

Russia is an Imperialist Country

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The present world situation is defined by a system of capitalist-imperialist relations, and the principal contradiction on the global scale is between imperialist states and oppressed peoples. In *Imperialism, the Highest Stage of Capitalism* Lenin put forward a Marxist analysis of the nature of capitalist-imperialism, and it is to this document that we shall refer, so as to understand the nature of the contemporary inter-imperialist conflict.

It is important that we not fetishize armed conflict as the determining factor in assessing whether a country is an imperialist power. Lenin is quite clear that the military conflicts between imperialist powers are a result of the economic and political struggle between them. In his numerous discussions of World War I, he repeatedly referred to Carl von Clausewitz's idea that "War is a continuation of politics by other means."¹ Therefore, we will repeat Lenin's claim that "unless this [the economic essence of imperialism] is studied, it will be impossible to understand and appraise modern war and modern politics."

So, what then is the economic essence of imperialism? It is the concentration of capital in monopolies, the fusion of banking and industrial capital into finance capital, the export of capital abroad, and the struggle between imperialist powers to repartition the world markets (which eventually and inevitably leads to war between imperialist powers). Russia exhibits all of these features, and is therefore a capitalist-imperialist country. This article offers some analysis of the Russian state and its role in the inter-imperialist conflicts around the world.

The Concentration of Capital in Russia

In Russia there is an extreme concentration of capital, to a degree that exceeds the imperialist powers of Lenin's time. As Maoists we should be clear, that contemporary Russian imperialism was built upon the concentration of capital that existed in the Social-Imperialist USSR. The vast majority of this capital was not destroyed after the collapse of the USSR, but rather reorganized and concentrated in a small number of hands. The US-led imperialist bloc tried

¹c.f. *War and Revolution*, <https://www.marxists.org/archive/lenin/works/1917/may/14.htm>

to seize control of this formation, but was unable to, which allowed the new bourgeoisie in the USSR to transform, in part, into an independent national bourgeoisie, independent from foreign domination and *able* to pursue imperial aims.

Based on the official statistics of the Russian state, the top 600 firms in Russia account for over 70% of Russia GDP.² In *Imperialism* Lenin analyzed the concentration of production in a number of the imperialist countries at the time. Based on the statistics available to him, he demonstrated the economic basis of imperialism in the United States, where in 1909, the largest 3,060 firms accounted for 43.8% of the total GDP. From this it is clear that the concentration of capital in Russia today is much greater than it was in the US in the early 20th century. Thus, Russia clearly has the concentration of capital necessary to provide the economic foundation of imperialism.

Finance Capital in Russia

In Russian industry we can see a clear fusion of banking and industrial capital into finance capital. Lenin described this process:

“As banking develops and becomes concentrated in a small number of establishments, the banks grow from modest middlemen into powerful monopolies having at their command almost the whole of the money capital of all the capitalists and small businessmen and also the larger part of the means of production and sources of raw materials in any one country and in a number of countries. This transformation of numerous modest middlemen into a handful of monopolists is one of the fundamental processes in the growth of capitalism into capitalist imperialism.”

To demonstrate the degree of centralization of capital in the big German banks by 1913, Lenin showed that the ‘Big 9’ banks in Germany together controlled just under 50% of the total deposits in Germany. Today, Sberbank is the largest bank in Russia, and the 3rd largest bank in Central and Eastern Europe.³ It has an annual operating income of 28 billion USD, and deposits totaling 312 billion USD.⁴ This amounts to approximately 36% of the total deposits in Russia (849 billion USD⁵) concentrated in a single financial institution. The breakdown of the deposits, and their share of the total, of the five biggest banks (by total assets) in Russia today is as follows:

²Based on data from http://raexpert.ru/rankingtable/top/_companies/2016/main/

³<http://www.thebanker.com/Top-1000/Top-1000-World-Banks-Sales-bring-changes-in-CEE-but-Russia-still-rules?ct=true>

⁴<http://www.sberbank.com/investor-relations/financial-results-and-presentations/key-data>, retrieved 6-22-17, currency figures converted to USD from RUB

⁵<https://www.ceicdata.com/en/indicator/russia/total-deposits>, retrieved 6-22-17

Bank	Total Deposits (billions USD)	% of total (849 billion USD)
Sberbank	312	36
VTB ⁶	135 ⁷	15
Gazprombank	63 ⁸	7.5
Alfa Bank	21 ⁹	2.5
Otkritie FC Bank	20 ¹⁰	2.3
	Total	63.3

So we can clearly see that finance capital is a powerful force in Russia, with large financial institutions concentrating large amounts of capital, and large percentages of all the capital in the country. What's more the concentration of capital in Russia exceeds that of many of the imperialist powers in Lenin's time. This concentration of capital in the big banks changes their role, from simply functioning as payment intermediaries to playing a key role in planning and directing the economy as a whole, deciding which resources to extract, which companies to fund, which to avoid, and so on. This necessarily arises due to the concentration of capital, and the decreasing availability of credit from any other sources.

The executives (or at least the marketing team) of Sberbank are quite up-front about this on their 'About' page, saying that Sberbank is "the circulatory system of the Russian economy, accounting for one third of its banking system. The Bank provides employment and a source of income for every 150th Russian family." and "the Bank is the key lender to the Russian economy and the biggest receiver of deposits in Russia." Sberbank holds 44.9% of retail deposits, and issues 37.7% of retail loans and 32.7% of corporate loans in Russia.¹¹ We can see clearly that finance capital exists in Russia, and is well-developed, with the majority of the banking market and capital controlled by a few very large firms which direct the affairs of the rest of the enterprises.

As another example, consider the Russian state-owned gas company Gazprom, which is also the largest company in Russia by revenue. Gazprom was originally created in 1989 when the Soviet Ministry of Gas and Industry was privatized, and has grown significantly since that point. Gazprom has annual revenues in

⁶The VTB group also controls the 4th largest bank (VTB-24) as a wholly-owned subsidiary. VTB-24 has been omitted here since the VTB group counts the deposits of VTB-24 as part of its total.

⁷<http://www.vtb.com/ir/glance/>, retrieved 6-22-17, currency figures converted to USD from RUB

⁸http://www.gazprombank.ru/eng/ir/fin_stat/, retrieved 6-22-17, currency figures converted to USD from RUB

⁹http://alfabank.com/f/1/investor/financial_reports/financial_statements_ifrs/ab_IFRS_audited_report_2016.pdf, retrieved 6-22-17

¹⁰<https://ir.open.ru/en/info>, retrieved 6-22-17, currency figures converted to USD from RUB

¹¹<http://www.sberbank.com/about>, retrieved 6-23-17

excess of \$100 billion and has a significant financial and investment wing.¹² As we see above, one of its financial subsidiaries, Gazprombank, has the third most deposits of any bank in Russia, indicating the degree to which banking and industrial capital are fused internal to Gazprom.

Gazprom also has an effective monopoly in the gas industry in Russia (accounting for 83% of gas production in Russia, and 17% of the gas production in the whole world) and also has significant holdings in media, oil production, and other sectors. Gazprom is just one example of many finance-capital firms in Russia (others include LUKoil, the 10th largest oil company in the world¹³, and Sberbank). All of this definitively indicates that Russia also has the fusion of industrial and banking capital into monopoly finance-capital firms necessary to constitute an imperialist country.

The Export of Capital by Russian Firms

These large firms in Russia also export significant amounts of capital abroad. A few examples: Gazprom has subsidiaries in 36 countries outside of Russia, in 2016 Rosnet (the 3rd largest company in Russia¹⁴) purchased a 98% stake in the India-based oil company Essar Oil for ~\$13 billion,¹⁵ and overall Russian direct investment abroad exceeds \$440 billion.¹⁶ While this pales in comparison the ~\$5 trillion that the US has in foreign direct investment abroad, it still represents a significant export of capital.

It is also important to consider the overall picture of capital flowing into and out of a country, summed up by a set of figures called international investment position, which captures the assets, such as direct investments, as well as stocks, bonds, and other investments which are not counted as ‘direct investment,’ and all liabilities. This figure shows that Russia currently has about \$1.2 trillion invested abroad,¹⁷ with a ‘net’ IIP (balance of assets vs liabilities) of over \$200 billion. This means that, on balance, Russian capitalists are *net exporters* of capital, and that, while the sums involved are modest compared to that of the US, it is clear that capital is being profitably exported around the world from Russia.

As a concrete example of capital export we can look at the acquisitions that Russia’s largest bank, Sberbank, has made in the past few years. According to their website, Sberbank counts 70% of Russian population among its cus-

¹²<http://www.chinapost.com.tw/business/company-focus/2015/04/30/434792/Gazproms-net.htm>

¹³Based on data from <http://fortune.com/global500>

¹⁴Based on data from http://raexpert.ru/rankingtable/top/_companies/2016/main/

¹⁵<http://indianexpress.com/article/business/economy/brics-summit-2016-rosneft-partners-buy-essar-oil-for-13-billion-in-largest-fdi-deal-3084527/>

¹⁶CIA factbook

¹⁷<http://data.imf.org/regular.aspx?key=60947518>, retrieved 6-22-17

tomers.¹⁸ This is clearly a massive market share, but the bank has its sights set on breaking into other markets and expanding its presence, especially in central and eastern Europe. To this end, in 2011 it acquired a 100% stake in Volksbank International AG¹⁹, an Austrian bank which subsequently changed its name to Sberbank Europe AG²⁰. This transaction, conducted for between €585 and €645²¹ million, was Sberbank's first acquisition outside of the former USSR. The CEO of Sberbank, Herman Gref, said of the deal that "This will give us access to the attractive and growing markets of Central and Eastern Europe, and it will serve as a platform for organic growth and further acquisitions in the region."²² He wasn't exaggerating, since the Volksbank International group (with its subsidiaries) was counted among the top 10% financial institutions in several countries, including Bosnia and Herzegovina, Croatia, Czech Republic, and Slovenia.

The next year, no doubt looking to diversify and push into other markets, Sberbank made a deal to purchase the Turkish bank DenizBank for \$3.5 billion USD²³, allowing for similar expansion in that market. Although Sberbank has also made significant domestic acquisitions, including paying \$1 billion USD for the investment bank Troika Dialog in 2011²⁴, it is clear that expansion into foreign markets via acquisitions is the bank's key strategy for expanding market share and ensuring consistent profits.

The Struggle Between Imperialist Powers

In recent years the contradictions between Russian imperialism and the US led imperialist bloc have sharpened. This is most evident in the Syrian Civil War, and the ongoing crisis in the Ukraine; however, it is also apparent in the shifting situation in Turkey, in the Italian and Hungarian governments' opposition to the automatic renewal of sanctions against Russia, and in Rodrigo Duterte's overtures to Moscow. All of these are concrete instances of the struggle between rival imperialist powers to redivide a world that has already been divided up. In particular, the shifting allegiances of client-states which were formally consolidated to the camp of US/European imperialism are a sign of the growing power of emerging imperialist states such as China and Russia.

While there has been much discussion of the trend of globalization since 2000, Lenin was clear that by the beginning of the 20th century capitalism was a global system: "For the first time the world is completely divided up, so that

¹⁸<http://www.sberbank.com/about>, retrieved 7-1-17

¹⁹<http://www.vsbank.ua/en/news/~sberbank>, retrieved 7-1-17

²⁰<http://banksdaily.com/info/vbi>, retrieved 7-1-17

²¹Between \$668 and \$737 million USD

²²<https://www.rt.com/business/sberbank-volksbank-acquisition-100-183/>, retrieved 7-1-17

²³<https://www.sberbank.at/press-releases/sberbank-announces-agreement-acquire-9985-denizbank>, retrieved 7-1-17

²⁴<http://uk.reuters.com/article/troika-sberbank-idUSLDE72A0E420110311>, retrieved 7-1-17

in the future only redivision is possible, i.e., territories can only pass from one “owner” to another, instead of passing as ownerless territory to an owner.”²⁵ Monopoly-capitalist blocs, whose interests shape the foreign policy of imperialist states, have a major interest in expanding their access to markets and territory, with which in turn comes access to natural resources, labor power, etc. This necessarily leads to inter-imperialist struggle, the struggle to redivide and repartition the world and its markets, since the world is finite and the imperialist hunger for cheap labour power, capital, and raw materials is limitless.

Inter-imperialist conflict, at its most extreme, takes the form of world wars, which destroy huge quantities of productive capital and (in the two examples so far) have led to the death of many millions of people. However, world war is only the sharpest form of ‘politics by another means’ that occurs in inter-imperialist competition. Proxy-wars, annexation of territory, and expansionism are the constant foreign policy of imperialist states. This is visible in Russia’s annexation of Crimea and the ongoing warfare in Ukraine where Russian forces and Russian-backed forces are struggling to overthrow the US-aligned Ukrainian government. The struggle to repartition the world is also evident in Syria where the US and US-aligned forces are attempting to overthrow the Russia-supported Syrian government of Bashar al-Assad.

However, war and annexations are not the only manifestations of inter-imperialist conflict over access to markets and resources,²⁶ which plays out in many different ways, from free trade agreements, and exclusive grants of mineral and oil rights, to access to shipping lanes and economic sanctions. In fact, escalation to wars or proxy wars are preceded by economic competition. For the purposes of this document, we will consider competition in the natural gas industry. This competition underlies both the conflicts in Syria and the Ukraine. Gazprom is a major supplier of natural gas to Europe, and has a partial monopoly in Eastern Europe. In 2016 Gazprom exported 179.3 billion cubic meters of natural gas to Europe (a 12.5% increase over the previous year).²⁷ Additionally, the Russian gas industry’s market share in Europe has increased 23% in 2010 to over 34% in 2017.²⁸ This has facilitated closer economic ties between Russia and various European countries, and threatens the US-led imperialist bloc’s dominance in the region.

To counteract this trend, the US worked with its allies in the Middle East to expand existing gas and oil pipelines, connecting them to Turkey and, through Turkey, to Europe. However, in 2009, Bashar al-Assad refused to sign an agree-

²⁵Lenin, Imperialism, Ch. 6. Available online: <https://www.marxists.org/archive/lenin/works/1916/imp-hsc/ch06.htm>

²⁶A forthcoming document will address how this competition is currently playing out in the conflict in Syria and Iraq.

²⁷<http://www.standard.net/Business/2017/03/01/Why-Gazprom-has-gained-market-share-in-Europe>

²⁸<https://www.platts.com/latest-news/natural-gas/moscow/gazprom-sees-gas-share-in-europe-growing-further-26885243> and <http://www.standard.net/Business/2017/03/01/Why-Gazprom-has-gained-market-share-in-Europe>

ment which would facilitate the expansion of a natural gas pipeline from Qatar to Turkey, and the proposed expansions to existing oil pipelines stalled for similar reasons.²⁹ At the same time, the US has been developing its internal natural gas industries and constructing pipelines to export this gas to European markets. The US and its allies have also imposed and continue to impose sanctions on the Russian state and Russian corporations.

It was only after years of this sort of economic competition that the contradictions between these rival imperialist powers sharpened to the point of armed conflict.³⁰ At present, this armed conflict is largely conducted through proxies, but could eventually escalate to outright conflict between these imperialist camps.

In this regard, it is important to note that Russia has the sixth largest military in the world in terms of personnel (larger than even the United States)³¹, and the third largest military by budget.³² Russia spends 4.9% of its GDP on its military every year, beating the US' 3.3% spending.³³ Additionally, Russia has a huge reserve of nuclear weapons from the cold war era. All of this constitutes a significant military force. This large military, alongside the proxies that Russia supports with arms deals, training, and the like, are used by the Russian state in the military aspects of inter-imperialist competition.

Conclusion

We have found it necessary to outline these points to elaborate on the relevance of Lenin's definition of capitalist-imperialism today. Absent a genuine revolutionary force, there are three possibilities for nation-states under capitalist-imperialism. They can be imperialist powers (of one strength or another), comprador client-states, or failed states subject to the plunder of competing imperialist powers. Failure to understand Lenin's ideas invariably leads to various social-chauvinist positions, whether it's ignoring the ways that the Assad government oppresses the people of Syria and Kurdistan, or denying that China's export of capital to Africa is imperialist profiteering built on national oppression and super-exploitation. This sort of social-chauvinism also leads some to negate the increasingly fascist character of the Indian state, which is currently leading a fairly open war on its own people.

We have to be clear about the situation on a world level, and, as Lenin put

²⁹<http://www.hurriyetdailynews.com/moscow-rejects-saudi-offer-to-drop-assad-for-arms-deal.aspx?pageID=238&nid=52245>

³⁰In our document on the Syrian Civil War, we provide more in depth analysis of the situation there as an instance of inter-imperialist struggle.

³¹International Institute for Strategic Studies (3 February 2014). *The Military Balance 2014*. London: Routledge. ISBN 9781857437225. p 180-192

³²*"Trends in World Military Expenditure, 2016" (PDF)*. Stockholm International Peace Research Institute.

³³<http://data.worldbank.org/indicator/MS.MIL.XPND.GD.ZS>, retrieved 6-24-17

it, practice “what is most important, that which constitutes the very gist, the living soul, of Marxism—a concrete analysis of a concrete situation,”³⁴ lest our theory cease to be a guide for action, a tool for illuminating reality in a revolutionary way, and instead transform into a stale dogma, recited to justify social-chauvinism, imperialist-economism, and inactivity.

When analyzing the contemporary international situation it is necessary to grapple with Lenin’s ideas and concretely apply them to particular situations. If we do not we will be unable to distinguish comprador forces, who are dominantly in the camp of the enemies of the people, from revolutionary national forces, who can, in particular situations, play a key role as part of a united front. We will be unable to distinguish true proletarian internationalism, e.g. the assistance China gave to the Korean people to counter US imperialism during the Korean war, from imperialist aggression and proxy-wars, e.g. the Russian support for the Assad government. As Lenin said in the preface to *Imperialism*:

“Unless the economic roots of this phenomenon are understood and its political and social significance is appreciated, not a step can be taken toward the solution of the practical problem of the communist movement and of the impending social revolution.”³⁵

The question of “who are our friends, who are our enemies?” is one of the most important questions we need to grapple with. It is our hope that this short document will demonstrate that the Russian state is not a friend of the people, but instead the representative of a bloc of monopoly-capitalists itching to secure “a bigger piece of the pie” through the incessant inter-imperialist struggle to redivide the world.

Updated 7/2/17: Fixed minor typos.

Updated 7/3/17: Corrected inaccurate statement describing Sberbank as the 3rd largest bank in Europe. Sberbank is the 3rd largest bank in Central and Eastern Europe, not Europe overall. Also fixed minor typos.

Updated 1/5/18: Minor formatting changes.

³⁴ Lenin, *Collected Works*, English ed., Moscow, 1974, Vol. 31, p. 166). Available online at: <https://www.marxists.org/archive/lenin/works/cw/pdf/lenin-cw-vol-31.pdf>

³⁵ Lenin, *Imperialism*, Preface to the German and French editions. Available online at: <https://www.marxists.org/archive/lenin/works/1916/imp-hsc/pref02.htm>