

# Imperialism and the ruble crisis

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The plunge of the Russian currency this week is the drastic outcome of policies implemented by the major imperialist powers to force Russia to submit to American and European imperialism's neo-colonial restructuring of Eurasia. Punishing the Putin regime's interference with their plans for regime change in countries such as Ukraine and Syria, the NATO powers are financially strangling Russia.

The sanctions imposed by the United States in response to Russian opposition to last February's coup in Kiev have amounted to economic warfare. Over the past four months, the value of the Russian ruble has plunged by more than 50 percent. On Tuesday, as the ruble fell 10 percent against the dollar in one day, US President Barack Obama indicated he would sign a bill imposing even harsher sanctions on Russia and allowing Washington to directly arm the far-right, pro-NATO regime in Ukraine.

When Lieutenant-General Mikhail Mizintsev voiced the Russian Defense Ministry's "concerns over the significant increase of NATO military activity near Russian borders," Pentagon officials replied that NATO would keep building up its "air, land and sea presence" around Russia.

Yesterday, editorials appeared in several major newspapers warning that Russia's currency crisis would not abate until Moscow bowed to the Kiev regime and abandoned support for separatists in eastern Ukraine. "The depth of the currency's slide," wrote London's *Financial Times*, "reflects the growing belief in financial markets that Mr. Putin no longer runs Russia in its economic interests and is instead bent on pursuing illusory geopolitical goals." NATO, it added, "should leave him in no doubt that de-escalation in Ukraine will reduce international pressure on the Russian economy. The hope must be that, even now, Mr. Putin is in a mood to change course."

The *New York Times* wrote: "The sensible thing for Mr. Putin to do would be to withdraw from Ukraine. This would bring immediate relief from sanctions, and that would ease the current crisis and give officials room to start fixing the country's economic problems. The question is whether this reckless leader has been sufficiently chastened to change course."

Were Russia to accept the US-NATO diktat, its surrender

would simply set the stage for further demands, whose ultimate outcome would be the actual breakup of the country.

The catastrophic consequences of the dissolution of the USSR in 1991 and the restoration of capitalism are all too clear. Russia, the size of its military and its oil reserves notwithstanding, is being forced to accept a position as a semi-colonial appendage of finance capital, to be crushed if it crosses its imperialist masters.

The banks are tightening the financial noose around Russia's neck. Anders Aslund of the Petersen Institute for International Economics wrote that, since Washington imposed sanctions on Russia in July, "Russia has received no significant international financing—not even from Chinese state banks—because everybody is afraid of US financial regulators."

Cut off from international credit, Russia is being strangled by the financial parasites on Wall Street and their European counterparts. By Aslund's calculations, Russia—with liquid currency reserves of roughly \$200 billion, a net capital outflow this year of \$125 billion, and total foreign debts of \$600 billion—could be brought to its knees in as little as two years.

While there are a host of global economic factors underlying the fall in oil prices, it is unquestionable that a major role in the commodity's staggering plunge is Washington's collaboration with OPEC and the Saudi monarchs in Riyadh to boost production and increase the glut on world oil markets.

As Obama traveled to Saudi Arabia after the outbreak of the Ukraine crisis last March, the *Guardian* wrote, "Angered by the Soviet invasion of Afghanistan in 1979, the Saudis turned on the oil taps, driving down the global price of crude until it reached \$20 a barrel (in today's prices) in the mid-1980s... [Today] the Saudis might be up for such a move—which would also boost global growth—in order to punish Putin over his support for the Assad regime in Syria. Has Washington floated this idea with Riyadh? It would be a surprise if it hasn't."

Since then, with OPEC declining to cut production despite an accelerating fall in prices, oil has dropped to under \$60 a

barrel.

These developments expose the absurdity of claims, advanced by innumerable middle-class pseudo left organizations, that Russia is an imperialist power. Such arguments simply ignore the historical context within which imperialism emerged and which persists in the existing structure of world finance and international geopolitics. The dissolution of the USSR represented a capitulation to imperialism, not the entry of the “new” Russia into the ranks of ruling imperialist powers.

As Trotsky explained in 1929:

“The struggle for world domination has assumed titanic proportions. The phases of this struggle are played out upon the bones of the weak and backward nations. A capitalist Russia could not now occupy even the third-rate position to which czarist Russia was predestined by the course of the world war. Russian capitalism today would be a dependent, semi-colonial capitalism without any prospects. Russia Number 2 would occupy a position somewhere between Russia Number 1 and India. The Soviet system, with its nationalized industry and monopoly of foreign trade, in spite of all its contradictions and difficulties, is a protective system for the economic and cultural independence of the country.”

In the final stages of the dissolution of the USSR, the Soviet bureaucracy and the academic intelligentsia haughtily dismissed the Marxist analysis of imperialism as they embraced Gorbachev’s “New Thinking.” In the event, the ensuing social retrogression and subordination to imperialism have substantiated Trotsky’s warnings. Ex-Soviet republics dissolved into ethnic civil war, from the Russian war in Chechnya to the current war in Ukraine. Industrial life collapsed and economic production fell by approximately 40 percent over the next decade, as state factories were bought up and looted by criminal business oligarchs and foreign banks at fire-sale prices.

While the economic collapse halted in the 2000s and Russian capitalism rebuilt itself around oil and gas exports, dominated by a clique of business oligarchs around President Vladimir Putin, the bankruptcy of Russian society was admitted to even by its rulers.

In his 2009 “Go Russia” speech, then-Russian President Dmitri Medvedev confessed: “Twenty years of tumultuous change has not spared our country from its humiliating dependence on raw materials. Our current economy still reflects the major flaw in the Soviet system: it largely ignores individual needs. With a few exceptions, domestic business does not invent nor create the necessary things and technology that people need. We sell things we have not produced, raw materials or imported goods. Finished products produced in Russia are largely plagued by their

extremely low competitiveness.”

The ruble’s collapse and the aggressive policy of imperialism today are again bringing to the fore the bankruptcy of Russian capitalism. Prices in rubles for food and consumer goods are expected to skyrocket, impoverishing masses of people, since Russia still depends on imported manufactured goods and agricultural inputs for domestic food production.

As for Russia’s ruling clique, it is in a hopeless quandary. Russian Foreign Minister Sergei Lavrov said Tuesday that US sanctions aim to achieve regime change in Russia. Based on the experience of other oil-rich countries targeted for regime change by Washington, from Iraq to Libya, this means the Kremlin believes that NATO seeks the destruction of the Russian government, the murder of its top officials, and the plundering of Russian oil by Western corporations.

Even in this desperate situation, however, the Kremlin slavishly limits itself to policies that are acceptable to the Russian plutocracy, whose wealth is based on the plundering of state assets. It even seeks to avoid such essential defensive measures as imposing currency controls or freezing payments to foreign banks.

Putin’s stoking up of Russian nationalism—as in his praise for czarist General Aleksei Brusilov’s “legendary” offensive at the beginning of World War I and his recent denunciation of the Bolsheviks as traitors to Imperial Russia—is utterly reactionary. If the Kremlin relies on its military strength and opts for confrontation with NATO, what looms is the risk of a nuclear war that would destroy the planet.

There is no national solution to the Russian crisis. The capitalist oligarchy itself is the greatest obstacle to the defense of the Russian working class against imperialism. The central task facing the working class in Russia is re-establishing its links with the traditions of the October Revolution and Trotsky’s struggle against Stalinism.

There is no means to halt the plunder of Russia and the drive towards war except through the politically conscious intervention of the international working class, which is hostile to both imperialist militarism and the maneuvers of the Kremlin. This is why the International Committee of the Fourth International insists upon the necessity of building an international anti-war, anti-imperialist movement of the working class, fighting for world socialist revolution.



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