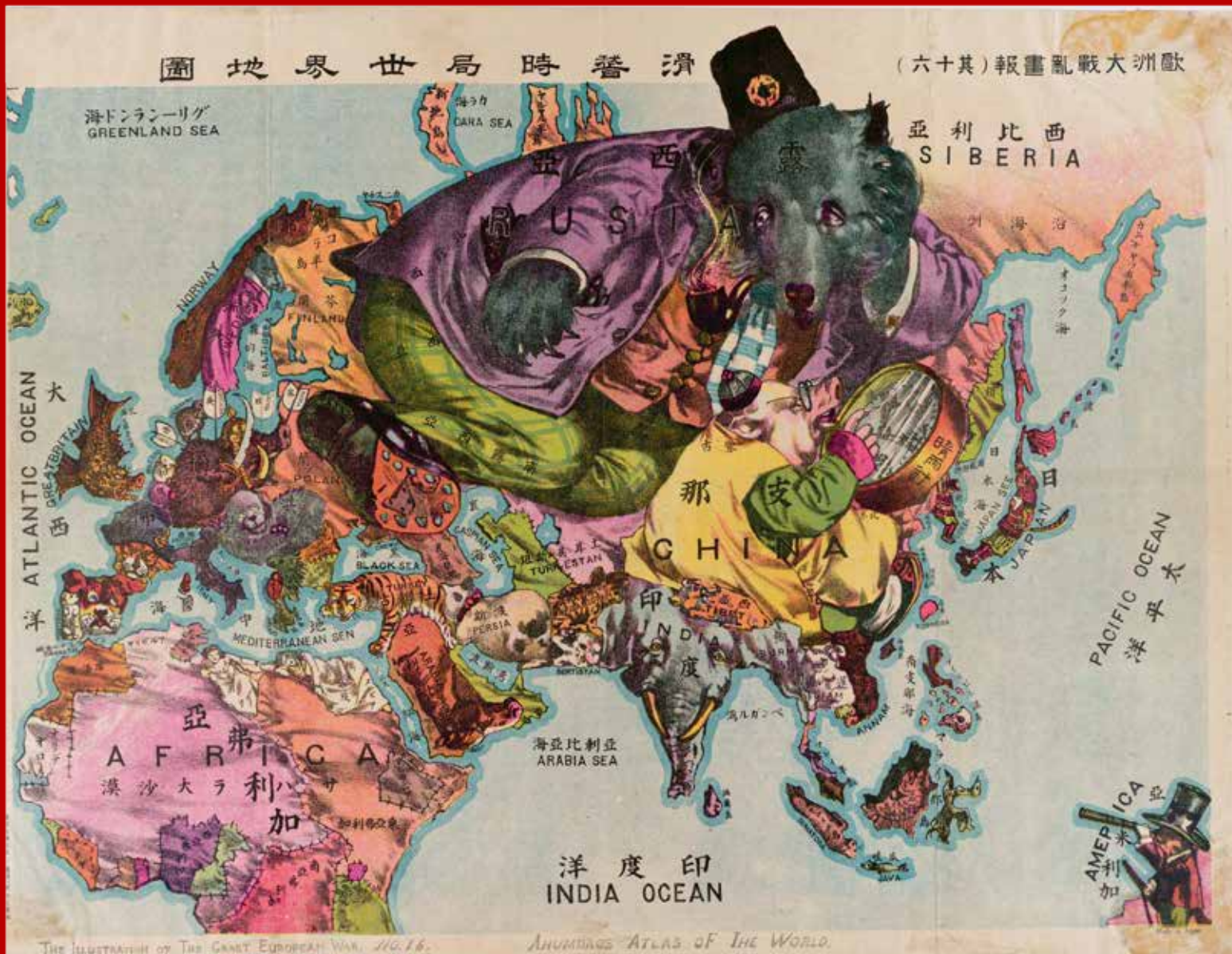




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The Peculiar Features of Russian Imperialism

A Marxist Study of Russia's Monopolies, Capital Export and Super-Exploitation

by Michael Pröbsting

English-Language Theoretical Review of the Revolutionary Communist International Tendency (RCIT), New Series No.59, September 2021

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Picture on the cover: World around 1900 - A Japanese Cartoon. (Source: Wikipedia, https://en.wikipedia.org/wiki/File:World_around_1900.jpg)

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The Peculiar Features of Russian Imperialism

A Study of Russia's Monopolies, Capital Export and Super-Exploitation in the Light of Marxist Theory

By Michael Pröbsting, International Secretary of the Revolutionary Communist International Tendency (RCIT), 10.08.2021

Introduction

In the last one, two years, it has become common knowledge among observers of the world situation that the escalation of the inter-imperialist rivalry between the Great Powers has resulted in a new Cold War. In fact, it is only a matter of time before this Cold War becomes hot, i.e. before it results in an armed confrontation between the powers.

Hence, the struggle for global supremacy between the Great Powers (U.S., China, Western Europe, Russia and Japan) has become a key axis around which the world situation revolves. This makes a concrete analysis of the respective Great Powers and the relations between them a crucial task for Marxists. Without such an analysis, it is impossible for Marxists to find a correct orientation in such conflicts. Only a concrete understanding of the imperialist nature of *all* Great Powers (i.e. both those in the West as well as those in the East) allows the elaboration and application of the Marxist approach; in other words, an approach which recognizes the reactionary character of any conflict between these states and the necessity of *revolutionary struggle against all of them*.

Since its foundation ten years ago, the RCIT has published a considerable amount of works on these issues including

our book *Anti-Imperialism in the Age of Great Power Rivalry*.

¹ We analyzed the historic decline of the U.S. as the long-time hegemon among the imperialist states ², the specific problems and contradictions of Western European imperialism ³, the extraordinary rise of China as a new Great Power and the consolidation of Russian capitalism after the traumatic 1990s and its emergence as a new imperialist power since then. ⁴

It is the issue of China's and Russia's class character which has provoked most controversy among Marxists. Many Stalinists, Bolivarians and also some pseudo-Trotskyists still view China as a "socialist" or a "deformed workers" state. Others recognize the completed restauration of capitalism in these countries but characterize China as well as Russia as "semi-colonial", "dependent" or "peripheral" countries which are supposedly dominated by the old imperialist powers. Clearly, it is much easier to repeat old formulas than to study and comprehend new developments!

At the time when we elaborated our analyses of the transformation of Russia (in 2001) ⁵ respectively of China (in 2010-12) ⁶, we were nearly alone at that time in recognizing the imperialist character of these states. This has changed to a certain degree over the years. Reality hits the face and even some of those Marxists, who usually proceed in their

Books of the RCIT

Michael Pröbsting: Anti-Imperialism in the Age of Great Power Rivalry

The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan. A Critique of the Left's Analysis and an Outline of the Marxist Perspective

In *Anti-Imperialism in the Age of Great Power Rivalry* Michael Pröbsting analyses the accelerating rivalry between the imperialist Great Powers – the U.S., China, EU, Russia, and Japan. He shows that the diplomatic rows, sanctions, trade wars, and military tensions between these Great Powers are not accidental or caused by a mad man in the White House. They are rather rooted in the fundamental contradictions of the capitalist system. This rivalry is a key feature of the current historic period and could, ultimately, result in major wars between these Great Powers.

Anti-Imperialism in the Age of Great Power Rivalry demonstrates the validity of the Marxist analysis of modern imperialism. Using comprehensive material (including 61 Tables and Figures), Michael Pröbsting elaborates that a correct understanding of the rise of China and Russia as new Great Powers is crucial for assessing the character of the current inter-imperialist rivalry.

In *Anti-Imperialism in the Age of Great Power Rivalry* Michael Pröbsting critically discusses the analysis of modern imperialism by a number of left-wing parties (left social democrats, Stalinists, Trotskyists and others). He demonstrates that most of these orga-

nizations fail to understand the nature of the Great Power rivalry and, consequently, are not able to take an internationalist and revolutionary stance.

The author elaborates the approach of leading Marxist figures like Lenin, Trotsky and Luxemburg to the problems of Great Power rivalry and imperialist aggression against oppressed peoples. He outlines a Marxist program for the current period which is essential for anyone who wants to change the world and bring about a socialist future.

The book contains an introduction and 29 chapters plus an appendix (412 pages) and includes 61 figures and tables. The author of the book is Michael Pröbsting who serves as the International Secretary of the RCIT.

Anti-Imperialism in the Age of Great Power Rivalry

The Factors behind the Accelerating Rivalry between the U.S., China, Russia, EU and Japan
A Critique of the Left's Analysis and an Outline of the Marxist Perspective



By Michael Pröbsting

Published by the Revolutionary Communist International Tendency

thinking without dialectics and creativity, can no longer deny the facts.

Nevertheless, there are still numerous self-proclaimed Marxists who emphatically deny the imperialist character of China and Russia. This thesis usually serves as justification for their social-imperialist policy of siding with these power in the inter-imperialist rivalry.

In the text at hand, we will focus on some issues concerning the analysis of Russian imperialism. The discussion about Russia's class character has become once more highly actual given the shooting incident in the Black Sea between a British naval destroyer and Russian forces in June this year. At this point we will not deal with this incident which we have done extensively in other documents.⁷

The skirmish in the Black Sea has provoked widespread interest in Russia as a Great Power. Unsurprisingly, numerous Stalinist and semi-Stalinist forces were spurred by this event to launch two *Joint Statements* in support of Russia (and China). We will not repeat our critique of these social-imperialist supporters of the two Eastern Great Powers and refer interested readers to a recently published pamphlet dealing with this issue.⁸

Another Denial of Russia's Imperialist Character

However, other – more thoughtful – critics of the Marxist analysis of Russian imperialism have also used the incident in the Black Sea, to restate their case. An example for this is the "*Bolshevik Tendency*" (BT) – an organization which originates from the so-called *Spartacist* tendency, a notorious Stalinophile current which supported the repression of the Soviet bureaucracy against workers uprisings (e.g. in Poland 1980/81). It is the product of a split three years ago (with the IBT) and one of the main differences for this rupture was the characterization of Russia. While their former comrades recognized the imperialist character of Russia, the comrades, who are now in the BT, refused to do so.

A few weeks ago, the BT published an article on the skirmish in the Black Sea, in which they restated their social-imperialist support for Russia based on the thesis that the latter would constitute a "*non-imperialist state*". "*Genuine Marxists unequivocally defend Russia against NATO/UK/US bullying and aggression, just as we do Iran, Venezuela and other potential targets. We of course offer no political support to the anti-working class regimes in those countries, while at the same time stating unequivocally that in the event that escalating hostilities turn into a hot conflict we stand for the defeat of the imperialist aggressors and the defense of their intended victims.*"⁹

They also criticized those who recognize its imperialist class character. In this context they polemicized against the analysis of the RCIT (as well as against their former comrades in the IBT and the pro-Zionist British AWL group). Unsurprisingly, they criticize that the RCIT "*openly took a dual defeatist position on any conflict between NATO and either Russia or China.*"

As part of their polemic against our analysis, they raised the following argument: "*The many ostensibly revolutionary organisations that hailed the 2014 U.S.-engineered coup as a popular uprising, and opposed the accession of Crimea to Russia despite the overwhelming endorsement of the affected population, did so on the grounds that Russia is "imperialist."* Yet

unlike actual imperialist powers, whose predatory relationships with colonies or semi-colonial countries centre on pumping value out of them, Russia's weak capitalist class have not invested in establishing factories, mines or plantations; nor have they undertaken to build the transportation infrastructure—railway, ports, canals etc.—necessary to exploit such assets. In fact, rather than economically exploiting its dependents and allies in the Commonwealth of Independent States (all former Soviet republics), the Kremlin has been subsidizing their economies by supplying energy at prices substantially discounted from current world market rates. To our knowledge, none of the assorted impressionists and "Marxist" muddleheads who so glibly proclaim Russia to be "imperialist" have made any serious attempt by explain exactly how this is supposed to work. The economic inputs/subsidies are certainly no secret."

Let us note in passing, that the RCIT at no point supported or sympathized in any way with the reactionary *Maidan* uprising in the Ukraine in spring 2014. Quite the opposite, we denounced it from the very beginning.¹⁰

In the text at hand, we will focus on defending the Marxist analysis of Russia as an imperialist Great Power. The comrades of the BT are not the first and most likely not the last who deny Russia's imperialist class character and in our past works on Russian imperialism we have already dealt with a number of these critics.

For such purpose, this pamphlet shall provide an update of our analysis of Russian imperialism. More concretely, we will deal with Russia's economy, its monopolies and their relationship with other countries. Hence, we will not deal with the political and military aspects of Russian imperialism – something which we have done extensively in other works.

Such an update of our economic analysis of Russia is useful since the last time did such a comprehensive work is already seven years ago. However, there is also another reasons which makes such a study necessary. Various self-proclaimed Marxist organizations which deny Russia's imperialist character base their position on the (supposed) weakness of Russia's monopolies in terms of capital export. Related to this, they deny an imperialist relationship of super-exploitation between Russia and various semi-colonial countries in the *Commonwealth of Independent States* (CIS).¹¹

As we have dealt already several times with the issue of theory of imperialism in general and with Russian imperialism in particular, we will not repeat our whole analysis and refer readers to the respective works. Hence, the pamphlet at hand should be understood as a continuation of our past studies in which we dealt with the Marxist theory of imperialism, the rise of China and Russia as new Great Powers and the subsequent acceleration of the inner-imperialist rivalry.

The Methodological Failure of our Critics

Those who deny Russia's imperialist character often point to its relatively weak economy (compared with the U.S.). However, such an approach is incompatible with the Marxist theory of imperialism, it is rather a kind of economist caricature. As we have pointed out on various occasions, it is alien to Lenin's or Trotsky's approach to reduce the analysis of an imperialist state to the volume of its capital export. Certainly, this is an important criterion

but by far not the only one. There have always been imperialist states with different features. As we substantiated by a number of historical statistics, there existed several imperialist powers in the past which were characterized by the Marxist classics as “imperialist” despite having only a relatively small amount of capital export or no net capital export at all. Examples for this are Russia before 1917, Italy, Austria-Hungary or Japan.¹²

We have demonstrated in past works that Russia before 1917 was not a net capital exporter, i.e. it received far more foreign investments from Western imperialist countries than it invested itself abroad. Here is the conclusion of another overview of Russia’s history of foreign investment in a recently published book: “[F]rom 1881–1914, Russia was an FDI (Foreign Direct Investment, Ed.) net importer, being not developed enough an economy to significantly invest abroad. In 1913, FDI inflow amounted to 553 million – a third of total capital investment in the Russian industry this year – and was markedly larger than OFDI (Outward Foreign Direct Investment, Ed.) in the balance of payments. France (31 percent of total), England (24 percent), Germany (20 percent), Belgium (14 percent), and the USA (5 percent) were the primary sources of IFDI. (Inward Foreign Direct Investment, Ed.) (...) The other way round, Russian enterprises began to invest abroad in the last two decades of the nineteenth century in China, Mongolia, and Persia. From 1886–1914, Russia’s cumulative capital exports amounted to about 2.3 billion. In 1914, the current value of Russian OFDI stock reached \$3.8 billion, far below the British (\$18.3 billion), the French (\$8.7 billion), and the US (\$7.1 billion) ones, but ahead of Canadian OFDI of \$3.7 billion. Before 1914, a few Russian banks had settled agencies in Western Europe while a number of foreign banks had shares in the capital of Russia’s domestic banks. Linked to French purchases of Russian state bonds, the French banking industry had spread into Russia: in 1914, Société Marseillaise de Crédit Industriel et Commercial held a 21 percent share in the Bank of Azov on Don, Paribas a 37 percent share in the Bank of Siberia in Saint Petersburg, Crédit Mobilier a 57 percent share in the Bank for Private Trade in Saint Petersburg, and Société Générale a 65 percent share in the Russian-Asian Bank.”¹³

Irrespective of these facts, Lenin and the Bolsheviks never had any doubt that Russia before 1917 was an imperialist Great Power. We have provided numerous quotes demonstrating this.¹⁴ Obviously, the Marxist classics were fully aware of the economic weakness of Tsarist Russia. But they did not approach the question of imperialism in a mechanistic and economic way but rather applied a dialectical approach. Such Lenin wrote in 1916: “The last third of the nineteenth century saw the transition to the new, imperialist era. Finance capital not of one, but of several, though very few, Great Powers enjoys a monopoly. (In Japan and Russia the monopoly of military power, vast territories, or special facilities for robbing minority nationalities, China, etc., partly supplements, partly takes the place of, the monopoly of modern, up-to-date finance capital.)”¹⁵

Hence, Lenin’s theory of imperialism was never limited to the economic fields or even the field of capital export only. Hence, the RCIT has always emphasized that the class character of a given state is based not solely on a single criterion (like the volume of capital export) but rather on the totality of its economic, political and military features. It has been such an approach from which we derived our scientific definition for an imperialist state. As we have elabo-

rated in a number of works, the RCIT considers the following definition as most appropriate: *An imperialist state is a capitalist state whose monopolies and state apparatus have a position in the world order where they first and foremost dominate other states and nations. As a result they gain surplus-profits and other economic, political and/or military advantages from such a relationship based on super-exploitation and oppression.*

This brings us to the next, and related, methodological mistake of many Marxists. They often compare a given state with the U.S. and conclude from this that this or that country (e.g. China or Russia) could not be considered as “imperialist” as it is substantially weaker than the U.S. Hence, they ignore that the U.S. – as the long-time hegemon among the imperialist states – has unique features and is not a “model”. As a matter of fact, a number of imperialist states have uneven developed features. Germany and Japan, for example, have not deployed their military abroad since 1945 (Japan) or have done so only as subordinated components of US/NATO-led interventions (Germany). Neither of the two has nuclear weapons – in contrast to economically weaker states like India, Pakistan or North Korea. South Korea has become an imperialist state with similar economic strength like France or Britain but remains far behind those in the military field.

Russia’s Economy: Dominated by Domestic, not Foreign, Monopolies

In contrast to Germany or Japan, Russia is a superpower in the military but not in the economic field. It is the second largest military power – only behind the U.S. It has a total inventory of nuclear warheads of 6,255 (the U.S: has 5,550) and its share of global arms exports is 20% (only behind the U.S. which has 37%).¹⁶

However, in terms of monopolies and capital export, Russia does not have a similar strong position. In the latest edition of the *Forbes Global 2000* list, Germany has 6 corporations among the top 100, France 4, Britain 3, and Russia 2.¹⁷ Other lists rank Russia even worse.

Nevertheless, as we have demonstrated in our 2014 study and other works, Russia’s imperialist character can be derived not only from its military but also from its economic features. We have emphasized that the starting point of the Marxist analysis of imperialism is the domination by monopolies. Such Lenin wrote in *Imperialism and the Split in Socialism* – his most comprehensive theoretical essay on imperialism: „We have to begin with as precise and full a definition of imperialism as possible. Imperialism is a specific historical stage of capitalism. Its specific character is threefold: imperialism is monopoly capitalism; parasitic, or decaying capitalism; moribund capitalism. The supplanting of free competition by monopoly is the fundamental economic feature, the quintessence of imperialism.”¹⁸

Various self-proclaimed Marxists characterize Russia as a “dependent” or “peripheral” and suggest – or explicitly claim (like David North’s WSWS/ICFI¹⁹, the PO/Altamira/CRCI tradition²⁰ or the whole Spartacist tradition) – that Russia is dominated by or dependent of foreign monopolies (corporations, banks, etc.). As a matter of fact, this is not true. Russia’s economy is first and foremost dominated by Russian monopoly capital. A recently published academic book about Russia’s economy arrives at the conclusion that “the proportion of investment in Russian, foreign,

and joint venture companies kept the same for the past five years: 86.3%, 7.3%, and 6.4%, respectively.”²¹ (See Table 1)

This is also the case in the banking sector. In fact, as another recently published book outlines, the share of foreign capital in Russia’s banking sector has declined in the past decade. “In October 2018, 150 foreign banks operated in Russia, including 63 foreign-controlled banks with 100% foreign share; 17 foreign-controlled banks with foreign shares of 51–99%; and 70 foreign banks with capital participation of less than 50%. The number of foreign banks has steadily declined from 2014 to 2018, suggesting that foreign investors may be reconsidering their investment plans in Russia. Foreign-controlled banks with foreign shares of 51–99% and foreign banks with capital participation of less than 50% decreased by 63% and 54%, respectively. The foreign banks’ share in the total charter capital of the Russian banking sector declined from 23% in 2014 to 13.44% in October 2018. It should be noted that about 11% of foreign banks are significantly controlled by Russian residents.”²³ (See also Table 2)

In addition, Russia has no significant debts to foreign imperialist institutions (in contrast to many semi-colonial countries). Its public debt was only 18% of GDP at the end of 2020. “Out of Russia’s total foreign debt of \$470 billion, only \$66 billion was government debt, of which \$21 billion was in foreign currencies and \$43.8 billion in ruble-denominated bonds, according to the Central Bank of Russia. Of the remaining foreign debt, \$72.5 billion was held by banks (presumably almost exclusively state-owned banks) and \$318.5 billion by other corporations.” It has steady current-account surpluses and its international currency reserves is at \$596 billion at the end of 2020 (making it the state with the fifth-largest foreign exchange reserve in the world).²⁵

It is worth pointing out that Russia’s capitalism differs from the Western “model” insofar as the state occupies a crucial position. A considerable number of its monopolies represent a mixture of state-owned and private shares; hence state-capitalism is an essential feature of Russia’s economy (by the way, the same is true to an even larger degree for China). According to a recent IMF study, the share of the Russian state in the economy (calculated as GDP) in 2016 was in a range of 30–35%. The report continues: “Correcting for the size of the informal sector in value added and employment pushes the Russian state’s share significantly up, to almost 40 percent of formal sector activity, and shy of 50 percent of formal sector employment.”²⁶

A group of Russian economists summarizes the peculiar character of Russian capitalism with its dominance by a few oligarchs who are closely linked with the state in the following way: “In the Russian private sector big business is dominating - 400 leading companies (with annual sales not less than \$384 million in 2014 including state-controlled corporations) are producing 41% of Russian GDP. It is important to note that a typical Russian big private company is controlled not by numerous stake holders but a very limited number of individuals (i.e., oligarchs) many of whom hold posts of CEOs in their own companies. For instance, about 22% of stocks of the biggest Russian private company LUKOIL are owned by its president V. Alekperov, and 9.7% by vice president L. Fedun. The majority of Russian oligarchs has acquired their assets due to accelerated privatization policy of the 1990s being affiliated with federal and regional bureaucracy. (...) Therefore oligarchs are politically correct with this bureaucracy but to insure their assets they transmit their assets titles to offshore successfully

combining it with tax evasion. For instance, all leading Russian metal companies wholly (100% of Metalloinvest) or partially (86% of MMK and NLMK, 51% of Severstal, substantial parts of Evraz and RUSAL) formally belong to offshore firms established by their Russian owners. This oligarch business capitalism co-exists with the state capitalism. For example, out of 19 leading Russian oil companies 13 are private (LUKOIL is the biggest) and 6 are state-controlled (Rosneft is the biggest).”²⁷

We see a similar picture in the financial sector which is dominated by state-owned banks with close relations with Russian oligarchs. According to another study “state-owned banks now dominate, distributing more than 65 percent of retail loans and 71 percent of corporate loans in 2016.”²⁸

This figure indicates that crucial role of state-capitalism in Russia. In fact, the role of the state has substantially increased since Russia has become an imperialist power and, in particular, since the acceleration of the Great Power rivalry. According to a study of Russian economists, “in 2015, the share (contribution) of state-owned enterprises in the GDP was near 29%–30% and the total contribution of the public sector was near 70% (compared to 35% in 2005).”²⁹

At this point we will not go into detail about the reasons for the prominent place of state-capitalism in Russia. Sufficient to say that this development is basically related to the weak nature of the domestic capitalist class which emerged as a new class after the collapse of the USSR as a degenerated workers state in 1991. Add to this the traditionally strong role of the state throughout Russia’s history. In any case, such a crucial role of the new capitalist state was an important precondition for preventing foreign capital to achieve a dominant position in Russia’s economy during the chaotic and destructive process of capitalist restoration in the 1990s.³⁰

Capital Export and the Problem of “Round-Tripping” Foreign Direct Investments

Russia’s volume of foreign direct investment (FDI) is not insignificant albeit, as we will see later, there exist various problems with official statistics. But let us start the list of the top 15 countries which receive Russian FDI resp. from where FDI in Russia originates. In Table 3 we see the stock of accumulated capital with the list of the top 15 countries for each category for the years 2013 as well as for 2018.

As the reader will recognize, this list includes a number of destinations which are well-known as offshore tax havens: Cyprus, the British Virgin Islands (BVI), Bahamas, Bermuda, Jersey etc. Likewise, the Netherlands are also a tax heaven highly appreciated by oligarchs. We have pointed to this issue already in our study of 2014. As we stated at this place, this does not necessarily mean that Russian FDI to such destinations is simply capital flight. As the Table shows, there is also a large volume of FDI originating from the very same tax havens. Economists call this *round-tripping*. Russian capitalists “invest” in foreign offshore destinations and, in turn, invest from these destinations in Russia. Hence, round-tripping leads to Russian FDI being overestimated in both directions. A major reason for Russian multinationals to “invest” in such offshore destinations is the strategy to minimize taxes.³²

Furthermore, Russian monopolies also use such offshore destination for foreign investments in third countries. A Russian economist explains: “A company may consider in-

Table 1. Share of Investment in Russia by Russian, Foreign, and Joint Venture Companies, 2015 ²²

<i>Origin of Investment</i>	<i>Share of Investment in Russia</i>
Russian Companies	86.3%
Foreign Companies	7.3%
Joint Venture Companies	6.4%

Table 2. Share of Foreign Banks in Russian Banking Sector, 2014 and 2018 ²⁴

	2014	2018
Share of Foreign Banks	23%	13.44%

Table 3. Top 15 Host Countries for Russian OFDI stock and Top 15 Sources of Russia’s IFDI Stock, in 2013 and 2018 (Millions of Dollars) ³¹

<i>OFDI stock from Russia</i>				<i>IFDI stock in Russia</i>			
2013		2018		2013		2018	
Cyprus	152,702	Cyprus	172,461	Cyprus	183,276	Cyprus	126,366
BVI	74,412	Netherlands	40,415	Netherlands	48,948	Netherlands	40,309
Netherlands	45,012	Austria	26,710	Bahamas	31,964	Bahamas	39,031
Austria	25,500	Switzerland	17,760	Bermuda	29,565	Bermuda	29,830
U.S.	20,943	BVI	11,277	UK	21,759	Luxembourg	19,561
Switzerland	12,096	Bahamas	8806	BVI	18,925	France	17,291
Germany	9607	Turkey	8229	Germany	18,898	Germany	16,410
UK	7901	Germany	8125	U.S.	17,979	UK	14,933
Bahamas	6416	U.S.	7332	Sweden	16,176	Switzerland	11,029
Ukraine	5968	Spain	6441	France	14,075	BVI	10,356
Turkey	5277	UK	6378	Luxembourg	12,780	Jersey	9945
Spain	4772	Belarus	3960	Austria	11,816	Ireland	5824
Jersey	4128	Singapore	3471	Switzerland	6040	Austria	5604
Belarus	4089	Kazakhstan	3302	Ireland	5210	Italy	4626
France	3629	Ukraine	3104	Jersey	5013	Sweden	4531

Legend: BVI is British Virgin Islands; UK is United Kingdom; U.S. is United States



Publications of the RCIT

The Origins of the Jews

By Yossi Schwartz, July 2015

- Chapter I: What are the origins of the Jews?
- Chapter II: The Rise of Anti-Semitism
- Chapter III: Anti-Semitism and Zionism
- Chapter IV: The Russian Revolution: Bolshevism, the Bund, and Stalinism

vesting in China from other jurisdictions commonly used by Russian business to accumulate profit, such as the Netherlands, or Cyprus. Importantly, the investing structure should not include Russian nationals as directors to avoid falling under “Russian investment check”, although, banks still have the discretion to request disclosure of the entire ownership structure, including the ultimate beneficial shareholders.”³³

Another report by Russian economists indicates that while official Russian FDI in Kazakhstan is relatively small, in reality it might be much bigger given the large FDI originating from the Netherlands (which is a favorite destination of Russian monopolies as mentioned above). “For Kazakhstan, the situation is opposite: Russia-originating FDI adds up to only 2.5 percent of total inward stock. However, the Netherlands’ share is more than 40 percent. Many Russian companies are registered in the Netherlands, or arrange there their affiliates to conduct business abroad. Due to this, revealing the initial origin of Dutch FDI to Kazakhstan could increase the share of Russian FDI several fold.”³⁴ Naturally, such FDI is not counted in the statistics as Russian OFDI.

As a result, a sizeable proportion of “foreign investment” in Russia is in fact Russian investment (“coming home” under favorable tax conditions). Furthermore, Russian corporations also undertake foreign investments in other countries from such offshore centers. Obviously, such complications make a concrete estimation of real Russian foreign investment resp. foreign investment in Russia difficult. A Finish university professor, who has studied this problem in detail, arrives at the following conclusion. “According to the Central Bank of Russia (CBR), as of the end of 2014, two-thirds of Russian OFDI stock has landed in the EU, including Cyprus. However, the geographical distribution of the Russian OFDI stock should not be taken too literally, as a great part of the Russian OFDI does not stay in the first foreign country it has been invested in. It is impossible to state precisely how much Russian capital has stayed abroad, and how much has returned to Russia. However, an analysis of six possible capital round-tripping countries, namely the Bahamas, Bermuda, the British Virgin Islands (BVI), the Cayman Islands, Cyprus, and Jersey sheds some light to this mystery. The share of the aforementioned six island states, in the Russian OFDI stock, was 40 percent at the end of 2014. Correspondingly, the share of these countries in the Russian inward foreign direct investment (IFDI) stock was practically the same. Due to such “islandization”, the true amount of Russian FDI abroad at the end of 2014, was probably closer to \$250 billion rather than \$432 billion, a figure reported by UNCTAD. This “offshorization” of the Russian FDI also leads the author to conclude that one could probably reduce Russia’s official IFDI stock by 40–50 percent, to discover the true size of Russia’s IFDI stock.”³⁵

However, the Putin regime tries to reduce the amount of round-tripping capital in order to raise the state’s tax income. “A new Russian anti-offshore law took effect in January 2015, aiming to prevent the cash drain from Russia to offshore centres, the use of cross-border tax evasion schemes and, thus, to reduce round-tripping investment.”³⁶ While round-tripping still exists, it seems to have been reduced. The World Bank reports: “The Russian anti-offshore law adopted at the end of 2014 is reducing the scale and scope of round-tripped FDI: from 2013 to April 2019, the FDI stock of Cyprus in Russia decreased by 25 percent.”³⁷ Currently, the Putin regime tries to reduce also the volume of Russian capital moving to the Netherlands. “The role of the Netherlands as a convenient tax haven

may change in 2021 as the Kremlin, in its hunt for more tax revenues, is seeking to bring more Russian companies onshore and is threatening to end the double tax treaty arrangement that encouraged so many Russian firms to incorporate there. Cyprus has already succumbed to an increase in the duty, but Cyprus is much more heavily dependent on Russian business than the Netherlands, where talks are ongoing, so the outcome of this negotiation is still uncertain.”³⁸

“Phantom FDI”: No Russian Peculiarity but a Global Phenomenon

The vast amount of Russia’s round-tripping foreign investment has been often cited as an example of the weakness of Russia’s capital and as proof of its non-imperialist character. In our 2014 studies on Russia, we argued against this view that Russia is not the only country where capital is flocking to financial offshore centers and that such phenomenon exists also in other imperialist countries. Since we stated this viewpoint several years ago, a few highly interesting have been published which analyzed this issue in much detail. This new research strongly confirms our assessment. One study estimates: “According to the Special Report of the Economist on Offshore Finance the world has 50–60 tax havens, which serve as domicile for more than 2m paper companies, along with thousands of banks, funds and insurers. The Report estimates that over 30% of global foreign direct investment is booked through havens.”³⁹

Another more recently published study estimates that the share of such “Phantom FDIs” has even increased since then to 40% of all global FDI! “In 2017, the authors estimate that FDIs worth US\$15 trillion out of US\$40 trillion are not related to real activity and can be labelled ‘Phantom FDIs’. The share has been growing from just above 30 per cent in 2009 to almost 40 per cent in 2017.”⁴⁰

Some readers might assume that such “Phantom FDI’s” are a feature only of weak economies of the so-called “Third World”. In fact, this is simply not true. First, it would be absurd to imagine that the poor countries would have so much capital. No, it is first and foremost the imperialist states where most of capital has its home. Furthermore, detailed research have shown that the Western imperialist states in the OECD are a major source of “Phantom FDI’s”. “The results shed new light on the determinants of offshore FDI. To start with, we show that it is pervasive, affecting wealthy as much as developing countries. Surprisingly, given its intangible nature, offshore FDI appears as sensitive to physical distance as real FDI. While colonial history seems to have little direct bearing on real FDI, offshore FDI links are particularly strong between colonial powers and their current and former colonies. With respect to economic agreements, we demonstrate that the OECD, while leading an agenda against tax evasion, has more actively suppressed offshore FDI outside of than within its membership. In the realm of taxation, both real and offshore FDI are routed along zero withholding tax pathways, confirming that firms organize themselves to maximize the tax efficiency of internal capital movements. In this respect, we find evidence of widespread third-country ‘treaty shopping.’ Finally, contrary to expectations, we find no relationship between offshore FDI and either rule of law or communist history.”⁴¹

While there has been much talk about closing such tax havens, the reforms implemented by the OECD states only reorganized the system but did not abolish it (at least until

now). “Politically, the most important finding is the apparent confirmation of widespread complaints that OECD-led anti-tax haven initiatives have had powerful, but ultimately perverse impacts on offshore finance. Rather than reducing the overall level of offshore tax evasion/avoidance, these appear to have produced a hierarchical reorganization of offshore finance within which ‘inside renegade’ OECD Offshore Financial Centers (OFC) have been the primary beneficiaries, and the weakest and most marginal OFCs have been the principal losers. In contrast, the EU initiatives appear to have had few if any effects as of year-end 2010.”⁴²

In summary, round-tripping foreign investment or “Phantom FDI” are by no means Russian peculiarity but rather a global phenomenon. It takes place in Western as well as in Eastern imperialist countries. There is no justification to use the amount of Russia’s “Phantom FDI” as an argument for its alleged “non-imperialist” character.

Russia’s Leading Multinational Corporations and their Foreign Investments

As the quote above demonstrates, our critics assume that Russia’s foreign economic relations with semi-colonial countries are focused not on profit and exploitation but rather on subsidizing these economies. “In fact, rather than economically exploiting its dependents and allies in the Commonwealth of Independent States (all former Soviet republics), the Kremlin has been subsidizing their economies by supplying energy at prices substantially discounted from current world market rates.”

Again, this is a caricature of true facts. As a matter of fact, Russia’s foreign investment is based – like foreign investments by other countries – on profit-interests by private and state monopolies. Let us provide a brief overlook

about the leading Russian multinationals. In Table 4 we provide a list published by UNCTAD which shows the 15 largest Russian non-financial monopolies ranked by their foreign assets.

There are several noteworthy facts deriving from this table. First, these 15 leading monopolies play a very dominant role in Russia’s outward FDI. Its combined foreign assets of \$105.1 billion represent a large proportion of Russia total foreign capital stock – even if the total amount is not \$250 billion but \$432 billion. UNCTAD calculates that “at the end of 2017, the 15 largest Multinational Enterprises (excluding such big State-owned banks as Bank VTB and Sberbank) accounted for 28 per cent of the country’s outward FDI stock.”⁴⁴

Secondly, we see that state-owned corporations play a prominent role, but private monopolies dominate the list (9 out of 15). An economist reasonable assumes that “Phantom FDI” is undertaken by private and not by state-owned monopolies. However, even if one takes this into account, private multinationals will still account for about ¾ of Russian outward FDI. “However, if it is assumed that private corporations are behind the majority of the capital round-tripping, which accounts for roughly 40 percent of Russia’s OFDI stock, this may lead to a situation where up to a quarter of Russia’s “real” foreign assets could be in the hands of Russian SOEs. This would, nevertheless, mean that three-quarters of Russia’s OFDI stock would still be in private hands, and thus the author argues that Russian OFDI continues to be dominated by private corporations with versatile relations to government policies.”⁴⁵

Thirdly, we see that the oil and gas sector and the metal industry play a leading role in Russia’s investments abroad. However, as an economist points out, Russia’s monopolies play a role in a wide range of business sectors. “The oil and gas sector and the metal industry dominate Russian OFDI.

Table 4. Largest Russian Non-Financial MNEs, by Foreign Assets, 2017⁴³

Rank	Company	Industry	Foreign assets (Billions of dollars)	Share of foreign assets in total assets (%)	State ownership (%)
1	Lukoil	Oil and gas	24.3	27	–
2	Gazprom	Oil and gas	19.5	6	50.2
3	Rosneft	Oil and gas	17.6	8	69.5
4	Sovkomflot	Transportation	5.7	78	100.0
5	Severgroup	Conglomerate	5.4	..	–
6	En+	Conglomerate	5.0	23	–
7	Atomenergoprom	Nuclear energy	4.7	9	100.0
8	Evrast	Steel	3.7	36	–
9	Russian Railways	Transportation	3.5	5	100.0
10	TMK	Steel	2.0	36	–
11	Eurochem	Chemicals	1.7	17	–
12	Sistema	Conglomerate	1.5	8	–
13	NLMK	Steel	1.5	14	–
14	Zarubezhneft	Oil and gas	1.2	38	100.0
15	Polymetal	Non-ferrous metals	1.0	32	–
Total or average			105.1	12	..

The three largest Russian corporations in the hydrocarbon business outside Russian borders are Lukoil, Gazprom, and Rosneft. In the metal business, Russia's global leaders are probably Evraz, Severstal, Mechel, and Rusal. However, Russia's foreign business expansion is not limited to natural resource-based sectors: Companies operating in manufacturing and services have also expanded outside Russian borders. As an example, machine building (GAZ and OMZ), electricity generation (INTER RAO UES and Atomenergoprom), chemicals (Eurochem and Agron), foodstuffs (Wimm-Bill-Dann), telecommunications (Sistema, Vimpelcom and MTS), information technology (LANIT, IBS and Kaspersky Lab), transportation (Sovcomflot, Globaltrans, Russian Railways), banking (Sberbank, Gazprombank and Alfa-bank), and media (CTC Media and Interfax) among several other sectors can be mentioned." ⁴⁶

Another, more recent, study of Russia's multinationals presents the following picture. "Out of the 15 leading non-financial Russian multinationals ranked by foreign assets in 2017, four were in metallurgy, four in oil and gas, two in transportation and one in chemicals and one in nuclear energy. Three leading Russian multinationals are conglomerates. In contrast, the industrial distribution is much more diverse in the second echelon of Russian multinationals. In Europe, Asia and Africa, the sectoral distribution of Russian OFDI is quite diversified, while in North America, Russian FDI has mainly been delivered by metallurgical multinationals. According to IMEMO's FDI project database, in non-CIS Eurasia, at the end of 2016, most Russian OFDI stock was directed at oil and gas (34.3 per cent), communication and IT (19.7 per cent) and finance (12.9 per cent). Ferrous metals have witnessed the most noticeable decline in their share of the Russian OFDI stock. According to Eurostat, the service sector accounted for 80.7 per cent of Russian FDI stock in the EU at the end of 2016. The electricity, gas, steam and air conditioning supply sector (4.0 per cent) and private real-estate activities (3.3 per cent) are still also worth mentioning. Foremost among service sectors are financial and insurance activities (47.9 per cent), though professional, scientific and technical activities (22.4 per cent) play a notable role as well. However, in our view, this gives a distorted picture due to SPEs and transactions via third countries." ⁴⁷

As the quote above shows, our critics claim that Russian monopolies operating in semi-colonial countries would not refrain from investments. An UNCTAD report from last year reports about the decline in profits for Russian (as well as many other) multinationals. ⁴⁸ At the same time, the report also provides figures which reflect substantial capital accumulation of these monopolies financed by their massive profits. "After the onset of the COVID-19 crisis, the projected earnings of the 36 largest Russian MNEs were revised down 41 per cent, similar to the revisions for other emerging-market MNEs. This development limits the capacity of Russian MNEs to reinvest their earnings, which accounted for almost two-thirds of their outward FDI in 2019 and more than one-third in the previous three years." ⁴⁹

In short, we see that Russian multinationals investing abroad suffer the same problems as other capitalist monopolies. They make substantial profits, suffer losses during recession and reinvest a large proportion of their earnings. No, there is nothing strange about Russian monopolies. They are not benevolent force subsidizing poor countries as our confused critics suggest. They look like imperialist monopolies, they smell like imperialist monopolies ... they are imperialist monopolies!

Imperialist Super-Exploitation via Capital Export

Like other imperialist monopolies, Russian capital is investing both in imperialist states as well as in semi-colonial countries. For reasons mentioned above ("round-tripping"), there are some difficulties to get an accurate picture of the destinations of Russia's capital export.

IMEMO (The Institute of World Economy and International Relations) – one of Russia's most prestigious think tanks – has tried to identify the major destinations of Russian capital export. It arrived at the following conclusion concerning foreign investment in countries outside the semi-colonial CIS in Eurasia. "Using a different methodology, IMEMO's FDI project database, incorporating projects for which FDI stock exceeds USD 3 million, perhaps gives a much more accurate picture than official data. Accordingly, at the end of 2016, the main destinations in non-CIS Eurasia were Italy, Germany, Great Britain, Turkey, Switzerland, Iraq and Bulgaria. This database shows minor Russian FDI stock in Cyprus. Likewise, real Russian FDI presence is much smaller in Luxembourg, Spain, Ireland, Latvia and the Netherlands than officially registered." ⁵⁰ Among the Eastern European countries, Bulgaria, Serbia, Romania, Czechia and Poland did also receive substantial amount of Russian foreign investments. ⁵¹

Russian monopolies also play an important role in the Eurasian countries albeit more in some than in others. Two Russian economists provide the following assessment. "In 2014, Russian OFDI to the EAEU was close to \$15.4 billion, which is equivalent to 4.0 percent of the total Russian OFDI. Both figures nearly doubled in two years (2012-14) after the creation of the Customs Union between Russia, Belarus, and Kazakhstan. This modest share could be twice as high, after the subtraction of FDI turnover from the total figures (about half of the \$388 billion Russian OFDI stock is located in Cyprus and the BVI). The role of Russian investments varies by country. For Belarus, Russia is the country of origin for 57 percent of FDI inward stock, while Cyprus and similar territories are responsible for less than 15 percent of that stock. For Armenia, Russian FDI are also significant (35 percent of the total inward stock). For Kazakhstan, the situation is opposite: Russia-originating FDI adds up to only 2.5 percent of total inward stock. However, the Netherlands' share is more than 40 percent. Many Russian companies are registered in the Netherlands, or arrange there their affiliates to conduct business abroad. Due to this, revealing the initial origin of Dutch FDI to Kazakhstan could increase the share of Russian FDI several fold. Russian investments in Kyrgyzstan are minor, both in absolute and relative terms. Substantial investments were promised for Kyrgyzstan, in order to make its EAEU accession more attractive, but the Russian economic problems of 2015-16 have put their implementation into question." ⁵²

The same authors conclude: "Russian OFDI to the EAEU appear modest in comparison with overall Russian OFDI. Precise calculations are difficult, due to capital round-tripping. Real flow are much higher than officially reported by the CBR or UNCTAD, since large Russian companies frequently arrange their acquisitions via offshore countries. Company data more adequately reflects the real presence and influence of Russian business in the EAEU countries." ⁵³

A. V. Kuznetsov, a renowned Russian economist, calculates that Russian foreign investment is substantially underestimated in Eurasian countries while overstated in

Latin America and the Caribbean. *"In 2014-2016, the CBR had significantly expanded the detailization of published data on Russian FDI. However, when analyzing their geography, the main problem remains unresolved, namely, account of investment in third-world countries through offshore companies and similar jurisdictions. Distortions in the official statistics, including mirror data of the central banks of countries that receive Russian FDI, are common to all of the recipient countries. However, in the post-socialist countries with their dysfunctional investment climate and desire of many businesses not to advertise their assets that were obtained in dubious privatization transactions, Russian companies use transshipment bases particularly often, which results in an underestimate of the role of Russian transnational corporations (TNCs) in the neighboring countries. In particular, as shown by monitoring mutual investments in the CIS countries, which have been ongoing in IMEMO since the end of 2011, the volume of Russian FDI stock is understated by at least 2.5–3 times in Ukraine, by 3–4 times in Kazakhstan, and by about 50% in Belarus. In contrast, in Latin America and the Caribbean, where a considerable part of offshores popular among Russian investors are located, the presence of Russian TNCs is overstated. According to our estimates of the size of Russian assets abroad at their actual location, Russian FDI in the Americas outside of the United States and Canada make up about 3 billion USD. This is about 15–30 times less than the figure officially published by the Central Bank data."*⁵⁴

There exist also figures for individual countries in the Eurasian region albeit one has to take into account the above-mentioned issue of distorted origin of foreign investment. According to one report, Russia is the fifth-largest foreign investor in Tajikistan with a share of 7% (China is the largest foreign investor).⁵⁵

In Kazakhstan, Russian monopolies are officially the fourth-largest investor. However, as mentioned above, its real share is certainly substantially higher given the fact that Netherlands – a major destination of Russian offshore investment – is suspiciously by far the largest foreign investor (29.1% in 2017).⁵⁶

Russian multinationals have an absolute dominant position in Uzbekistan. 55.6% of all foreign investment originated from Russia, with China being the second-largest investor (15%). *"Russia is a major foreign investor in Uzbekistan. Investment projects with investments from Russia include oil and gas production (9,016.3bln soms), information and communications (467.4bln soms), production of non-metallic mineral products (10.5bln soms), metallurgical industry (10.4bln soms) and many others."*⁵⁷

Having listed Russia's investments in some Eurasian countries, it is also important to recognize its limitations. It is, in particular, Chinese monopolies which are increasingly taking the lead – something not surprising given the economic superiority of the new Great Power. However, Moscow tries to find a modus vivendi with Beijing.⁵⁸ *"Russia and China also reached an understanding on Central Asia. As described by analysts of their relations, "Moscow and Beijing found ways to divide their influences, with China dominating the energy realm and Russia the security realm". Russia's power in Central Asia was primarily, though not exclusively, based on military capabilities. (...) While Russia has the ambition to preserve economic influence in the region, it is increasingly unable to compete with Beijing and has learned to accept China's lead in exchange for Beijing's recognition of Russia's military and political dominance in the former Soviet region. In the mean time, Chinese military attention is directed less at Central Asia*

Books of the RCIT

Michael Pröbsting: The COVID-19 Global Counterrevolution

What It Is and How to Fight It

A Marxist analysis and strategy for the revolutionary struggle

In *The COVID-19 Global Counterrevolution* Michael Pröbsting analyses the dramatic events in spring 2020 which have opened a new historic era. A triple crisis has shocked the world. The Third Depression has begun, characterized by a devastating economic slump of the capitalist world economy which is certainly no less dramatic than the crisis which started in 1929.

In addition, there is a wave of anti-democratic attacks of a scale which has not been seen in the imperialist countries since 1945. This has triggered a global turn towards Chauvinist State Bonapartism and the creation of a monstrous Leviathan-like state machinery.

And finally, the world faces COVID-19 – a pandemic which endangers many lives and which is exploited by the ruling classes in order to spread fear, to deflect attention from the capitalist causes of the economic crisis and to justify the turn towards chauvinist state bonapartism.

The COVID-19 Global Counterrevolution also shows that large sectors of the reformist workers movement and the

so-called left fail to understand the meaning of this triple crisis. Similar to the situation in 1914 after the beginning of World War I we can observe a gigantic wave of opportunist capitulation by many self-proclaimed socialists as they support or at least do not denounce the global lockdown and the suppression of democratic rights which the ruling classes are imposing in the name of combat against the pandemic. *The COVID-19 Global Counterrevolution* offers a Marxist analysis of this historic crisis and elaborates a revolutionary perspective for the struggles ahead.

The book contains an introduction and 6 chapters plus an appendix (176 pages) and includes 5 figures and a diagram.

The COVID-19
Global
Counterrevolution

What It Is and How to Fight It

By Michael Pröbsting



Published by the Revolutionary Communist International Tendency

than the regions of East Asia and the Asia Pacific. In the Central Asian region, Beijing deployed no troops and expressed no desire to lease any military facilities. Therefore, from a military standpoint, Russia remains the regionally dominant power.”⁵⁹

UNCTAD reports that Russian monopolies are also trying to build a presence in Africa. “Russian MNEs are expected to continue searching for investment opportunities on the African continent, encouraged by a public initiative adopted at the first Russia–Africa Summit and Economic Forum in 2019. The annual volume of Russian FDI in Africa is usually small. However, there have been exceptions. In 2019, for example, the Congo received Russian FDI flows of \$779 million as Lukoil, the country’s largest outward investor, bought 25 per cent of gas company Marine XII, currently in the exploration stage. Other Russian companies engaged in Africa include State-owned Alrosa (investing in Angola, Botswana and Zimbabwe), Bahamas-registered but Russian-owned Renova (mining in Gabon, Mozambique and South Africa), State-owned nuclear operator Rosatom (investing in Egypt and Nigeria) and State-owned Rosneft (investing in Egypt).

The Russia–Africa Summit in 2019 also provided an opportunity to sign deals for new projects, the most important of which for FDI were the following:

* State-owned IT security firm Avtomatika (part of Rostec Corporation) signed a contract with Angolan mobile operator Movitel to protect the company’s IT infrastructure.

* Russian specialized-fats producer EFKO Group and United Oil (Egypt) signed an agreement of intent to create a joint venture for a production facility worth about \$300 million.

* Rosatom and the Government of Rwanda signed an agreement to build a centre for nuclear science and technology in Kigali.

* Cyprus-registered but Russian-owned Uralchem and Angolan Grupo Opaia Holding (operating in civil construction, solar energy, drinking-water systems, tourism, agriculture, finance and other industries) signed a memorandum to build a urea plant in Angola for \$1 billion.

* State-owned bank VEB signed a deal to build an oil refinery in Morocco for \$2.2 billion.”⁶⁰

In summary, it is evident that Russian monopolies have substantial foreign investments both in imperialist as well as in semi-colonial countries. These investments are no acts of benevolence, as our critics suggest. No, they are profit-driven investments of imperialist monopolies.

Imperialist Super-Exploitation via Migration

Finally, when we talk about Russia’s super-exploitation of the semi-colonial countries in Eurasia, it is crucial to point also to the role of migration.⁶¹ As we have elaborated in much detail in other works, migration is one of four major forms of imperialist super-exploitation of colonial and semi-colonial countries as it provides substantial value transfer from the oppressed to the oppressor country. (The other forms are capital export as productive investment, capital export as money capital (loans, currency reserves, speculation, etc.) and value transfer via unequal exchange).⁶²

As we pointed out in our 2014 study, Russian imperialism enormously gains from super-exploitation of migrants. We referred to official statistics which calculated that approximately 11.6 million legal migrants reside inside Russia. By June 2019, there were officially 10.13 million for-

eign citizens in Russia⁶³ albeit this number did temporary drop during the height of the Lockdown policy provoked by the COVID-19 Counterrevolution in 2020.⁶⁴ The vast majority of these legal migrants (8.59 million or 85%) come from the semi-colonial CIS countries in Central Asia and Eastern Europe. (See Table 5)

With an official population of 146,7 million (2019), legal migrants constitute 6.9% of Russia’s population. To this figure, one has to add an unknown number of migrants living illegally in Russia. There exist various estimations about the total number of illegal migrants, ranging from 1.5 to 15 million. Naturally, we are not in a position to know the exact number, but several academics settle on the figure of 3-5 million illegal migrants.⁶⁶ If this figure is accurate, one can assume that about 13-15 million legal and illegal migrants are currently living in Russia (about 9-10% of the total population).

In addition to these legal and illegal migrants, one should add an unknown number of migrants from Russia’s internal colonies. As an old Empire, a sizeable minority of Russia’s population (about 19%) are non-Russians. As we pointed out in our 2014 study, these minorities are nationally oppressed peoples who mostly live under worse economic and social conditions than the majority population. As a result, many of these oppressed minorities leave their native place and move to larger cities – in areas dominated by the Russian majority population – in the hope to find there a job.

For example, about 100,000 Chechens migrated to the Moscow region during the 1990s. Later the number dropped to about 25,000. However, many Chechens who are living there are either not registered or possess a temporary residence registration. Likewise, several tens of thousands of Chechens are living in St. Petersburg.⁶⁷ If one takes into account that the Chechens are a numerically small people with only about 1,2 million living in Chechnya, one can see that the proportion of migrants originating from Russia’s internal colonies is substantial. Of course, we are aware that the share of Chechens living in diaspora is certainly particularly high given the horrific oppression which they have suffered by the Russian army in two wars (in 1994-96 and 1999-2009) and during which up to 200,000 Chechens were killed and many more were forcefully made refugees.⁶⁸

Naturally, the share of migrants among the labor force is significantly higher than that among the total population as most migrants come to Russia in order to work and earn money. On the other side, there is superannuation of the native Russian population. In Table 6 we can see that migrants (the figure covers only legal migrants) constitute a sizeable proportion of key sectors of Russia’s economy.

One can fairly assume that the number of migrants in Russia will increase in the next years. This is, on one hand, because of the global capitalist crisis hits the poorer countries particularly hard. As a result, the process of migration from such countries to the imperialist states will continue to increase.

On the other hand, Russia faces a long-term demographic problem as its native population is shrinking. (By the way: Western Europe, Japan and the white majority population of the U.S. have the same problem.) The Putin regime tries to counteract by attracting more migrants and allowing them dual Russian citizenship. “In April 2020, Putin signed

Table 5. Foreign Citizens from CIS Countries Living in the Russian Federation, 2019 ⁶⁵

Country	Number
Azerbaijan	650,495
Armenia	491,767
Belarus	655,846
Kazakhstan	496,096
Kyrgyzstan	716,118
Moldova	326,178
Tajikistan	1,303,302
Uzbekistan	2,188,835
Ukraine	1,763,930
CIS, total	8,592,567

Table 6. Employment Rates of Migrants in the Russian Federation in 2016 (%) ⁶⁹

Economic sector	Share of migrants employed in the sector, % of the overall number of employed
Manufacturing industry	14.4%
Construction	7.2%
Service sector (retail trade, home/other technique appliance maintenance, etc.)	15.9%
Agriculture	6.5%

Books of the RCIT

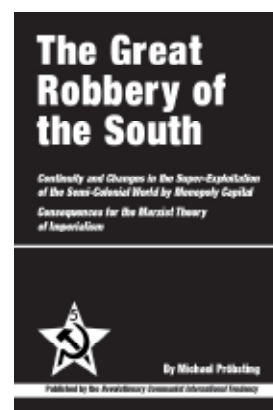
Michael Pröbsting: *The Great Robbery of the South* Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism

The RCIT is proud to announce the publication of a book called *THE GREAT ROBBERY OF THE SOUTH*. The book's subtitle is: *Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital*. Consequences for the Marxist Theory of Imperialism. The book is in English-language. It has 15 chapters, 448 pages and includes 139 Tables and Figures. The author of the book is *Michael Pröbsting* who is the International Secretary of the RCIT.

In *The Great Robbery of the South* Michael Pröbsting analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. The Great Robbery of the South shows that the past decades have been a complete confirmation of the validity of Lenin's theory of imperialism and its programmatic conclusions. *The Great Robbery of the South* demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), Michael Pröbsting elaborates that never before

has such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the old imperialist metropolises.

In *The Great Robbery of the South* Michael Pröbsting argues that a correct understanding of the nature of imperialism as well as of the program of permanent revolution which includes the tactics of consistent anti-imperialism is essential for anyone who wants to change the world and bring about a socialist future. Order your copy NOW! \$20 / £13 / €15 plus p+p (21\$ for US and international, £9 for UK, €10 for Europe)



a law allowing dual Russian citizenship for foreigners in hopes of attracting up to 10 million migrants, mostly from countries with sizable Russian-speaking populations.”⁷⁰

Similar to other imperialist countries, migrants in Russia are super-exploited as cheap labor force. A team of three Russian university professors calculates, that “as a rule, the wage of migrants is approximately 70% of the wages of Russians.”⁷¹ They estimate the contribution of migrants to Russia’s output. “Based on the fact that in 2016 the GDP amounted to 86,044 billion rubles, additional 5,592.8 billion rubles were received due to the use of foreign labor, which is 6.5% of Russia’s total GDP.”⁷² They also quote other experts who estimate the contribution of migrants as 7.56% of Russia’s GDP. However, one has to be aware that these three economists make this calculation based on the assumption that the share of legal and illegal migrants in Russia’s labor force is only 6.5% which is certainly an underestimation given the fact that the share of legal migrants (i.e. without illegal) among Russia’s total population is 6.9%. in addition, one has to take into account that the share of migrants among the labor force is always higher than the share among the total population. Hence, we can assume that the real contribution of migrants to Russia’s economy is not insignificantly higher than 6.5%.

In summary, similar to other imperialist countries, imperialist Russia is home to millions of migrants who are exploited as cheap labor force in order to increase the surplus-value of the bourgeoisie.

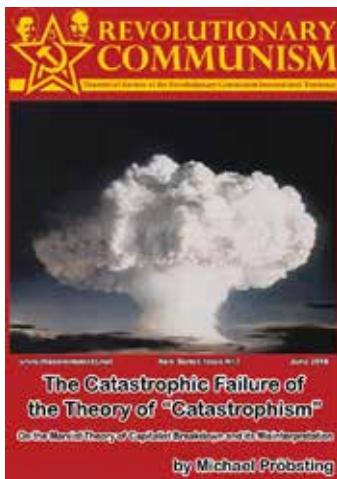
Conclusions

We conclude our survey by confirming the RCIT’s analysis of Russia as an imperialist power which we have established a number of years ago. Russia’s imperialist character is evident not only from its political and military features but also from its economy. It is neither dominated by foreign corporations, nor does it suffer from financial dependency of foreign imperialist institutions. It is a relatively strong economy dominated by domestic monopolies, with a low level of foreign debts and large foreign exchange reserves. Russia’s monopoly capitalists – the so-called “oligarchs” – are closely linked with the state apparatus which plays a strong, regulating role.

Russia’s capital export is dominated by these monopolies. Here too, the state-owned corporations play a significant role albeit the majority of these corporations are privately owned. Russia’s foreign investments are directed both to imperialist as well as semi-colonial countries. Naturally, Russia plays a stronger role in semi-colonial countries which were part of the USSR. Today, several of these states are members of the “Eurasian Economic Union”, a Russia-dominated Eastern version of the European Union.

Contrary to the assumption of our critics, Russia’s monopolies are exporting capital in order to make profits and not for any benevolent reasons. The economic relations with semi-colonial countries in Eastern Europe and Central Asia are orientated towards creating a surplus-value and not to subsidize these countries for any abstract political goals.

All this does not deny the specific nature of Russia which is much stronger as a military than as an economic power.



NEW RCIT PUBLICATION!

The Catastrophic Failure of the Theory of “Catastrophism”

By Michael Pröbsting, May 2018

*On the Marxist Theory of Capitalist Breakdown and its Misinterpretation
by the Partido Obrero (Argentina) and its
“Coordinating Committee for the Refoundation of the Fourth International”*

Introduction * A Note on the PO’s term “Catastrophism” * What did the Marxist Classics Say? A Brief Overview * Empirical Evidence for the Long-Term Decline of Capitalism * What will come after Capitalism? * Epoch and Periods * The Current Historical Period which Opened in 2008/09 * Empirical Evidence for the Decay of Capitalism in the Present Historic Period * The Dialectical and the Mechanistic Interpretation of Cycles on Capitalism * Permanent Collapse? No, there is Collapse and Collapse * Consequences of “Catastrophism” (I): Confusion on Capitalist Restoration * Consequences of “Catastrophism” (II): Confusion on China and Russia as Capitalist Powers * Excuse: The Theory of “Long Waves” and Dialectical Materialism * From Economic Crisis to Revolutionary Situation? * Can the Crisis of Leadership be Solved without an International Democratic-Centralist Organization? * Conclusions * Footnotes

A RCIT Pamphlet, 32 pages, A4 Format

But, as we have demonstrated, many imperialist states are developed in an uneven way where the economic, political and military strength can substantially differ. However, Marxists never applied an economic definition of imperialism, ignoring the political and military aspects, but proceeded on an understanding of imperialist states in the totality of their economic, political and military features.

Having established the imperialist character of Russia, the RCIT repeats that it would be politically criminal for socialists to side with such a state in a conflict with Great Power rivals. Supporting Russia in any conflict with Western European states, the U.S. or Japan is paramount to social-imperialism, i.e. serving one or several imperialist powers masked by socialist phrases. In contrast, the RCIT advocates the strategy of *revolutionary defeatism* as elaborated by Lenin. We oppose the Great Powers of the West as well as of the East.⁷³

At the same time, we support the national liberation struggles of oppressed people against any of these imperialist powers. Hence, we have supported the resistance struggle of the Afghan people against the U.S./NATO occupation since 2001⁷⁴ Likewise, we have sided with the resistance of the Iraqi people against the Western imperialist aggression⁷⁵ and with the African people in Mali against French imperialism⁷⁶. And for the same reasons we support the struggle of the Syrian people against Russian imperialism and its allies⁷⁷, and we defend with the Uyghurs against the oppression by the Chinese state.⁷⁸

For us in the RCIT it is an irrevocable axiom that one can only fight for a socialist future, if this includes the intransigent anti-imperialist struggle against all Great Powers (U.S., China, Western Europe, Russia and Japan) as well as the unconditional support for the liberation struggles of all oppressed people!

Trotsky once remarked: „*The vast practical importance of a correct theoretical orientation is most strikingly manifested in a period of acute social conflict of rapid political shifts, of abrupt changes in the situation. In such periods, political conceptions and generalizations are rapidly used up and require either a complete replacement (which is easier) or their concretization, precision or partial rectification (which is harder). It is in just*

such periods that all sorts of transitional, intermediate situations and combinations arise, as a matter of necessity, which upset the customary patterns and doubly require a sustained theoretical attention. In a word, if in the pacific and “organic” period (before the war) one could still live on the revenue from a few readymade abstractions, in our time each new event forcefully brings home the most important law of the dialectic: The truth is always concrete.“⁷⁹

Indeed, it is in historic periods like the current one, where theoretical conceptions are tested. A wrong analysis, the inability to apply the Marxist method to the concrete reality, can lead one into the camp of social-imperialism – irrespective of the “best Marxist intentions”! Hence, we do not quarrel with our critics because of this or that theoretical formulation. What is at stake is simply the question if one joins the right or the wrong side of the barricade in the class struggle! For or against all imperialist Great Powers – this is the question at stake! Our critics unfortunately jump into the camp of Russian and Chinese imperialism. We have no reason to follow them!

Workers and Oppressed: Fight all Great Powers in East and West!

Footnotes

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The Rise of Russia as an Imperialist Great Power

- * **Russia as a Great Imperialist Power. The formation of Russian Monopoly Capital and its Empire**
- * **Lenin’s Theory of Imperialism and Russia’s Rise as a Great Power**

Two Pamphlets by Michael Pröbsting (International Secretary of the RCIT)
Order the pamphlet via our contact address: rcit@thecommunists.net

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5 Our first analysis of Russia’s transformation into an imperialist power (“*Political and Economic Problems of Capitalist Restoration in Russia*”) was written in the year 2001 and has been republished as an appendix in the above-mentioned pamphlet *Russia as a Great Imperialist Power* (2014).

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The Failure of the PTS/FT to Recognize China’s Capitalism

- * **An analysis of the capitalist character of China’s State-Owned Enterprises and its political consequences**
- * **Eclectic empiricism and the failure of the PTS/FT to recognize the imperialist character of China**

Two Essays by Michael Pröbsting (in English and Spanish language)

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75 See on this e.g. chapter 13 in our above-mentioned book *The Great Robbery of the South*.

76 The RCIT has published a number of statements about the French intervention in Mali. See e.g. RCIT: Expel French Imperialism from West Africa! Macron and his G5 Lackeys plan to intensify their colonialist "Operation Barkhane", 15 January 2020, <https://www.thecommunists.net/worldwide/africa-and-middle-east/expel-french-imperialism-from-west-africa/>; Michael Pröbsting: Au Revoir, Français! Popular resistance is forcing French imperialism to reduce its troops in Africa's Sahel, 13 June 2021, <https://www.thecommunists.net/worldwide/africa-and-middle-east/france-is-forced-to-reduce-its-troops-in-sahel/>

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