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## Russia: A New Imperialist Power?

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### Article info

### Abstract

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This paper argues the importance of using modern methodology of Marxist analysis for the study of imperialism and the so-called “empires”. This methodology allows to show the mechanisms of economic, political, ideological, and so on manipulating the “periphery” from the “center” capital and the states. On this methodological basis it is proved that capitals and state machines of semi-periphery countries in general and Russia in particular are mostly objects of imperialist subjugation and manipulation and only in some rare cases these countries and their capitals are able to be subjects of the imperialist policy. The analysis of the contradictions in the relations of the Russian Federation, Ukraine and the West is given. It is provided the system of political, economic and geo-political arguments proving that Russia as a rule does not act as a subject of the imperialist policy, and only in some cases (generally relying on the Soviet legacy) Russia is able to withstand the “rules of the game”, given by the imperialist powers. It is argued that these some cases when Russia withstands the “rules of the game” is the main reason for the imperialist powers’ diatribes against “Russian imperialism”.

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As recently as ten or fifteen years ago the question posed in the title of this article would have appeared absurd to the majority of sensible scholars. But when Crimea, after sixty years, once again became Russian territory, the question of Russia as a new imperialist aggressor was placed almost at the very centre of geopolitical discussions.

The sharpness of this issue has provoked many writers, close to a majority, to adopt approaches to resolving the question that are somewhat premature, and that have more of a polemical than an analytical character.

Our view, however, is that a passionate heart should not prevent one from showing a cool head. Consequently, we have devoted a good deal of space in this text to addressing the methodological and theoretical aspects of the issue involved.

### **Toward a methodology for research (in place of an introduction)**

The authors of the present text do not propose to examine this genuine problem from the point of view of juridical forms or geopolitical interests. We regard these matters as secondary. Instead, we shall approach the question by analysing the underlying bases that determine both the legal forms, and the foreign policy interests of the main participants in the conflict. Both the forms and the interests are determined primarily by the objective productive relations of modern global capitalism, and by the contradictions inherent in these relations. Through studying these relations, we aim to demonstrate that these and other foreign policy, legal and even military conflicts were not simply the result of chance. Further, we aim to reveal the causes underlying the actions and interests of the main participants in what is not merely an economic-political, but also a military-political and ideological struggle between the various actors involved. To begin with, we shall set out to define who precisely are the main antagonists, and who the people who merely serve the interests of these principal agents – who, in other words, are the puppeteers in these conflicts, and who simply the marionettes.

This methodological and theoretical approach shows rather clearly the adherence of the authors to a tendency which, from the name of its founder, is customarily termed Marxism. Our choice of this paradigm is no accident, and is not due simply to the fact that the authors are part of this current. The point is that the topic itself – qualitative shifts in economic, social and political processes – requires above all studying the dynamic of objective social contradictions, that is, applying the theory and methodology of the trend which has come to be known as the “Post-Soviet school of critical Marxism”. Over the past decade this school has been transformed from a self-applied label<sup>1</sup> into a current in contemporary Marxism<sup>1</sup> that enjoys increasing recognition, and not only in Russia.<sup>2</sup>

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<sup>1</sup> See Buzgalin A.V. and Kolganov A.I., “Politicheskaya ekonomiya postsovetskogo marksizma (tezisy k formirovaniyu nauchnoy shkoly)” [“The political economy of post-Soviet Marxism (theses for the formation of a scientific school)”].

This method of investigation allows us to draw a conclusion that is as simple as it is important: the chronotopes<sup>3</sup> of imperialism may be different, and even qualitatively diverse. To simplify things somewhat, this thesis may be reformulated as the quite banal but nevertheless important statement that *in different periods of history (chronos) and in different parts of the world (topos) types of aggression and types of empire have existed that are or were different in their content.*<sup>4</sup> Now, in the twenty-first century, in different periods of social time and different enclaves of social space, there exist socio-political formations of

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*Voprosy ekonomiki*, 2005, no. 9, pp. 36-55; “Sotsial’naya filosofiya postsovetskogo marksizma v Rossii: otvety na vyzovy XXI veka” [“The social philosophy of post-Soviet Marxism in Russia: responses to the challenges of the twenty-first century”]. *Voprosy filosofii*, 2005, no. 9, pp. 3-25; Buzgalin A., “Marksizm: k kriticheskomu vozrozhdeniyu” [“Marxism: toward a critical revival”]. *Svobodnaya mysl’*, 2008, no. 3, pp. 109-122; Buzgalin A., “Post-Soviet Critical Marxism”. *Transform!* 2009, no. 4; Buzgalin A. and Airu Ch. “On the Revival of Marxist Critical”. *Studies on Marxism*, 2009, no. 2, pp. 120-129 (in Chinese); Buzgalin A. and Kolganov A., “Re-actualizing Marxism in Russia: The dialectic of transformations and social creativity”. *International Critical Thought*, 2013, vol. 1, issue 3, pp. 305-323; Buzgalin A. and Kolganov A., “Marx re-loaded: The Russian debate” [“Marx re-loaded: Il dibattito russo”]. *Il Ponte*, 2013, vol. 69, issue 5-6, pp. 8-33 (in Italian).

<sup>1</sup> See in Russian: Voeykov M.I. *Kriticheskij marksizm: Professor A.V. Buzgalin i intellektual’naya sovremennost* [Professor A.V. Buzgalin and intellectual modernity]. Moscow, LENAND, 2015; in Chinese: Hu Xiaokun. “The ‘Choice’ of the Fungibility Road – A Research of Russia 21st Century Socialist Revival Movement”. *Socialism Studies*, 2013, issue 1, pp. 141-147; Chen Hong, “Bu zi jia lin de ma ke si zhu yi zai xian shi hua si xiang shu ping” [A.V. Buzgalin on the reactualising of Marxism]. *Studies on Marxism*, 2012, issue 1, pp. 145-150 ; Lin Yanmei, “A.V. Buzgalin and the Post-Soviet School of Critical Marxism”. *Modern Philosophy*, 2010, issue 3, pp. 28-33; Lin Yanmei, “E luo si ma ke si zhu yi yan jiu de dang dai zou xiang bu zi jia lin si xiang ping xi” [“Modern trends in the study of Marxism in Russia – the thought of Buzgalin”]. *Journal of the Party School of the Central Committee*, 2010, no. 4, pp. 32-35. Yao Ying, “Bu zi jia lin xin ma ke si zhu yi she hui zhe xue chu tan” [“Buzgalin’s initial study of the social philosophy of the new Marxism”]. *Tian Fu* [New Idea], 2007, no. 3, pp. 14-16.

<sup>2</sup> Here we shall list the titles of the main collective works of the Post-Soviet School of Critical Marxism, published over the past fifteen years in connection with international conferences: *Kriticheskij Marksizm: russkie diskussii* [Critical Marxism: Russian discussions]. Moscow, Ekonomicheskaya demokratiya, 1999; A.V. Buzgalin and A.I. Kolganov (eds.), *Kriticheskij marksizm: prodolzhenie diskussiy* [Critical Marxism: continuation of the discussions]. Moscow, Slovo, 2001; A.V. Buzgalin, Rosa Luxemburg Foundation et al. (eds.), *Marksizm: al’ternativy XXI veka: debaty postsovetskoy shkoly kriticheskogo marksizma* [Marxism: alternatives for the twenty-first century: debates of the Post-Soviet School of Critical Marxism]. Moscow, URSS, 2009; A.V. Buzgalin and V.N. Mironov (eds.), *Sotsializm-XXI. 14 tekstov postsovetskoy shkoly kriticheskogo marksizma* [Socialism-XXI. Fourteen texts of the Post-Soviet School of Critical Marxism]. Moscow, Kul’turnaya revolyutsiya, 2009; B.F. Slavin (general ed.), *Doroga k svobode: Kriticheskij marksizm o teorii i praktike sotsial’nogo osvobodzheniya* [The road to freedom: critical Marxism on the theory and practice of social liberation]. Moscow, LENAND, 2013; G. Sh. Aitova, A.V. Buzgalin and L.A. Bulavka-Buzgalina (eds.), *Kriticheskij marksizm: pokolenie next* [Critical Marxism: generation next]. Moscow, LENAND, 2014; G. Sh. Aitova and A.V. Buzgalin (eds.), *Kriticheskij marksizm: pokolenie next-II. Novyy vzglyad na metodologiyu, postindustrial’noe obshchestvo, sotsiologiyu i praktiku* [Critical Marxism: generation next-II. A new look at methodology, post-industrial society, sociology and practice]. Moscow, Cultural Revolution, 2014.

<sup>3</sup> A “chronotope” (“temporal expanse”) in the broad sense is a philosophical concept introduced to scholarship in Russia by Mikhail Bakhtin, and reflecting the unity of the spatial and temporal characteristics of an object. In Bakhtin’s works this concept was employed originally in order to explain works of art in philosophical terms, and was regarded as drawing space into the process of movement through the development of the subject. As a result, space comes to envelop the axis of time, while time itself thickens and condenses (See Bakhtin M.M. *Voprosy literatury i estetiki* [Questions of literature and aesthetics]. Moscow, 1975, pp. 234-407). In the present text this concept is used by the authors with application to social processes and phenomena, to denote the unity of social space-time in which a particular phenomenon possesses *mutually interrelated* spatial and temporal coordinates.

<sup>4</sup> In the area of theory, this has been reflected through the identification by scholars of new types of empire (and of the types of imperialism that correspond to them), existing in specific periods of history and in particular parts of the world. A number of authors have thus introduced the term “extractivist imperialism” to describe trends in Latin America and southern Africa (see Veltmeyer H. and Petras J. “Imperialism and Capitalism: Rethinking an Intimate Relationship”. *International Critical Thought*, 2015, vol. 5 № 2, pp. 164-182).

various types that behave as [proto]imperial sociums, characterised by a greater or lesser degree of economic, political, cultural-ideological and even military aggression.

Keeping this premise in mind, let us examine one of the most developed theories of imperialism in the Marxist paradigm – a theory that was established in the early twentieth century, and within whose framework imperialism was presented in relatively strict terms as the highest (to that time) stage in the development of the capitalist mode of production.

### **1. “Imperialism as the highest stage of capitalism” one hundred years later (on the main stages in the evolution of late capitalism, and its present-day peculiarities)**

As we know, historical processes have the property of repeating themselves. If we are to believe Georg Wilhelm Friedrich Hegel, things that occur the first time as tragedy repeat themselves as farce. Unfortunately, this law does not hold good anywhere near all the time. The Second World War was a tragedy for humanity in an even more powerful sense than the first. Meanwhile present-day imperialism, which is characterised by the emergence of proto-empires and is still gathering strength a century after the appearance in the world arena of the imperialism described early in the twentieth century by world-renowned authors (we limit our scope to researchers close to Marxism),<sup>1</sup> concedes little in terms of aggressive expansionism to its brother-in-arms of a century ago. If today’s imperialism resembles farce in anything, this is in its Phariseeism and in its attempts to present an attractive face (the defence of “universal human values”) while playing a dirty game (striving for global hegemony).

But let us take everything in its turn. In our view the modest “brochure” (as V.I. Lenin described it) *Imperialism as the Highest Stage of Capitalism*, which was written amid the heat of the First World War and the extreme heightening of the contradictions of world capital, deserves to be regarded as the foundation-stone of analysis of the first stage in the self-negation of late capitalism. In this very clear, polemical but at the same time theoretically profound text, Lenin not only set forward his point of view, but also provided a critical synthesis (we should note the large amount of preparatory work recorded in his *Notebooks on Imperialism*)<sup>2</sup> of the conclusions of his colleagues in the study of imperialism. It is thus no accident that one of the authors of the collective work *Lenin Reloaded*, which appeared in 2007 and has become extremely well known, stresses the relevance of

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<sup>1</sup> Gilferding R. *Finansovyy kapital. Noveysbaya faza v razvitií kapitalizma* [Finance capital. The latest phase in the development of capitalism]. New revised edition. Translated from the German by N. Stepanov. Moscow, Gosudarstvennoe izdatel'stvo, 1922; Lenin V.I., “*Imperializm kak vysshaya stadiya kapitalizma*” [“Imperialism, the highest stage of capitalism”]. *Polnoe sobranie sochineniy*, vol. 27; Lyuksemburg R., *Nakoplenie kapitala* [The accumulation of capital]. Vols. I and II. Translation edited by Sh. Dvolaytskiy. Moscow and Leningrad, 1934; Bukharin N.I., *Imperializm i nakoplenie kapitala* [Imperialism and the accumulation of capital]. Moscow, 1929.

<sup>2</sup> Lenin V.I. “Tetradi po imperializmu” [“Notebooks on imperialism”]. *Polnoe sobranie sochineniy* [Complete works], vol. 28.

most of Lenin's characterisations of imperialism to the situation that had arisen in the first years of our century.<sup>1</sup>

Let us recall these characteristics that were once familiar to every student, but which are now little known even to professionals: "Imperialism arose as the development and direct continuation of the principal traits of capitalism in general. But capitalism became capitalist imperialism only at a particular, very high stage of its development, when some of the main characteristics of capitalism began to be transformed into their opposites, when the features of the epoch of the transition from capitalism to a higher social and economic system had been established and were manifesting themselves in all areas. In economic terms, the main element in this process is the replacement of free capitalist competition with capitalist monopolies..."

"If it were necessary to give the briefest possible definition of imperialism, it would be appropriate to say that imperialism is the monopoly stage of capitalism.

"But although very brief definitions are convenient, since they sum up the main elements involved, they are nonetheless insufficient, since we have to deduce from them certain extremely important features of the phenomenon that needs to be defined. Hence, while we should not forget the conditional and relative significance of definitions in general, which can never encompass the diverse associations of a phenomenon in its complete development, we should give a definition of imperialism that includes the following five of its basic features: (1) the concentration of production and capital has reached such a high level of development that it has brought about the creation of monopolies that play a decisive role in economic life; (2) bank capital has merged with industrial capital, and on the basis of this "finance capital", a financial oligarchy has come into being; (3) the export of capital, as distinct from the export of goods, has taken on particular importance; (4) international monopolist alliances have come into being, through which capitalists divide up the world, and (5) the territorial division of the globe among the largest capitalist powers has been completed."<sup>2</sup>

Certainly, these characteristics cannot be applied directly to the realities of the present decade, but they are of fundamental importance for coming up with a "genetically general" definition of imperialism as an attribute of late capitalism. This latter methodological "exercise" requires some explanation.

The concept of the "genetically general", which is one of the most interesting of the methodological innovations made by E.V. Ilyenkov in the field of dialectical logic, is little known to

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<sup>1</sup> Labica, Georges. "From Imperialism to Globalization". In *Lenin Reloaded: Towards a Politics of Truth*. Edited by Sebastian Budgen, Stathis Kouvelakis, and Slavoj Žižek. Durham & London: Duke University Press, 2007, pp. 222-239. See also: *Lenin online: 13 professorov o V.I. Ul'yanove-Lenine* [Lenin online: Thirteen professors on V.I. Ul'yanov-Lenin]. A.V. Buzgalin, L.A. Bulavka and P. Linke (eds). Moscow: LENAND, 2011.

<sup>2</sup> Lenin V.I. "Imperializm kak vysshaya stadiya kapitalizma" ["Imperialism as the highest stage of capitalism"]. *Polnoe sobranie sochinenij*, vol. 27, pp. 385-387.

theorists in the area of the social sciences.<sup>1</sup> Nevertheless, it allows one to define the systemic quality of objects under study, and simultaneously, the general form of their being. Just as great-great-grandfather Ivanov bestows a genetic commonality and generality of form (family) on the whole of the Ivanov kinfolk, so in the field of social development the *genetically original relationship of the system bestows its systemic quality and common form*. For capitalism, as is demonstrated in Marx's *Capital*, this relationship-category is the commodity,<sup>2</sup> while for late capitalism it is the "undermining" (V.I. Lenin) of the relations of commodity production, and ultimately of capital, by large corporate capital and the state, regulating the market and the hire of workers on a local and partial basis. An extremely prominent feature of this process, the undermining of free competition by monopoly,<sup>3</sup> is at the same time also a characteristic of imperialism as the monopolist stage of the development of capitalism, the stage at which "*late capitalism*"<sup>4</sup> can be said to begin.

Further, we suggest taking a step in a directions that is unusual for contemporary scholarship: posing the *question of research* not so much as a mechanism of the functioning of this system, as of the *historical* (from the point of view of the empirically observed development of an object) and *logical* (that is, theoretically established) *stages in the development of late capitalism*. This approach makes it

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<sup>1</sup> For a more detailed treatment of the methodology involved in distinguishing genetically universal qualities (Il'nikov) or "cells" (Khessin) in socio-economic studies, see Il'nikov E.V. *Dialekticheskaya logika* [Dialectical logic]. Moscow, 1984; Khessin N.V. "Ob istoriko-geneticheskom podkhode k issledovaniyu sistemy proizvodstvennykh otnosheniy sotsializma" [On the historico-genetic approach to the study of the socialist system of productive relations]. *Ekonomicheskie nauki*, 1975, no. 6.

<sup>2</sup> "The wealth of societies in which the capitalist mode of production is dominant appears as a 'huge accumulation of commodities', while the individual commodity represents the elementary form of this wealth," (Marks K. *Kapital*, vol. I. Marks K. and Engel's F. *Sochineniya* [Works]. Second edition, vol. 23, p. 43). The dialectic of the development of the "cell" into a system was revealed precisely and elegantly by our (A.B., A.K.) teacher Professor N.V. Khessin in the early 1960s (see Khessin N.V. *Voprosy teorii tovara i stoimosti v "Kapitale" K. Marksa* [Questions of the theory of commodity and value in K. Marx's "Capital"]. Moscow, 1964; Khessin N.V. "Ponyatie 'kletochka' i ego metodicheskoe znachenie" ["The concept of the 'cell' and its methodological significance"]. *Voprosy ekonomiki*, 1964, no. 7). "The 'economic cell', Khessin writes, "is an extremely simple economic form that contains in embryo all the main features and contradictions of a given mode of production, A whole diverse system of productive relations develops from it. It plays the role 1) of the starting point for the development of a given mode of production; 2) of the basis out of which all the other, more complex types of relations develop, and on which they rest; 3) of the outcome, constantly being reproduced, and consequence of a given system of relations; and 4) of the general form of the relations between people in a particular society" (Khessin N.V. *Voprosy teorii tovara i stoimosti v "Kapitale" K. Marksa*. [Questions of the theory of the commodity and value in K. Marx's "Capital"]. Moscow: Izdatel'stvo Moskovskogo Universiteta, 1964, p. 12).

<sup>3</sup> "Free competition is the basic property of capitalism and of commodity production in general; monopoly is the direct opposite of free competition, but this latter has come to be transformed before our eyes into monopoly, creating large-scale production, supplanting the small, replacing the large with the very largest, and bringing the concentration of production and capital to the point where monopoly has grown and continues to grow out of it: cartels, syndicates, trusts, and merging with them, the capital of perhaps a dozen banks with billions under their control. At the same time the monopolies, while growing out of free competition, do not eliminate it, but exist above it and alongside it, in the process giving rise to a series of especially acute contradictions, frictions and conflicts. Monopoly represents the transition by capitalism to a higher system" (Lenin V.I. "Imperializm kak vysshaya stadiya kapitalizma" ["Imperialism, the highest stage of capitalism"]. *Polnoe sobranie sochineniy*, vol. 27, pp. 385-387.

<sup>4</sup> See Harvey D. *The Limits to Capital*. Chicago: University of Chicago Press, 1982; Harvey D. *The New Imperialism*. Oxford: Oxford University Press, 2003; Jameson F. *Postmodernism, or, The Cultural Logic of Late Capitalism*. Durham: Duke University Press, 1991.

possible to suggest (for the present, this is merely a hypothesis) that the main features of particular stages will become the keys to understanding the concrete whole (it should be recalled that the whole represents “the result together with its formation”!) of modern capital.

Historically, it is relatively easy to distinguish these stages.

*In the first place* is the genesis of monopoly capital, which transformed the market (this is acknowledged indirectly even by neoliberal doctrine when it singles out imperfect competition and anti-monopoly regulation as crucially important features of the modern market), which formed the economic basis for early twentieth century-style imperialism and colonialism, and which ultimately spilled over into the nightmare of the First World War.<sup>1</sup> To describe this stage we use the term **“imperialism as a special (initial) form** [and along with this, a historical *stage* as well] **of late capitalism.”**<sup>2</sup> Meanwhile, we stress in particular: as the initial form of the “twilight” of capitalism,

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<sup>1</sup> “I am always disturbed by the words ‘sacred’, ‘glorious’ and ‘sacrifice’... we heard them sometimes while standing beneath the rain, at such a distance that only isolated shouts reached us, and read them on placards that the bill-posters slapped on top of other placards. But I saw nothing sacred, and the things that were considered glorious did not deserve glory. The sacrifices were very reminiscent of Chicago slaughter-houses, only here the meat was simply buried in the earth” (Hemingway E. *Fiesta; Proshchay, oruzhie; Imet’ i ne imet’; Rasskaz; Starik i more* [A Moveable Feast; A Farewell to Arms; To Have and Have Not; Stories; The Old Man and the Sea]. Translation from the English. Moscow: OLMA-PRESS, 2003, p. 256.

“Nothing is more horrible than war. Even here in the medical units we cannot understand what a horrible thing war is. And those who do understand how horrible it is can no longer stir up those reflections, because they would go mad (ibid., p. 184).

“War is not an attack, as if on parade, and it is not a battle with banners flying. It is not even hand-to-hand combat, in which people rage and yell. War is a monstrous weariness, beyond anything natural. It is water up to your waist, and mud, and lice, and vileness. It is faces covered in mould, and bodies torn to shreds; it is corpses rising up out of the voracious earth and not even resembling corpses any more. Yes, war is an endless monotony of miseries interrupted by shocking dramas, and not a bayonet gleaming like silver, not the cock-crow of a bugle in the sunlight!

“If every people, each day, sacrifices to the idol of war the flesh of fifteen hundred young men, this is only for the sake of satisfying a few leaders who could be numbered on one’s fingers. Whole nations, drawn up in armed herds, go to the slaughter merely so that people in gold braid, people of a special caste, should be able to record their celebrated names in history, and so that other gilded individuals from the same depraved gang can work more profitable deals, in a word, so that warmongers and shopkeepers can make money out of it” (Barbusse H. *Ogon’ (Dnevnik vzvoda)* [Fire (The diary of a platoon)]. Moscow: 1984.

<sup>2</sup> Such a use of the concept “imperialism” contradicts its other meaning: a characteristic of a world in which there are empires and accordingly, colonies and metropolises, along with the oppression, as a rule, of the former by the latter. We do not deny the correctness of this (primarily geopolitical) sense of the word imperialism, but in political economy the term has a different content which the present authors share with V.I. Ul’yanov. We should point out that in our view placing the emphasis on the geopolitical aspects of imperialism (this is characteristic, in particular, of Samir Amin; see Amin. S. *Virus liberalizma: permanentnaya voyna i amerikanizatsiya mira* [The virus of liberalism: permanent war and the Americanisation of the world]. Translated from the English by Sh. Nagib and S. Kastal’skiy. Moscow: Evropa, 2007) largely serves to mask the substantially different nature of the relations between colonies and metropolises at various stages in the development of empires that were themselves qualitatively different; this approach establishes only the external forms that these relations, taken in an abstract sense, have in common. In the geoeconomic and geopolitical respects Amin is correct, but at the same time his critique of Lenin misses the mark. Lenin examined not so much the spatial aspects of imperialism as its essence. Rather than taking an expansive view of imperialism, he studied it in depth, and thus came to understand it as a special, “twilight” period in the development of capitalism. During this period, as a result of the transformation of the quality and essence of capital, both geoeconomic **and** geopolitical transformations take place.



imperialism is a genetically *general* component of the entire process, and thus all subsequent stages will *also* bear within them, in sublated form, the features of imperialism (to draw an analogy, since the commodity is a genetically general characteristic of capitalism, money is *also* a commodity, just as capital is *also* a commodity).

*Second* is the period of searching, on the scale of the state as a whole, for models to govern the deliberate regulation of the economy. This period began (a) after the First World War, and (b) following a number of socialist revolutions and other powerful anti-capitalist actions (general strikes, armed uprisings, and so forth),<sup>1</sup> as well as (c) after the Great Depression and other world-scale tectonic shifts that took place in the “social crust” of humanity, and that showed the limitations of the old system. These searches had their origins in extremely diverse socio-economic transformations. Among these transformations, those that ultimately were victorious were those which, for all their shortcomings, had a generally progressive character (the “New Deal” in the US, and social democratic models in a number of countries of Western Europe). One cannot, however, ignore the regressive models (fascism, national socialism) that played a monstrous role in history, and that even today retain certain roots that could permit their revival. Since it was the former, relatively progressive models that provided the main vector of transformation, we define this stage using the term **“the social-reformist model [stage] of late capitalism”** (for simplicity, we will describe this model in various cases as social reformism, having in view not a particular political current, but the type of late capitalism specified earlier).

The *third* period was signalled by the “neoliberal revanche” that began in the early 1980s. As acknowledged by practically all the intellectual schools of the late twentieth century, this period has been distinguished (a) by a relative decline in the role of the state and by a sort of renaissance of the market, and also (b) by an accelerated development of finance capital, aided considerably by (c) the processes of globalisation (for an account of recent adjustments to economic policy that have occurred in a number of countries since the crisis of 2008-2010, and that have favoured greater regulation, see later). Accordingly, we use the term **“the neoliberal form [stage] of late capitalism”** (or more briefly, neoliberalism) to designate this stage.

It is important to note that *each of the subsequent stages represents the sublation of the preceding one*; that is, it not only negates the features of the previous stage, but also inherits them. Meanwhile, the logic

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For a more detailed account of the polemic surrounding this point, see Kagarlitskiy B. Yu. *Ot imperiy – k imperializmu. Gosudarstvo i vozniknovenie burzhuaznoy tsivilizatsii* [From empires to imperialism. The state and the rise of bourgeois civilisation]. Moscow: Izdatel'skiy dom GU VShE, 2010.

<sup>1</sup> The first Russian Revolution of 1905-1907; the Romanian peasant revolt of 1907; the Shanghai Revolution of 1911-1912 in China; the February and October revolutions of 1917 in Russia; the Civil War of 1918 in Finland; the November 1918 revolution in Germany; the Bavarian soviet republic in Germany in 1919; the Hungarian Revolution of 1919; the Kemalist revolution in Turkey; the September uprising of 1923 in Bulgaria; the 1926 General Strike in Great Britain; the Civil War of 1927-1936 in China; the March on Washington by jobless war veterans in 1932; the Austrian uprising of February 1934; the Spanish Civil War of 1936-1939, and a whole series of anticolonial revolts.

of the “negation of the negation” causes the neoliberal stage, according to many parameters, to come to represent the “restoration” of many traits of the first stage, imperialism.

To this latter topic we shall return later. For the present, it is enough to state that the above-noted stages (imperialism, social reformism and neoliberalism) of late capitalism are very well recognised, and may be considered to have a thorough empirical grounding.

Through the dialectical “negation of the negation”, the global capital of the early twenty-first century reproduces and sublates the features of the monopoly stage in the evolution of capitalism (imperialism). This capital is thus characterised by a range of features that represent the consequence of transforming neoliberal globalisation into a proto-imperial quantity. We may term the sum of these features, somewhat conditionally, the **“new imperialism”**.

We shall set out these features briefly, referring the interested reader to a detailed study of the relevant phenomena in our two-volume *Global Capital*,<sup>1</sup> which in turn rests on a broad range of previous researches.<sup>2</sup>

As noted, the “new imperialism” of the early twenty-first century is characterised by the fact that global capital is acquiring a number of features that are inherited genetically, and that deepen and even in some ways negate the peculiarities of the monopolies of the early twentieth century.

*First*, this capital breaks out of the framework of state borders due to the overdevelopment of national capitalism and the *chronic internal over-accumulation of capital*.

But *secondly*, it enters the world arena not as an everyday atomised producer, competing on an equal basis with other “players”. It appears there as (1) capital on a massive scale, that has reached dimensions comparable with average national states (if we list transnational corporations and the world’s larger countries in terms of their financial turnover, by GDP for the states and by revenues for the corporations, then the corporations represent 40 of the world’s largest 100 economies – see Table 1); and (2) as capital that has the ability to carry on economic, political and ideological manipulation of other actors in the world economy. This capital becomes the subject of imperialist aggression which to some degree (competition with other corporate capitals and national states is still present!) subjugates producers, consumers and state institutions (NB! Here we are talking not

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<sup>1</sup> See Buzgalin A.V. and Kolganov A.I. *Global’nyy capital* [Global capital]. In two volumes. Vol. 1. *Metodologiya: Po tu storonu pozitivizma, postmodernizma i ekonomicheskogo imperializma (Marks re-loaded)* [Methodology: Beyond positivism, postmodernism and economic imperialism (Marx re-loaded)]. Vol. 2. *Global’naya gegemoniya kapitala i ee predely* (“Kapital” re-loaded). [The global hegemony of capital and its limits (“Capital” re-loaded)]. Moscow: LENAND, 2015.

<sup>2</sup> See Amin S. *Virus liberalizma: permanentnaya voyna i amerikanizatsiya mira* [The virus of liberalism: Permanent war and the Americanisation of the world]. Translated from the English by Sh. Nagib and S. Kastal’skiy. Moscow: Evropa, 2007; Harvey D. “Mne khotelos’ by razobrat’sya v tom, chto proiskhodit segodnya, ved’ mir izmenilsya” [“I would like to reach an understanding of what is happening today, since the world has changed”]. *Alternativy*, 2013, no. 4; Amin S. *Capitalism in the Age of Globalization. The Management of Contemporary Society*, London and New York, 1997; Harvey D. *The New Imperialism*. Oxford: Oxford University Press, 2003; Harvey D. “The ‘New’ Imperialism: Accumulation by Dispossession”. *Socialist Register*. 2004. № 40; Mészáros I. *Beyond Capital: Toward a Theory of Transition*. London: Merlin Press, 1995.

about ministers and ministries, but about the “rules of the game”, on which more will be said later) of the countries of the periphery. The new “capital-imperialist” of the present century is not simply a large corporation, but *the subject of aggressive manipulation*.

**Table 1 – The world’s largest 100 economies, including corporations, in 2014 in billions of dollars at current prices<sup>1</sup>**

(continues)

No.	Country/corporation	GDP/Revenues, billion dollars	No.	Country/corporation	GDP/Revenues, billion dollars
1	USA	17419,0	51	Volkswagen	244,8
2	China	10360,1	52	Greece	237,6
3	Japan	4601,5	53	Portugal	229,6
4	Germany	3852,6	54	Iraq	220,5
5	Great Britain	2941,9	55	Algeria	214,1
6	France	2829,2	56	Kazakhstan	212,2
7	Brazil	2346,1	57	Qatar	211,8
8	Italy	2144,3	58	Glencore	209,2
9	India	2066,9	59	Czech Republic	205,5
10	Russia	1860,6	60	Peru	202,9
11	Canada	1786,7	61	Romania	199,0
12	Australia	1453,8	62	Total	194,2
13	South Korea	1410,4	63	Chevron	191,8
14	Spain	1404,3	64	Samsung Electronics	188,5
15	Mexico	1282,7	65	Viet Nam	186,2
16	Indonesia	888,5	66	Apple	182,8
17	Netherlands	869,5	67	Bangla Desh	173,8
18	Turkey	799,5	68	Phillips 66	161,2
19	Saudi Arabia	746,2	69	Daimler	157,0
20	Sweden	570,6	70	General Motors	155,9
21	Nigeria	568,5	71	General Electric	148,6
22	Poland	548,0	72	Ford Motor	144,1
23	Argentina	540,2	73	Petrobras	143,4
24	Belgium	533,4	74	CVS Caremark	139,4
25	Venezuela	510,0	75	McKesson	137,6
26	Norway	500,1	76	Hungary	137,1
27	Wal-Mart Stores	485,7	77	E On	134,9
28	Austria	436,3	78	Hon Hai Precision Industry	133,2
29	Sinopec	433,3	79	ENI	132,8
30	Iran	415,3	80	AT&T	132,4

<sup>1</sup> The data in this table are presented in current prices. If the rating of the world’s top 100 economic entities is constructed on the basis of Purchasing Power Parity, the number of corporations on the list is reduced, but the overall trend, for corporations to achieve a size comparable to that of national states, remains. A detailed rating of the world’s 100 largest economic entities, constructed on the basis of PPP, may be found in: Khusainov B.D. “Transnatsional’nye korporatsii i natsional’nye ekonomiki: sravnitel’nyy analiz razvitiya” [“Transnational corporations and national economies: a comparative analysis of their development”]. *Vestnik UGUES. Nauka, Obrazovanie. Ekonomika. Seriya: Ekonomika*. 2013, no. 4, pp. 15-21.

**Table 1 – The world’s largest 100 economies, including corporations, in 2014 in billions of dollars at current prices**

(concluded)

No.	Country/corporation	GDP/Revenues, billion dollars	No.	Country/corporation	GDP/Revenues, billion dollars
31	United Arab Emirates	401,6	81	Ukraine	131,8
32	Royal Dutch Shell	385,6	82	Angola	131,4
33	Colombia	377,7	83	Valero Energy	130,8
34	Thailand	373,8	84	United Health Group	130,5
35	PetroChina	367,9	85	China State Construction Engineering	129,9
36	Exxon Mobil	364,8	86	Verizon Communications	127,1
37	South Africa	349,8	87	Amerisourcebergen	119,6
38	Denmark	342,0	88	Honda Motor	114,8
39	BP	334,6	89	Costco Wholesale	112,6
40	Malaysia	326,9	90	Hewlett-Packard	111,5
41	Singapore	307,9	91	Kroger	108,5
42	Israel	304,2	92	Morocco	107,0
43	Hong Kong	290,9	93	Tesco	106,5
44	Egypt	286,5	94	Nippon Telegraph & Telephone	105,9
45	Philippines	284,6	95	China Mobile	104,0
46	Finland	270,6	96	Nissan Motor	101,6
47	Chile	258,1	97	Saic Motor	101,1
48	Toyota Motor	249,0	98	Express Scripts	100,9
49	Pakistan	246,9	99	Ecuador	100,5
50	Ireland	245,9	100	Slovakia	99,8

Note: the data on corporations are marked out in the table by background shading.

Source: Compiled by the authors on the basis of data from the *Financial Times* (Global 500 rating, 2015) and the World Bank.<sup>1</sup>

*Third*, these aggregations of capital, with help from the states that are “native” to them and that ultimately are subject to them, and also from the international institutions of the “centre”, *establish the “rules of the game” that are binding on all other actors in world economic and political processes*. These rules (for example, the rules of the WTO, or the rules the IMF imposes on creditor countries) have the appearance of “universal, civilised” norms characteristic of a free market, but in reality they have the function of ensuring the dominance of vast transnational corporations, and of the states and supra-state bodies (such as the EU) that are their “homelands”. So-called freedom of trade and of the

<sup>1</sup> See Global 500 2015 / Financial Times. URL: <http://im.ft-static.com/content/images/b38c350e-169d-11e5-b07f-00144feabdc0.xls>; World Development Indicators / GDP (current US dollars) / The World Bank. URL: [http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?order=wbapi\\_data\\_value\\_2014+wbapi\\_data\\_value+wbapi\\_data\\_value-last&sort=asc](http://data.worldbank.org/indicator/NY.GDP.MKTP.CD?order=wbapi_data_value_2014+wbapi_data_value+wbapi_data_value-last&sort=asc).

movement of capital provides only the appearance of equal rights when the movement of labour power is closed off, when openness to the privatisation of any and all assets is accompanied by an effective ban on active social or other regulation of the market, and while priority is given to international rules that guarantee the inviolability of private property in the face of the democratically expressed will of citizens. In essence, the largest economic and political actors have had their hands freed up for manipulating economies and peoples.<sup>1</sup>

We shall not immerse ourselves in this area, merely recall the point formulated above and supplement it with another that flows directly from it: capital, as it carries out its imperialist expansion, not only imposes its “rules of the game”, but also enforces obedience to these rules through economic, political and also military means. Capital, in effect, becomes the “*world cop*”.

*Fourth*, the “new imperialism” is something more than the export of capital. The global capital of the twenty-first century, as it carries out its expansion, not only exports assets, but *subordinates the economies of other countries to its rule, imposing and maintaining control over the technical capacities, governments and finances of these national systems.*

*Fifth*, this capital, as one of the participants cooperating and competing within world finance capital, *controls the world financial system.* In particular, this control is exercised through the emission of and control over the circulation of freely convertible currency (world money, the “gold of the twenty-first century), and through the subordination to capital of the system of international accounts and of the institutions that regulate world financial processes (the IMF, the World Bank and others).

*Finally*, (and if this point is the last on the list, it is not the least in terms of significance), this capital through the exercise of all its above-noted properties has the ability to appropriate a special, “imperialist” rent (Samir Amin).<sup>2</sup>

But let us return to the question of the foreign economic, political and ideological expansion of one or another national state. Under the present-day conditions described above for establishing proto-empires, we may conclude, it is only those states that possess “their own” global capital that are able implement their own imperialist policy, and that come to exercise even the basic attributes of global hegemony as set out earlier.

If we “translate” the above into socio-philosophical language, *a modern proto-empire can be understood as an economic-political chronotope, a systemic quality of which is the presence in its defining capitals of the main attributes of global hegemony.* Simplifying this socio-philosophical and at the same time political-

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<sup>1</sup> See Zhdanovskaya A.A. *Kuda vedut Rossiyu MVF, Vsemirnyy Bank i VTO?* [Where are the IMF, the World Bank and the WTO taking Russia?]. In two volumes. Vol. 1: *Mekhanizmy sozdaniya zavisimosti* [Mechanisms of the creation of dependency]. Vol. 2. *Rossiya v neoliberal'noy petle* [Russia in the neoliberal noose]. Moscow: URSS, 2015; Toussaint E. *The World Bank – A Critical Primer*. London, Toronto, Cape Town, Liège: Pluto Press. Between the lines. David Philip Publisher. CADTM, 2008; Toussaint E. and Millet D. *Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers*. New York: Monthly Review Press, 2010.

<sup>2</sup> See Amin S. *The Law of Worldwide Value*. 2<sup>nd</sup> edition. New York: Monthly Review Press, 2010, pp.110-111, 127, 128, 134

economic definition, we might say that the subject of modern imperialism – the **proto-empire** – is a social space (the *topos* signifies a super-country, such as the US; a group of countries, such as the core of the European Union; or a global network of large-scale financial capitals), which at the present time (*chronos*) employs global actors (transnational corporations and so forth) as the institutional framework (in particular, possessing juridical, political, ideological and military mechanisms) for manipulating and ultimately subordinating others. In particular, a national state is proto-imperial if it employs transnational corporations based within it as a mechanism for the political (in extreme cases, military) subordination of foreign socio-economic systems. The latter in this case act as the **periphery** of the global politico-economic space whose “**centre**” is the proto-empires.

In this case, the transnational corporations of the imperialist country acquire not only politico-military defence for their economic expansion, but also the opportunity to pursue this expansion according to rules that allow them to actively manipulate the economic players in peripheral countries. These rules include both economic institutions in the proper sense (formal freedom of trade and investment, the openness of all assets to privatisation, a lack of serious social restrictions on capital), and also the military (NATO); legal (the priority of the system of international law they have themselves devised, and of the international courts which they themselves, in the final reckoning, have set up); ideological (the priority of so-called “European” values, which in their content are bourgeois politico-ideological institutions); cultural (the expansion of globalised mass culture and of so-called “elite” culture); educational (the “Bologna system”) and other means required to enforce them.

Created on this basis are the foundations for the economic, political and ideological subordination of peripheral countries (their economies, political systems, and even the world-views of their citizens), and as a result, for the systematic extraction of imperialist rent.

To the degree to which a country that is the object of imperialist pressure is able to withstand these economic, political and other strictures, it acquires the status of part of the *semi-periphery*. Some of the semi-peripheral countries, and Russia in particular, try to make use of mechanisms analogous to imperialism to exert pressure on their weaker neighbours and/or to establish “defensive alliances”. Despite the superficial similarities of various economic, political and even military mechanisms employed in these cases with those of the “new imperialism”, these mechanisms as employed by semi-peripheral countries are substantially different from imperialist subordination in the proper sense. This does not, of course, in any way signify that the policies of semi-peripheral countries become more progressive as a result.

We shall return to this topic in the concluding part of our text, and here will make just one additional remark, which despite being the last in this section is by no means the least important. *The foreign influences exerted by actors of the “central” countries do not always amount to impulses of imperialist*

*aggression*. In some instances countries of the centre, or organisations based in them (socially-oriented NGOs, movements, and so forth) may also exert a progressive influence on the outside milieu. In the case of states, this is somewhat of an exception. Moreover, in most cases these positive practices by imperialist states are part and parcel of the states' expansion, and are subject ultimately to the basic goals of manipulating other societies and extracting imperialist rent.

In most cases, social movements and other *counter-hegemonic, alterglobalist forces* in these countries<sup>1</sup> exert a positive influence both on world politico-economic and socio-cultural processes. Meanwhile, *the countries of the periphery and semi-periphery are able to* (and we shall say more bluntly, should) *make use of the anti-imperialist potential of the internal opposition within the countries of the centre*, working in concord and dialogue with these forces. This is the thrust of the policies applied, for example, by Venezuela, Cuba and a number of other countries of Latin America and Asia.

## **2. The capitalism of post-Soviet Russia: political economy (the nature of the socio-economic system)**

The Russian economic system of the last decade is usually characterised as market-based, or as an economy with a developing market. If Russian and foreign scholars address the question of the nature of the Russian economy, most of them accordingly view it exclusively through the prism (or in terms of various peculiarities) of the implementation in our country of a “standard” set of micro and macro-economic principles. Or, they use as their measure the degree to which Russia's economy approximates to some standard (or ideal model) of the market economy, as prescribed in one or another economics textbook.

To this normative approach, we counterpose examining the processes under way in our economic system not only on the level of superficial (as a rule, false) forms,<sup>2</sup> but also on the level of the weighty and profound contradictions that have arisen from the transformations that began in our country in the last decades of the twentieth century, and that still are not complete.

This approach marks us off both from Russian economists of a right-wing liberal orientation,<sup>3</sup> and also from scholars who stress the distinctive characteristics of “Russian civilisation”. Among the latter, the theme of the incompleteness of the transformations and of the peculiarities of the system that is emerging in Russia is not especially popular either; these people prefer to argue that the neoliberal model of the market and of capitalism is inadequate to the national and cultural

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<sup>1</sup> See: *Kto tvorit istoriyu – II: alterglobalistskie praktiki sotsial'nykh dvizheniy i NPO* [Who creates history? – II: The alterglobalist practices of social movements and NGOs]. Ed. by I. Abramson, A. Buzgalin, P. Linke and L. Ozhogina. Moscow: Kul'turnaya revolyutsiya-TEIS, 2011. See also materials on the site of Aleksandr Surmava at <http://www.bezrodnycosmopolit.com/>.

<sup>2</sup> A more detailed account may be found in: Buzgalin A.V. and Kolganov A.I. *Predely kapitala* [The limits of capital]. Moscow, 2009.

<sup>3</sup> See Gaydar E.T. and Chubays A.B. *Ekonomicheskie zapiski* [Economic notes]. Moscow: Rossiyskaya politicheskaya entsiklopediya, 2008.

specificities of Russian civilisation.<sup>1</sup> It also differentiates us from the majority of Western authors, who as a rule emphasise the distinctiveness of Russian capitalism,<sup>2</sup> but link this once again with the peculiarities of the “Russian bear”, only with a minus sign instead of a plus: it is not that the free market is inadequate to Russian civilisation, but that Russia fails to measure up to the main attributes of civilised being, the most important constant of which is the market. The only exceptions here are a few works among which the book by David Kotz and Fred Weir deserves to be singled out.<sup>3</sup>

Increasingly, however, life bears witness that the distinctiveness of our economic system is too great to be explained solely by enumerating a few peculiarities of market mechanisms. An examination in depth is essential.

Here, for the attention of the reader, we offer a few findings from our previous research.<sup>4</sup>

Let us begin with the obvious: the theoretical model we propose needs to be based on the methodological premises formulated earlier, and to explain the well-known facts that have marked the evolution of the Russian economic system throughout the past two decades.

We should recall that during more than 20 years of transformations in the Russian Federation the areas of commerce and services have developed vigorously, the basic forms of the capitalist system (the market, hired labour and capital) have emerged, the outward manifestations of a shortage of goods and services have been overcome, classes of large, middle and petty bourgeois have taken shape, and the political forms of presidential democracy have appeared.

Meanwhile, Russia has undergone a deindustrialisation. GDP has barely returned to the level it reached a quarter-century ago under the “inefficient planned economy”. The state budget depends to a critical degree on world prices for energy resources. The market and the state regulation system are corrupted, functioning largely through shady deals. Bureaucratism is rampant, and the ruling class now consists of a caste of dollar-billionaire oligarchs intertwined with the top levels of the state administration. The political system is remote from the norms of bourgeois democracy...

All these facts demand explanation, which will be provided subsequently.

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<sup>1</sup> See Kulkov V.M. *Rossiyskaya ekonomicheskaya model'* [The Russian economic model]. Moscow: TEIS, 2009; Osipov Yu. M. *Postizhenie Rossii* [Understanding Russia]. Moscow, 2005.

<sup>2</sup> One of the designations that have become attached to this phenomenon is that of “Kremlin capitalism”. See, for example, an article by Marshall I. Goldwin in *The Moscow Times*, 22 September 2006.

<sup>3</sup> See Kotz D. and Weir F. *Russia's Path from Gorbachev to Putin: The Demise of the Soviet System and the New Russia*. London and New York: Routledge, 2007. This is a revised and expanded version of the book Kotz D. and Weir F. *Revolution from Above: The Demise of the Soviet System*, 1997.

<sup>4</sup> See Buzgalin A. and Kolganov A. “Rossiyskaya ekonomicheskaya sistema: nekotorye itogi ‘reform’” [“The Russian economic system: Some results of the ‘reforms’”]. *Problemy teorii i praktiki upravleniya*, 2014, no. 8, pp. 8-19; Buzgalin A. and Kolganov A. “Rossiyskaya ekonomicheskaya sistema: spetsifika rynka i ego korporativno-gosudarstvennoe regulirovanie” [“The Russian economic system: Peculiarities of the market and its corporative-state regulation”]. *Problemy teorii i praktiki upravleniya*, 2014, no. 10, pp. 8-17; Buzgalin A.V. and Kolganov A.I. “Rossiyskaya ekonomicheskaya sistema: anatomiya i puti obnovleniya” [“The Russian economic system: Its anatomy, and paths to renewal”]. In *Ekonomicheskaya sistema sovremennoy Rossii: Anatomiya nastoyashchego i al'ternativny budushchego* [The economic system of present-day Russia: The anatomy of the present and alternatives for the future]. Ed. by S.D. Bodrunov and A.A. Porokhovskiy. Moscow: LENAND, 2015, pp. 43-163.



In the most general sense, our economy can be described as *a specific form which preserves the uncompleted transformation of a Soviet-type economy (as we view it, mutant socialism)<sup>1</sup> into late capitalism of a semi-peripheral variety, including a broad array of pre-bourgeois and conservative-Soviet forms.*

This characterisation, unquestionably, requires clarification.

Let us begin at the end – that is, with the phenomenon of late capitalism of a semi-peripheral type.<sup>2</sup> We speak of the genesis of precisely this phenomenon, and not of a “transition to the market”, since from a politico-economic point of view the modern world economic system (of which Russia, for all its peculiarities, is a part) has to be characterised as *late capitalism* – a system in which financial capital dominates, while in the world market for capital, goods and services, labour, innovations and so forth, the main “players” are transnational corporations. In late capitalism, the process of financialisation continues despite the world crisis. National states still redistribute from 35 to 55 per cent of GDP on the basis of non-market criteria. Finally, this is a system in which a centre, semi-periphery and periphery have become established, and a process of the formation of proto-empires is under way. The destruction of the Soviet-type economy was capable of leading either to the choice of a new model of progress toward a post-capitalist society, or to a collapse, or else to the genesis of one or another type of precisely this capitalism.

History has shown that Russia more than 20 years ago began to be incorporated into *just such* a world system, and not into some kind of abstract market. Consequently, *the Russian economy on an exceedingly abstract level may be characterised as a certain type [of the delayed genesis] of late capitalism.* Further analysis will show that this exceedingly abstract characterisation is fundamentally inadequate. But it is unavoidable.

Here, an important clarification is required. *We consider it mistaken a priori to assert that this was a transition to “the market”.* This is not only for the reason that now, as we showed earlier, the curtain of “the market” conceals the relations of late capitalism, but also because the result of the transformations in Russia was in no way predetermined by the wishes of the radical reformers. Practice has shown that *in our country this transition (for reasons that will be explained subsequently) has been strung out over decades, giving rise to an extremely contradictory, non-organic, but at the same time relatively stable transitional system.*

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<sup>1</sup> For a more detailed treatment of this topic, see the books *Sotsializm-XXI* [Socialism of the Twenty-First Century] (Moscow, 2009) and *SSSR: nezavershennyi proekt* [The USSR: an uncompleted project] (Moscow, 2013).

<sup>2</sup> The term “late capitalism” is used here on the basis of the books by Ernest Mandel and Fredric Jameson (see Mandel E. *Late Capitalism*. London, 1972; Jameson F. *Postmodernism or the Cultural Logic of Late Capitalism*. New York, 2000). Two of the authors of the present article (A.B., A.K.) have devoted a considerable number of texts, including sections of our books *Global’nyy Kapital* [Global capital] (Moscow, 2004, 2007, third edition, revised and expanded, 2015) and *Preделы kapitala* [The limits of capital] (Moscow, 2009), to the problems of the Russian model as a mutation of this late capitalism. On the peculiarities of peripheral capitalism, see Prebish R. *Sotsioekonomicheskaya struktura i krizis periferiyogo kapitalizma* [The socio-economic structure and crisis of peripheral capitalism]. Moscow, 1978; Amin S. *Virus neoliberalizma* [The virus of neoliberalism]. Moscow, 2007.

Certainly, Russia in the early 1990s had the chance over ten or fifteen years to become one of the “normal” semi-peripheral countries of the late-capitalist world system. But indispensable for this was a quite different model of transformation (we in our time described it as social democratic) about which the authors (A.B., A.K.) wrote in their publications during the early 1990s, at the beginning of the “reforms”.

What came to be implemented in our country, however, was a different model, that led to the rapid destruction of the *formal* institutions of the Soviet economy, but which, more or less naturally, failed to destroy completely the former system of productive and socio-cultural relations, which possessed great inertia. The reason for this inertia was obvious: it was rooted both in the specific system of productive forces (highly concentrated and highly centralised production, oriented toward the primary development of heavy industry and the military-industrial complex), and also in the steadfastly non-capitalist type of the personalities of the majority of the country’s citizens and of the socio-cultural traditions of the USSR and of pre-revolutionary Russia.<sup>1</sup>

This type, formed by a combination of the productive forces, of the productive relations and of the mentality of the “*genotype*” of the Russian economic system,<sup>2</sup> might have been expected to prove relatively stable, and so it turned out.<sup>3</sup> As a result, capitalist relations in our country came to be established mainly on a superficial level, with all the “standard” institutions of a late capitalist system of the semi-peripheral type formally established and functioning. But in terms of content, the transformations could not have been completed, and were not.

The result was the establishing in Russia of a “*dual-sphere*” economic model.<sup>4</sup>

In one of these *diffuse sub-expanses*, that is, spheres that have been integrated into the world capitalist system (raw materials business; the assembly, bottling, packaging and so forth of goods produced by transnational corporations and other “secondary production”; the servicing of the “middle class”, and elements of the financial system), the productive relations of late capitalism of a semi-peripheral type have, as was stated earlier, gradually become established.

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<sup>1</sup> The latter is dealt with at length in the works of V.M. Kulkov (see Kulkov V.M. *Rossiyskaya ekonomicheskaya model'* [The Russian economic model]. Moscow, 2009) and of Yu. M. Osipov (see Osipov Yu. M. *Postizhenie Rossii* [Understanding Russia]. Moscow, 2005; Osipov Yu. M. *Inoe* [The other]. Moscow, 2006).

<sup>2</sup> This term, though applied to capitalism, was introduced by István Mészáros (Mészáros I. *Beyond Capital: Toward a Theory of Transition*. London, 1994). With relation to the Soviet system, a process similar in some ways was described by János Kornai, who noted a “vegetative system” in the economy (Kornai Ya. *Defitsit* [Shortage]. Moscow, 1990).

<sup>3</sup> In this respect, paradoxically, Yegor Gaydar and his colleagues were correct when they lamented that they were not permitted to implement *their* reforms. They were, indeed, “not permitted”, but it was not politicians that thwarted them, but the powerful and entirely predictable inertia of the Soviet system.

<sup>4</sup> These are *amorphous* spheres, *diffuse sub-expanses*, and not clearly delineated sectors with distinct boundaries. The spheres distinguished below are amorphous and are linked with one another in uncertain, diffuse fashion; making any kind of strict demarcation between them is possible only through scholarly abstraction. In any case, genuine business also “feels” this division, and is subdivided more or less obviously into two sub-categories: raw materials producers and financiers on the one hand, and non-resource productive business on the other. This line is pursued, in particular, by some of the leading figures in the Moscow Economic Forum.

All the rest of the economy has finished up in the sub-expanse that is dominated by trends of reversible transformation. In the late twentieth and early twenty-first centuries Russia has seen the spontaneous unfolding of processes analogous in many ways to those that took place during the epoch of the primary accumulation of capital in Western Europe and the US two or three centuries ago, but with important specific features. Conditioning these features has been the fact that in our case, these processes have occurred in an economy possessing developed industries and a significant post-industrial sector, and that has its basis in the *less-than-completely* destroyed genotype of Soviet (rather than late feudal) productive and socio-cultural relations.<sup>1</sup>

The result has been that instead of the typical pattern that saw the “normal” primary accumulation of capital marked by the perpetuation of *late feudal* forms in those expanses that capital had not yet appropriated, we have finished up with something quite distinctive. In Russia, alongside the birth of forms of late capitalism of a semi-peripheral type, we have witnessed a “*negative convergence*”<sup>2</sup> of the products (1) of the genesis of semi-legal forms of primitive capitalism, and (2) of the decay of the Soviet system (bureaucratism and corruption, degenerating into “shadow” statisation and the parasitising of private capital in “construction projects of the century”, the state budget<sup>3</sup> and corrupt deals), and (3) the reincarnation of late-feudal forms. These latter develop primarily in those socio-economic expanses where Soviet forms have been formally destroyed, but where capitalist relations have not been sufficiently consolidated (that is, cannot develop without reliance on extra-economic compulsion and personal dependence). As a consequence of this, we see the development in twenty-first century Russia not only of late capitalist forms, but also of relationships that specifically integrate the products of the semi-collapse of the Soviet system and of a reincarnation of late feudalism.

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<sup>1</sup> See Buzgalin A.V. *Perekhodnaya ekonomika* [The transition economy]. Moscow, 1994. The stress on the fact that the transition process in Russia has involved above all the primary accumulation of capital is also characteristic of E.V. Krasnikova (see Krasnikova E.V. *Razvitiye kapitalizma v Rossii. Vek spustya* [The development of capitalism in Russia. A century later]. Moscow: TEIS, 2003; Krasnikova E.V. *Ekonomika perekhodnogo perioda* [The economy of the transition period]. Moscow, 2005, 2006). But unlike Krasnikova, we do not reduce the main characteristics of the post-Soviet economy to the primary accumulation of capital, and secondly, we emphasise the substantial differences between primary accumulation in post-Soviet Russia and that which occurred during the epoch that witnessed the birth of the bourgeois system in Europe.

<sup>2</sup> The term “negative convergence” appeared in the 1970s, when Robert Heilbroner, Herbert Marcuse, Jürgen Habermas and others expressed the view that the interaction of and struggle between two world systems would lead pre-eminently to their adopting not the best of one another’s traits (as dreamt of by the prominent Soviet dissident Academician Andrey Sakharov), but the worst. In post-Soviet Russia these ideas have been actively developed by O.N. Smolin (see Smolin O.N. *Izlom: inoe bylo dano? Problemy revolyutsii, demokratii i obrazovatel’noy politiki v sotsial’no-politicheskom protsesse 90-kh godov* [Rupture: was there an alternative? Questions of revolution, democracy and education policy in the socio-political process of the 1990s]. Moscow, 2001).

<sup>3</sup> In this connection, it is no accident that terms such as “recoil” and so forth have become widespread not only in media commentaries, but also in the professional language of practical economists (and in recent times, in that of theoreticians as well). It will not surprise us if in the near future articles appear with a theoretical analysis of these “concepts”.

This has proved simpler inasmuch as such processes were already occurring spontaneously in the USSR, <sup>1</sup> where mutations of socialist productive relations (bureaucratism, corruption, administrative narrowness and time-serving) revived pre-bourgeois forms. As a result, the Russian economy today *also* features relations of personal dependency (in particular, clan structures and “vassaldom” in relationships within business and the state; extra-economic coercion in the relations between “business” and workers, above all immigrants; and so forth). These are quite typical features of a reversive historical process – of a sort of “refeudalisation” (for more on this topic, see the following sections of this text).<sup>2</sup>

As a result of this negative convergence, the *progress* of non-industrial capital that typically predominated in the early capitalism of the period from the sixteenth to the early eighteenth centuries, and that created the preconditions for *industrialisation*, has been transformed in our conditions into *regression* – that is, into *deindustrialisation*. An emphasis on the development of trade, brokerage and services is characteristic of both cases, but the historical content is directly opposite. As a consequence of these processes, in place of the interest shown by the forces of capital in technical progress that was typical of the period of primary capital accumulation, and the progressive industrialisation that occurred in the eighteenth and early nineteenth centuries, post-Soviet Russia has been characterised by an *indifference on the part of capital to innovations and by a deindustrialisation that in the present epoch is regressive*. Together with this, we find *stagnation in the creatosphere* (education, fundamental and applied science, and so forth).<sup>3</sup>

To sum up, the methodological-theoretical paradigm suggested above makes it possible to construct a succinct characterisation of Russia’s post-Soviet economy. This economy is a system (1) of *transitional* productive relations, that have arisen as a result (2) of the *involution* of the Soviet economic system (mutant socialism) and of the formation, as a result of the decay of the Soviet economy, of structures that unite (3) the products of the Soviet decay and those of the genesis (as a result of this decay) of forms characteristic of a late feudal-early capitalist economic order. Also incorporated into this new system are (4) the forms of late capitalist relations of a semi-peripheral type.

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<sup>1</sup> The authors (A.B., A.K.) were already discussing this during the Soviet period, but because of the censorship, publishing these ideas was impossible at that time. For some documentary evidence of our views during those years, see Buzgalin A.V. *Belaya Vorona* [The white crow]. Moscow, 1992.

<sup>2</sup> The positions of the authors (A.B., A.K.) on this question have been set out repeatedly over the last decades, from abstracts of reports from 1991 (the originals, unfortunately, have not survived even in our personal libraries) to the texts of papers delivered at relatively recent international conferences initiated specially by the authors to discuss the problem of refeudalisation in our country (see Buzgalin A.V. and Kolganov A.I. [eds.] *Strategii Rossii: obshchestvo znanii ili novoe srednevekov’e?* [Strategies for Russia: the knowledge society, or a new Middle Ages?]. Moscow, 2008). Foreign researchers too have noted a sort of “renaissance” of feudal forms in post-Soviet Russia. See Lester J. *Modern Tsars and Princes: The Struggle for Hegemony in Russia*. London: Verso, 1995).

<sup>3</sup> Even if the calls by the Russian authorities for reindustrialisation and the hopes that national capital will in future manage to begin restoring industry are realised at some point, the outcomes will still be regressive. In the twenty-first century, only the priority development of high technologies, science, education and culture can be progressive.

This product of an *incomplete* reversible transformation, while internally contradictory (we shall return later to analysing the contradictions of these transitional relationships), has nevertheless proven capable of stabilisation, or more precisely, of self-preservation. The reasons for this lie in *the finding of a given non-organic totality of transitional productive relationships, adequate to the transformation and comprised of institutional forms and the material-technical base.*

This adequate material base came into being (1) as a result of the destruction of heavy industry and of the post-industrial sector of the USSR/RFSFR, which led in turn to the destruction of highly concentrated and highly specialised productive enterprises, and opened the way for the formation of a competitive milieu; (2) as a result of the extensive reproduction of the raw materials sector and the formation (3) of a totality of “secondary” (assembly, and so forth) productive enterprises which in most cases were subsidiaries of multinational corporations or their “partners”, together with (4) the priority development of trade and of the sphere of services and brokerage (as a rule, also dependent on importing and on foreign capital). As was shown earlier (and this is also well known from the works of left theoreticians of the “economics of development”),<sup>1</sup> this material base is adequate for preserving [semi]peripheral capitalism in its non-organic unity with late feudal forms and the products of the decay of the Soviet system (what we have termed “negative convergence”).

Formalising the existence of this non-organic transformational system, which perpetuates (and in the process, stabilises) the “rules of the game” within the Russian economy, was the creation of a set of institutions characterised by a *clear breach of the formal* (that is, set down in laws and other legal acts) *and actual* (representing mainly “shadow” state regulation and business) “rules of the game”. A consequence of this was the divorcing of the legal *forms* of coordination (they have the appearance of “normal” transactions, adequate to the abstraction of the market economy) *from their real content* (“business by understandings”).<sup>2</sup> Just as typical of the Russian economy is the *divorce of the forms of property from their real content*; in state corporations in present-day Russia the key property rights in many cases belong to individuals who pursue private interests, while private business is often controlled by regional or federal bureaucrats. The list might readily be continued...

This system of false forms and informal rules of the game, which creates the appearance of a reality different from the actual one, and which suffices for the reproduction of the earlier-described

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<sup>1</sup> See Prebish R. *Periferiynyy kapitalizm. Est' li emu al'ternativa?* [Peripheral capitalism. Is there an alternative to it?] Moscow, 1992; Amin S. *Accumulation on a World Scale: A Critique of the Theory of Underdevelopment.* New York, 1974. See also Nureev R.M. *Ekonomika razvitiya* [The economics of development]. Moscow 2001; Dzarasov R. “Natsional'nyy kapitalizm. Razvitiye ili nasazhdeniye otstalosti?” [“National capitalism. Development or the implanting of backwardness?”]. *Al'ternativy*, 2013, nos. 2, 3.

<sup>2</sup> It was A. Oleynik who rightly coined the term “business by understandings” to describe the well-known phenomenon in which informal norms dominate the interactions by business figures with one another and with third persons (see Oleynik A.N. “Biznes po ponyatiyam: ob institutsional'noy modeli rossiyskogo kapitalizma” [“Business by understandings: on the institutional model of Russian capitalism”]. *Voprosy ekonomiki*, 2001, no. 5.

transitional productive relations, came into being both as a result of the internal contradictions of the Soviet-type economy, and also due to causes called forth by the “furies of private interest”.

This latter is important. We should recall that under the conditions of transformation the subjective factor is among the main determinants deciding which of a multitude of possible scenarios of change will come to pass.

The Russian model of transformation allowed a narrow circle of people, who established and maintained these informal rules, to privatise the key social riches on offer, and today to employ them in uncontrolled fashion. Accordingly, *this type* of appropriation by *these* actors can only continue if the uncompleted transformation described earlier is preserved. Only this model permits the continuing, accelerated concentration of capital in the hands of a narrow circle of people who control state and private resources (that is, state and private insiders), while maintaining the informal rules of the game and the mechanisms of informal (shadow) state and private extra-economic coercion in the whole richness of its post-Soviet and late feudal forms (from the appropriation natural rents and other social resources by individuals who are not their legal owners, to vassaldom, bureaucratic manipulation, corruption and so forth).

Resting on the material-technical base described above (development of the raw materials sector, “secondary” production, trade, services and brokerage, while abandoning the tasks of developing the real sector and the creatosphere), and forming itself with the help of shadowy “rules of the game”, the Russian economic system described earlier acquires its specific shape. This shape is not particularly attractive, and neither are the facts listed above (that include a twenty-year “hole” in the results of production, and one of the world’s highest levels of inequality in the ownership of social wealth) especially appealing.

### **3. The capitalism of post-Soviet Russia: geopolitical economy (the nature of the foreign economic and political goals of Russian capital and of the state)**

As can readily be seen, the two preceding sections have been in the nature of an introduction, though a fundamentally important one, to the main question which this text began by posing: is the Russian state of the present decade imperialist?

The extensiveness of the first and second sections was no accident. In replying to the main question the article poses, the most difficult task is to define what imperialism amounts to in the present century, and what the nature is of the Russian economic system. Once these questions have been answered, it becomes far easier to substantiate a position on the central question as well.

What, then, characterises the Russian state as imperialist, in the view of many foreign and some Russian authors?<sup>1</sup> If we leave aside invective and pure rhetoric,<sup>1</sup> then we are left with a number of

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<sup>1</sup> See, for example, Gusev A. “Pochemu ni Putin, ni Poroshenko ne zaberut Donbass?” [“Why is it that neither Putin nor Poroshenko will capture the Donbass?”]. *Echo Moskvy*. URL: <http://echo.msk.ru/blog/guseff/1525384-echo>.

arguments which in our view deserve genuinely to be paid very close attention, and which, moreover, contain a measure of truth.

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The first argument adduced in order to show that the Russian federation is a subject of the “new imperialism” is linked to the fact that its economy is based to a significant degree on production concentrated in the hands of large corporations. This is indeed true, and to confirm this feature of Russian capitalism, about which we have written in the past, we can cite well-known data (see Table 2). In addition, many of these corporations have subsidiaries outside Russia’s borders, and invest money more or less actively in projects abroad. At first glance, this would seem to confirm the presence in Russia of the economic basis for imperialist policies.

**Table 2 – Share of the largest 100 Russian corporations in GDP<sup>2</sup>**

Index	Period						
	1994	1997	1999	2003	2006	2010	2012
Earnings of the largest 100 Russian companies, trillion rubles	196,6	835,9	1,9	6,96	15,1	25,9	35,1
GDP, trillion rubles	610,7	2342,5	4,8	13,2	26,9	46,3	62,6
Share of the 100 largest companies in GDP, %	32,2	35,7	40,1	52,7	56,2	55,9	56,1

*Source:* Authors’ calculations, based on data from Rosstat (Federal State Statistics Service of the Russian Federation) and the Rating Agency Expert RA (RAEX).

Later, we shall attempt to show that this is nevertheless only a semblance of the basis for imperialism. Here, we should stress that this semblance is not accidental. *Within* the Russian economy the level of concentration is indeed sufficient for the largest corporations to be considered monopolies (as defined by Lenin) on this basis alone. These firms undermine free competition, and

<sup>1</sup> This rhetoric may also be based on the “theories” of the liberal theoreticians of imperialism who characterise it in terms of the “idea of empire”, of a “deeply held belief in the right to dominate others” (Razack). The “argumentation” of such authors is well illustrated by the following statement: “Imperialism is not just about accumulation but also about the *idea* of empire.... Empire is a structure...a deeply held belief in the need and right to dominate others *for their own good*, others who are expected to be grateful” (emphasis in the original). See Razack S. *Dark Threats and White Knights: The Somalia Affair, Peacekeeping and the New Imperialism*. Toronto: University of Toronto Press, 2004, pp. 9-10 . Cited in Veltmeyer H. and Petras J. “Imperialism and Capitalism: Rethinking an Intimate Relationship”. *International Critical Thought*, 2015, vol. 5, № 2, p.166.

<sup>2</sup> The data on the earnings of large enterprises are from Ezhegodnyy reyting krupneyshikh kompaniy “Ekspert-200” [“Expert-200” annual rating of the largest companies]. URL: <http://www.raexpert.ru/ratings/expert400/>. The data for GDP are from Rosstat (Federal State Statistics Service of the Russian Federation).

are thus bearers of a feature specific to imperialism. But the economy of the present decade, unlike that of a hundred years ago, is global, and Russian corporations in their overwhelming majority cannot lay claim to the role of global transnational corporations. There are some exceptions, and hence some of the preconditions exist for the formation in our country, not as rare exceptions but *as the rule*, of the kind of corporations that might act as the instigators of imperialist expansion (we should recall these reservations, “as a rule”, “in most cases”, and so forth. We shall return to them later, since they are not fortuitous, and reflect the contradictory, transitional nature of Russia’s geoeconomic position). Moreover, some of the behaviour even of today’s Russian transnational corporations recalls that of imperialist aggressors. But for the present, in the overwhelming majority of cases – and we shall attempt later to demonstrate this – we are confronted almost exclusively with “normal” expansion, characteristic of any capital that has attained a large enough scale to enter world markets.

As was shown earlier, *imperialist* aggression in the proper sense begins at the point where truly massive transnational capital that has been over-accumulated within the framework of the national economic system (and whose sales are comparable in scale to the GDPs of middle-ranking countries) enters the world market not as one among many atomised producers-competitors with equal rights, but as a *subject of the manipulation of various segments of world economic processes*.

Russian corporate capital does not at present belong to this category, and for this there are a number of reasons.

In the *first* place, Russia is not marked by an over-accumulation of capital. The main reasons for the constant shortage of investment within the country and for the incessant craving for foreign investment on the part of the Russian authorities are the instability of and dominant role played by the shadowy “rules of the game” (extending to “business by understandings”),<sup>1</sup> and also what the language of the modern economic mainstream terms the “negative diffusion of institutions”,<sup>2</sup> arising as a result of the negative convergence of survivals of a Soviet-type economy, of the relations of semi-peripheral capitalism, and even of late feudal forms. The features of this have long been familiar: weak defence of property and contract rights; instability in the areas of legislation and the political situation (few could have predicted in 2013 that sanctions would be imposed on the Russian

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<sup>1</sup> See Oleynik A. “Biznes po ponyatiyam’: ob institutsional’noy modeli rossiyskogo kapitalizma” [“Business by understandings’: on the institutional model of Russian capitalism”]. *Voprosy ekonomiki*, 2001, no. 5, pp. 4-25.

<sup>2</sup> By the diffusion of institutions is understood the process of mutual interpenetration of the norms of various institutions. In its content, diffusion is close to the concept of “friction” or of the mutual interaction of institutions. In the process of diffusion the structural make-up and the ranking of the norms of an institution are changed, with the result that the influence of the institution on the behaviour of economic agents is changed as well. If this change has a negative effect on the behaviour of the economic agents, the diffusion is destructive (see Hodgson G. “Zhiznesposobnost’ institutsional’noy ekonomiki” [“The viability of the institutional economy”]. *Evolutsionnaya ekonomika na poroge XXI veka* [The evolutionary economy on the threshold of the twenty-first century]. Moscow: Yaponiya segodnya. 1997, pp. 29-74; see also Petrosyan D.S. “Institutsional’nye patologii national’noy ekonomiki” [“Institutional pathologies of the national economy”]. *Audit i finansovyy analiz*, 2007, no. 2, pp. 372-391).



Federation, substantially altering the internal political situation as well); very high levels of bureaucratism and corruption;<sup>1</sup> and most important, the presence of a *shadow state administration*,<sup>2</sup> which allows organs at the federal, regional and other levels to interfere arbitrarily in economic processes. This situation gives rise not so much to the export of capital from Russia as to *capital flight*, on an extremely significant scale (see Table 3).

**Table 3 – Net export of capital by the private sector in 2000-2014**  
(according to data for the balance of payments of the Russian Federation)

Year	Export of capital according to data for the balance of payments of the Russian Federation, in billions of US dollars
2000	23.1
2001	13.6
2002	7.0
2003	0.3
2004	8.6
2005	0.3
2006	-43.7*
2007	-87.8*
2008	133.6
2009	57.5
2010	30.8
2011	81.4
2012	53.9
2013	61.6
2014	153.0
<b>First half of 2015 (estimate)</b>	525

\* According to data for the balance of payments there was a net import, not export, of capital in 2006 and 2007.

Source: Central Bank of the Russian Federation<sup>3</sup>.

<sup>1</sup> According to international ratings data compiled by the organisation Transparency International on perceived levels of corruption, Russia in 2014 held 136<sup>th</sup> place out of 175 countries. Russia scored an index figure of 27 on a scale in which the lowest level of corruption was represented by a figure of 100. For comparison, the US was in 17<sup>th</sup> place with an index figure of 74, while Finland, Sweden and Norway were in third, fourth and fifth place with figures for perceived corruption of 89, 87 and 86 respectively. See Transparency International. Corruption Perceptions Index 2014: Results. Available at <http://www.transparency.org/cpi2014/results>.

<sup>2</sup> See Buzgalin A. and Kolganov A. "Rossiyskaya ekonomicheskaya sistema: spetsifika rynka i ego korporativno-gosudarstvennoe regulirovanie" ["The Russian economic system: peculiarities of the market and of its corporative-state regulation?"]. *Problemy teorii i praktiki upravleniya*, 2014, no. 9, pp. 8-16.

<sup>3</sup> See *Chistyiy voz/nyvoz kapitala chastnym sektorom v 2000-2014 godakh i I-II kvartalakh 2015 goda* [Net import/export of capital by the private sector in the years 2000-2014 and the first and second quarters of 2015]. Tsentral'nyy Bank Rossiyskoy Federatsii. Last updated 5 August 2015. URL: [www.cbr.ru/statistics/credit\\_statistics/bop/outflow.xlsx](http://www.cbr.ru/statistics/credit_statistics/bop/outflow.xlsx).

The outflow of capital in 2014 was the most massive for any of the years for which the Central Bank has published statistics for this index (1994-2014). The bank ascribes this outflow to a growth in holdings of foreign securities; to foreign debt payments by banks and other companies under the conditions of sanctions; and also to the issuing of new instruments supplying liquidity to banks in foreign currency (Central Bank experts note that a sum of \$19.8 billion, affected by this latter factor, will return to Russia, since foreign currency credits are issued to the banks on a returnable basis).<sup>1</sup> The Finance Ministry forecasts an outflow of capital in 2015 of \$70-80 billion.<sup>2</sup>

There are also alternative estimates of the outflow of capital, according to which the official data are exaggerated by a factor of at least two. These estimates indicate that in 2011, for example, the outflow of capital was not \$81.4 billion, but in the region of \$40 billion.<sup>3</sup> The criticism of the methods used by the Central Bank for calculating the outflow of capital is based on the fact that a “book-keeping” approach to calculating this index fails to take account of the economic essence of the transactions. Operations that formally amount to an outflow of capital, but which do not have an adverse effect on the country’s economy, include deals through which Russian firms merge with or take over foreign assets; the repaying by Russian enterprises of debts contracted abroad, without their refinancing; the reinvestment of profits earned by non-resident daughter companies during a particular year, and others.<sup>4</sup>

It is also important to note that in most cases, capital exports from the Russian Federation do not amount to long-term productive investments aimed at winning control over the *periphery*, but – and we repeat – represent the flight of capital from taxes and instability, with the sums concerned

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<sup>1</sup> See “Ottok kapitala iz Rossii stal samym masshtabnym za vsyu istoriyu” [“The outflow of capital from Russia has become the most massive in all history”]. TASS: informatsionnoe agenstvo Rossii. 16 January 2015. URL: <http://tass.ru/ekonomika/1703391>.

<sup>2</sup> See “Minfin: ottok kapitala iz RF v 2015g. – \$70-80 mlrd.” [“Finance Ministry: outflow of capital from the RF in 2015 to be \$70-80 billion”]. *Vesti Ekonomika*, 8 July 2015. URL: <http://www.vestifinance.ru/articles/59772>.

<sup>3</sup> Data from the authors of the report “Ot mifov k real'nosti” [“From myths to reality”], prepared in December 2012 by experts of the Russian Direct Investment Fund, the MGU National Intellectual Reserve Centre and the firm Ernst and Young. The authors of the report urge that the following corrections be made to the accounting methods (data for 2011): from the official estimate of capital outflow of \$81.4 billion, the sum of \$8 billion should be deducted due to the structuring of direct investments via offshore firms; a further \$6 billion due to support of parent structures by “daughters” of foreign banks; another \$6 billion to account for the expansion by Russian airlines of their aircraft fleet; another \$9.9 billion under the heading of “pure errors and omissions”; and also a sum of \$10 billion for merger and takeover deals. As a result of this, the estimate for capital outflows shrinks by half compared to the calculation using the methods of the Central Bank of the Russian Federation, and comes to \$41.4 billion. (For a more detailed account, see Osipov I. “Mify ob ottoke kapitala: skol'ko deneg real'no vyvodyat iz Rossii” [“Myths about the outflow of capital: how much money is really being taken out of Russia”]. *Forbes Russia*, 17 December 2012. URL: <http://www.forbes.ru/sobytiya/finansy/231099-mify-ob-ottoke-kapitala-skolko-deneg-realno-vyvodyat-iz-rossii>).

<sup>4</sup> See “Issledovanie ottoka kapitala: Pokazateli real'nogo ottoka kapitala iz Rossii zavysheeny kak minimum vdvoe i mnogie stereotipy ob ottoke neverny” [“Study of capital outflow: The indices for the real outflow of capital from Russia are exaggerated by a factor of at least two, and many stereotypes concerning this outflow are incorrect”]. 17 December 2012, Ernst and Young. URL: <http://www.ey.com/RU/ru/Newsroom/News-releases/Press-Release---2012-12-17>.

finishing up in offshore zones<sup>1</sup> or as *savings*, in investments in property and other sources of stable, guaranteed profits in the countries of the “*centre*”. The number of merger deals and takeovers, carried out with the participation of Russian transnational corporations and in which the shares acquired represent long-term investments aimed at international expansion, is very small. Moreover, these deals are oriented mainly toward developed countries. The best-known examples of such operations are listed in Table 4.

**Table 4 – Largest deals involving the purchase by Russian firms of foreign shares, 2005-2010**

(continues)

Year	Company performing merger or acquisition	Targeted country	Object of merger or acquisition	Sector	Shareholding acquired, %	Cost of transaction, million US\$
2007	Norilsk Nickel	Canada	LionOre Mining	Mining of ores	100.0	5865
2010	Vimpel-Com	Ukraine	Kyivstar GSM	Telecommunications	100.0 a	5589
2008	EvrAZ	Canada	IPSCO Inc.	Iron and steel	100.0	4250
2007	Gazprom	Belarus	Beltransgas	Gas transportation	50.0 b	2500
2007	EvrAZ	USA	Oregon Steel Mills	Iron and steel	100.0	2276
2008	EvrAZ	Ukraine	Palmrose	Iron & steel, coke and mining of ores	100.0	2108
2005	Lukoil	Great Britain	Nelson Resources	Gold	100.0	2000
2009	Surgutneftegaz	Hungary	MOL	Oil and gas	21.2	1852 c
2008	LUKOIL	Italy	ISAB	Oil refinery	49.0	1830 d, e
2005	Alfa Group	Turkey	Turkcell	Telecommunication	13	1602

<sup>1</sup> In estimating investment flows between countries, it should also be borne in mind that according to official statistics offshore zones are large-scale exporters of Foreign Direct Investments, largely due to “round-tripping”. The investments involved return from the offshore zones to their countries of origin after receiving foreign status and becoming subject to a lower tax regime (see Kuznetsov A. “Transnatsional’nye korporatsii v mire” [“Transnational corporations in the world”]. *Mirovye i natsional’noe khozyaystvo*, 2014, no. 2). Experts note that in the years from 2007 to 2011 the total volume of direct investment by Russia “in offshore zones” and the sums invested in the country “from offshore zones” practically coincided, at \$135.6 billion and \$133 billion respectively. The funds exported in the form of direct investments in offshore zones thus return to Russia in the medium term (cited in Osipov I. “Mify ob ottoke kapitala: skol’ko deneg real’no vyvodyat iz Rossii” [“Myths about the outflow of capital: how much money is really exported from Russia”]. *Forbes.ru*, 17 Dec. 2012. URL: <http://www.forbes.ru/sobytiya/finansy/231099-mify-ob-ottoke-kapitala-skolko-deneg-realno-vyvodyat-iz-rossii>; “Issledovanie ottoka kapitala: Pokazateli real’nogo ottoka kapitala iz Rossii zavysheeny kak minimum vdvoe i mnogie stereotipy ob ottoke neverny” [“Study of capital outflow: The indices for the real outflow of capital from Russia are exaggerated by a factor of at least two, and many of the stereotypes concerning this outflow are incorrect”]. Ernst and Young, 17 Dec. 2012. URL: <http://www.ey.com/RU/ru/Newsroom/News-releases/Press-Release---2012-12-17>).

**Table 4 – Largest deals involving the purchase by Russian firms of foreign shares, 2005-2010**

(concluded)

Year	Company performing merger or acquisition	Targeted country	Object of merger or acquisition	Sector	Shareholding acquired, %	Cost of transaction, million US\$
2008	TMK	USA	IPSCO Tubular and NS Group	Steel pipe and tubes	100.0	1642 d
2009	LUKOIL	Netherlands (assets in Kazakhstan)	Lukarco	Oil and gas	46.0	1599
2009	Mechel	USA	BCG	Mining of coals	100.0	1447
2008	Mechel	Great Britain (assets in Russia and Kazakhstan)	Oriel Resources	Mining of ores	100.0	1440
2007	Basic Element	Austria	Strabag	Construction	30.0	1427 f
2007	Gazprom	Germany	Wintershall Gas GmbH	Gas supply	15.0	1218 (exchange of assets with BASF)
		Germany (assets in Libya)	Wintershall AG	Gas production	49.0	
2009	ARMZ (Atom-energoprom)	Canada (assets in Australia, Kazakhstan and USA)	Uranium One Inc.	Uranium ores	51.4 g	1055
2008	Severstal	USA	Esmark	Iron and steel	100.0	978
2008	Severstal	USA	PBS Coals	Mining of coal	100.0	877
2008	Severstal	CIHA	Sparrows Point	Iron & steel	100.0	770
2009	LUKOIL	Netherlands	TRN	Oil refinery	45.0	725
2007	RENOVA	Switzerland	Sulzer	Machinery	31.2	720

Notes:

\*Deals in which the targeted countries are part of the CIS are marked by shading.

a. Both companies were under the control of the Russian firm Altimo and the Norwegian company Telenor. After the deal was concluded at new company, VimpelCom Ltd., was founded.

b. The deal was carried out in four stages and was concluded in 2010.

c. In 2011 Surgutneftegaz sold its shareholding in MOL.

d. The last payment on the deal was made in 2009.

e. In 2011 LUKOIL bought an additional 11 per cent of ISAB's shares for US\$283 million.

f. Basic Element lost control over Strabag in 2009, but in 2010 again bought 17 per cent of the shares.

g. The deal was carried out in three stages, and was concluded in 2010.

*Source:* Adapted from Kuznetsov A. “Outward FDI from Russia and its policy context, update 2011”, in *Columbia FDI Profiles*. Country profiles of inward and outward foreign direct investment issued by the Vale Columbia Center on Sustainable International Investment. August 2, 2011, p. 19. URL: [http://ccsi.columbia.edu/files/2014/03/Profile\\_Russia\\_OFDI\\_-\\_2\\_August\\_2011\\_FINAL.pdf](http://ccsi.columbia.edu/files/2014/03/Profile_Russia_OFDI_-_2_August_2011_FINAL.pdf); Panibratov A. and Kalotay K. “Russian outward FDI and its policy context”, in *Columbia FDI Profiles*, 2009, No. 1, October 13. URL: [http://ccsi.columbia.edu/files/2014/03/FDI\\_Profile-\\_Russia.pdf](http://ccsi.columbia.edu/files/2014/03/FDI_Profile-_Russia.pdf).

All the characteristics cited above for the outflow of capital show again and again that in most cases, the huge sums in exported capital conceal not so much expansion by Russian imperialists into the markets of weaker countries, as a striving to protect capital and/or hide it from taxation in offshore zones and developed economies. In other words, we find a strategy that is typical of the capital of peripheral countries.

Moreover, it is paradoxical that *even the Russian state holds its savings “for a rainy day” (that is, its reserves of gold and foreign currency) not so much in gold as in the currencies and securities of the same US and EU* (see Table 5).

**Table 5 – International reserves of the Russian Federation**

Date	International reserves, millions of dollars			Share of monetary gold, %
	Total	including		
		monetary gold	foreign currency	
1 Jan.1993	4,532	2,578	1,954	56.9
1 Jan.2000	12,456	3,998	8,458	32.1
1 Jan.2005	124,541	3,732	120,809	3.0
1 Jan.2010	439,450	22,798	416,652	5.2
1 Jan.2015	385,460	46,089	339,371	12.0

*Source:* calculated by the authors from data of the Central Bank of the Russian Federation<sup>1</sup>.

To sum up, Russian capital provides an example *par excellence* of the type of capital movement that is typical of peripheral countries subject to imperialist control: the sale of raw materials (or as a variant, of products created using cheap labour) brings proceeds in freely convertible currency, and these funds are then invested in reliable assets in the countries of the “centre” or in offshore zones. As a consequence, the elements of Russian capital that are directed actively toward foreign economic operations are in most cases not merely non-imperialist, but have a straightforward comprador character.

<sup>1</sup> See: Mezhdunarodnye rezervy Rossiyskoy Federatsii. Tsentral'nyy bank Rossiyskoy Federatsii [International Reserves of the Russian Federation. Central Bank of the Russian Federation]. URL: [http://www.cbr.ru/hd\\_base/default.aspx?Prtid=mrrf\\_m](http://www.cbr.ru/hd_base/default.aspx?Prtid=mrrf_m), accessed 20 July 2015.

*Second*, it is hard to consider Russian corporations as imperialist actors for the simple reason that they are mostly concerned with the extraction of raw materials. In addition, and unlike, say, the oil transnationals of the West, they do not export capital from their country with the aim of exploiting the raw materials resources of peripheral countries, but export raw materials with the goal of obtaining the maximum profits, which they then invest in shares, securities, property and so forth in the countries of the “centre”.<sup>1</sup> Only a few of these raw materials corporations have made very timid attempts to compete with leading global transnationals, and the results have proved even worse than for many countries of the semi-periphery.<sup>2</sup>

Here, a few qualifications are again required. A number of Russian transnationals that have reached a level comparable with those of such countries of the semi-periphery as South Korea, Mexico and Brazil, and that are seeking to emerge onto the world economic space “on an equal footing”, have encountered the problem that this space has already been divided up between the actors of the “new imperialism”, and that the outcomes of this process are already firmly defended by the institutions (including the armed forces) of the countries of the “centre”.

In this connection, we might recall the picturesque expression of *New York Times* observer Thomas Friedman, who famously wrote: “The hidden hand of the market will never work without a hidden fist – McDonald's cannot flourish without McDonnell Douglas, the builder of the F-15. And

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<sup>1</sup> Analytical agencies operating in the market for mergers and acquisitions also note a change in the motives of Russian investors who buy assets abroad. The information agency AK&M observes that from the second half of 2014 the key role in the motivations of Russian investors concluding deals abroad came to be played by the generating of hard-currency earnings and the creation of “reserve landing fields” for Russian property-owners. In 2013 and the first half of 2014, AK&M data show, the main motives were access to technology, entry into new markets and ensuring supplies of raw materials (for a more detailed treatment, see: “2014 god byl naikhudshym dlya rossiyskogo rynka M&A za poslednie pyat' let” [“2014 was the worst year in the last five for the Russian mergers and acquisitions market”]. Information agency AK&M. URL: <http://www.akm.ru/rus/ma/stat/2014/11.htm>).

<sup>2</sup> Hence, in the World Bank list of companies that carried out international mergers or acquisitions to the value of more than \$3 billion in 2014 there is only one Russian transnational, and that with a raw materials orientation (the OAO RN-Kholding carried out a deal worth \$4.7 billion with the Cyprus-based company Novy Investments Ltd.). Meanwhile, this ratings list includes a number of non-raw materials corporations from other semi-peripheral countries: the South Korean brewing firms Oriental Brewery Co. Ltd. struck a deal worth \$5.8 billion with the Belgian company Anheuser-Busch Inbey from the same sector; the Chilean corporation CFR Pharmaceutical SA was involved in a deal worth \$3.3 billion with the American-based Abbott Laboratories; and the Brazilian Banco Santander SA carried through a deal worth \$3.3 billion with the Spanish affiliate of Banco Santander SA (World Bank data. See: Cross-border M&A deals worth over \$3 billion completed in 2014. UNCTAD. World Investment Report 2015: Reforming international investment governance. New York and Geneva, 2015, p. A15).

In 2012 the situation was somewhat better: an analogous ratings list included two Russian telecommunications companies, OAO Megafon (in a deal for \$5.2 billion with the Cyprus-based Investor Group), and OAO Telekominvest (in a deal for \$3.3 billion with the Cyprus-based AF Telecom Holding). Among firms from countries of the semi-periphery, the list in 2012 included the Brazilian aviation carrier TAM SA, in a deal for \$3.4 billion with the Chilean firm LAN Airlines SA; the Brazilian oil and gas company Petrogal Brasil Ltda, in a deal worth \$4.8 billion with the Chinese firm Sinopec International Petroleum Exploration and Production Corporation, and others (World Bank data: see Cross-border M&A deals worth over \$3 billion completed in 2012. UNCTAD. World Investment Report 2013: Global Value Chains: Investment and Trade for Development. New York and Geneva, 2013. P. 225). In our view, the data cited provide a good illustration of the thesis that Russian corporations can scarcely be considered imperialist actors.

the hidden fist that keeps the world safe for Silicon Valley's technologies is called the United States Army, Air Force, Navy and Marine Corps.”<sup>1</sup>

Returning to Russian capital, we should stress that even our country's mightiest corporations, the petroleum and other resource firms, cave in as a rule beneath the impact of the capital and state machines of the most developed imperialist powers. Analysts thus note the reduced presence of companies from the Russian fuel and energy complex in the world market for mergers and acquisitions, and the danger that deals agreed earlier will be torn up as a result of the sanctions imposed on Russia by the EU countries and the US, as well as of the changed investment climate within the country. The reality, it follows, is not so much an increasing expansion by Russian corporations into world markets, as a contraction of Russia's international activity. Meanwhile, this activity has been oriented in any case toward collaboration with the largest Western transnationals, on terms that have not by any means always been advantageous for Russia.<sup>2</sup>

In the most recent period, a number of counter-trends have also emerged. After their plans met with a more or less blunt rejection, the Russian transnationals, as discussed earlier, made a serious decision to set about creating their own institutional milieu, from regional blocs<sup>3</sup> to new armed

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<sup>1</sup> See Friedman T. “A Manifesto for the Fast World”. *New York Times*, 28 March 1999. URL: <http://www.nytimes.com/1999/03/28/magazine/a-manifesto-for-the-fast-world.html?pagewanted=1>, accessed 18 July 2015. The article is adapted from Thomas Friedman's book *The Lexus and the Olive Tree: Understanding Globalization*.

<sup>2</sup> In December 2014 the corporation BASF revealed the cancellation of a share-swap deal, announced late in 2012, with Gazprom. The planned exchange of shares was in anticipation of the acquisition by Gazprom and Wintershall of the rights to two sections of the Achimov deposits in the Urengoy gas and condensate field in Western Siberia. As a reciprocal move Wintershall intended to transfer completely to Gazprom its shares in joint ventures for the sale and storage of natural gas. Also cancelled or postponed have been numerous deals involving the huge Russian oil and gas company Rosneft (in particular, the bank Morgan Stanley excluded its oil trading division, which it had intended to sell to Rosneft, from the category of the shares it was putting up for sale). Political risks have also affected growth in the volume of deals in which foreign investors have purchased shares in Russian companies (such deals have been stimulated by the fall in the ruble exchange rate, and by the corresponding decline in the cost of Russian enterprises in foreign currency terms). (Data from the information agency AK&M. For a more detailed treatment see: “2014 god byl naikhudshym dlya rossiyskogo rynka M&A za poslednie pyat' let” [“2014 was the worst year for the Russian market in mergers and acquisitions for the past five”]. Information agency AK&M. URL: <http://www.akm.ru/rus/ma/stat/2014/11.htm>).

<sup>3</sup> The best-known regional structures that include the countries of the post-Soviet expanse are the Shanghai Cooperation Organisation (SCO) and the Eurasian Economic Community (2001-2014), which developed into the Eurasian Economic Union (EEU). The Shanghai Cooperation Organisation, founded in 2001, is a permanent intergovernmental organisation whose members are Kazakhstan, China, Kyrgyzstan, Russia, Tadjikistan and Uzbekistan. It was preceded by the mechanism of the “Shanghai Five”, which included all the above countries apart from Uzbekistan. The scale of the SCO is indicated by the following figures: the overall area of the member states is more than 30 million square kilometres, which amounts to three-fifths of the area of Eurasia, while the population numbers a quarter of humanity. If the observer states (Afghanistan, India, Iran, Mongolia and Pakistan) are taken into account, the population of the SCO countries amounts to half that of the Earth (for more details of the organisation, see the official site of the SCO at <http://www.sectSCO.org/RU123>).

The Eurasian Economic Community (EAEC) (2001-2014) was an international economic organisation founded to bring about effective progress by its member states in forming a customs union and a united economic space, and also to help realise other goals and tasks connected with deepening integration in economic and humanitarian fields. The participant states of the EEC were Belarus, Kazakhstan, Kyrgyzstan, Russia and Tadjikistan (between 2006 and 2008 Uzbekistan was also a member). In 2014 the EAEC was disbanded in connection with the founding of the EEU, which was joined

forces,<sup>1</sup> that could assist them in their move into the field of world imperialist struggle. These attempts might be seen as representing imperialist impulses. But for the present they remain no more than ambitions, whose practical realisations have so far amounted only to very limited and relatively unsuccessful steps. We shall return later to this important nuance when we consider the questions of Crimea and the Donbass.

*Third*, an important reason why Russian capital cannot be considered a fully-fledged participant in the “new imperialism” is the *weakness of Russian financial corporations*. The largest Russian banks are only about one-tenth (!) the size of the world’s largest financial transnationals (see tables 6, 7 and 8). At the beginning of June 2015 the total share value of Russia’s largest bank, Sberbank, was \$378 billion, followed by VTB Bank with a share value of \$147 billion (see table 6). This was an order of magnitude smaller than the biggest foreign banks; according to the *Financial Times* rating, in 2015 the shares of the world’s largest bank, the Industrial and Commercial Bank of China, were worth \$3,317 billion.

In Russia, consequently, only a handful of state-owned or state-controlled banks are of a size comparable to foreign financial transnationals (and accordingly, have comparable financial resources and “market power” (see table 8). In their goals and the nature of their operations, even these banks show few of the characteristics of aggressive imperialist capital. Rather, they are semi-bureaucratic national structures that cannot ensure even the crediting of their own national production. The only international area in which they act as creditors is in relation to some of Russia’s neighbour countries in the CIS, in dealings linked to sales of oil and gas. As already indicated, we shall address this exception specifically later on.

At the macro-level, Russia is not only incapable of exercising any control over the activity of the world financial system, but to the contrary, is itself profoundly and permanently dependent on world financial and other markets (above all, those for oil and gas). In our country, we greatly regret, the above parameters – which are, of course, external to Russia – exert an all but decisive influence on investments and the budget, the incomes of citizens and the economic dynamic.

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by Armenia, Belarus, Kazakhstan, Kyrgyzstan and Russia (the population of the member countries of the EEU is more than 180 million people, and the combined area is more than 20 million square kilometres). The EEU was founded to bring about a rounded modernisation and cooperation, to raise the competitiveness of the national economies, and to establish the conditions for stable development in the interests of raising the living standards of the populations of the member states. For more details, see the official site of the EAEC at <http://evrazes.com/about/history> and the official site of the EEU at <http://www.eaunion.org>.

<sup>1</sup> The following figures illustrate the persistent tendency for the proportion represented by defence spending in the Russian federal budget to increase: 2014: 17.6%; 2015: 21.2%; 2016: 19.7%; 2017: 20 %. The (real and projected) share of spending on national defence in Russian GDP in 2012 was 3%; in 2015, 4,2%; in 2016, 3,7%, and in 2017, 3,6% (see: “Deputat: raskhody na oboronu v RF v 2015 godu uvelichatsya na tret” [“Deputy: spending on defence in the RF in 2015 will increase by a third”]. RIA Novosti. URL: [http://ria.ru/defense\\_safety/20141024/1029903925.html](http://ria.ru/defense_safety/20141024/1029903925.html)).



**Table 6 – Largest banks of Russia**

Place in rating as of 1 June 2015	Bank	City	Share value as of 1 June 2015, million dollars (at exchange rate on 1 June 2015) <sup>1</sup>
1	OAO Sberbank Rossii	Moscow	378,342.7
2	OAO BANK VTB	St. Petersburg	147,098.3
3	AO Bank GPB	Moscow	82,823.6
4	PAO VTB 24	Moscow	49,380.6
5	PAO Bank FK Otkrytie	Moscow	46,048.2
6	OAO Rosselkhozbank	Moscow	42,475.0
7	OAO Bank Moskvyy	Moscow	35,402.2
8	AO Alfa-Bank	Moscow	35,064.8
9	AO Bank NKT's	Moscow	28,464.3
10	AO YuniKredit Bank	Moscow	23,201.8

*Source:* calculations by the authors, using data from Rating Agency Expert RA (RAEX)<sup>2</sup>.

**Table 7 – Largest financial transnational corporations of the world**

Rank 2015	Rank 2014	Company	Country	Sector of the economy	Share value, millions of dollars
9	21	Industrial and Commercial Bank of China	China	Banking	3,316,892.5
93	104	Mitsubishi UFJ Financial	Japan	Banking	2,500,032.5
40	37	Citigroup	USA	Banking	1,842,530.0
7	7	Wells Fargo	USA	Banking	1, 687,155.0
356	328	Royal Bank of Scotland	Great Britain	Banking	1,634,301.2
99	89	Lloyds Banking Group	Great Britain	Banking	1,325,155.3
121	102	UBS	Switzerland	Banking	1,057,768.6
149	140	Axa	France	Insurance	990,202.1
169	155	Metlife	USA	Life insurance	902,337.0
94	77	Royal Bank of Canada	Canada	Banking	832,445.9

*Source:* Financial Times Global 500 Ratings 2015.

<sup>1</sup> Exchange rate of the US dollar on 1 June 2015 obtained from: Kursy valyut TsB RF na 30.05.2015 [Central Bank of the Russian Federation. Exchange rates on 30 May 2015]. URL: <http://quote.rbc.ru/exchanges/demo/cb.0/daily?date=20150530>.

<sup>2</sup> See Expert RA. Ezhesemyachnye vypuski renkingov bankov: iyun' 2015 g. [Monthly data on rankings of banks: June 2015]. URL: <http://www.raexpert.ru/ratings/bank/monthly/Jun2015>.

**Table 8 – Largest financial transnational corporations of countries with developing markets and of Russia**

Rank 2015	Rank 2014	Company	Country	Sector of the Economy	Share value, millions of dollars
9	21	Industrial and Commercial Bank of China	China	Banking	3,316,892.5
21	29	China Construction Bank	China	Banking	2,691,627.3
27	38	Agricultural Bank of China	China	Banking	2,561,243.9
24	52	Bank of China	China	Banking	2,453,420.0
122	210	Bank of Communications	China	Banking	1,007,420.5
143	245	China Merchants Bank	China	Banking	760,781.4
174	366	Industrial Bank	China	Banking	710,184.0
205	367	Shanghai Pudong Development Bank	China	Banking	674,366.4
196	330	China Citic Bank	China	Banking	665,386.0
188	308	China Minsheng Banking	China	Banking	645,063.3
322	-	China Everbright Bank	China	Banking	440,525.6
166	112	Itaú Unibanco	Brazil	Banking	412,365.0
358	466	State Bank of India	India	Banking	399,099.6
234	151	Bradesco	Brazil	Banking	388,423.0
-	-	ОАО Сбербанк России	Russia	Banking	378,342.7
406		Ping An Bank	China	Banking	351,203.0
-	-	ОАО Bank VTB	Russia		147,098.3
401	463	ICICI Bank	India	Banking	124,382.9
261	355	HDFC Bank	India	Banking	83,583.5
-	-	АО Bank GPB	Russia	Banking	82,823.6
-	-	GFNorte (Grupo Financiero Banorte)	Mexico	Banking	74,500.0
-	-	PAO VTB 24	Russia	Banking	49,380.6

Note: the largest Russian banks are marked by shading.

Source: compiled by the authors using data from the Financial Times Global 500 Ratings for 2015, RA Expert<sup>1</sup> and Forbes Global 2000 Ratings for 2015.

<sup>1</sup> See Expert RA. Ezhemesyachnye vypuski renkingov bankov: iyun' 2015 g. [Monthly rankings of banks: June 2015]. URL: <http://www.raexpert.ru/ratings/bank/monthly/Jun2015>.

Let us proceed with our reflections on whether Russia can be considered an imperialist power.

The *second* argument adduced by supporters of this position involves pointing to the presence in our country of weapons of mass destruction and of a strong military-industrial complex, developed to the point where the Russian Federation is a large-scale arms exporter. Russia's military production further rests on a relatively developed scientific and technical apparatus, which has not been completely destroyed.

Here too, there are numerous counter-arguments.

*In the first place*, Russian weapons of mass destruction (unlike those of the USSR) are capable of being used nowadays exclusively as a deterrent, since despite the impressive parades most of these armaments date from Soviet times, that is, they are more than a quarter-century old. New models exist, but judging from the resources allotted to the military-industrial complex and the fact that the US is less than alarmed (we might recall that as soon as the USSR approached the level of armaments of the US, the leaders of that country were the first to begin talks on strategic arms reduction), these weapons are still few, and the development and production of strategic armaments in the present-day Russian Federation is not even remotely comparable to the analogous process in the USSR half a century ago.<sup>1</sup>

Most important, however, is the fact that possession of such weapons does not in itself distinguish imperialist powers; China in the years from 1960 to 1980 had nuclear armaments, but could not lay claim to the role of an imperialist power, even remotely. The real question is different: how and for what reason might the Russian authorities be prepared or not prepared to use weapons of mass destruction? So far as the authors of these lines are concerned, there is only one reasonable answer: the weapons of mass destruction have so far been, and we hope will remain, weapons of deterrence. This is the case not only with Russia, but also China, the countries of the European Union, and even the US. We have not the slightest doubt that American capital is imperialist, but the reason for this is not that the US possesses nuclear weapons.

*Second*, the sale of weapons is not in itself a distinguishing mark of an imperialist power either. Armaments are also sold by small countries, and by countries of the periphery. The important point lies elsewhere, in the fact that the Russian Federation is one of the largest weapons exporters.<sup>2</sup> Here,

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<sup>1</sup> We should recall that in the USSR the construction of silo-type launch installations and the production of strategic missiles was carried on at a very high rate. During the seven years from 1965 to 1972 some 288 launch installations were produced for R-36 missiles, and 990 for UR-100 missiles. In 1967, when the rate reached its maximum, 78 R-36 and 290 UR-100 missiles were produced (see *Strategicheskoe yadernoe vooruzhenie Rossii* [Russia's strategic nuclear arsenal]. Collective of authors under editorship of P.L. Podvig. Moscow: Izdat, 1998, p. 116).

<sup>2</sup> According to data from the Stockholm International Peace Research Institute (SIPRI), Russia has consistently held second place in the world after the US for its arms exports, increasing its share in the world market from 22% in 2005-2009 to 27% in 2010-2014 (the US shares during these periods were 29% and 31% respectively). See Trends in international arms transfers, 2014 / SIPRI Fact Sheet, March 2015. URL: <http://books.sipri.org/files/FS/SIPRIFS1503.pdf>. Data from a longer period, showing Russia's stable position in the

as a not-very-smart advertisement tells us, “size is important”, and we see a definite *potential* for the Russian Federation to become a subject of the “new imperialism”. For this possibility to become reality, a mere trifle is needed – the transformation of Russian capital into a real agent manipulating particular enclaves of the world market, exporting capital with the aim of subjugating particular socio-economic expanses, in possession of powerful, world-scale financial institutions, and so forth. Russia has none of this, or does not have for the present.

*Third*, it should be noted that the fact cited above, that Russia’s real economy includes a number of advanced sectors – science, education and several areas of high technology (the nuclear, space and metallurgical industries) – whose level is close to that of advanced countries, is only rarely mentioned as proof of the country’s “imperial” character.

We shall not devote much attention to this question, since in itself this fact, like others mentioned earlier, cannot serve as proof of Russia’s supposed imperialist status. All it demonstrates is that in some circumstances these areas, which have been extensively degraded over the past twenty-five years, might act as preconditions for our country’s transformation into an actor on the world stage, capable of resisting the now-dominant imperialist powers in some fields of economic and political life. What the nature of this resistance might be, and the goals at which it might be directed, are questions which the existence of a few still-developed areas of Russian production does not and cannot answer.

\* \* \*

A *third* argument advanced by writers who consider Russia an imperialist power is of a cultural-ideological rather than a political-economic nature. Not only “great-power” moods, but also imperial ones, are indeed strong in our country. As a rule these sentiments are not voiced directly by leading state figures, but they are supported and cultivated in the Russian Federation. In our view this phenomenon is profoundly reactionary, but the question must be asked: is this a feature of the present-day model of imperialism, typical of the twenty-first century?

The present authors would answer this in the negative. It was not by chance that in the second part of this text we wrote about the reversive, backward trend represented by the rebirth in Russia of elements of late feudal socio-economic organisation. This tendency is also to be observed in the areas of politics and ideology. Here too the aim of restoring an imperial model of organisation of the former Soviet space, an aim whose orientation is toward a *chronotope of the Russian Empire*, is quite actively put forward.

But this trend, late-feudal in many of its respects, has only the most limited popularity in today’s Russia.

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world armaments market, are presented in the SIPRI database for the world’s 50 largest arms exporters. URL: [http://armstrade.sipri.org/armstrade/html/export\\_toplist.php](http://armstrade.sipri.org/armstrade/html/export_toplist.php)

*In the first place* this imperative, while it might display an imperial *form*, for most Russian citizens represents in its content a yearning for the restoration of the best features of the Soviet system of relations, and in particular, for the perfectly genuine phenomenon (which existed alongside the bureaucratic dictates of the centre and semi-clandestine nationalism) of the *friendship of peoples*. This imperative is not imperial in its content, as needs to be kept in mind when we consider the plans for integration in the post-Soviet space. A further very important point is that this imperative is also shared by significant numbers of the citizens of the states that have come into being on the territory of the former USSR, and by no means exclusively by people who are Russian in their ethnicity or speech.

We stress: a distinction needs to be drawn between the imperative of friendship between peoples, something that is characteristic of broad numbers of “ordinary” citizens of the Russian Federation and of other post-Soviet states, and the reactionary imperatives, imperial *in their content*, of various Russian politicians and intellectuals who do not, it should be noted, exercise real political authority at present. The imperative of friendship between peoples is basically progressive, and this remains true in essence even when it takes on a Great Russian and/or imperial form.

*Second*, Russia’s actual politico-economic system of rule, which is fused with oligarchic capital, makes use of imperial slogans mainly as a tool for domestic political manipulation, aimed at creating a patriotic camouflage for the increasingly obvious social and economic contradictions that afflict Russian capitalism. The imperial trend cannot become a real foreign policy doctrine for all the reasons about which we wrote earlier. These reasons relate to the comprador nature of the most powerful Russian capital, and to the weakness of the Russian economy, which is dependent on the state of world raw materials and money markets.

\* \* \*

A *fourth* argument used by supporters of characterising Russia as an imperialist power has, in our view, somewhat greater weight than those dealt with earlier. Our opponents maintain that Russia plays the role of an imperialist hegemon, if not on a world scale, then at least within the post-Soviet space.

As noted, this argument has more substance for the reason that within the *post-Soviet* chronotope the Russian Federation is the largest and one of the most successful formations. In population and territory it exceeds the other states many times over, and in GDP per capita it holds one of the first places (among the CIS countries, the top place, as can be seen in table 9). Concentrated in Russia are the largest corporations (see table 10)<sup>1</sup>, including banks,<sup>1</sup> within this expanse. Moreover, Russia

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<sup>1</sup> As well as being evident from the rating of the CIS countries by labour productivity that is set out in table 10, this is also demonstrated by the way in which the corporations of each country are represented in world ratings. Hence in the Forbes Global 2000 list of the world’s 2000 largest corporations in 2015, the CIS is represented only by ten Russian companies (Gazprom, Rosneft, LUKOIL, Sberbank, Surgutneftegaz, Transneft, Norilsk Nickel, VTB Bank, Magnit and

exports capital, including in the form of direct investments, to the countries of the CIS (see tables 11 and 12).

**Table 9 – Main socio-economic indices of the countries that before 1991 were part of the USSR (countries of the CIS, plus Georgia, and also Latvia, Lithuania and Estonia, which in 2004 joined the EU)**

(continues)

Country	Population in millions, 2014	Area, thousands of square kilometres, <sup>2</sup> 2012	GDP per capita in US dollars at current prices, <sup>3</sup> 2014	GDP per capita in US dollars at PPP, <sup>4</sup> 2014
<b>A. Countries of the CIS</b>				
Russia	143.800	17,098	12,735.9	25,635.9
Azerbaijan	9.538	87	7,884.2	17,515.6
Armenia	2.984	30	3,646.7	8,137.5
Belarus	9.470	208	8,040.0	18,184.9
Kazakhstan	17.290	2,725	12,276.4	24,204.7
Kyrgyzstan	5.834	200	1,269.1	3,322.2
Moldavia	3.556	34	2,233.8	4,982.6
Tadzhikistan	8.409	143	1,099.0	2,654.6
Turkmenistan	5.307	491	9,031.5	15,473.6
Uzbekistan	30.740	449	2,037.7	5,575.9
Ukraine	45.360	604	3,082.5	8,665.5

Tatneft appear between 27<sup>th</sup> and 710<sup>th</sup> places on the list, with earnings ranging from \$158 billion [Gazprom] to \$11.9 billion), and by one company from Kazakhstan (Halyk Bank, occupying 1618<sup>th</sup> place with earnings of \$1.7 billion). Compared to Halyk Bank, the largest Russian firms on the list are from 10 to almost 100 times the size. See Global 2000 / Forbes 2015. URL: <http://www.forbes.com/global2000/list>.

In the Global 500 ratings list of world corporations compiled in 2015 by the *Financial Times*, the only CIS firms to appear are five Russian companies (Gazprom, Rosneft, LUKOIL, Surgutneftegaz and Norilsk Nickel), in positions ranging from 170<sup>th</sup> to 421<sup>st</sup>. See Global 500 2015 / Financial Times. URL: <http://im.ft-static.com/content/images/b38c350e-169d-11e5-b07f-00144feabdc0.xls>. For the purposes of comparison between the representation of Russian corporations and those of other semi-peripheral countries in the world market, it may be noted that South Korea has 66 corporations in the Forbes Global 2000 list.

<sup>1</sup> According to data from RIA Rating, the top nine of the 200 largest banks in the CIS countries in 2014 were Russian. In all, Russia had 130 banks on the list, compared to Ukraine with 27, Kazakhstan with 18, Belarus with 7, Uzbekistan with 7, Azerbaijan with 5, Moldavia with two, Turkmenistan with two and Georgia with two (this rating lists Georgia along with the CIS countries, while in analysing the post-Soviet space we do not include Georgia in the statistics for the CIS). Meanwhile, Russia also holds the leading position for the average size of the banks included in the rating (the gap between Russia and the next countries, Kazakhstan and Belarus, is more than 100 per cent – \$11.8 billion and \$5.2 billion respectively. For more details see TOP-200 bankov SNG: issledovanie “RIA Rating” [TOP-200 banks of the CIS: RIA Rating study], 2014. URL: [http://vid1.rian.ru/ig/ratings/rating\\_bank\\_TOP200\\_2014.pdf](http://vid1.rian.ru/ig/ratings/rating_bank_TOP200_2014.pdf).

<sup>2</sup> Area as of 2012, according to Rosstat data. Rosstat: Rossiya i strany mira [Russia and the countries of the world], 2014. [http://www.gks.ru/bgd/regl/b14\\_39/IssWWW.exe/Stg/01-01.doc](http://www.gks.ru/bgd/regl/b14_39/IssWWW.exe/Stg/01-01.doc).

<sup>3</sup> World Bank data, 2014. URL: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

<sup>4</sup> World Bank data, 2014. URL: <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>.

**Table 9 – Main socio-economic indices of the countries that before 1991 were part of the USSR (countries of the CIS, plus Georgia, and also Latvia, Lithuania and Estonia, which in 2004 joined the EU)**

(concluded)

Country	Population in millions, 2014	Area, thousands of square kilometres, <sup>1</sup> 2012	GDP per capita in US dollars at current prices, <sup>2</sup> 2014	GDP per capita in US dollars at PPP, <sup>3</sup> 2014
<b>B. Other former republics of the USSR</b>				
Georgia	4.504	70	3,670.0	7,582.0
Latvia	1.990	65	16,037.8	23,337.4
Lithuania	2.929	65	16,444.8	26,642.8
Estonia	1.314	45	19,719.8	26,355.4

*Source:* Rosstat (Federal State Statistics Service of the Russian Federation)

and World Bank.

**Table 10 – Leading CIS business firms, by level of labour productivity<sup>4</sup>**

(continues)

Position in rating	Company	Country	Sector	Volume of sales, million dollars	Pre-tax profits, million dollars	Net profits, million dollars
1	Tengizchevroil	Kazakhstan	oil and gas industry	23,091	3,226	7,158
2	SP Kazgermunai	Kazakhstan	oil and gas industry	2,310	712	3,245
3	NPZ Antipinsky	Russia	oil and gas industry	1,792	691	2,593

<sup>1</sup> Area as of 2012, according to Rosstat data. Rosstat: Rossiya i strany mira [Russia and the countries of the world], 2014. [http://www.gks.ru/bgd/regl/b14\\_39/IssWWW.exe/Stg/01-01.doc](http://www.gks.ru/bgd/regl/b14_39/IssWWW.exe/Stg/01-01.doc).

<sup>2</sup> World Bank data, 2014. URL: <http://data.worldbank.org/indicator/NY.GDP.PCAP.CD>.

<sup>3</sup> World Bank data, 2014. URL: <http://data.worldbank.org/indicator/NY.GDP.PCAP.PP.CD>.

<sup>4</sup> As can be seen from the data in Table 10, most of the top 50 large CIS business firms ranked by labour productivity are Russian enterprises. On the whole, the only companies capable of presenting them with competition are six Kazakh companies that figure among the top ten (of the 50 firms in the ratings list, 16 are from Kazakhstan). Ukrainian and Belarusian firms appear on the list only incidentally – two companies from each country. Experts note that “the successes of the Kazakh companies in the labour productivity ratings are explained by the fact that most of them are daughter structures of large foreign firms operating in the sector of oil and gas extraction, and which, unlike Russian oil holding companies, are not burdened by large assets in the areas of refining and sales” (See “Chetyre trilliona za effektivnost” [“Four trillion for efficiency”]. *Expert*, 7 October 2013. URL: <http://expert.ru/expert/2013/40/chetyre-trilliona-za-effektivnost/>).

**Table 10 – Leading CIS business firms, by level of labour productivity**

(concluded)

Position in rating	Company	Country	Sector	Volume of sales, million dollars	Pre-tax profits, million dollars	Net profits, million dollars
4	Neftegazindustriya Group	Russia	oil and gas industry	2,419	985	2,456
5	Turgai Petroleum	Kazakhstan	oil and gas industry	1,416	632	2,240
6	Karachaganak Petroleum Operating B.V.	Kazakhstan	oil and gas industry	8,023	4,038	1,987
7	Avtotor Group	Russia	machine-building	5,235	3033	1,726
8	RusHydro	Russia	electrical energy	9,838	6,101	1,613
9	KazakhOil Aktobe	Kazakhstan	oil and gas industry	905	567	1,596
10	Karakudukmunay	Kazakhstan	oil and gas industry	737	479	1,538
23	NPZ Mozyrsky	Belarus	oil and gas industry	3,263	4,413	739
35	Ukratnafta	Ukraine	oil and gas industry	2,493	4,608	541
37	GSM Kyivstar	Ukraine	telecommunications	1,668	3,277	509
45	Naftan	Belarus	Oil and gas industry	4,246	12,419	342

Source: RA Expert, 2013 (ratings according to data from 2012)<sup>1</sup>.

<sup>1</sup> See.: 50 liderov krupnogo biznesa SNG po urovnyu proizvoditel'nosti truda [top 50 large CIS business firms, by level of labour productivity]. RA Expert, 2013. URL: <http://expert.ru/ratings/50-liderov-krupnogo-biznesa-sng-po-urovnyu-proizvoditelnosti-truda/>.



**Table 11 – Flows of direct investments between Russia and the countries of the CIS  
(millions of US dollars)**

Years	2005	2007	2008	2009	2010	2011	2012	2013	2005-2013
<b><i>A. Direct investments by Russia in the economies of the CIS countries</i></b>									
Belarus	0	633	663	627	674	2,500	69	0.1	<b><i>5,166.1</i></b>
Kazakhstan	0.3	7	10	-	-	56	19	27	<b><i>119.3</i></b>
Turkmenistan	-	-	-	0	0	-	-	1	<b><i>1.0</i></b>
Uzbekistan	-	0.1	-	-	9	1	0.1	-	<b><i>10.2</i></b>
<b><i>Total FDI by Russia in countries of the CIS</i></b>	<b><i>0.3</i></b>	<b><i>640.1</i></b>	<b><i>673</i></b>	<b><i>627</i></b>	<b><i>683</i></b>	<b><i>2,557</i></b>	<b><i>88.1</i></b>	<b><i>28.1</i></b>	<b><i>5,296.6</i></b>
<b><i>B. Direct investments by CIS countries in the economy of Russia</i></b>									
Belarus	0.5	-	0.4	-	0	2	32	29	<b><i>63.9</i></b>
Ukraine	-	-	0	-	0.1	-	0	1	<b><i>1.1</i></b>
Azerbaijan	-	-	-	-	2	-	0.2	0	<b><i>2.2</i></b>
Armenia	-	0.2	0.3	-	-	-	-	-	<b><i>0.5</i></b>
Kazakhstan	-	39	37	14	7	-	3	-	<b><i>100</i></b>
Kyrgyzstan	-	0.4	-	-	-	-	-	-	<b><i>0.4</i></b>
Tadzhikistan	-	-	-	-	-	-	-	-	<b><i>0</i></b>
Turkmenistan	-	-	-	-	-	-	-	-	<b><i>0</i></b>
Uzbekistan	1	0.5	1	1	1	1	1	5	<b><i>11.5</i></b>
<b><i>Total FDI by countries of CIS in Russia</i></b>	<b><i>1.5</i></b>	<b><i>40.1</i></b>	<b><i>38.7</i></b>	<b><i>15</i></b>	<b><i>10.1</i></b>	<b><i>3</i></b>	<b><i>36.2</i></b>	<b><i>35</i></b>	<b><i>179.6</i></b>
<b><i>Balance of FDI of Russia and countries of CIS (total of section A minus total of section B)</i></b>	<b><i>-1.2</i></b>	<b><i>600</i></b>	<b><i>634.3</i></b>	<b><i>612</i></b>	<b><i>672.9</i></b>	<b><i>2,554</i></b>	<b><i>51.9</i></b>	<b><i>-6.9</i></b>	<b><i>5,117</i></b>

Source: Rosstat (Federal State Statistics Service of the Russian Federation)<sup>1</sup>.

<sup>1</sup> Rossiya i strany mira [Russia and the countries of the world]. Moscow: Rosstat, 2014, pp. 373, 376-377.

Table 12 – Investment flows between Russia and the countries of the CIS (millions of US dollars)

Years	2005	2007	2008	2009	2010	2011	2012	2013	2005-2013
<b>A. Investments by Russia in the economies of the countries of the CIS</b>									
Belarus	70	1,244	5,519	6,247	3,757	8,845	6,627	2,950	<b>35,259</b>
Kazakhstan	144	217	509	270	960	1,395	1,893	1,524	<b>6,912</b>
Turkmenistan	-	0	6	5	0	1	0.1	1	<b>13.1</b>
Uzbekistan	7	90	95	75	198	245	147	57	<b>914</b>
<b>Total Russian investments in countries of the CIS</b>	<b>221</b>	<b>1,551</b>	<b>6,129</b>	<b>6,597</b>	<b>4,915</b>	<b>10,486</b>	<b>8,667.1</b>	<b>4,532</b>	<b>43,098.1</b>
<b>B. Investments by countries of the CIS in the economy of Russia</b>									
Belarus	419	813	1,974	1,468	1,843	2,876	1,962	1,058	<b>12,413</b>
Ukraine	211	321	291	155	313	349	404	573	<b>2,617</b>
Azerbaijan	9	42	49	20	11	8	26	75	<b>240</b>
Armenia	1	4	37	49	56	23	55	34	<b>259</b>
Kazakhstan	434	821	666	509	1,039	1,630	2,032	2,621	<b>9,752</b>
Kyrgyzstan	138	448	423	307	391	493	579	294	<b>3,073</b>
Tadzhikistan	13	3	11	11	12	122	18	29	<b>219</b>
Turkmenistan	2	2	2	6	3	7	5	4	<b>31</b>
Uzbekistan	10	21	19	16	38	32	50	49	<b>235</b>
<b>Total investments by countries of the CIS in Russia</b>	<b>1,237</b>	<b>2,475</b>	<b>3,472</b>	<b>2,541</b>	<b>3,706</b>	<b>5,540</b>	<b>5,131</b>	<b>4,737</b>	<b>28,839</b>
<b>Balance of investments by Russia and countries of the CIS (total of section A minus total of section B)</b>	<b>-1,016</b>	<b>-924</b>	<b>2,657</b>	<b>4,056</b>	<b>1,209</b>	<b>4,946</b>	<b>3,536.1</b>	<b>-205</b>	<b>14,259.1</b>

Source: Rosstat (Federal State Statistics Service of the Russian Federation).<sup>1</sup> The table is based on Rosstat methodology, and includes figures provided by organisations (corporations etc.) in statistical reports. Data from commercial banks and organs of monetary regulation, as well as data for revenues in rubles, are not taken into account.

Here, however, the situation is far from straightforward.

In the first place, the overall volumes of the transactions in this area are extremely small. The volume of direct foreign investment by Russia in the economies of the CIS countries in recent years

<sup>1</sup> Rossiya i strany mira [Russia and the countries of the world]. Moscow: Rosstat, 2014, pp. 372, 374-375.

has fluctuated between a few hundred million and ten billion dollars per year, and this investment has been mainly in the economies of Belarus and Kazakhstan, that is, of countries fully comparable with Russia in their level of economic (primarily, industrial) development.

*Second*, the system of domination within the framework of the post-Soviet space operates on multiple levels. Here, as in the whole capitalist world (in our chronotope, it should be recalled, this also still includes late-feudal elements), the strong seek to subjugate the weak. Kazakhstan thus strives to control its Central Asian neighbours, Ukraine to control Moldavia, and so forth. To consider close to half the countries of the CIS to be imperialist powers on this basis is, at the very least, incorrect.

*Third* – and this is of fundamental importance – Russia’s relations with a number of countries of the CIS are ambivalent and contradictory. Relations between Russia and Ukraine prior to 2014 were notoriously of this character. Russian oligarchs sought actively to penetrate the Ukrainian economic space,<sup>1</sup> and Ukrainian oligarchs that of Russia.<sup>2</sup> The same might be said of Russia’s interactions with Kazakhstan, Belarus and Azerbaijan.

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<sup>1</sup> Nine people on the Russian *Forbes* list have large-scale assets in Ukraine, consisting of enterprises in heavy industry, the chemical industry, metallurgy, oil refining and communications: Mikhail Fridman, number two on the Russian *Forbes* rating (Alfa-Bank, the cell-phone network Kyivstar, and the Kiev lottery operator MSL); Vagit Alekperov, number 5 on the Russian *Forbes* list (Karpatneftekhim in Ivano-Frankovsk Province); Roman Abramovich, rated at number 13 on the list (Yuzhnyy gorno-obogatitel’nyy kombinat, OAO Dnepropetrovskiy metallurgicheskii zavod, and OAO GOK Sukhaya Balka in Dnepropetrovsk Province); Oleg Deripaska, at number 16 (Nikolaevskiy glinozemnyy zavod in Nikolaevsk Province and Zaporozhskiy alyuminiyevyy kombinat in Zaporozh’ye); Igor’ Kesaev at number 51 (TK Megapolis-Ukraina in Kiev; Andrey Klyamko at number 53 (Metinvest in Dnepropetrovsk, Donetsk and Lugansk Provinces); Igor’ Zyuzin at number 58 (Donetskiy elektrometallurgicheskii zavod in Donetsk Province); Oleg Boyko at no. 71 (operator of the Patriot state lottery, Kiev); and Konstantin Grigorishin at number 86 (Zaporozhtransformator in Zaporozh’ye). See Vasilyev I., Golovin V. and Sedakov P. “Etot biznes v ogne: chem riskuyut rossiyskie milliardery na Ukraine?” [“This business is in a fire: what are Russian billionaires risking in Ukraine?”]. *Forbes*, 25 February 2015. URL: <http://m.forbes.ru/article.php?id=251274>. It should also be noted that until 2014 Ukraine was one of Russia’s main partners in trans-border deals. Although the overall sums involved were usually small, Ukraine held the leading position for the number of transactions, both inward and outward. In 2013 Ukraine held first place for the number of deals by Russian investors abroad, outstripping Germany (11.9% of all deals in 2014), the US (9.5% in 2014), Kazakhstan (9.5% in 2014) and Italy (7.1% in 2014). In 2014, according to data of the information agency AK&M, Ukraine’s place was taken by the Czech Republic with 14.3% of deals. See “2014 god byl naikhudshim dlya rossiyskogo rynka M&A za poslednie pyat’ let” [“2014 was the worst year in the past five for the Russian market in mergers and acquisitions”], Information Agency AK&M. URL: <http://www.akm.ru/rus/ma/stat/2014/11.htm>.

<sup>2</sup> Hence, through DTEK, the energy division of the business group System Capital Management, Ukraine’s richest citizen Rinat Akhmetov owns three mines of the company Rostov Anthracite, as well as an enrichment plant; the deputy of the Ukrainian Supreme Rada Tariel Vasadze owns car showrooms in Moscow and St Petersburg; the billionaire Dmitriy Firtash has a share in Yuzhgazenerdzhi through the British company JKC Oil and Gas (Yuzhgazenerdzhi owns licences to exploit the Koshekhabl’ gas deposit in the Caucasus region of Adygeya); Yuriy Ivanyushenko, who in 2013, according to the journal *Fokus*, held 24<sup>th</sup> place in the rating of the 200 most influential Ukrainians, owns the Armavir Heavy Machine-Building Plant; Anatoliy Yurkevich, the head of the Ukrainian “Milkilend” group of companies, owns a cheese-making plant in Kursk Province, and his company was one of the leading exporters of Ukrainian cheese to Russia (according to data from lenta.ru. For more detail see Romanova T. “Chuzhoy sredi svoikh. Kakie aktivy ukrainskie oligarkhi derzhat v Rossii” [“A stranger among his own. Assets of Ukrainian oligarchs in Russia”], lenta.ru. URL: <http://lenta.ru/articles/2014/09/04/property>. One of the Ukrainian companies best known in Russia for its products is the confectionery firm Roshen. Until the ban in 2013 on imports to Russia of products of Roshen’s Ukrainian factories, 40% of the goods produced by Roshen in Ukraine and subsequently exported came to Russia. In all, exports by the

*Fourth*, an elementary comparison between exports of capital from Russia to the countries of the CIS and to countries of the “centre” plus offshore zones shows that Russia’s “imperialist” activity in the CIS expanse is extremely weak (see table 13). The countries of the CIS are not even in the first ten, while as noted earlier, the relations that are of some importance are with Belarus, Kazakhstan and Ukraine – that is, with countries on approximately the same level of development as Russia.

In addition to the data cited, we should point out that according to experts the overall share represented by offshore zones and countries in direct foreign investments that is typical for Russia is of the order of 70 per cent, while for portfolio investments the corresponding share is 50-55%.<sup>1</sup>

**Table 13 – Geographic distribution of flows of foreign direct investment by Russia, 2007-2010**

(continues)

Region/country	FDI, millions of US dollars			Ranking among all countries*
	2007	2010	Average annual sum in 2007-2010	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<b>World</b>	<b>45,897</b>	<b>51,664</b>	<b>49,183</b>	-
<b>Developed countries</b>	<b>38,878</b>	<b>39,742</b>	<b>39,326</b>	-
<b>Europe</b>	<b>34,923</b>	<b>36,727</b>	<b>33,076</b>	-
Cyprus	14,630	17,865	14,191	1
Germany	674	1,872	1,474	9
Luxembourg	497	2,949	1,738	8
Netherlands	12,501	6,761	6,831	2
Great Britain	2,454	1,385	2,435	4
Switzerland	1,404	1,755	1,848	7

Ukrainian subdivisions of Roshen made up 60% of the volume of output (data from the portal “Zerkalo nedeli. Ukraina” [“Window of the week. Ukraine”], 16 August 2013. URL: <http://zn.ua/ECONOMICS/produkcija-roshen-vernetsiya-na-rossiyskiy-rynok-tolko-posle-proverki-127519.html>). To this day, the Lipetsk subsidiary of the Ukrainian confectionery firm Roshen is one of the dominant players in the Russian market, with its share amounting to about 7% (data from Vovchenko A. “Lipetskiy Roshen – malen’kaya Evropa v rossiyskoy glubinke” [“The Lipetsk Roshen plant – a little Europe in the Russian heartland”], 12 February 2015. URL: <http://www.capital.ua/ru/publication/40297-lipetskiy-roshen-malenkaya-evropa-v-rossiyskoy-glubinke>).

The Russian market was previously among the main outlets for many Ukrainian industrial firms, which have suffered as a result of the difficult relations between Russia and Ukraine. Among the worst-affected companies, which have found their earnings cut by as much as half, have been the railway wagon-building plant Azovmash, which was formerly Ukraine’s second-biggest producer of railway wagons for Russia, with Russian orders providing as much as 70% of earnings. Other firms to suffer have included the aircraft manufacturer GP Antonov (see Lanin D. “Katastrofa v promyshlennom masshtabe. Kak ukrainskiy biznes perezhivaet poteryu rossiyskogo rynka” [“Catastrophe on an industrial scale. How Ukrainian business is experiencing the loss of the Russian market?”], 9 December 2014. Portal Biznes-FM. URL: <http://www.bfm.ru/news/280078>). The Russian market is attractive to Ukrainian companies for its large volume, for the absence of language barriers, and for the similar mentality of the customers. The difficulties facing many large Ukrainian companies as a result of the situation in 2014-2015 also appear in the *Forbes* rating of the 200 largest companies (see <http://forbes.ua/ratings/2>).

<sup>1</sup> See A. Bulatov (ed.), “Rossiya v mezhdunarodnom dvizhenii kapitala v 2014 – nachale 2015 godov. Analiticheskiy doklad” [“Russia in the international movement of capital in 2014 and early 2015. An analytical report”]. *Mezhdunarodnoe dvizhenie kapitala*, 2015, no. 2, p. 10. URL: <http://www.mirec.ru/images/files/2-33-2015/russia-mdk-2014.pdf>

**Table 13 – Geographic distribution of flows of foreign direct investment by Russia, 2007-2010**

(concluded)

Region/country	FDI, millions of US dollars			Ranking among all countries*
	2007	2010	Average annual sum in 2007-2010	
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>
<b>North America</b>	<b>1,155</b>	<b>1,915</b>	<b>4,678</b>	-
Canada	181	863	1,947	6
USA	974	1,052	2,731	3
<b>Other developed countries</b>	<b>2,800</b>	<b>1,100</b>	<b>1,572</b>	-
Bermuda	2,689	999	1,462	10
<b>Developing countries</b>	<b>2,704</b>	<b>7,028</b>	<b>4,801</b>	-
<b>Africa</b>	<b>74</b>	<b>124</b>	<b>81</b>	-
<b>Asia and Oceania</b>	<b>1,183</b>	<b>771</b>	<b>841</b>	-
<b>Latin America and the Caribbean</b>	<b>1,447</b>	<b>6,133</b>	<b>3,878</b>	-
British Virgin Islands	1,425	1,892	2,361	5
<b>Countries with transitional economies</b>	<b>3,802</b>	<b>2,506</b>	<b>3,768</b>	-

\* Note: rank is determined on the basis of average annual FDI in 2007-2010 (graph 4).

*Source:* Data from the Central Bank of the Russian Federation. Adapted by the authors on the basis of Kuznetsov A. Outward FDI from Russia and its policy context, update 2011 // *Columbia FDI Profiles*. Country profiles of inward and outward foreign direct investment issued by the Vale Columbia Center on Sustainable International Investment. August 2, 2011. P. 16-17. URL: [http://ccsi.columbia.edu/files/2014/03/Profile\\_Russia\\_OFDI\\_-\\_2\\_August\\_2011\\_FINAL.pdf](http://ccsi.columbia.edu/files/2014/03/Profile_Russia_OFDI_-_2_August_2011_FINAL.pdf).

*Finally*, there is no way that any movement of goods or capital in the post-Soviet space can be regarded as a consequence of imperialist aggression by any particular party. Earlier, we stressed that the world of late capitalism features not only relations of the hegemony of corporate capital (including those with the form of the “new imperialism”), but also objectively indispensable, positive processes of integration and cooperation, even of solidarity and assistance, taking shape in the interactions between various actors on the world social and economic scene.

In the post-Soviet expanse, these integrative tendencies are even stronger. We have written again and again that restoring these bonds of integration between our countries would be progressive from the technological, economic, social and cultural points of view.

Meanwhile, the politico-economic form that these (still extremely weak) integrative processes assume in the post-Soviet space consists mainly of relations of a late-capitalist peripheral and semi-peripheral type, deformed to a considerable degree by survivals of Soviet bureaucratism and by regrowths of late feudalism.

In some respects these relations in the former Soviet expanse may appear more reactionary, and in others more progressive than the relations between “centre” and “periphery” that appear in the space represented by the global hegemony of capital, but in any case they will display very specific characteristics. Studying the content and forms of the relations that emerge between capitals, countries, peoples and individuals within the context of our chronotype is a highly interesting scholarly task that extends far beyond the bounds of the present text. But in any case it is important to keep in view that these are relations quite different from those of the “new imperialism”.

Consequently, we shall leave this argument of our opponents in peace, and switch to analysing the most important and timely rationale that is put forward for assigning Russia to the category of imperialist aggressors.

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The most important, and perhaps also the strongest argument advanced by all those who consider Russia an imperialist aggressor is the **fifth**. Its essence consists in the “annexation” (from their point of view, without the inverted commas) and the “aggression” (again, from the point of view of our opponents, without the inverted commas) by Russia against Ukraine in the Donbass.

We have already devoted a number of texts to the multipolar contradictions of space and time displayed by these conflicts.<sup>1</sup> Without repeating what is said there, we shall now permit ourselves to make use of some of the conclusions argued in those articles.

We shall begin by noting that *a breach of the “rules of the game” established by global capital is not necessarily an act of imperialist aggression*. In certain circumstances it may be more progressive (that is, accord better with the interests of citizens) than observing those rules. Consequently, the question of how to characterise the actions of the Russian Federation in Crimea and the Donbass does not consist in whether a breach occurred of rules drawn up within the framework of so-called “international law” (we are not specialists in this field, but it is possible that these rules really were broken; we are aware of a great many breaches of international law, both progressive and reactionary), but in whether or not this violation was progressive from the point of view of the interests of the citizens of Crimea and the Donbass.

Here, however, there are important “nuances”.

It is true that the Russian Federation in 2014 acted as a direct opponent of NATO, and this set an important precedent. Moreover, these steps by Russia posed a question that is both theoretical

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<sup>1</sup> See Buzgalin A. “Ukraina – Zapad – Rossiya: mnogomernost’ protivorechii, opredelennost’ pozitsii (versiya 08-14; Moskva-Krym)” [“Ukraine – the West – Russia: multidimensionality of contradictions, certainty of position (August 2014 version; Moscow-Crimea)”]. *Al’ternativy*, 2014, no. 3, pp. 6-32; Kolganov A. “Liniya razloma (ob ukrainskoy tragedii 2014 goda)” [“The line of fracture (on the Ukrainian tragedy of 2014)”]. *Al’ternativy*, 2014, no. 3, pp. 33-47; see also: Smolin O. “Krym: tsena dvukh revolyutsiy” [“Crimea: the price of two revolutions”]. *Al’ternativy*, 2014, no. 3, pp. 86-99; Bulavka-Buzgalina L. “Novyy chelovek Donbassa. Ne razglyadel’?” [“The new Donbass person. Didn’t you make them out?”]. *Al’ternativy*, 2014, no. 3, pp. 181-202.

and practical: *what can be considered more progressive* (that is, conducing to peace, to eco-socio-humanitarian development, to democracy and to respect for human rights):

*(1) a world in which NATO, as in essence the sole global hyper-cop, supports the world order imposed by the countries of the Centre, or*

*(2) a multi-polar world in which other countries too can actively (and moreover, aggressively, by force of arms) defend their right to a piece of the pie of global hegemony?*

It is possible to reject this question, declaring that neither alternative is acceptable, and that what is needed is either worldwide peace, to be attained through the non-violent actions of pacifist NGOs and other peaceful forces, or else world socialist revolution.

Speaking frankly, we would be delighted if either of these variants could be realised in the near historical perspective.

But as the experience of the war in south-eastern Ukraine shows, we are forced to choose between two devils, not between two angels.

Before giving our answer to this question, we should stress that Russian oligarcho-bureaucratic capitalism differs from the variety that existed in Ukraine under Yanukovych only in the respect that in Russia there is a greater degree of centralisation, and that the oligarchs are subject to a single state authority, while Ukraine prior to the second Maidan was a battlefield on which various oligarchic groups fought for power. The result is that in Russia the system of institutions of state administration is somewhat stronger, but that socio-economic policy is right-wing liberal, while there is little that is democratic about the political system. In sum – and this must not be forgotten – the social order in Russia answers to the interests of the oligarchy and the ruling bureaucracy, but not to those of the majority of Russian citizens.

In going into Crimea, Russia did not bring with it a socially-oriented democracy and a rebirth of Soviet traditions (the latter was the dream of a significant section, let us say, of the residents of Sevastopol), but merely the same Russian “Jurassic capitalism”. At least in Crimea there has not been a war, unlike the case in the Donbass, and the 90 per cent of the Crimean population who are Russian speakers will not be compelled to use the Ukrainian language. Nor will the remaining 10 per cent be forced to use Russian, since in Crimea Ukrainian, Tatar and Russian are all recognized equally as official languages. As was shown in our earlier-cited publications, the actions of the Russian authorities, despite a diverse range of adverse outcomes, brought the citizens of the peninsula more pluses than minuses. This is the unmistakable feeling of the Crimean population, as we have repeatedly found cause to be convinced, both during repeated visits to Crimea, and through the analysis of a large volume of materials.

Still more important is the fact that the Russian authorities, while providing humanitarian and ideological support for the self-proclaimed Donetsk and Lugansk People’s Republics (the DPR and LPR), in many instances have followed policies there as well that counteract the positive, socially-

oriented goals that the citizens of this region began by initiating. But again, and for all the negative features of the Russian intervention in the affairs of the new republics (but not of a war against Ukraine, which Russia is not waging), the participation by volunteers from our country in support of the struggle conducted by the militias is a progressive phenomenon. This contradiction is not something absolutely new; history knows more than a few examples of progressive foreign policy acts by states whose internal policies are reactionary (examples include the shift to neighbourly relations with the USSR carried out by the semi-feudal rulers of a number of Asian countries in the 1920s and 1930s).

By the same token, we would argue that violating the “rules of the game” imposed by global capital may be either progressive or regressive, depending on who carries out such an action, to what ends and with what result. If the vector of this action is toward even a partial alleviation of the social alienation that prevails in the world, then it deserves support.

In the particular circumstances we are discussing, this means that the return of Crimea to Russia after 60 years and the defence by the citizens of the Donbass of their rights to self-determination, along with the support for these actions by the citizens and the authorities of the Russian Federation, make up a phenomenon that is profoundly contradictory but in the final analysis, *relatively* positive.

The stress we place on the relative quality of this judgment is not fortuitous. Behind this conflict stood not only questions of language, of regional rights and so forth, but also a struggle between two internally contradictory groupings of oligarchic clans – on the one hand, the more or less pro-Western capital holdings of the centre and west of Ukraine, and on the other, the more Russian-aligned capital of the south-east. The story here has been one of alternating fortunes; Kuchma and Yushchenko, Yanukovich and Poroshenko have all acted on behalf of oligarchic groups that have achieved a temporary ascendancy in this struggle. In one way or another, all of them have exploited the discontent felt by the broad masses with the whole class of oligarchs and with the rules the oligarchs have set in place. None of the oligarchic groups is either more progressive, or less so; they are no more (though equally, no less) than corporate clans of the sort that are typical of the semi-peripheral countries, one of which is Ukraine and another, Russia. Both sides here are equally reactionary.

The only things that are relatively progressive here are the actions of various of the people involved, including those who came onto the Maidan calling for the departure of the larcenous Yanukovich group; those who voted in the Crimean referendum to make clear that for all the drawbacks of Russian capitalism, they regarded a return to Russia as better for them; and those in the Donbass who took up arms when their homes and schools began to be bombed and shelled by the forces that had ridden to power on the wave of the Kiev Maidan.



What we see playing out here is a dialectic that is impossible to fit into the cliché of an imperialist Russia and a Ukraine that is defending itself against an aggressor.

Returning to geopolitical and economic *theory*, we are able to state that regardless of whether the Russian actions surrounding Crimea and the Donbass are regarded positively or negatively, these actions bear the stamp of the “commonplace” external conflicts that are typical of relations between peripheral and semiperipheral countries. From a theoretical point of view, these conflicts differ little from many other clashes between countries of Asia (for example, between India and Pakistan over Kashmir and other issues),<sup>1</sup> Latin America and Africa. Again from the theoretical point of view, a very interesting and little-researched question opens up here, involving the nature of the aggression displayed by the capitals and states of peripheral and semi-peripheral countries in their conflicts with one another. The question concerns how and most importantly, why these conflicts regularly arise, and who brings them about.

From the point of view of practice, and of the interests of the people who in their thousands and tens of thousands lose their homes and lives, this question takes on a far more rigorous character: how do we stop these conflicts from endlessly being repeated, or escalated?

Formally speaking, neither of these questions is part of the topic of this text, but we shall comment briefly on them in the conclusion.

### **Can a country of the semi-periphery be an imperialist aggressor? (in place of a conclusion)**

This question has already become the topic of lively discussions.<sup>2</sup> In our view such a thing is possible, but only in certain respects, and only in part. Let us be more specific. Proceeding from what has been said above, we may define as the “centre” those economic and political expanses (countries, their alliances, networks of global players) that are the subjects of hegemony (in particular, of the manipulation of other economic and political actors; we listed the attributes of these expanses earlier).

On the basis of this we are able to state that the opposite side, the “periphery”, *cannot possess this quality*. This assertion might be formulated more precisely as follows: *to the degree to which a country does not possess the qualities of the imperialist “centre”, and is unable to exercise hegemony, it can be considered part of the periphery. As such, it cannot be an **imperialist** aggressor* (this is not to deny that countries of the periphery may be the subjects of other, non-imperialist, acts of local aggression, and even of wars; they have carried out these acts in the past, and more than likely will continue to do so).

Accordingly, the question of whether a particular politico-economic space has a *semiperipheral* status is determined by the degree to which the various actors (countries, their alliances and so forth)

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<sup>1</sup> In the third (!) Indo-Pakistani war in 1971 India directly, using armed force, supported the separatist movement in East Pakistan, assisting directly in the founding of the People’s Republic of Bangladesh. The world community then recognised the new state.

<sup>2</sup> See, for example: *BRICS: An Anti-Capitalist Critique*. Ed. by Patrick Bond and Ana Garcia. Pluto Press, 2015.

are able in part to carry out local manipulative actions, extending to particular limited areas of the world chronotope.

To the degree to which the Russian Federation together with its corporate capital is able to exercise a manipulative influence on other players, in part and in various spheres within the post-Soviet space, Russia can be considered a semi-peripheral country, whose capital and state have expansionist urges (like capital in general, and twenty-first century corporate capital in particular).

Here, however, there are several crucially important “nuances”, which we cannot fail to note in this conclusion.

First, and as was shown earlier, the scale and power of Russian transnationals and of the Russian state are fully comparable in many respects with the analogous parameters of other CIS countries (above all with Ukraine prior to 2014, and with Belarus and Kazakhstan). All four of these countries can be described as “semi-peripheral”.

Second, it should be recalled that through the study conducted earlier we showed that *the main aim of Russian capital and of the Russian state is to enter the global expanse of the movement of goods and capital, of corporate and geopolitical manipulations, of ideological and cultural pressures, on terms at least relatively close to those enjoyed by the countries and capitals of the “centre”*. This Russian goal, however, is being realized only to a very weak degree. Further, Russia is not a “centre”, able to manipulate its partners, even within the framework of the Eurasian Economic Community (and its successor the Eurasian Economic Union). In other words, the capital and state of the Russian Federation are predators (like all capitals and all capitalist states), but predators of the “second rank”, able only (1) to occupy niches that have temporarily become vacant in the process of competition between the main global players, (2) to divide up the “leftovers” of the world geo-economic and geopolitical pie, in competition with similar “second-rank” predators, and (3) at times, to resist aggression and excessively flagrant manipulation on the part of predators of the “first rank”. Russian actors (the state, corporations and so forth) do not possess the specific features of global capitalist players, such as the ability to manipulate the remaining participants in world politico-economic processes and to prescribe their own rules for the rest of the world. Russia is marked out only by the fact that, relying on its inheritance from the USSR (the military-industrial complex, and so forth), the Moscow government in 2014 dared in “one and a half” cases (Crimea and in part, the Donbass) to violate the rules set down by the global players, and to do what only predators of the first order had earlier permitted themselves (here it should be noted that it is this parameter, the third in our list, that has also forced adherents of the power of the “centre” (more strictly, of the power of global corporate capital) to begin campaigning deliberately to expose the Russian Federation as an imperialist aggressor...<sup>1</sup>

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<sup>1</sup> This aspect is stressed in a very interesting new book prepared by a group of American researchers. See *Flashpoint in Ukraine. How the US drive to Hegemony Risks World War III*. Edited by Stephen Lendman. Atlanta: Clarity Press, 2014. A key to the position taken on the above-noted question by most of the authors of this work is provided by a sentence of

To sum up, the Russian state and the country's corporate capital

- represent only one among the formations that are typical of the semi-periphery of late capitalism. Meanwhile some of Russia's specific characteristics – its post-Soviet inheritance and reversively revived features of late-feudal imperial statehood – create the *appearance* of an imperialist nature;
- embody a certain potential for acting as an imperialist aggressor, but *for the present*, are *virtually without opportunities* for manifesting this potential;
- to a degree, possess one (!) trait of a *potential* (!) imperialist aggressor, still having a powerful military-industrial complex and carrying out large-scale arms exports;
- have permitted themselves “one and a half” manifestations of an ability to defy the rules imposed by the global players;
- within the country, represent an asocial and extensively evolving type of the semi-peripheral model of late capitalism. Meanwhile, outside the national borders they pursue policies that are typical of the capital and state of a large country of the semi-periphery.

*Translated by Renfrey Clarke*

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