliberal 'advisors'. The imperialist centre retains its monopoly over the most advanced, profitable functions, and the value-siphon flows copiously. Shows of restiveness are met with international sanctions or armed force.

To be sure, various aspects of the picture are now much more complex. Since the mid-twentieth century, a significant number of peripheral countries have undergone a degree of industrialisation. They now export basic industrial commodities – steel, cement, chemicals – and compete against one another for contracts to supply or assemble manufactured components. It has become possible to speak of a 'semi-periphery' within the developing world.

The gap between the semi-periphery and the imperialist centre, though, remains a chasm. Between the U.S. and Mexico, for example, the difference in effective average living standards (GDP per capita at Purchasing Power Parity) is about three to one, while between Germany and Turkey it is somewhat more than two to one. The divide between centre and semi-periphery, meanwhile, is not exclusively economic. One additional element involves nearness, in political and diplomatic terms, to the centres of power of the imperialist world-system. This might be summed up as the ability of a given state to participate in setting the 'rules of the game' of the capitalist global order. Qatar, for example, has roughly three times the nominal GDP per capita of Spain. But it is Spain, as a member of the EU and NATO, that has vastly more influence on imperialist agenda-setting.

On this basis, of the Marxian theory of imperialism expounded by Lenin and of modifications required by developments over the period since, we shall now proceed to the question of whether today's Russia can be considered part of the global centre of the capitalist system.

Russia in the capitalist world order

One historical memory needs to be erased: Russia is not any kind of superpower. It is not the Soviet Union, having barely half the population of the old USSR. In raw terms of economic output, it is a middle power in economic terms, its nominal GDP putting it in a group that includes Brazil, Italy, India, Canada and Australia.

Russia has the world's second-largest nuclear arsenal, but these weapons are unusable except at the cost of self-annihilation. Meanwhile, the country's conventional military strength is dramatically inferior to that of NATO. Russian military spending is only about one-tenth of the NATO aggregate.

Nor, to recall Lenin's list of the defining markers of imperialism, is Russia home to an 'advanced capitalism'. Labour productivity is much lower than in the West. And importantly, the ethos and practices of business life in Russia differ sharply from those generally found in the world's leading imperialist states. In the latter, there are plenty of capitalists who view sticking to the law as strictly for losers, but the local capitalism nevertheless provides reasonably predictable conditions for investment and capital accumulation. In Russia's violent, awesomely corrupt 'Jurassic capitalism', things are different.

Amid these circumstances, most Russians do not live well. Average living standards are about those of Malaysia. There is no broad Russian middle class; in the comparatively prosperous year of 2013, the bulk of Russian citizens had monthly incomes in the range from US\$300 to \$800. Russian life expectancy in 2014 was lower than the figures for Honduras and Iraq.

In one respect, the forms of Russian capitalism might seem to resemble those found in the West: the Russian economy is highly monopolised, with most sectors dominated by a handful of relatively large firms. But the reasons for this are tied closely to the heritage from the Soviet past. They also reflect the primitivism of Russian business life. Facing the balaclava-clad hit-men of larger rivals and the rulings of bribed judges, middle-sized firms in Russia do not thrive.

Meanwhile, Russian monopolies in most cases are rather small by world standards. Poorly equipped to operate away from their home turf, they rarely seek to expand abroad. There are few real Russian multinationals.

Resource-extractive firms – and those, such as metals refiners, that turn raw resources into basic industrial goods – have a dominant place in Russia's economy. Since capitalism was restored in Russia and the country was thrown open to world trade, science-intensive manufacturing has been gutted. Russia today sells its oil, gas, metals, chemicals, timber and paper on world markets, and imports vehicles, machinery, technical services and a broad range of consumer goods.

That adds up to a pattern of production and trade very unlike the forms typical of advanced capitalism. With its relatively undiversified output and dependence on low value-added generic commodities, Russia's de-developed petrostate economy competes with numerous peripheral-country rivals at the low-profit end of global markets.

Over-accumulation?

Nor is there an imperialist-style surplus of capital in Russia. If there were, huge natural resources would not lie undeveloped. For lack of investment funds, the present average age of Russian industrial equipment is roughly twice that in the U.S., and double the figure at the end of the Soviet period.

Large surpluses are still extracted from the value created by Russia's long-suffering workers. But under 'Jurassic capitalism', the deterrents to keeping capital within the country are legion. Funds that in an advanced economy would speed research and development, and boost high-value specialised manufacturing, in the case of Russia are exported to swell property prices in London's West End or go into low-risk portfolio holdings in Western firms.

Russia's opaque, often criminalised financial procedures make tracking exports of capital by Russian firms a daunting task. It is clear, though, that the bulk of Russia's 'foreign investment' either has the character of capital flight or it represents one leg in the 'round-tripping' of company revenues for purposes of tax evasion. Real outward foreign direct investment is relatively small-scale, even when the targets are other countries of the former USSR.

It should, in any case, be stressed that simply exporting capital does not qualify a country as imperialist. All capital must seek to expand, and if foreign openings seem safer and more lucrative, peripheral-country capitalists will often invest abroad. The key criteria that distinguish the foreign investing of imperialist countries include those of scale and of whether the investor country benefits in any appreciable way from the imperialist transfer of value from the developing world.

On both these criteria, Russia falls far short. The often-cited investment by Russian mining corporations in Africa, for example, is trivial beside the activity in developing countries of those legendary resource imperialists, Canada and Australia. The transfer of developing-world value to Russia as a result of the country's foreign direct investment is minor – and nowhere near enough to offset the plunder of Russian wealth via the 'value siphon' of unequal trade exchange.

For the political economists of the early twentieth century, a defining feature of imperialism was finance capital – the complex of banking and industrial capital that, chafing within the confines of the national state, enlisted politicians and armies in its drive to dominate foreign markets. A mass of evidence shows that in terms of the financial instruments – stocks, bonds, derivatives, bank deposits, money-market funds – in which wealth is mostly held within modern capitalism, the finance capital of present-day Russia is startlingly weak.

A useful pointer to the strength of a country's finance capital is the national figure for financial assets per adult. Here, Credit Suisse in its Global Wealth Databook for 2015 cites the figure for

Russia of US\$2,490, compared to \$8,204 for Brazil, \$25,962 for Chile and figures for Western European countries that generally top \$100,000."

(Another comparative measure of capitalist economies is per capita wealth. In its 2014 Global Wealth Databook, Credit Suisse cites US\$19,586 per capita for Russia, \$23,415 for Brazil, \$46,797 for Chile and hundreds of thousands of dollars for countries of Western Europe.)

Within the finance capital of an imperialist country, a central element is a highly developed banking system. Lenin speaks of 'the growth of the banks into institutions of a truly 'universal character'.' Russia's banking sector, however, is small by developed-country standards, and cannot be viewed as central to the economy.

Russian banking is dominated by two majority state-owned institutions of which the larger – Sberbank - is only about one-tenth the size of the largest Western banks. Unlike these Western institutions with their massive international operations, Russian banks in almost every case concentrate overwhelmingly on domestic lending.

Private-sector banks in Russia are numerous, mostly small, and have a chaotic history that reflects the criminality and general dysfunction of Russian business. Many of these banks were established by industrial magnates as in-house tools for financial malfeasance. Press reports complain of poor lending practices, lack of transparency, high rates of bad loans, money-laundering, and at times, large-scale fraud.

A part of the semi-periphery

Much more could be said, but the pattern is unmistakeable: Russia's economy and society display few or none of the markers of imperialism. On the other hand, the country provides a close match with lesser powers. Within the capitalist world-system, Russia's closest analogues are those relatively developed – but clearly not imperialist – middle-ranking powers, Brazil and India.

Meanwhile, are Russian interests taken into account when the rules of the game of the capitalist world-system are determined? By no means. For years after the dissolving of the USSR, Russian elites held out hopes of joining NATO. Instead, NATO has been expanded to the point where Russia now faces a threatening arc of U.S.-aligned states, on or near its borders, from Turkey to Estonia. The clear goal of imperialist policy is to pressure and intimidate Russia, so as to deepen its peripheralisation and in the longer perspective, to force its break-up.

In these circumstances, what can one say about the Western denunciations of 'Russian imperialism'? Rarely have such fervent protestations been so wide of the mark, or backed by so little substance.

Does all this matter? If a country uses its armed strength to meddle in affairs outside its borders, doesn't that make it imperialist *per se*? The trouble with that line of reasoning is that it quickly leads to absurd conclusions. Countries of the periphery commit armed aggression against one

another with horrible regularity. The Ogaden War of 1977-78 began when Somali forces invaded Ethiopia. Did that make Somalia an imperialist power?

Ruling elites in non-imperialist countries may well be driven by material ambition when they mount acts of international aggression. But a fundamental distinction needs to be drawn between these adventures, which for all their brutality have a quality of arbitrariness, and the imperatives to expansion that are innate to advanced capitalism. Lesser elites have a choice in how they act externally. The capitalist classes of the global centre, ultimately, do not.

If the political left fails to apply rigorous economic and social criteria to identifying imperialist countries, it loses the ability to distinguish between imperialism and its victims. Understanding the modern world then becomes impossible – and vulgar political errors inevitably follow.

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