Russia and China as Great Imperialist Powers

A Summary of the RCIT’s Analysis


Introduction

The world has undergone tremendous changes since the beginning of the new historic period which opened with the Great Recession in 2008. Among the most important new developments is Russia’s increasing strength as an imperialist power and the emergence of China as a new imperialist power. Against the background of the decline of crises-ridden capitalism, this has led to a significant escalation in the rivalry between the imperialist powers – most prominently between the US, the EU, and Japan on the one hand and Russia and China on the other. Examples of the sharpening of inter-imperialist rivalry are the war between Russia and US-allied Georgia in 2008; rising Sino-Japanese tensions around the Diaoyu/Senkaku islands in the East China Sea; the Russian-American disagreement over the civil war in Syria; and, most recently, the international conflict connected with the crisis in the Ukraine. (1)

In order to understand the global political dynamics of this new historic period and to derive the correct tactics for the class struggle, it is incumbent upon Marxists to elaborate a scientific analysis of the class character of all involved great powers. While for decades Marxists have accepted as axiomatic that the US, the EU, and Japan are imperialist states, Marxists still feverishly debate the class character of Russia and China. Many of those participating in this debate either have a superficial, impressionistic understanding of Russian imperialism or they entirely refuse to accept the imperialist character of these two powers. Obviously, aside from its theoretical import, this question also has tremendous practical consequences for developing a revolutionary program. While obviously each conflict needs to be studied concretely, for Marxists in the tradition of Lenin and Trotsky a widely-accepted principle is to adopt a position of revolutionary defeatism in all conflicts between imperialist powers. At the same time, this principle dictates always supporting a semi-colonial country struggling against imperialism.

The RCIT has extensively elaborated the class character of both Russia and China. (2) In order to make our analysis more accessible to Marxists in general, in this document we provide a summary of our analysis of Russian and Chinese imperialism. This analysis is divided into three sections: the first presents our general definition of an imperialist state; the second provides an economical and political overview of China; and the third does likewise for Russia.
I. What are the Criteria for an Imperialist State?

Before we present a concrete overview of the characteristics of Russia as an imperialist state, we shall start by clarifying our definition of an imperialist state. Our methodological understanding of imperialism is based on Lenin’s theory, which became the basis for revolutionary Marxism from the early 20th century. (3)

Lenin described the essential characteristic of imperialism as the formation of monopolies which dominate the economy. Related to this, he pointed out the fusion of banking and industrial capital into financial capital, the increase in capital export alongside the export of commodities, and the struggle for spheres of influence, specifically colonies. As Lenin wrote in *Imperialism and the Split in Socialism* — his most comprehensive theoretical essay on imperialism:

„We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism. Monopoly manifests itself in five principal forms: (1) cartels, syndicates and trusts—the concentration of production has reached a degree which gives rise to these monopolistic associations of capitalists; (2) the monopolistic position of the big banks—three, four or five giant banks manipulate the whole economic life of America, France, Germany; (3) seizure of the sources of raw material by the trusts and the financial oligarchy (finance capital is monopoly industrial capital merged with bank capital); (4) the (economic) partition of the world by the international cartels has begun. There are already over one hundred such international cartels, which command the entire world market and divide it “amicably” among themselves—until war redivides it. The export of capital, as distinct from the export of commodities under non-monopoly capitalism, is a highly characteristic phenomenon and is closely linked with the economic and territorial-political partition of the world; (5) the territorial partition of the world (colonies) is completed. “

(4)

The characteristic of an imperialist power has to be seen in the totality of its economic, political, and military position in the global hierarchy of states. Thus, a given state must be viewed not only as a separate unit, but first and foremost in its relation to other states and nations. Similarly, by the way, classes can only be understood in relation to each other. An imperialist state usually enters a relationship with other states and nations whom it oppresses, in one way or another, and superexploits – i.e., appropriates a share of its produced capitalist value. Again this has to be viewed in its totality, i.e., if a state gains certain profits from foreign investment but has to pay much more (debt service, profit repatriation, etc.) to other countries’ foreign investment, this state can usually not being considered as imperialist.

Finally we want to stress the necessity of considering the totality of a state’s economic, political, and military position in the global hierarchy of states. Thus, we can consider a given state as imperialist even it is economically weaker, but still possesses a relatively strong political and military position (like Russia before 1917 and, again, in the early 2000s). Such a strong political and military position can be used to oppress other countries and nations and to appropriate capitalist value from them.

Viewing a state in the context of the global imperialist order is also important because particularly smaller imperialist states (like Australia, Belgium, Switzerland, the Netherlands, Austria, the Scandinavian countries, etc.) are obviously not the equals of the Great Powers, but rather are
subordinated to them. Alone they could not play an imperialist role. However, despite their being unequal to the Great Powers – by the way even among the Great Powers themselves there is constant rivalry and no parity – these smaller imperialist states are still not super-exploited by the former. As a result, while there is no significant transfer of value from these smaller imperialist states to the Great Powers, there is a significant transfer of value from semi-colonies to these smaller imperialist states. They ensure this privileged position by entering economic, political, and military alliances with the Great Powers like the EU, OECD, IMF, World Bank, WTO, NATO, and various “partnerships.”

In short, we define an imperialist state as follows: An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain extra-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.

We think such a definition of an imperialist state is in accordance with the brief definition which Lenin gave in one of his writings on imperialism in 1916: “… imperialist Great Powers (i.e., powers that oppress a whole number of nations and enmesh them in dependence on finance capital, etc.)…” (5)

**Imperialism and Super-Exploitation**

An important – albeit not exclusive – aspect of imperialism is the systematic and massive super-exploitation of the colonial and semi-colonial world by the imperialist monopolies and states. In our book, *The Great Robbery of the South*, we have elaborated basically four different forms of super-exploitation by which monopoly capital obtains extra profits from colonial and semi-colonial countries:

i) Capital export as productive investment

ii) Capital export as money capital (loans, currency reserves, speculation, etc.)

iii) Value transfer via unequal exchange

iv) Value transfer via migration

Marx noted how foreign trade serves as an important means by which capitalists counteract the tendency of the rate of profit to fall. The basis of this mechanism, one aspect of the capitalist law of value, is that given the lower level of development of productive forces in (semi-)colonial countries, capital invested there has a higher organic composition, i.e., the share of human labor – variable capital expenditures – is higher relative to that of constant capital – machinery, raw material, etc. Because, according to the law of value, only variable capital contributes to the creation of *surplus value* and the concomitant generation of capitalist profits, investments in (semi-)colonial countries with their higher organic composition – i.e., human vs. mechanized labor – yield relatively more *surplus value* and, consequently, higher average rates of profit.

*Surplus value* is the share of capitalist exchange value which is appropriated by capitalists (in order to reinvest it or to consume it), rather than paid for by them as variable or constant capital expenditures (wages, machinery, raw materials, etc). By exporting capital and investing in factories in semi-colonial countries, monopolies can extract extra-profits in one or both of two fashions: (1) By employing the cheaper labor force of semi-colonial countries, the imperialist company reduces its costs, but still sells the produced commodities at the average market price back in the metropolitan country or countries,
thereby increasing its profit margins at home. (2) Additionally, the imperialist monopoly can sell the same commodities it produces in the semi-colonial countries, but at a price below the average market price there, thereby out-competing local production which also results in increased profits. The major part of these extra-profits are also repatriated by imperialistic monopolies from the semi-colonies to their parent country.

Furthermore, when the commodities of the more developed (imperialist) countries and those of the less developed (semi-colonial) countries are exchanged on the world market, the law of value also enables imperialist capital to transfer huge amounts of value from capitalistically less-developed to capitalistically more-developed countries due to the inherently unequal exchange arising from the higher productivity of the developed economies: The imperialist monopolies’ cheaper commodities (a function of the labor invested) out-compete the more expensive commodities from the semi-colonial countries, and force the latter to sell their own commodities below their true value. Despite this competitive step, the locally-produced commodities often remain more expensive on the world market than that of its imperialist rivals. Consequently, the stronger (imperialist) capital can sell its commodities above their production price and still remain cheaper on the world market than the commodities of the less competitive (semi-colonial) capital. At the same time, the significance of this is that the semi-colonial countries have to exchange (the equivalent of) more labor time against (the equivalent of) the same labor time of the imperialist countries allowing, once again, the stronger (imperialist) capital to successfully appropriate a part of the surplus value which is created by the weaker (semi-colonial) capital.

This means that unequal exchange provides an important basis for a massive transfer of value from capitalistically less-developed to capitalistically more-developed countries. Monopolies can also appropriate extra profits via capital export as money capital (loans, currency reserves, speculation, etc.).

Finally, monopoly capital extracts surplus profits not only by means of exploitation of the semi-colonial countries but also via exploitation of migrants from these countries and oppressed nationalities. Imperialist capital draws profit by paying the migrant workers below the value of their labor force in several ways:

i) Capitalists can often exploit the migrants with no or only limited costs for their education, since the migrants are often educated in their home country.

ii) Capitalists often have to pay either no or only reduced costs for the pensions and social security of the migrants since they have limited access to social services, and when they can no longer work due to age they often return to their home country.

iii) Capitalists can usually pay the migrants a wage which is substantially lower than the wage paid to the workers who are citizens of the country in which the work is done. To do so they utilize various forms of national oppression (reduced or no rights for workers who are not citizens of the imperialist country; discrimination against the migrants’ mother tongue; various forms of social discrimination; etc.). These forms of oppression are implemented not only against first generation migrants, but against their children and grandchildren.

For these reasons the RCIT defines migrants as being, in the vast majority, “a nationally oppressed layer of super-exploited labor.”
II. China as an Emerging Great Imperialist Power

China emerged as a new imperialist power in the late part of the first decade of the 2000s. The main reasons for China’s successful development into an imperialist power were:

i) The continuing existence of a strong, centralized Stalinist bureaucracy which could suppress the working class and ensure its super-exploitation;

ii) The historic defeat of China’s working class in 1989, when the bureaucracy bloodily crushed the mass uprising at Tiananmen Square and throughout the entire country;

iii) The decline of US imperialism which made room for new powers.

This continuing existence of a strong, centralized Stalinist bureaucracy and the historic defeat of China’s working class in 1989 enabled the new capitalist ruling class to subjugate the majority of the tremendously expanding proletariat to super-exploitation. Based on this, the capitalists – both Chinese and foreign – could extract massive surplus value for capital accumulation. On this basis, China has become a major economic power. This is reflected in a number of facts.

In terms of the total output measured by the Gross Domestic Product (GDP) China’s share of global output has experienced huge growth in the past two decades. While China produced 4.1% of global output in 1991, this figure rose to 14.3% in 2011. This makes it the world second-largest economy. During the same time period the US’s share of global output declined from 24.1% to 19.1%. (6)

In manufacturing – the core sector of value production for capitalism – China has even become the world’s leading economy. By 2011, a fifth of world’s manufacturing came from China (19.8%) while 19.4% originated in the US economy. (7) Parallel to this it has become the world’s leading exporter.

China’s economic strength is also reflected in its low level of debt to the global financial market. As a share of its Gross National Income, China’s external debt stocks stand at only 9.3% while its debt service to exports is a mere 2.5%. (8)

China’s Monopolies

In today’s global economy, China’s monopolies play a leading role. In the Forbes Global 2000 – an index of the largest, most powerful companies in the world – China already ranks third among home countries. Chinese companies on the list number 121, superseded by only the US (524 companies) and Japan (258 companies). These 121 Chinese monopolies have an aggregate profit of $168 billion, which constitutes 7% of the total profit of the world’s 2000 largest monopolies. (9)

In the Fortune Global 500 – another ranking of the world’s largest corporations which uses different criteria – we see the same prominent and expanding position of China among the home states of the world’s super-monopolies. Here, China has already surpassed Japan as the second-ranked country with 73 of these corporations, exceeded by only 132 US monopolies. As indicated, ranked after China is Japan with 68 monopolies, followed by France and Germany with 32 each (see Table 1).

Table 1: Top 10 Home Countries in the Fortune Global 500 Index (10)
<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Number of Companies</th>
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<tbody>
<tr>
<td>1.</td>
<td>United States</td>
<td>132</td>
</tr>
<tr>
<td>2.</td>
<td>China</td>
<td>73</td>
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<tr>
<td>3.</td>
<td>Japan</td>
<td>68</td>
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<td>4.</td>
<td>France</td>
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<td>4.</td>
<td>Germany</td>
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<tr>
<td>6.</td>
<td>United Kingdom</td>
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<tr>
<td>7.</td>
<td>Switzerland</td>
<td>15</td>
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<tr>
<td>8.</td>
<td>South Korea</td>
<td>13</td>
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<td>9.</td>
<td>Netherlands</td>
<td>12</td>
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<td>10.</td>
<td>Canada</td>
<td>11</td>
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</table>

The rulers of China have created a capitalist class. According to the *World Wealth Report 2012*, published by *Capgemini* and *RBC Wealth Management*, China has the fourth highest number of super-rich, only behind the US, Japan, and Germany, but ahead of Britain, France and Canada. (11) A different list of the super-rich – measuring the number of so-called “Ultra high net worth individuals” whose net assets exceed US$50 million – ranks China (behind the USA) in second place. (12)

Today, the majority of China’s industrial output is produced by the private sector, as is attested to by figures published by the *World Bank* and the Chinese *Development Research Center of the State Council*. Both of these institutions attribute 70% of the country’s GDP and employment to non-state sectors. The state sector’s share in the total number of industrial enterprises (with annual sales over 5mn RMB) fell precipitously from 39.2% in 1998 to 4.5% in 2010. During the same period, the share of State Owned Enterprises in total industrial assets dropped from 68.8% to 42.4%, while their share in employment declined from 60.5% to 19.4%. (13) Having said this, the state-capitalist sector continues to play a central role in China’s economy.

**Super-exploitation of the Working Class**

The Chinese capitalist regime has succeeded in introducing the capitalist law of value into its economy, thereby transforming the preponderance of its workers into wage laborers. A decisive step in implementing the capitalist law of value in China’s state-owned enterprises was a ruthless wave of layoffs. According to official figures published in the Chinese Communist Party’s mouthpiece *People’s Daily*, more than 26 million workers were laid off between 1998 and 2002. (14) If we examine the longer period of time between 1993 and 2006, there are estimates that the Chinese capitalist class fired approximately 60 million state-owned enterprise employees. (15)

This wave of mass layoffs was an integral part of the full implementation of the capitalist law of value in China’s state economy. According to a report by the Chinese researcher Dongtao, by 2005 over 85% of small and medium-sized SOEs had been restructured and privatized. (16)
Another decisive instrument was the utilization of the old household registration system set up by the Stalinist bureaucracy in 1958. According to this system (called hukou in China) “residents were not allowed to work or live outside the administrative boundaries of their household registration without approval of the authorities. Once they left their place of registration, they would also leave behind all of their rights and benefits. For the purpose of surveillance, everyone, including temporary residents in transit, was required to register with the police of their place of residence and their temporary residence. By the 1970s, the system became so rigid that ‘peasants could be arrested just for entering cities.” (17)

Given endemic rural poverty and the opportunities for jobs in the cities, millions upon millions of rural, mostly young, peasants have moved to the cities to seek employment, transforming themselves into what are called in China migrants. In their new milieus, these uprooted former peasants often live illegally – because of the hukou- system – and thus have no access to housing, employment, education, medical services, and social security. The capitalists continually aim to set the wages paid to migrant workers to little more than the minimum necessary to keep them alive. Consequently, the living conditions of these migrant workers are shockingly poor, most of them residing in overcrowded dilapidated housing, tents, under bridges and tunnels, or even in the trunks of cars. (18)

Following the implementation of capitalism in China, these migrants soon became a major motive force in the process of super-exploitation. The number of migrant workers in China grew exponentially from about 30 million (1989), to 62 million (1993), 131.8 million (2006) and, by the end of 2010, their number grew to an estimated 242 million. In the capital city, Beijing, about 40% of the population are migrant workers, while in Shenzhen nearly 12 million of the total 14 million inhabitants are migrants. These migrant workers are usually pushed into physically-hard, low-wage jobs. According to the China Labour Bulletin, migrants make up 58% of all workers in industry and 52% of those employed in the service sector. (19)

It is only natural that the Chinese working class is mounting a struggle for its rights despite the draconian measures of the Stalinist-capitalist dictatorship. Developments in the past few years attest to a rapidly growing militancy. According to official statistics compiled by China’s Academy of Social Sciences, popular protests, dubbed by the regime “mass incidents,” increased in a period of one year from 60,000 (2006) to more than 80,000 (2007). The further publication of such statistics was discontinued, ostensibly because the bureaucracy feared that these figures could have an even more inspiring effect on super-exploited migrant and other workers. However, unofficial estimates indicate that in 2009 the number of “mass incidents” had increased to 90,000. The Chinese sociologist Sun Liping estimates that the figure for 2010 was as high as 180,000. (20)

**China’s Capital Export**

China has enormously increased its capital export. This is reflected by both the level of productive investment abroad as well as on the sums of monetary capital (bonds, loans etc.) transferred as financial investments to outside the country. As a result of its immense and rapid accumulation of capital, Chinese imperialism has also accumulated huge volumes of monetary capital, expressed in an extraordinarily fast expansion of its foreign exchange reserves. These reserves positively skyrocketed
from US$165 billion in 2000 to US$3.305 billion in March 2012. As such, China’s foreign exchange reserves equal the combined sum of the next six largest foreign exchange reserve holders!

China is also an active lender of bilateral loans. According to the *Financial Times*, over the past few years Chinese banks have emerged as major financiers. China is already lending more money to so-called developing countries than the World Bank.

However China’s capital is not only active on the international loan and bond market, but also as a foreign investor in the industrial and raw material sectors. Since China has only recently emerged as an imperialist power, it is still globally weaker in this realm than the imperialist powers which have been dominant for more than a century. In Table 2 we compare the annual FDI outward flows of a number of imperialist countries during the last five years. One can see that Chinese imperialism has already overtaken rivals like Canada or Italy in Foreign Direct Investment while it has reached parity with countries like Germany.

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<tbody>
<tr>
<td>World</td>
<td>1.975</td>
<td>1.790</td>
<td>1.197</td>
<td>1.309</td>
<td>1.524</td>
<td>2.198</td>
<td>1.969</td>
<td>1.175</td>
<td>1.451</td>
<td>1.694</td>
</tr>
<tr>
<td>France</td>
<td>96</td>
<td>64</td>
<td>24</td>
<td>30</td>
<td>40</td>
<td>164</td>
<td>155</td>
<td>107</td>
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<td>90</td>
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<tr>
<td>Germany</td>
<td>80</td>
<td>8</td>
<td>24</td>
<td>46</td>
<td>40</td>
<td>170</td>
<td>72</td>
<td>75</td>
<td>109</td>
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<tr>
<td>Britain</td>
<td>196</td>
<td>91</td>
<td>71</td>
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<td>272</td>
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<td>Italy</td>
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<td>Canada</td>
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<td>USA</td>
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<td>Japan</td>
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<td>-1</td>
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<td>73</td>
<td>128</td>
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<tr>
<td>Hong Kong</td>
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<td>61</td>
<td>50</td>
<td>63</td>
<td>95</td>
<td>81</td>
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In which regions and countries is China concentrating its investments abroad? According to the most recent calculations published by the *Heritage Foundation*, since 2005 Chinese capitalists have invested significant amounts of capital in all regions. Calculated in $US billions, the most important countries for China’s non-bond investments abroad are Australia (45.3), USA (42), Brazil (25.7), Indonesia (23.3), Nigeria (18.8), Canada and Iran (each 17.2), and Kazakhstan (12.3). There are also important investments of about $US 5 billion in Greece and in Venezuela of about $US 8.9 billion (figures for 2005-2010) (23)

While, as we have noted, it is true that China is still substantially behind the old imperialist powers in outward foreign direct investment stocks, its role in the semi-colonial countries is rapidly increasing. In 2010 China became the third-largest investor in Latin America behind the US and the Netherlands. (24) China is also Africa’s biggest trading partner and buys more than one-third of its oil from that continent. (25)
China as a Military Power

China’s phenomenal rise of power is not exclusive to the economic sphere, but is also both political and military. Between 2002 and 2011 China increased its military spending by 170%. According to the Stockholm International Peace Research Institute (SIPRI), today China has the world’s second largest military budget, surpassed only by that of the US (see Table 3).

Table 3: The World’s 10 Largest Military Spenders, 2011 ($US billions) (26)

<table>
<thead>
<tr>
<th>Country</th>
<th>$Billions spent</th>
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<tbody>
<tr>
<td>1. USA</td>
<td>711</td>
</tr>
<tr>
<td>2. China</td>
<td>143</td>
</tr>
<tr>
<td>3. Russia</td>
<td>71.9</td>
</tr>
<tr>
<td>4. UK</td>
<td>62.7</td>
</tr>
<tr>
<td>5. France</td>
<td>62.5</td>
</tr>
<tr>
<td>6. Japan</td>
<td>59.3</td>
</tr>
<tr>
<td>7. India</td>
<td>48.9</td>
</tr>
<tr>
<td>8. Saudi Arabia</td>
<td>48.5</td>
</tr>
<tr>
<td>9. Germany</td>
<td>46.7</td>
</tr>
<tr>
<td>10. Brazil</td>
<td>35.4</td>
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</tbody>
</table>

Add to the above China’s nuclear arsenal, which is fifth in size behind the US, Russia, Britain, and France. (27) During the past decade, China’s military has undergone rapid modernization and today possesses serious military capabilities for offensive warfare. It has recently displayed its ability to shoot down satellites. China is also home to large arms manufacturers. In its index, SIPRI names the Chinese weapon-producing monopolies as the fifth biggest competitors in the global armament market.

Revolutionary Tactics in Conflicts Involving China

There should be no illusions about the prospect for a peaceful settlement of the inter-imperialist rivalries between the Great Powers. An imperialist war between the great powers US (and/or Japan) and China is increasingly becoming nearly unavoidable in the coming decade. Both sides need to control Eastern Asia which is a central factor in the global production of value as well as in trade. For this reason it is nearly inevitable that imperialist powers will try to influence and exploit conflicts and wars (e.g., conflicts in the South [or East] China Sea, Libya, Syria, and Iran).
The RCIT considers both the US and China to be imperialist powers. In a military confrontation between the two (or between Japan and China), we Bolshevik Communists will refuse to take the side of one of the two imperialist rivals. Such an armed conflict would be a war between the respective ruling classes of each of the two sides to increase their hegemony at the expense of the other, and consequently their super-exploitation of the semi-colonial countries. In such a conflict, the correct tactic would be one of revolutionary defeatism according to which workers in both camps raise the slogan “The main enemy is at home” and strive to turn the imperialist war into a civil war against their own ruling class.

In the case of a conflict between an imperialist power and a semi-colonial country in the South (or East) China Seas, Marxists must concretely analyze the circumstances of any specific war. This means that we will have to determine whether the dominant aspect of the war is the imperialist drive to subjugate a particular (semi-)colonial nation or, alternately, if a national defense struggle should be seen as a proxy war in the service of a rival imperialist power. From this analysis will follow the position adopted by Bolshevik Communists: revolutionary defencist in the first case or revolutionary defeatist in the second, respectively.
III. Russia: Its Monopoly Capital and its Status as a Great Imperialist Power

Russia’s economy is dominated by a small group of monopolies owned by super-rich capitalists, called “oligarchs,” who have close relations with the state apparatus. In fact, Russia’s monopolies dominate the domestic market even more than their counterparts in other imperialist states. According to a recent OECD study, Russia’s small and medium-sized enterprises account for only about one fifth of employment and an even smaller share of output, whereas in most OECD economies both figures are above one half. (28)

Probably the most important Russian monopoly is Gazprom, the world’s largest gas company, which controls over 93% of Russia’s natural gas production and about a quarter of the world’s known gas reserves. (29) Another important monopoly is the Sberbank which is Europe’s third-largest bank when ranked by market capitalization. These two companies, Sberbank and Gazprom, account for more than half of the turnover of the Russian stock exchange. (30) Other huge corporations are Rosneft and LUKoil, both oil companies; Transneft, a pipeline company; Sukhoi, an aircraft-manufacturer; Unified Energy Systems, an electricity giant; and Aeroflot.

These Russian monopolies are closely linked with the imperialist state apparatus. The state-capitalist sector plays a decisive role among many Russian monopolies. For example, the state has retained Golden Shares in 181 firms. (31) State-backed companies account for 62% of Russia’s stock market. (32)

The state capitalist sector controls 36% of Russia’s oil sector and 79% of its gas sector. (33) According to the German magazine Der Spiegel, the Russian state controls more than 50% of the country’s banks and 73% of the transportation industry. Likewise, government control of the oil industry has grown from 10%, at the beginning of the Putin era in 1999, to 45% in 2013. (34)

Russia’s Rise as an Economic Power

According to the World Bank, Russia is about to overtake Germany as the world’s fifth largest economy in terms of purchasing power parity for 2012. (35) It calculates Russia’s GDP at US$ 3.4 trillion. The International Monetary Fund lists Russia as the eighth largest world economy with a GDP of US$2 trillion. Regardless, Russia has become a great economic power. Its ruling class has successfully overcome the collapse of the 1990s. Russia is not dominated by other imperialist countries but rather dominates and exploits other countries and peoples.

Russia’s successful resistance to being taken over by foreign imperialist powers is related to the history of the country’s capitalist restoration. According to one estimate, by 1998 “only 3% of former state properties had been sold to foreign buyers in the Russian Federation, compared to 48% in Hungary and 15% in the Czech Republic. Moreover, privatization sales to foreigners in the latter groups accelerated after 1998, while it remained practically non-existent in the Russian Federation.” (36)

Russia’s rise as an economic power is also reflected in its relatively low level of debt. Since Putin’s rise to power, Russia’s external debt stocks – as a percent of its Gross National Income – declined from 57.9% (2000) to 31.1% (2011). (37) Equally, Russia’s government debts have fallen dramatically from 99% of GDP in December of 1999 to 8.4% of GDP in 2012. (38)

At the same time Russia’s foreign monetary reserves have increased significantly to about US$ 500 billion (equivalent of about 25% of Russia’s GDP).
Russia’s rise as an economic power is also reflected in the turnaround in the ratio of its reserves and external debt. While the ratio of Russia’s reserves to external debt stocks expressed as a percent stood at 16.6% in 2000, by 2011 it reached 83.6%.

Capital Export of Russian Monopolies

Since 2000, Russia has been able to substantially increase its outward foreign investments. Russia’s share of global FDI outflows increased from 1% in 2000, to 1.5% in 2005, and reached 4% in 2011. For example, in 2010 Russian companies invested $US 9 billion for cross-border mergers and acquisitions, up from $US6 billion in 2005. (39)

Table 4 demonstrates that Russia is increasingly becoming a major foreign investor. Russia (and China) have already overtaken Italy and are in the same league with Germany.

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>45,916</td>
<td>55,594</td>
<td>43,665</td>
<td>52,523</td>
<td>67,283</td>
<td>51,058</td>
</tr>
<tr>
<td>China</td>
<td>22,469</td>
<td>52,150</td>
<td>56,530</td>
<td>68,811</td>
<td>65,117</td>
<td>84,220</td>
</tr>
<tr>
<td>Germany</td>
<td>170,617</td>
<td>72,758</td>
<td>75,391</td>
<td>109,321</td>
<td>54,368</td>
<td>66,926</td>
</tr>
<tr>
<td>Japan</td>
<td>73,548</td>
<td>128,019</td>
<td>74,699</td>
<td>56,263</td>
<td>114,353</td>
<td>122,551</td>
</tr>
<tr>
<td>Italy</td>
<td>96,231</td>
<td>67,000</td>
<td>21,275</td>
<td>32,655</td>
<td>47,210</td>
<td>30,397</td>
</tr>
</tbody>
</table>

Where do Russian capitalists invest abroad? If we don’t include fake foreign investments, i.e., investments in countries which serve Russia as off-shore centers, we see that Russian monopolies exported about 38.1% of its foreign investments to Western European EU countries. The US and Switzerland were also important destinations. However, the Russians also invested about 25.5% of their capital in former USSR countries and Eastern Europe. An additional 4.1% of their FDI went to other former Stalinist states like Serbia, Montenegro, and Vietnam. If we add other semi-colonies like Turkey and Ireland, we see that Russian monopolies invested about 36% of their FDI in semi-colonial countries.

Russia’s thirty largest multi-national corporations rank among Europe’s largest 500 companies. (41)

Russia as a Great Political and Military Power

Russia’s relative power is even greater on the political level. Russia has a permanent seat in the UN Security Council and is/was a member state of the G8. Russia demonstrated her hegemonial role during the war in Georgia in 2008 when she annexed South-Ossetia and Abkhazia against the will of the Western imperialist powers which supported the Saakashvili regime in Georgia. Similarly, Russia is the primary power behind the Assad regime in Syria. In the autumn of 2013, the Putin regime was
able to force the Obama administration to back down from its military plans and to agree to a new round of negotiations in Geneva. In the spring of 2014, Russia is once again demonstrating its role as a great power in the context of the Ukrainian crisis as Russia faces off against the EU and US for influence in the Ukraine. These are practical examples which serve to emphasize the extent to which Russia is a great power challenging the influence of the senior Western imperialist powers.

Russia’s status as a great power on a political level goes hand in hand with its status as a great military power. As we have shown above in Table 3, today Russia has the world’s third-largest military budget. In addition to this, Russia has the world’s second most powerful nuclear arsenal after the US. (42) Its arms monopolies are also the second-ranked competitors in the global armaments market.

Another manifestation of Russia’s status as a great power is the number of military bases which it possesses abroad. Russia runs military bases in eight CIS countries. In addition to them, Russia also has a naval base in Tartus (Syria).

**Russia’s Internal Colonies**

Lenin showed how great imperialist powers also strive to exploit other countries and to subjugate them to their sphere of influence. Russia oppresses and exploits other nations both inside and outside its state. Nearly one fifth (19.1%) of Russia’s population belong to ethnic and national minorities. The most important ones are the Tatars (3.9%), Ukrainians (1.2%), Bashkirs (1.1%), Chuvashes (1.1%), Chechens (1%), the Armenians (0.9%) and other, smaller peoples. All told, there are over 185 ethnic groups living in Russia.

As the following figures show, a substantial share of Russia’s raw materials – of which oil and gas are the most prominent but are by no means the only ones – are located in regions with a significant proportion of national minorities (see Figures 1, 2 and 3).

**Figure 1**  
Russia’s Ethnic and National Minorities (43)
Figure 2  Autonomous Areas in Russia with Ethnic and National Minorities (44)
Extreme inequality exists between the different regions of Russia. This is a legacy of the Tsarist Empire which was never really overcome by the Stalinist USSR. For example, the average monthly income in Moscow is about six times as high as in Kalmykiya. Poverty is particularly widespread in the regions with sizeable national minority populations. Relative poverty varies from 40% in Amur Oblast and the Republic of Buryatia to 30% in Moscow. Absolute poverty is 36% in Buryatia and 21% in Lipetsk Oblast. Samara and Tatarstan show very similar patterns, with relative poverty rates of 37% and 35%, respectively, and absolute poverty rates of 28% and 25%. (46)

**Putin’s Eurasian Union: An Imperialist Attempt to Subjugate Central Asian and Eastern European Semi-Colonies**

Since the 1990s, Russia’s ruling class has undertaken a number of initiatives all of which have the goal of creating a political and economic sphere of influence under Russian leadership. Shortly after coming to power, Putin created the Eurasian Economic Community in October 2000. For several years, the Putin regime has undertaken serious steps to drive forward a closer economic and political bloc under Russian hegemony. A so-called Customs Union was already established in 2007, its current members being Belarus, Kazakhstan, and Russia. A number of semi-colonial states are presently considering joining the Customs Union: Armenia, Georgia, Kyrgyzstan, Gagauzia (the separatist republic in Moldavia), and Tajikistan.
Under Yanukovych, the Ukrainian government also expressed interest in joining, but the Maidan coup and the takeover of pro-EU right-wing forces makes this unlikely in the short term. On the other hand, Crimea did split from the Ukraine and has joined Russia. Given the present political crisis in the country, the future of the eastern parts of the Ukraine is uncertain. Finally, the Vietnamese government has also expressed interest in joining the Customs Union.

Meanwhile, the Putin regime has moved ahead and introduced steps to form the Eurasian Union. This development would create a common market of goods, capital, and labor, and ensure the operation of common macroeconomic, competitive, financial, and other regulations, including the harmonization of policies such as energy and transport. In November 2011, the heads of Russia, Kazakhstan, and Belarus announced that a Single Economic Space would be launched as of 1 January 2012. The Eurasian Union, which will be similar to the European Union, is to be launched by 1 January 2015. While Russia, Kazakhstan, and Belarus are members, other countries currently have candidate status (Armenia, Kyrgyzstan, and Tajikistan). (47)

In addition Russia is – beside the European Union – the most important trading partner for the Central Asian and Eastern European countries. In absolute terms, the trade volumes between the Central Asian Republics and Russia increased during the period 1995–2011 by almost 1,100%.

In Table 5 we see that Russia is one of the top three trading partners for Eastern European countries outside the EU.

Table 5 Trade Patterns of Non-EU Eastern European Countries, 2010 (in percent) (48)

<table>
<thead>
<tr>
<th>Country</th>
<th>EU 27’s Share of Trade</th>
<th>Russia’s Share of Trade</th>
<th>Turkey’s Share of Trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>Armenia</td>
<td>32.1 (1st place)</td>
<td>20.8 (2nd)</td>
<td>4.4 (6th)</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>46.9 (1st)</td>
<td>7.4 (3rd)</td>
<td>8.2 (2nd)</td>
</tr>
<tr>
<td>Belarus</td>
<td>25.1 (2nd)</td>
<td>48.2 (1st)</td>
<td>0.6 (10th)</td>
</tr>
<tr>
<td>Georgia</td>
<td>31.7 (1st)</td>
<td>4.4 (7th)</td>
<td>15.6 (2nd)</td>
</tr>
<tr>
<td>Moldova</td>
<td>52.3 (1st)</td>
<td>12.3 (3rd)</td>
<td>4.8 (4th)</td>
</tr>
</tbody>
</table>

In the Ukraine, the EU and Russia are the major powers which compete for market share and influence. Before the beginning of the Great Recession in 2008, the EU monopolies were able to continually increase their trade share. However, since the recession the situation has reversed itself. Between 2000 and 2010, the Ukraine’s exports to the EU fell to 25.4% and the share of imports from the EU to 31.4%. At the same time the Customs Union (Russia, Belarus, and Kazakhstan) was able to increase its trade with the Ukraine: exports to and imports from these countries increased to 32.3% and 42% respectively. (49)

When we examine the Central Asian semi-colonies, we note an even more hegemonial position for Russian imperialism. Central Asia is highly dependent on Russian imports (mostly energy products and manufactured products). While the EU comes as the second largest import source, China’s share has dramatically increased in the last decade and is now the third largest source of imports.

The EU, Russia, and China are also the main export partners of the Central Asian countries. The EU and China managed to increase their market share between 2000 and 2010. During this same decade, Russia’s share declined but it remained the second largest export destination for Central Asia.
To summarize, we can conclude that Russian imperialism has and is increasingly successful in subjugating a number of semi-colonial countries in Eastern Europe and Central Asia.

**Migration and Super-Exploitation**

As an imperialist power Russia also profits from migration. The migrants constitute a sizeable minority among the working class in Russia. As non-Russian workers, they are both nationally oppressed and super-exploited by Russian capitalists. Their lower wages provide an important source for extra-profits from Russia’s monopoly capital.

In their vast majority, Russian capitalists profiteer at the expense of migrants who originate from two different sources: On one hand, millions of migrants from Russia’s oppressed national minorities relocate to the country’s richer metropolises; on the other hand, millions of migrants from Russia’s peripheral semi-colonies enter the country.

The population in the poorer regions in Russia – such as the Far East District, Siberia, the Urals or Privolzhe – is being systematically diminished due to emigration. David Lane, a bourgeois expert on Russia, reports: “National ethnic minorities figured disproportionately in population movement. These areas were ones which had a continuous export of people.” (50)

Migration from the Central Asian republics has increased dramatically in the last decade. According to official statistics approximately 12.3 million legal migrants currently reside inside Russia. In addition, another 5-8 million migrants have illegally entered the country in order to work there. Estimates of the percent of foreign migrants among all employed in Russia is about 8–10 %, which is close to levels in some European countries such as Germany and Austria. However, this appears to be an underestimation. In addition, this figure does not include the migrants from oppressed nations within Russia.

Such massive migration is driven by the extreme inequality of wages that exists between Russia and her semi-colonial periphery. For example, at the close of the first decade of the 2000s, the average wage in Tajikistan was just 10% of the average Russian wage, while those in Kyrgyzstan and Uzbekistan were just slightly above 20%. Average Russian wages were three times as high as those in Moldova and two and a half times higher than those in Armenia. (51)

Also contributing to migration from the poor semi-colonial countries is surplus population unable to find employment. The majority of Russia’s migrants come from Uzbekistan, Tajikistan, and Kyrgyzstan. By the end of 2010, migrants from these three countries accounted for 55% of the total legal foreign workforce in Russia.

Migration constitutes a massive drain on the human capital of the semi-colonial countries and hence reduces their ability to increase their own national wealth. Between 620,000 and 1,000,000 Kyrgyz migrants are estimated to work abroad currently (most of them in Russia). (52)Migrants account for 17% of the economically active population of Kyrgyzstan, for almost 37% from Tajikistan, and for 15% of the employed population from Uzbekistan.

The RCIT considers Russia, as well as the US and the EU, to be imperialist powers. As we outlined above in our discussion of China, in the event of a military confrontation between two imperialist powers, Bolshevik Communists will refuse to take the side of one of the two warring sides. Instead, in both camps, we will raise the slogan “The main enemy is at home”.
In a conflict between Russia and an oppressed nation – like the Chechens – we unconditionally defend the right of national self-determination for oppressed nationalities.

Footnotes

(1) The RCIT has elaborated its position on these conflicts in numerous statements.


On the crisis in the Ukraine see: Joint Statement of the RCIT and the Movement to Socialism (MAS, Russia): Ukraine: Rivalry between Imperialist Powers escalates after Right-Wing Coup: Stop the Imperialist Saber-Rattling! 2.3.2014; MAS: Ukraine/Russia: The victory over the imperialist colonialism is impossible without the proletarian revolution! http://www.thecommunists.net/worldwide/europe/mas-declaration-5-3-2014/; RCIT and MAS: Right-
Wing Forces Take Power in the Ukraine: Mobilize the Working Class against the New Government!


(4) V. I. Lenin: Imperialism and the Split in Socialism (1916); in: CW Vol. 23, pp. 105-106 (Emphasis in the original)

(5) V. I. Lenin: A Caricature of Marxism and Imperialist Economism (1916); in: LCW Vol. 23, p. 34


(10) Fortune Magazine: Fortune Global 500 list in 2012


(12) Credit Suisse: Global Wealth Report 2012, p. 20


(22) UNCTAD: World Investment Report 2012, pp. 169-172

(23) Derek Scissors: China’s Investment Overseas in 2010, Web Memo No. 3133, February 3, 2011, Published by The Heritage Foundation, p. 2


Golden Shares gives the state the right of decisive vote, thus to veto all other shares, in a shareholders-meeting.


World Bank: Gross domestic product 2012, PPP; World Development Indicators database, 17 December 2013


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Benjamin Utter: Outward Foreign Direct Investment to the Natural Resource Sectors by Global Public Investors from Emerging Economies: Trends, Causes, Effects; World Trade Institute 2011, p. 14


See on this e.g. Rilka Dragneva and Kataryna Wolczuk: Russia, the Eurasian Customs Union and the EU: Cooperation, Stagnation or Rivalry?, Chatham House, August 2012, pp. 4-5

Ben Judah, Jana Kobzova and Nicu Popescu: Dealing with A Post-BRIC Russia; The European Council on Foreign Relations, 2011, p. 26

(50) David Lane: Dynamics of Regional Inequality in the Russian Federation: Circular and Cumulative Causality, in: Russian Analytical Digest No. 139, 18 November 2013, p. 6

(51) Mikhail Golovnin and Aleksandra Yakusheva: Regional Effects of the Global Economic Crisis in the CIS: Migrants’ Remittance, in: EDB Eurasian Integration Yearbook 2011, p. 76

(52) Evgeny Vinokurov and Vladimir Pereboyev: Labour Migration and Human Capital in Kyrgyzstan and Tajikistan: Impact of Accession to the SES, in: EDB Eurasian Integration Yearbook 2013, p. 70