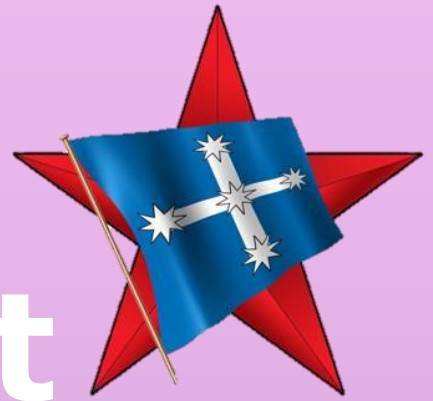


# Australian Communist



JOURNAL OF THE COMMUNIST PARTY OF AUSTRALIA (MARXIST-LENINIST)  
Spring 2022 | [cpaml.org](http://cpaml.org) | [info@cpaml.org](mailto:info@cpaml.org)

The Working Class and the  
Struggle for Power

Collective Leadership and  
Democratic Centralism

Modern Russian Imperialism  
and more...





**“From the point of view of Marxism, that is, of modern scientific socialism, the main issue in any discussion by socialists on how to assess the war and what attitude to adopt towards it is this: what is the war being waged for, and what classes staged and directed it.”**

– Lenin, *War and Revolution* (1917)

**W**ar has been raging in the Ukraine for nine months. Its impacts are being felt across Europe and the whole world. Russia’s invasion and the attitude to be taken towards it has split the ranks of socialists and communists. The underlying line of division rests on the question of whether Russia is an imperialist state, waging a war to further the interests of its own capitalist ruling class, or whether Russia is the victim of US/NATO imperialism and its actions justified as defensive.

In this edition of *Australian Communist*, we have included two major articles putting forward the former view – that Russia is an imperialist power. It is imperative that revolutionary communists have a clear understanding of imperialism today to be able to respond promptly and decisively in the face of aggression and war, and continue the task of assisting the working class and oppressed peoples along the path towards revolution. Today, the ranks are split over the question of Russian imperialism and war; tomorrow, it is likely to be over the question of Chinese imperialism and war.

War and invasion are not the only manifestations of imperialism, however. As Alex M. demonstrates in this edition with his article on multinational domination of Australia’s energy market, more often than not it is the less obvious economic aspects of imperialism that affect the majority of the world’s working class.

John G.’s *The Working Class and Struggle for Power* is an important reminder for communists and the Communist Party that our primary task is the organisation of the working class to wage a political struggle to overthrow the capitalist ruling class and establish proletarian state power. Followed by Nick G.’s exposition on collective leadership and the necessary role of democratic centralism in the Party to create an effective and resolute fighting organisation, these two articles provide a solid basis for members to come to grips with the basic role and organisational structure of the Party.

Lastly, we round out this edition of *Australian Communist* with our regular ‘From the Archives’ section, this time introducing founding member and leading cadre of the CPA (M-L), Kath Williams. Her article, *Correct Errors of the Past to Build for the Future*, written in 1964 is an exemplary example of revolutionary self-criticism. We would all be better communists for grasping the article’s essence and applying it to ourselves and our work as revolutionaries.

As always, we hope readers enjoy this edition of *Australian Communist* and find its contents both interesting and helpful.

**Editors, November 2022**



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# The Working Class and the Struggle for Power

by John G.

**I**n *Looking Backwards, Looking Forwards*, former Chairperson of the Communist Party of Australia Marxist-Leninist E.F Hill wrote; “The essence of revolutionary struggle in Australia is to win state power for the Australian working class and working people.”

It is direct and unambiguous. That’s what the work of revolutionaries is about, helping the working class take political power from the capitalist class.

In Australia, US, British and other foreign capital dominate in corporations and finance, leading the exploitation and oppression of the working class and other working people. Australian governments are deeply in the thrall of those corporates. The national government and its arms of state submit to the dominance of US imperialist state power and its foreign allied western imperialist powers. In those conditions it is clear the road to taking political power from capital lies through taking political power from the hold of foreign capital and the foreign governments acting as their agents here and overseas.

That unambiguous work of revolutionary struggle being to take state power from foreign capital has its character in all working-class organisations, and other people’s organisations of struggle.

## **Only People’s Power can deliver on meeting People’s Needs**

Within struggles for relief and remedies to inequities, injustices and oppression, there is struggle over what can be relied on to provide that relief and the remedies. In struggles for remedies, people create organisations to impose people’s demands over the power of the corporates and the operation of their capitalist system which governments oversee. The trend is to create organs of people’s power and set them

in motion against capitalist power in society. People before profit commonly expresses it.

It leads to struggle for that people’s power to sustain its strength against capital or to submit to capital’s system of power, its government, its laws, its various institutions, its courts, its police, its commissions and other legal authorities. No laws, no commissions, no courts change people’s needs and those needs stand in conflict with capital’s system of sweating workers to extract surplus value and make profits from workers. Only by taking political power from capital can people’s needs be met consistently, without compromise and submission to renewed injustices and inequities of capitalism in operation.

Some people work hard to divert people’s organisations into submission to capitalist power, to leave remedies to parliament, to appeals to courts, to commissions of various kinds. The ongoing existence and exercised power of the capitalist system generates ideas of submitting to capitalist power and striving to mould people’s demands to fit into capitalism, to compromise and water things down to get concessions rather than to accept concessions while standing firm to the demands of meeting people’s needs and mobilising people’s power to struggle for themselves against capitalist power.

Where people are roused to impose their power on capital, there are efforts to divert all efforts to parliament, the Fair Work Commission, the courts, Royal Commissions, some ‘objective’ amassing of details reporting injustices and inequities. There are hopeful ideas about changing the direction of the powers that be. ‘If only they knew’ is a common idea floated. Often, they do know. Look at the series of parliamentary and Royal Commissions year after year amassing frightful detail about abuses and neglect in the



system of aged care and the terrible lack of action from any quarter. Appeals for government intervention have met tin ears.

A common thread is efforts to turn away from reliance on arousing and organising bodies for imposing people's power. Proposals are put and worked on relying on parliament, on royal Commissions, on institutions of capitalist power to intervene and to provide remedies to capitalism's exploitation, oppression, inequities and injustices.

It is asking the leopard to change its spots. Reformist approaches ask capital to stop being a system of money making more money, of profiteering, of exploitation and oppression.

**Workplace Organisation is a school for Consciousness of Class**

In workplaces, trade unionism – workplace organisation – is the first step in workers' struggle to protect their interests against their employer. First it takes the form of organisation in one workplace against one boss. As struggle proceeds, the battle in an individual workplace confronts the system of industrial laws, industrial commissions, and policing organisations looking after the system of exploitation and oppression of capitalist wage slavery. That system includes bringing rogue employers into compliance with the conditions adopted by the biggest capitalists and imposed collectively on all capitalist employers, both those who would provide better wages and conditions than are generally agreed and those who try to impose even harsher conditions on workers.

Consciousness is imposed on workers involved in struggle about the need for workplace struggle to spread beyond one workplace, to engage workplaces across multiple sites of a company, then to an industry against the industry bosses as

a collective. Over time the wide-ranging system of industrial relations drives workers to identify how bosses operate as a class and struggle has to overcome bosses as a class.

**Workers' Power, the Wages System and Trade Unionism**

Within workplaces, the centre of conflict is struggle over wages. The tendency is rightly to focus on raising wages. That immediate focus on levels of wages, tends to divert workers from looking at the whole system of wages and its inbuilt exploitation.

The wages system involves capital buying labour power for an agreed working time in exchange for a wage sufficient to enable workers to live, more or less well. To live involves having the money to cover the cost of maintenance of the worker and their family, so the workers can work again tomorrow and the class of employed labour is reproduced over generations to be exploited in the wage system. Profits rely on the wages cost of maintaining the worker and their family, being

lower than the value in commodities produced in the purchased labour-time of the worker. The extra value, which the worker produces, called surplus value, is the source of profit when the commodity is sold.

Capitalists pay wages for the costs we meet in reproducing the only commodity our class

has to sell them, our capacity to work tomorrow and to add value above what they have invested. To maximise their profits and keep ahead of their competitors, they are under constant pressure to reduce our wages, on average, across the class as a whole, to just enough to sustain a minimum standard of living and also to force it down below that level. All the while capital accumulates massive growing amounts of capital at our expense. The inequity grows.

Trade union ideas tend to concede to capitalist exploitation, narrowing struggles to protecting

**Trade union ideas tend to concede to capitalist exploitation, narrowing struggles to protecting workers and raising wages without standing against the wages system of exploitation.**



workers and raising wages without standing against the wages system of exploitation. Trade Unionism is the term for that narrowness which turns away from workers' power and concedes to seeking relief from falling living standards and wages and conditions falling behind, through government and other interventions like the Fair Work Commission or state industrial tribunals. That is Trade Unionism abandons the field to the system of laws and institutions created to exercise capitalist power, robbing workers of the path to their freedom from exploitation.

### **Workers' Power against Capitalist Power**

Without taking power from capital and ending the system of wages with its inbuilt inequity and exploitation, trade union struggle is locked on a roundabout of falling living standards and wages, struggle, concession, falling wages, on and on. The struggle by workers to assert their power against capitalist power can only be consummated by taking political power from capital, so as to relieve themselves of the exploitation and oppression of the wages system.

Where that is kept to the fore, workplace struggles are the training grounds for workers to arrive at consciousness of their kind as a class against the class of capitalists. It's the first step towards organising themselves for themselves as a class independently for action as a class. They can be our school for the development of class consciousness.

The capitalist class is aware of this latent tendency to create working class organisation against capitalist class power defending exploitation and oppression of workers. Employers, capitalists, fear the working class getting organised with the threat they will line themselves up towards taking political power from the boss class. Capitalists have thinktanks and media devoted to scuttling any moves in that direction.

They have stacked trade unions with careerists and ideologues spouting dogma to divert workers, to disorganise them, to neutralise any challenge to capital. There is much submission to institutions of capitalist power. Fair Work stands as a threat over workers getting organised, let alone workers exercising their strength in industrial action. The Commission threatens massive fines and gaol sentences over individual workers, trade union officials, and trade unions themselves if they try to escape the tremendous restrictions on workers' collective action.

### **People's State Power at the heart of real Militancy**

In society generally, demands for remedies to people's difficulties and problems, and the idea they can be achieved through government intervention has been staggering under the weight of the contrary measures and inaction of the reactionary Federal coalition government, and the experience of the partial and inadequate measures alongside much inaction by state Labor governments and Federal Labor activity when Albanese was infrastructure minister a decade ago.

To meet people's needs requires people's state power to reign over capitalist state power.

The work of communists has that point to it whether it's in a campaign over housing, for peace against war, for better wages, against American bases in Australia, to improve the local school, in trade unions.

Workers' struggle has its point of getting rid of the exploitation and oppression of the capitalist system, and taking power over society for themselves against the capitalist class oppressing and exploiting them.

As the great working-class thinker and fighter Karl Marx put it over 150 years ago; Workers have nothing to lose but their chains.



# Collective Leadership and Democratic Centralism

by Nick G.

**In the Autumn 2022 *Australian Communist*, we took issue with the Gonzaloist principle of Jefatura, a “Left” deviation from the correct principles of Marxist-Leninist leadership.**

In this issue, we explore Chairman Mao’s contributions to our understanding of how revolutionary leadership should be implemented within the Communist Party.

There are two main aspects to leadership.

One is the centralising of the functions of leadership, which entrusts decision making to an elected leadership core. The other, is inner-Party democracy which guarantees rights to all Party members to participate in the formulation of policy, and the supervision of higher Party bodies.

Together, these two aspects comprise the principle of democratic centralism. They are dependent upon each other. One cannot exist without the other in the Party. They interpenetrate each other. For a Party to operate flexibly in all conditions, centralism plays the leading role, but it cannot do that without the foundation of inner-Party democracy. If democracy is not genuine, if it is not really practiced, centralism will become commandism, and tasks assigned by the leadership may be resented and either not implemented or only implemented by lip-service and pretence. If democracy is genuine, the conditions for

voluntary and enthusiastic acceptance of tasks, and initiative and confidence in responding without waiting for central direction to local circumstances, become much more likely. Democratic centralism is a two-way extension of trust: trust in the leadership by lower levels, and trust in lower levels by the leadership.

The language of “lower levels” and “higher levels” is somewhat problematic for a working class that has traditionally spurned authority, taken the side of the underdog, and declared since its beginnings that “Jack is as good as his master.”

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**The other, is inner-Party democracy which guarantees rights to all Party members to participate in the formulation of policy, and the supervision of higher Party bodies.**

Our Party Rules traditionally defined democratic centralism as “The individual is subordinate to the organisation, the minority is subordinate to the to the majority, the lower level is subordinate to the higher level, and between Congresses, the entire Party is subordinate to the Central Committee.”

The principles embedded in this definition remain true, but in so far as there is a unity of opposites and an interpenetration of opposites between democracy and centralism, the definition is one-sided, undialectical, and denies one aspect of the opposites of democracy and centralism.

The current version of our Rules, adopted at the 15<sup>th</sup> Congress in 2019, does not carry the former definition, but has explained democratic centralism in these terms:



1. The main organisational principle of the Party is democratic centralism. This means that decisions are made collectively after democratic consultation. This process applies at all levels of the Party – Branch, State Committee, Central Committee and National Congress. When a majority decision has been made it becomes binding on all to carry it out, so that it may be tested in practice and then amended or discarded if proven incorrect or unsatisfactory...
  
7. Party members are organised under the supervision of the Central Committee, individually or in State Committees or branches, having regard to the actual conditions which exist at the time, the needs of individual Party members and the working class as a whole.

It follows from this that we do not want leadership to be seen as a hierarchical pyramid with an authority figure at the top issuing commands that must be unquestioningly obeyed.

And despite those who have tried to elevate Mao Zedong to such a position, in order to confer his posthumous blessings on their own “king of the castle” structures, let us see what Mao actually said about exercising democracy where hierarchical leadership was required, and implementing leadership as a collective exercise within the Party.

In the first case, the need for hierarchical leadership is most obviously felt in an army, where failure to obey orders is a life and death matter. Even in such structures as those of the Workers’ and Peasants’ Red Army, and subsequently, of the People’s Liberation Army, Mao Zedong argued for a “proper measure of democracy” to be put into effect in the Army. This is relatively well-known and we needn’t repeat his various statements on the way in which Party Committees should operate in the Army, or his repeated injunctions on the proper relations between officers and soldiers. In any

case, they are available for those wanting to know more in Chapters 10 (“Leadership of Party Committees”), 13 (“Relations Between Officers and Men”) and 15 (“Democracy in the Three main Fields”) of the *Quotations From Chairman Mao Zedong* (available online at [Quotations from Mao Tse Tung \(marxists.org\)](http://www.marxists.org/quote/mao/)).

In the Party itself, Mao Zedong made a number of statements in which he stressed the need for collective leadership.

- Collective leadership is the highest principle of our Party leadership. (*Instructions on Health Work*, 1953, quoted in People's Daily, 13 November 1974)
  
- The Party committee at various levels is the organ which implements centralised leadership. But the leadership of the Party committees is a collective leadership; matters cannot be decided arbitrarily by the first secretary alone. Within Party committees, democratic centralism should be the sole mode of operation. The relationship between the first secretary and the other secretaries and committee members is one of the minority obeying the majority. (*Talk At An Enlarged Working Conference Convened By The Central Committee Of The Communist Party Of China*, 30 January 1962, quoted in the PLA Daily, 5 April 1966)
  
- In view of the various lessons of the past and the fact that only through being integrated with collective wisdom can individual wisdom be turned to better account so that fewer mistakes are made in our work, the Central Committee and the Party committees at all levels must adhere to the principle of collective leadership and continue to oppose two deviations, personal dictatorship and decentralism. We must understand that collective leadership and personal responsibility are two aspects which are not opposed but are linked to each other. And personal responsibility and personal dictatorship, which violates the principle of





Mao Zedong at the 9<sup>th</sup> Party Congress of the Communist Party of China in 1969, seated next to Lin Biao

collective leadership, are two entirely different things. (*Speeches at the National Congress of the Communist Party of China*, 1955)

- It is reliance on the political experience and wisdom of the collective that can guarantee the correct leadership of the Party and the state and the unshakable unity of the ranks of the Party. (*Combat Bourgeois Ideas in the Party*, 1953)
- It is nonsense if whatever one person says goes. I am referring to important matters, not to the routine work which comes in the wake of decisions. All important matters must be discussed collectively, different opinions must be listened to seriously, and the complexities of the situation and partial opinions must be analysed. Account must be taken of various possibilities and estimates made of the various aspects of a situation: which are good, which bad, which easy, which difficult, which possible and which impossible. Every effort must be made to be both cautious and thorough. Otherwise, you have one-man tyranny. (*Talk At An Enlarged Working Conference Convened By The Central Committee Of The Communist Party Of China*, 30 January 1962, quoted in the PLA Daily, 13 April 1967)
- There are many people who do not like to consult with others. A leader does not have to be dictatorial, you know! The capitalist class has a bourgeois democracy, which is all about class dictatorship. The proletariat and the Communist Party also want class dictatorship, and it is not good to have individual dictatorship. It is better to consult people on matters, to adopt them in a collective, to pool the wisdom of the majority. (*A Debate on Agricultural Co-operation and the Current Class Struggle*, 1955, Mao Zedong, Selected Works, vol. 5, pp. 209-210)

Encrypted means of communication, including email and video conferencing platforms, make the exercise of collective leadership at all levels of the Party much more possible than it was in the past, and in the life of our Party, there were times when democratic centralism and collective leadership were less than perfect. We are talking about times when telephone conversations were assumed to be bugged, and best avoided, and even the writing and sending of letters sometimes had to involve circuitous delivery routes and unavoidable delays of time.

We think our Party is operating, and can continue to operate, on the basis of democratic centralism and with an effective and functioning collective leadership. We have no current causes for concern. But contradictions exist in all things, and we need to refine our understanding of basic principles so as to deal with future problems.



# ‘Oh, what a lovely crisis.’ – The Australian Energy Market, Neoliberalism and Energy Multinationals

by Alex M.

**I**t shouldn't be happening. According to the promoters of free market ideology, also known as neoliberalism, markets are the most efficient means of distributing goods and services. So, the current crisis in the Australian energy market – which saw the Australian Energy Market Operator step into the market and suspend trading in the market – is presumably just an aberration. However, a more critical look reveals that it is not an aberration, rather it is part and parcel of the chaos that ensues from the normal profit maximising drive of capitalism. A profit maximising drive that was and is turbo-charged by neoliberal policies.

Since the ending of the long boom of capitalism in the late 1970s which ushered in a period of declining profit rates across the globe, big business and its ruling class cronies in governments here and overseas have strived might and main to reverse declining profit rates. Hence the turn to neoliberalism and the rolling out of one of the neoliberal policy makers' favourite stratagems; privatisation.

The privatisation of state owned utilities such as railways, postal services, electricity generation and distribution, gas supply and so on, had as one of its supposed main aims the opening up of these monopolies to competition, which, so the PR rhetoric went, would reduce prices for the public. We know how that has panned out; prices to the public for goods and services that were once provided by government and semi-government instrumentalities (also known as QUANGOS) have increased. The much touted benefits of the breaking up of these monopolies have not materialised for the people. The chief

beneficiaries of privatisation have been and still are finance capital and large capitalist corporations. Privatisation and the broader neoliberal economic agenda was designed to open up previously closed off fields for private profit making at the expense of government revenues and the broader public. Privatisation was NOT designed to benefit the majority of the public (consumers) with lower prices; that was and is part of the PR onslaught that has always accompanied the neoliberal agenda.

What privatisation has also brought in its train is complexity and volatility. The Australian energy market is a prime example. The energy market *in toto* has three entities whose oversight roles include the organisation and regulation of the said market, liaising with and advising the various governments (Federal, State and Territory) and ensuring that the demand for energy is met by suppliers. These three entities are: the Australian Energy Market Operator (AEMO); the Australian Energy Market Commission (AEMC); and the Australian Energy Regulator (AER). The best known of the three entities is AEMO as it is this



*Gorgon LNG plant in Western Australia – owned by US multinational Chevron*



body that is routinely mentioned in the mainstream media. What is not mentioned in the mainstream reports that feature AEMO is that it is not an entirely independent body. As Michael West reveals in his June 2022 examination of the energy crisis, AEMO is 60% government owned and 40% owned by the energy corporations that are key players in the market that AEMO is supposed to organise and coordinate!<sup>1</sup> In addition, AEMO is not the regulator of the energy market, that task falls to the AER. The other body, the AEMC is the ‘rule maker, market developer and expert adviser to governments’. These bodies did not come into being at the same time. AEMO which started in 2009 was preceded by NEMMCO which operated the national energy market from 1998 to 2009. The AEMC and AER both started up in 2005.<sup>2</sup>

The three bodies charged with the organisation and oversight of the Australian energy market grew out of the separate state based and owned electricity and gas utilities which were given direction by state legislation and their own internal policies. The selling off of various parts of the production and distribution networks in the respective states to large corporations (many of them multinationals) and the creation of a national energy market (an evolving process) has not simplified matters.<sup>3</sup> Large multinational corporations made sure that they influenced the shaping of the three bodies (AEMO, AEMC and AER), the policies that they implement and how the AER enforces the rules. Michael West in his YouTube video mentioned above highlights the problems that the AER has in trying to enforce compliance; for example when AER’s legal team

face off with teams of heavily funded legal representatives fighting against the regulator. The multinationals fight tooth and nail when it comes to maintaining their profits.

The complexity and volatility that is now part of the energy market is exemplified by the decision of AEMO on 16<sup>th</sup> June this year to suspend trading on the electricity spot market. AEMO had to take this unprecedented step because market volatility made it impossible to guarantee the supply of electricity to consumers. Such an occurrence highlights how privatisation of essential utilities has not benefitted the public and has not led to reduced prices. According to AEMO’s statement issued on 16<sup>th</sup> June: “The current energy challenge in eastern Australia is the result of several factors across the interconnected gas and electricity markets. Factors include: planned transmission outages; periods of low wind and solar output; around 3000 MW of coal fired generation out of action through unplanned events [and]; early and severe onset of winter increasing demand for both electricity and gas.” Not mentioned is the gaming of the market by the energy corporations who reap massive profits from this overly complex and anarchic system of energy production and distribution.

The Australian Competition and Consumer Commission (ACCC) which reports on a six monthly basis to the relevant Commonwealth government Minister on matters of gas supply, storage, prices etc, cautions in its July 2022 interim report that there may be a shortfall of gas supply to the domestic market in 2023 for the

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<sup>1</sup> See from approximately two minutes in on this Michael West video:  
<https://www.youtube.com/watch?v=nUi4tkfRMw0>

<sup>2</sup> For more on the history and roles of these three bodies and the national energy market go here:  
<https://www.aemc.gov.au/regulation/national-governance>

<sup>3</sup> Even the Chairperson of the AER, Clare Savage has admitted that the energy market is complex and confusing. She states that: “With the best of intentions, we designed the most efficient [!] market we could with the naïve belief that it would deliver the best outcomes for all consumers. What we delivered was an incredibly complex market that even energy professionals like me can struggle to engage with.” *The Age*, 20 October 2022, p.25. The Australian energy market, like the Murray Darling Basin water market is designed to benefit the rich and powerful corporations at the expense of the small consumers – the usual story under conditions of monopoly capitalism.



**Decades of privatisation and the wider neoliberal project reveal how working people in Australia and across the world have been robbed and usurped by capitalist corporations and their political allies. As a first step we should raise the slogan of nationalising the mining and energy sectors, bearing in mind that this is but part of the struggle for Australian independence and socialism.**

eastern states. Of note in this report is the following:

Much of the gas produced in the east coast is produced by the LNG exporters. On an aggregate basis, the LNG exporters and their associates had influence over close to 90% of the 2P reserves [2P means proved and probable] in the east coast in 2021, through a combination of their direct interests in 2P reserves, joint venture and exclusivity arrangements. This may increase the risk of coordinated conduct and increase the market power of the LNG exporters. (<https://www.accc.gov.au/system/files/ACC%20Gas%20Inquiry%20-%20July%202022%20interim%20report%20-%20FINAL.pdf> (p.6)

The last sentence is rather an understatement; substitute 'will' for 'may' and you get a clearer picture of what will happen. The LNG exporters have a massive stake in the Australian energy market and are determined to continue on their profit maximising drive. They will also continue to minimise the tax they pay on their enormous profits.

Decades of privatisation and the wider neoliberal project reveal how working people in Australia and across the world have been robbed and usurped by capitalist corporations and their political allies. As a first step we should raise the slogan of nationalising the mining and energy sectors, bearing in mind that this is but part of the struggle for Australian independence and socialism.



# Russian actions in Ukraine: Are they Imperialist, and is it an Invasion?

by Nick G.

**O**n 24 February 2022, Russia began what Putin called a “special military operation”.

It was, he said, designed to de-Nazify and demilitarise Ukraine and protect the ethnic Russians living in the Donbass region. The invasion was preceded by recognition, on April 21, of the two break-away states of the People’s Republic of Donetsk and the People’s Republic of Lugansk which had been created in April 2014.

Putin announced the invasion with a direct attack on Lenin and Stalin, both of whom he accused of having created the Ukraine although, he said, no Ukrainian nationality existed.

Our Party condemned the invasion on February 25, the day after it was launched. We continue to oppose it.

However, amongst some other parts of the Left, both here and overseas, there is support, to a greater or lesser extent, for Putin and Russia.

It’s unsurprising. US imperialism has pushed NATO eastwards despite assurances given to the Russians that it would not do that.

US imperialism was directly involved in the 2014 Maidan coup in which neo-Nazis identifying with World War 2 Nazi collaborator Stepan Bandera were prominent, and which ousted the pro-Russian Ukrainian government of Viktor Yanukovich. Subsequently, the neo-Nazi Azov Battalion, one of a number of private right-wing militias, launched continuous military attacks on the ethnic Russian Donbass region, killing thousands of people.

Our perspective on this conflict, which involves US imperialism as well as Russian imperialism, is certainly influenced by the position US imperialism holds in our own country. US imperialism, in alliance with our ruling class, has



us enmeshed in a complex network of military, economic political, cultural and diplomatic ties. It is the principal aspect of the principal contradiction facing the Australian people. Our fight, first and foremost is against US imperialism and for genuine anti-imperialist independence and socialism.

These factors lead some people to sympathise with or excuse Putin’s aggression on the grounds that it was provoked by US imperialism and by Ukraine’s fascists. We agree that these were contributing factors, but we disagree with those who cheer on the Russians, denying that they are imperialists and denying that their “special military operation” was aggression. Why?

## **Aggression defined by Soviet Union**

Communists should be proud of the role played by the Soviet Union in establishing a definition of aggression. Prior to 1933, many States had concluded non-aggression pacts with other States, but all, including the Kellogg-Briand Pact which prohibited aggression, lacked a clarification of the meaning of aggression, thus leaving loopholes so wide that a tank could be driven through them, as indeed happened.

However, Soviet Foreign Minister Maxim Litvinoff was tireless in his pursuit of collective security, disarmament, and opposition to aggression. This was despite the Soviet Union’s exclusion from the League of Nations (finally admitted on



September 18, 1934) and other attempts by the Anglo-US imperialists to deny to the Soviet Union normal diplomatic exchanges.

Litvinoff proposed a convention on the definition of aggression to the Soviet Union's neighbours, with whom he had signed treaties of non-aggression, but also with members of the Little Entente (Czechoslovakia, Rumania, Yugoslavia) who had so far refused to recognise the Soviet Union.

On July 4, 5 and 6 1933, the Soviet Union, together with Rumania, Czechoslovakia, Turkey, Yugoslavia, Estonia, Afghanistan, Persia, Poland, Latvia and Lithuania signed the wording proposed by Litvinoff.

The relevant section, Article 2, read;

“Accordingly, the aggressor in an international conflict shall, without prejudice to the agreements in force between the Parties to dispute, be considered to be that State which is the first to commit any of the following actions:

1. Declaration of war upon another State;
2. Invasion by its armed forces, with or without a declaration of war, of the territory of another State;
3. Attack by its land, naval or air forces, with or without a declaration of war, on the territory, vessels or aircraft of another State;
4. Naval blockade of the coasts or port of another State;
5. Provision of support to armed bands formed on its territory which have invaded the territory of another State, to take on its own territory all the measures in its power to deprive those bands of all assistance or protection.”

This was followed by Article 3: “No political, military or other considerations may serve as an excuse or justification for the aggression referred to in Article 2...”<sup>4</sup>

It is quite clear that, according to the Soviet definition of aggression, Putin and Russia are the aggressors in the Ukrainian conflict.

### **Are the Chinese clear on what constitutes aggression?**

Putin's Chinese friends have not explicitly supported the invasion, nor have they given recognition to the two breakaway people's republics in the Donbass. Indeed, they continually place quotation marks around “people's republics” and other words referencing them (e.g. “liberated territories” and “independence”). This is consistent with their refusal to endorse the 2014 referendum in Crimea.

Xi Jinping has enunciated four elements of China's position on the Ukraine war:

- (1) sovereignty and territorial integrity of all countries must be respected,
- (2) the purposes and principles of the UN Charter must be fully observed,
- (3) the legitimate security concerns of all countries must be taken seriously, and
- (4) all efforts that are conducive to the peaceful settlement of the crisis must be supported.

Only the third point supports Russia, and even that falls short of endorsing Putin's invasion.

However, it is China's failure to clearly identify Russia as the aggressor, and to openly condemn




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<sup>4</sup> A.U. Pope, *Maxim Litvinoff*, L. B. Fischer Publishing Co., New York, 1943, pp 284-286



its actions in Ukraine as an invasion, that has made its position ambiguous. Certainly, official Chinese media and most social media commentary (including those websites that are supposedly “red” or “Left” in their orientation) condemn the US and NATO without also condemning – or even tacitly supporting -the Russians.

This, despite their most recent White Paper on National Defense (2019) declaring “It stands against aggression and expansion, and opposes arbitrary use or threat of arms.”

Their refusal to condemn Russia’s aggression is in contrast to the position they took when Iraq invaded Kuwait in 1990. Qian Qichen was China’s Minister for Foreign Affairs from 1988 to 1998, and vice-Premier from 1993 to 2003. In his autobiographical *Qian Qichen: Ten Episodes in China’s Diplomacy*,<sup>5</sup> he says:

On August 22 (1990) I met Prince Al-Sabah, the deputy prime minister and concurrent foreign minister of Kuwait, who was visiting China. I stressed that China resolutely opposed the invasion of Kuwait by Iraq. We demanded that Iraq unconditionally withdraw from Kuwait, and that Kuwait’s independence, sovereignty and territorial integrity be restored and protected. (p. 52)

A little later, he recounts a meeting with Saddam Hussein:

On November 12, I went to see Saddam Hussein...He said that Kuwait had been part of Iraq since ancient times, just as Hong Kong was been part of China. Then he gave a detailed account of the historical relations between Iraq and Kuwait. Iraq, he said, had never legally and formally recognised the border between it and Kuwait. He made all sorts of criticisms of the Kuwaiti government, charging that the United States and other Western countries had conspired against Iraq

before the invasion, and that Kuwait had been in collaboration with the United States and Israel. He also said that although Kuwait had a small population and was militarily weak, it had enough resources to bring Iraq down through economic warfare. Therefore, the invasion of August 2 was an act of self-defense by Iraq...

Regarding his comparison of Kuwait to Hong Kong, I pointed out that Hong Kong was completely different from Kuwait. Hong Kong had all along been a part of the territory of China. It had been occupied by Britain by force for more than a century after the Opium Wars of the 1840s. Even so, China had adopted peaceful means to negotiate with Britain, and had finally reached an agreement on the question of Hong Kong. But Iraq and Kuwait recognised each other as sovereign states, and each had an embassy in the other’s capital. Both nations were members of the United Nations as well as of the League of Arab States. In any event, military occupation of Kuwait by Iraq was not acceptable. (pp. 70-71)

China had not supported Iraq’s invasion of Kuwait, despite accepting Iraq’s claims of provocation by the US. However, it was lobbied hard by US Secretary of State James Baker to vote for the US-sponsored Security Council Resolution 678 which gave Iraq until 15 January 1991 to withdraw from Kuwait and empowered states to use “all necessary means” to force Iraq out of Kuwait after the deadline. Only two members of the Security Council, Cuba and Yemen, voted against the Resolution. China opposed the invasion, but also demanded the withdrawal of Iraqi troops. It said it could not support Resolution 678, but neither would it oppose it, so it abstained<sup>6</sup>. Its failure to veto the Resolution meant that it passed on a majority vote and the First Gulf War, as an act of aggression in response to an act of aggression, was unleashed.

<sup>5</sup> Qian Qichen, *Qian Qichen: Ten Episodes in China’s Diplomacy*, HarperCollins Publishers, New York, 2005

<sup>6</sup> Ibid. p. 79



### Can a “responsibility to protect” justify aggression?

It is disappointing to see some on the Left refusing to use the word “invasion” when discussing Russia’s aggression. Instead, they continue to use Putin’s phrase “special military operation” in which is embedded his justificatory references to the protection of the ethnic Russians and ethnic Ukrainian speakers of Russian in the Donbass.

“Responsibility to protect” (R2P) was a term adopted by the US imperialists to cover their planned aggression against Libya. It developed as a ploy to use “values” – defence of human rights, protection against genocide – as a cover for aggression and seizure of territory. NATO intervention in Kosovo and international intervention in East Timor in 1999 created a template for values-based interventions.

Prompted by UN Secretary-General Koffi Anan for an umbrella under which such interventions could be approved, the R2P doctrine was developed by the ICISS (International Commission on Intervention and State Sovereignty) in 2001 with the avowed objectives of protecting humans from mass atrocities and other crimes.

R2P as endorsed by the UN has 3 main pillars:

- (1) Every state has the Responsibility to Protect its populations from four mass atrocity crimes: genocide, war crimes, crimes against humanity and ethnic cleansing;
- (2) The wider international community has the responsibility to encourage and assist individual states in meeting that responsibility;
- (3) If a state is manifestly failing to protect its populations, the international community must be prepared to take appropriate collective action, in a timely and decisive manner and in accordance with the UN Charter.

It is not legal, according to the UN, for a state to unilaterally invade another and impose an armed

conflict on it, in order to provide protection against genocide and other human rights abuses.

US imperialism did not use recourse to humanitarian arguments (on which R2P is based) when it invaded Afghanistan in 2001. It was openly justified as an act of self-defence, of revenge, in response to the attacks on New York and Washington DC in September 2001. Likewise, its 2003 invasion of Iraq was presented as a justifiable “first strike”, a preventive measure to stop the Iraqis using weapons of mass destruction which they were subsequently shown never to have possessed.

In 2008, war broke out between Russia and Georgia. Russia accused Georgia of conducting genocide against ethnic Russians in the self-proclaimed republics of South Ossetia and Abkhazia. It launched a full-scale land, air and sea invasion of Georgia, including its undisputed territory, on 8 August, referring to it as a “peace enforcement” operation, and recognised South Ossetia and Abkhazia on August 26 after which Georgia broke off relations with Russia. Russian Foreign Minister Sergei Lavrov stated during the war that the Russian constitution required military action because of Russia’s “responsibility to protect.” He made it clear that Russia had a unilateral commitment to R2P and would not seek endorsement from the UN for any actions it took. He said, “[U]nder the Constitution [the President] is obliged to protect the life and dignity of Russian citizens, especially when they find themselves in the armed conflict... According to our Constitution there is also responsibility to protect – the term which is very widely used in the UN when people see some trouble in Africa or in any remote part of other regions. But this is not Africa to us, this is next door. This is the area, where Russian citizens live. So the Constitution of the Russian Federation, the laws of the Russian Federation make it absolutely unavoidable to us to exercise responsibility to protect.”

In response to a popular uprising during February 2011, the Libyan government, led by Muammar Qaddafi, initiated a violent crackdown. An





estimated 500-700 civilians were killed over several weeks as the Libyan government deployed the military and used tanks against civilians and rebel forces in the besieged cities of Benghazi, Misrata and elsewhere. US imperialism drew upon the R2P doctrine to win support in the UN Security Council for two Resolutions, 1970 and 1973, which endorsed NATO aggression against Libya. The first resolution, unanimously backed by all member of the Security Council, imposed sanctions on Libya. The second approved the use of “all necessary measures...while excluding a foreign occupation force...”. This was not carried unanimously. Five Security Council members including Russia and China abstained, but by not voting against it, allowed it to be passed.

The intervention in Libya turned into a bloodbath. Nearly a decade of fighting left over 270,000 people internally displaced and 900,000 in need of humanitarian assistance. Thousands were killed. The doctrine of R2P was seen to have failed, and was not relied upon by US imperialism in its expansion of the war in Iraq to include actions in Syria, designed to protect US citizens and Syrian and Iraqi civilians from ISIS’s own version of atrocity crimes.

When the US imperialists forced a regime change via the Maidan coup in Ukraine in 2014, Putin drew on the justifications of “protection” for ethnic Russians to retake the Crimea. It had been part of Russia since 1783 when it was seized from the Ottoman Turks. Khrushchev had gifted it to the Ukrainian Soviet Socialist Republic in 1954 in a move seen as trying to win allies for his usurpation of power following Stalin’s death.

Putin has also invoked the doctrine of R2P, or at least the version of it expressed by Lavrov in 2008, in relation to his invasion of Ukraine. In speeches justifying his “special military operation”, Putin has stated that Russia is protecting Ukraine’s Russian-speaking population from genocide.

Putin could have utilised the UN-endorsed R2P to pressure the Ukrainians to stop attacking the Donbass. For eight years he had refused to

recognise the two breakaway “people’s republics” and seemingly ignored the plight of their inhabitants. The strongest force within the people’s republics at the time of their founding was Borotba, whose draft Manifesto read: “Union ‘Borotba’ stands for Revolutionary Marxism, and its most important task – to extend Left ideology implementing Marxist methodology in the political discourse of Ukraine.” Borotba sought to develop ties with anti-Putin Russian leftists; Putin had no sympathies with the politics of Borotba. However, in the eight years to 2022, many Borotba leaders have gone into exile, and right-wing and pro-Putin forces have become more prominent in the people’s republics, hence encouraging Putin’s recognition.

If Putin had wanted to, he could have used the three pillars of R2P to at least build a case for action under the UN Charter for international intervention in the Donbass to protect the ethnic Russians from attacks by the Azov Battalion and the Ukrainian government. Even had this been blocked by the US-led imperialist bloc, it would have built a substantial public opinion in support of the Donbass Russians. His failure to do so has weakened his case to be seen as a protector of the inhabitants of the Donbass.

The referenda on joining Russia, conducted by Russia in Eastern Ukraine under conditions of military occupation, lacks credibility. Whether the people of Eastern Ukraine want to stay in Ukraine, be absorbed by Russia, or want genuine independence from both Ukraine and Russia, remains an open question. The referenda will certainly hasten Ukraine’s membership of NATO, and Putin has renewed threats to use nuclear weapons pre-emptively to defend what he now says, on the basis of these referenda, is Russian territory.

### **The right to strike first is a corner stone of imperialist aggression**

Litvinoff’s definition of aggression holds true today as a general rule of thumb in situations of attack and defence, of invasion and resistance. However, technological advances have led to certain new grey areas where aggression may not



necessarily be associated with the occupation of territory by armed force. For example, attack designed to weaken and overpower a rival can now be conducted in the new war frontiers of space, cyberspace and electromagnetic space.

In any case, the identification of a nation as a potential aggressor must revolve around its attitude towards “first strike” capability. In practice, first strike capability has existed since class society arose and local elites pursued expansion at the expense of neighbouring peoples. In the era of imperialism, no imperialist power has ever apologised for attacking others. The possession of nuclear weapons raised the threat of first strike capability to such a dangerous level that the superpowers were compelled to restrain themselves by accepting the possibility of “mutually assured destruction”. However, the 2001 terrorist attack on the New York Twin Towers encouraged US imperialism to make explicit its right to strike first. It publicly committed its armed forces to the doctrines of “pre-emptive” and “preventive” attack. Russia’s aggression against Ukraine has been justified by some as striking first to prevent NATO aggression, but such a justification relies on the logic of imperialism and is unacceptable.

We should note, in passing, that Chinese social-imperialism continues to maintain its socialist-era pledge not to be the first to launch an attack. It adheres to the principles of defense, self-defense and post-strike response, and adopts an active defense posture. It keeps to the stance that “we will not attack unless we are attacked, but we will surely counterattack if attacked.” Can a social-imperialist country continue to ‘speak socialism’ in this way? In 1993, Russia dropped a pledge against first use of nuclear weapons, having formally dismantled what was left of the Soviet state apparatus. It is likely that China will continue to ‘speak socialism’ while exporting capital to secure sources of raw materials, markets for its commodities, and surplus value from overseas workers employed in ventures in which it invests. Chinese reliance on these “overseas interests” will grow, and will

necessitate the building of a military capable of “safeguarding China’s overseas interests,” an aim expressed in its White papers on National Defense published in 2015 and 2019.

### **Is Russia imperialist?**

The refusal by some on the Left to identify Russia as imperialist is largely a subjective endorsement of Putin as a leader in conflict with US imperialism and NATO. It is the old “the enemy of my enemy is my friend” belief. In fact, the enemy of my enemy can be my friend under certain circumstances (e.g. the friendship between the Soviet Union and the Anglo-US imperialists during the Anti-Fascist War); but the enemy of my enemy can also be my enemy in other circumstances (e.g. the Anglo-US imperialist creation of the anti-Soviet Cold War after the defeat of fascism in World War2).

Is Russia imperialist, and how should that influence our view of Russia’s invasion as a defensive or offensive action?

Some people point to the hundreds of US military bases around the globe, and the relative absence of Russian (or Chinese) equivalents as evidence that neither Russia nor China are imperialist. US imperialism began with colonial expansion into Texas, southern California and Mexico, seizing vast territories in the Mexican-American War of 1846. The nascent imperialism which begins with geographical expansion into neighbouring countries became, by the early 1900s, capital expansion with or without old-style colonies. The western European powers had colonies which they held into the imperialist era, the United States generally did not have old-style colonies, at least not on the scale of the Europeans. The First World War was an inter-imperialist war despite the fact that there were no overseas colonies held by Czarist Russia, Austria-Hungary or Turkey – all key participants.

Qian Qichen was quite prescient when, in pre-Belt and Road Initiative days, he addressed the School of International Studies at Beijing University on January 1, 2000, and said:



Nowadays, in this era of globalization, it is not that complicated to open world markets. There is no need for gunboats, armed force, or war. Colonialism, in a sense, can be established through finance and trade. This kind of colonialism relies on the invisible hand, not necessarily on military force. The means of conquering a country have undergone changes from military expansion to commodity export to capital export and then to the dominance of financial markets and the invisible hand.<sup>7</sup>

We would only beg to differ in so far as the invisible hand always has recourse to the iron glove, and that Chinese social-imperialism, as a net exporter of capital, is building that iron glove (as noted above) for the protection of its “overseas development interests.”

We do not accept Putin’s justifications for Russia’s aggression against Ukraine. We do not believe that NATO’s eastwards expansion justifies Russian aggression against Ukraine. It was provocative and threatening, and Putin has fallen into the trap set for him by the US-NATO. We do believe that Russia is imperialist and that it is regionally expansionist. We support the analysis of Batov et al, Russian communists whose 2007 analysis of Russian imperialism we reproduce elsewhere in this edition of *Australian Communist*.

**Russia out of Ukraine!**

**US-NATO stay out!**

**There is no “good” imperialism!**

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## **Recommended Watching:**

Is Russia Imperialist? – *Politsturm*

<https://www.youtube.com/watch?v=-Sc6iZh6rCk&t=995s>



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<sup>7</sup> Ibid. p. 287.



# Modern Russian Imperialism

by *BATOV Aleksandr, MARKOV Sergey, Sergey E., MAGOV Aleksey, ORLOV Vladimir*

*We reproduce here in its entirety, Modern Russian Imperialism, an analysis of Russian imperialism produced by Russian communists first published in 2007. The in-depth analysis presented here should be required reading for understanding the nature of the modern Russian state and its actions in the invasion of Ukraine. Except for layout and font, the text has been unedited from the original. – A.C. Editors*

## Preface

**T**hanks to V.I. Lenin and his book *Imperialism as the Highest Stage of Capitalism*, we know a lot about imperialism in general and about the specific imperialism of the early 20th century, about the history of its emergence and formation. But in the question of what imperialism is today, there is again a difference of voice. The topic of Russian imperialism among Russian communists (at least, who call themselves such) is almost taboo. Does Russian imperialism exist and, if so, in what form? No one has considered this problem thoroughly and in a Marxist way. Hundreds of books, pamphlets, and articles have been written about American and European imperialism. Some of them correctly reflect reality, the other is permeated through opportunism, social chauvinism or even rabid nationalism. The task of modern communists is to theoretically comprehend the economic phenomena that exist in modern Russia, analyze its international position and draw a conclusion about the existence or non-existence of Russian imperialism, which we will try to do in this article.

The mistake of many modern communists is to focus excessively on the role of American (less often European) imperialism in the CIS and Eastern Europe, and inattention to the role of Russian imperialism. And if earlier it could be explained by well-known historical conditions, such as the events in Serbia, Georgia, Ukraine, Kyrgyzstan, that is, when it was necessary to emphasize the role of the Americans in these events, to expose the dirty bourgeois myths about these "revolutions" as acts of free expression of the will of the people, now this one-sidedness must be corrected and shown that, contrary to popular belief, Russia is not a downtrodden colony at all, but also has its own imperialist ambitions, which it seeks to realize and realize as far as possible.

The question of the existence of Russian imperialism is by no means just an idle question. First, its resolution is extremely important from the theoretical and practical side, since the denial of the existence of Russian imperialism, the idea of Russia as a colony has already destroyed more than a dozen communists, who, criticizing US imperialism and rejecting Russian imperialism, have embarked on the path of apologia for the national bourgeoisie, on the path of social imperialism and a break with Marxism. Secondly, the question of Russian imperialism is so convoluted by revisionists, social chauvinists, "red Putinists", "patriots" and other non-Marxist elements that it is necessary to finally clarify it, to solve it from the standpoint of Marxism-Leninism. And real Marxism-Leninism, not social-imperialism, which is covered up by quotations from Lenin's writings.

## What is imperialism?

Today, perhaps, there are no communists who would openly deny the theoretical and practical significance of V.I. Lenin's work "Imperialism, the Highest Stage of Capitalism". However, as the analysis of many works by today's "communist" authors shows, on the question of imperialism, these comrades broke with Leninism (even despite the abundance of quotations from this Leninist work) and embarked on the path of Kautskyanism and opportunism. Ask such "communists" the question: "What is imperialism?" and they will tell you that imperialism is the aggressive policy of the largest



capitalist states, that is, an aggressive foreign policy accompanied by brazen interference in the affairs of other countries, including the military, a policy of double standards, etc. It is quite obvious that this answer does not exhaust the content of imperialism, it snatches only one of the dashes of this complex phenomenon of modern political and economic life.

So how does Leninism view imperialism? Imperialism is not at all an expression of the "evil will" of certain states, "a bad property of some peoples," as Plekhanov said. It has grown as a development and continuation of the basic properties of capitalism as such. But capitalism turned into imperialism only at a certain, highest stage of its development, when some of its properties began to turn into their opposite, for example, free competition into a monopoly, and the features of the transitional era from capitalism to communism were revealed. All this completely shatters the opportunists' notion that imperialism is merely an aggressive policy "on top" of pure, "democratic" capitalism, and as soon as it is abandoned, imperialism will immediately disappear. Next, we will return to the consideration of this problem, we will show the complete inconsistency of such methods of defending imperialism.

Until about the 80s of the XIX century, imperialism did not exist. There were conquests, wars, colonial exploitation, but there was no imperialism. In Europe, the United States, and Russia, pre-monopoly capitalism prevailed. Moreover, in Russia it was undeveloped and was combined with patriarchal vestiges in the countryside, and feudal in the highest echelons of power. In the era of premonopoly capitalism, the production of the same output was usually carried out by many small scattered enterprises owned by individual capitalists or small societies, among which relative equality of competitive conditions was preserved.

Improving technology in individual enterprises, using the achievements of science, developing means of transport and communications, the capitalists spontaneously developed social productive forces. The development of production led to the concentration and centralization of capital, contributed to the emergence of large enterprises, where thousands of workers are concentrated, and the socialization of production is obvious. Thus, the development of productive forces in conditions of free competition led to the emergence of a capitalist monopoly.

"Free competition," Lenin says, "is the basic property of capitalism and commodity production in general; monopoly is the direct opposite of free competition, but this latter before our eyes began to turn into a monopoly, creating large-scale production, displacing small production, replacing large-scale with the largest, bringing the concentration of production and capital to the point that a monopoly grew and grows out of it: cartels, syndicates, trusts, the capital of a dozen banks merging with them. And at the same time, monopolies, growing out of free competition, do not eliminate it, but exist above and next to it, giving rise to a number of particularly sharp contradictions, frictions, conflicts." (Lenin V.I. Soc. 4 ed., vol. 22, pp. 252 — 253)

The monopolies seize the basic resources of society, using their economic and political domination to intensify the exploitation of the proletariat, to enrich the city and countryside at the expense of millions of ordinary commodity producers, to establish their control over a multitude of small and medium-sized entrepreneurs, to extract the highest monopoly profits, and to influence the market conditions as a whole.

The era of pre-monopoly capitalism was characterized by the dominance of industrial capital. The era of monopoly capitalism, or imperialism, is characterized by the domination not of industrial, but of finance capital, which arises in the process of concentration of production and capital, the formation of monopolies in both industry and banking, and the merger and fusion of banking monopolies with industrial ones.



Under imperialism, "banks are evolving from a modest role of intermediaries into all-powerful monopolists, managing almost all the monetary capital of the entire set of capitalists and small owners, as well as most of the means of production and sources of raw materials in a given country and in a number of countries."

The tycoons of finance capital—the top monopoly bourgeoisie, the financial oligarchy—concentrate in their hands the levers of domination in all spheres of economic life, in all branches of politics, in the government and in parliament. The omnipotence of the financial oligarchy, formed in a small group of countries, outgrows their national borders, in connection with which an international network of dependencies and connections of financial capital is formed. An enormous role in its formation is played by the export of capital, which acquires enormous importance under imperialism, in contrast to pre-monopolist capitalism, with its predominance of the export of goods. Through the export of capital, monopolies acquire key positions in the economy of those countries to which capital is exported, especially if they are developing countries where local capital is scarce, raw materials and labor are extremely cheap.

Monopolies, first of all, seize the domestic market, and then directly subordinate the state apparatus of their country. Over time, development goes further, monopolies go beyond the national framework and, in the end, a significant part of the world's output in a particular industry is concentrated in their hands. The emergence of such monopolies on the world market is accompanied by intense competition between them. In order to avoid losses, they often agree with each other, agree on the division of markets, sources of raw materials and labor, on the establishment of monopoly prices and spheres of influence. Thus, international monopolies appeared, or as they are now called "transnational corporations" (TNCs), carrying out the economic division of the world, dictating to the governments of their countries the policy of new imperialist seizures and wars. Of course, the heterogeneity of the development of capitalism leads to the fact that the balance of power changes over time, and monopolies redistribute spheres of influence. Sometimes this happens peacefully, often with the use of military force.

Consequently, imperialism is not limited to military conquests, nor is it *only* the policy of the largest capitalist states, as our opportunists after Kautsky claim (paying lip service to falsely renouncing him and swearing allegiance to Marx and Lenin). Imperialism is the monopolistic stage of capitalism. Moreover, such a stage when capitalism begins to rot and die, when progressive development is no longer possible, when all the contradictions of capitalism are brought to the highest limits, beyond which the socialist revolution begins.

### **Russian Imperialism**

Above we have seen what imperialism is in general terms. Now the question before us is: Does Russian imperialism exist? This question is a pressing practical issue of our movement, since our tactics and strategy directly depend on its solution. If Russian capitalism has reached the imperialist stage of its development, then our immediate task must be a socialist revolution and there are no intermediate steps on the way to it. If Russian capitalism has not reached the imperialist stage and is pre-monopoly capitalism, then it means that we can form an alliance with some "progressive" part of the bourgeoisie to jointly conduct the "national liberation struggle" (some members of the CPRF often talk about this). To find a justification for such an alliance in Marx, Engels, Lenin is a very tempting matter, moreover,



promising very good dividends. That is why the mass of today's "communists", from Zyuganov<sup>8</sup> to various petty-bourgeois ideologists of Russian national patriotism and social chauvinism, fought to justify the "immaturity" of Russian capitalism and rushed into the arms of the "national bourgeoisie" allegedly to fight the imperialists of the USA and the EU, but in fact in the hope of getting crumbs from its profits.

One of the most odious representatives of this national-patriotic trend in the communist movement is the former member of the RCRP-PKK<sup>9</sup> Dmitry Yakushev, expelled from the party for anti-party propaganda and anti-statutory activities about two years ago. Yakushev is a highly typical example of how the verbal recognition of Marxism has led in practice to its transformation into social chauvinism and "red Putinism" (the latest theory of Russian revisionists, which considers it necessary for the patriotic alliance of the Russian proletariat with national capital in order to combat Western imperialism).

Yakushev presented his views on the nature of Russian capitalism in a number of articles, the most illustrative of which is "The Russian Federation in the System of Modern Imperialism". This article, which quite fully sets out the views not only of Yakushev himself, but also of a significant part of the Russian social chauvinists, shows its author almost with all sharpness, on the one hand, as a confused theorist, at every step mixing Marxism with national patriotism, and on the other hand, as an agent of the influence of the bourgeoisie in the communist movement, trying to convince the workers that only an alliance with the national bourgeoisie can save them from the "terrible" consequences of the "Orange Revolution" and Western imperialism in general.

At the beginning of his article, Yakushev writes: "The Marxist method requires a comprehensive consideration of any phenomenon, the study of all interdependencies and connections affecting the object. At the same time, Marxism, of course, proceeds from the priority of the whole over the part, without which the correct process of knowledge is impossible."

Faithfully. Marxism, unlike positivism, does not absolutize the particular fact; on the contrary, it insists on the need to study organic wholes, to ascend from the abstract to the concrete, dialectical understanding of analysis and synthesis. However, this generally correct phrase, even supported by the following quote from Lenin's work "Imperialism as the Highest Stage of Capitalism", remains an empty phrase, since Yakushev himself in his article does the diametrically opposite, namely, pulls out individual facts from the history of the development of Russian capitalism and adjusts them to a pre-invented scheme.

To the layman who argues from the point of view of limited empiricism, a fact that testifies to such and such proves such and such. He, of course, denies that the fact "in general" becomes a concrete fact only after a certain mental processing, which is carried out differently, depending on the method and purpose of cognition. It does not take into account that even the simplest enumeration and awareness of facts contains a certain amount of subjective interpretation, is made on the basis of a certain (even the simplest) theory, methodology.

Consequently, in order to correctly analyze a particular phenomenon of the surrounding world, it is necessary to pay attention not to arbitrarily pulled out particular facts, but to the theory by which

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<sup>8</sup> Gennady Andreyevich Zyuganov (1944 - ) has been the General Secretary of the loyalist and revisionist Communist Party of the Russian Federation and served as Member of the State Duma since 1993.

<sup>9</sup> Russian Communist Workers' Party of the Communist Party of the Soviet Union



these facts are comprehended and systematized. It goes without saying that at the same time the theory itself must correctly reflect reality, dialectically and historically consider phenomena and objects. Such a theory is Marxism, which Yakushev renounced in practice, although in words he does not cease to call himself a Marxist. However, so did Bernstein, Kautsky, and many other opportunists.

Does Russian imperialism exist? Yakushev asks, and immediately answers it: "If we remember the Leninist characteristics of imperialism and look at the generally available economic statistics, we can confidently say: Russian imperialism does not exist ... Recall that according to Lenin, "in its economic essence, imperialism is monopoly capitalism. Imperialism according to Lenin is also the domination of finance capital. The emergence of imperialism has its own history, described by Lenin in imperialism as the highest stage of capitalism. Imperialism is born out of the subordination of industry to the banks, and thus the all-powerful monopoly capital is born, which in fact is the main evidence of imperialist power. Finance capital is the basis of imperialism."

Consider this phrase by Yakushev. It is clear to any Marxist that it does not contain an ounce of truth, that it ungodly distorts Lenin's doctrine of imperialism. In the first part of the article, in general terms, we outlined the mechanism of origin and the main features of monopoly capitalism. However, in order to finally show the inconsistency of Yakushev's theoretical calculations, let us cite Lenin's characterization of imperialism:

"(1) the concentration of production and capital, which has reached such a high stage of development that it has created monopolies that play a decisive role in economic life; 2) merging banking capital with industrial capital and creating, on the basis of this, "financial capital", a financial oligarchy; (3) the export of capital, as opposed to the export of goods, becomes particularly important; 4) international monopolistic alliances of capitalists dividing the world are formed, and 5) the territorial division of land by the major capitalist powers is completed."

These features, listed by Lenin, are not at all equivalent and equally dependent on each other. Among them there is the main first sign, and all the others are derived from it. Imperialism is the monopolistic stage of capitalism, since it is the domination of monopolies that constitutes its economic essence. On the basis of monopolies, all its other features grow and are based: the formation of financial capital, transnational companies and international institutions, the export of capital, colonialism and neo-colonialism, seizures, annexations, etc. And when Yakushev says that "imperialism is born from the subordination of industry to banks," here he calls the effect the cause, puts the cart before the horse. This, of course, cannot be called an accident. Starting his "research" with finance capital and losing sight of the substrate on which it grows, Yakushev wants to prove that Russia is in the clutches of international finance capital from which it must be saved urgently by uniting with Putin's bourgeois-bureaucratic elite. Our "comrade" decided simply not to notice the fact that in Russia there are the largest monopolies, financial capital and financial oligarchy.

No, of course, Yakushev admits that we have several monopolies and oligarchs, but he arranges the case as if they are completely subordinate to the West. But since we have monopolies, since we have financial capital and its personification – a financial oligarchy, then there is also imperialism. And here the metaphysical way of thinking of our "red Putinist" is sharply manifested.

"Yes - yes, no - no, and what is beyond that, is from the evil one" - this is how the metaphysician thinks. For him, a thing either exists or does not exist, and in the same way a thing cannot be itself and at the same time different. Behind individual things, behind individual signs of objects and phenomena, he does not notice their interrelation, emergence and disappearance, the dialectics of movement, for trees he does not see the forest.





Yakushev and his associates did not see imperialism behind the trees – monopolies, banks, oligarchy – forests. They failed to understand in concrete dialectical unity the contradiction that Russia, being certainly an imperialist country, is itself economically partially subordinate to the more powerful imperialist states. For them, there is either imperialism "in general", which is usually understood as the imperialism of the United States of America (or even some kind of "world government"), or there is no imperialism. As Engels said, "Contempt for the dialectic does not go unpunished." Instead of research, it turned out to be a pathetic metaphysical mess.

However, before Yakushev became a renegade, he recognized the existence of imperialism in Russia. Here's what he wrote in his article "The Left, the Right and the War": "... Russian imperialism is by no means fake. In Russia, there are large, even by world standards, companies that mainly control the Russian economy. These companies are intertwined with the state and are quite ripe for expansion, that is, Russia has its own, albeit small, but young and aggressive imperialism... There is no doubt that today in world affairs Russia acts as a very noticeable and independent player."

It is a pity that the man who reasoned in this way a few years ago has now slipped into national patriotism and apologia for Russian capitalism.

### **Concentration of production and monopoly in Russia**

How did the newest Russian capitalism come about? (We say "newest" because we mean capitalism after the collapse of the USSR, not pre-revolutionary capitalism.) Was it introduced from the outside, or did its premises originate long before 1991, and it arose on its own basis? Obviously, it would be highly ahistorical and non-dialectical to think that in a developed socialist state with a developed socialist economy one can simply "introduce" such an order of magnitude lower social order as capitalism. So, it is necessary to raise the question of how "socialist" the economy was in the USSR and how the process of its transformation into a capitalist one went.

The economy of the Soviet Union, which was in the first phase of the communist formation, had historically been a compromise between socialist and commodity forms of management. The further development of communism would have to completely destroy the remnants of the commodity economy, private property, and with it the alienation of man. However, faced with problems in the economy, the country's leadership went the other way, namely, stimulated the use of market methods in the economy. At the initiative of Kosygin, the criteria for assessing the activities of enterprises were changed: the main criteria were not the gross volume, but the cost of products sold, profit; the number of targets has been drastically reduced. Their well-being largely began to depend on the economic behaviour of the manager and the team, in particular, the size of the material incentive funds (bonuses) created at enterprises. Thus, a time bomb was laid under socialism. After several years of stagnation, along with the already flourishing shadow economy after Gorbachev's reforms, elements of capitalism were further developed.

By the beginning of Gorbachev's coming to power, the already far-reaching process of introducing capitalist elements into the economy of socialism demanded its legalization. Indeed, the further round of "treatment" of socialism by capitalism was not long in coming. This turn was the mass cooperative movement of 1986-1992. The rise of entrepreneurial activity from 1986 to 1988 had as its logical result the Law on Cooperation. Its adoption further stimulated the development of the market. The dynamics of changes in the number of cooperatives in the USSR and the RSFSR and the number of people working in them can be judged from the following table ([source](#)):



Name of indicators	USSR			RSFSR		
	1988	1989	1990	1988	1989	1990
Number of cooperatives	100	249,2	316	100	262,7	346,0
Number of employees	100	344,7	436,7	100	379,7	496,0
Share of products sold to the population	39,1	15,3	12,6	37,8	13,7	10,4
The share of employees in the total number of people employed in the economy	1,2	4,2	5,4	1,1	4,1	5,5

However, capitalist reforms also affected state property. It was, for example, about the introduction of such market elements as wholesale trade, providing independence to economic units, softening state regulation of product sales, a new pricing system, taxation and much more. After the adoption of the Law on State Enterprise, the principle of self-financing was re-developed.

Thus, the result of the reforms was the formation of the market on the territory of the USSR, which undoubtedly means the final transition to a capitalist formation. But there is also no doubt that economic reforms have been largely inconsistent. This is evidenced by the adoption of the Resolution of the Council of Ministers of the USSR on prohibited activities, the Decree on the taxation of personal income of members of cooperatives, according to which the progressive taxation of these incomes reached 90%. This happened because of the conflict of rapidly developing productive forces and regressed production relations. By the end of the 80s, it became quite obvious that there was a crisis that had been resolved in the bourgeois counter-revolution of 1991.

To a certain extent, the United States helped to implement perestroika and the reforms that followed it. However, there was an internal crisis. If it did not exist, then no intervention by American intelligence agencies would be impossible. They simply successfully used this crisis as a "great" historical chance to kill the "red dragon".

But, given that the elements of capitalism developed independently within the USSR, starting from the 60s, today's Russian capitalism has a certain (and very significant) independence and the very process of forming the imperialist phase of capitalism proceeded quite differently from what it was at the end of the XIX century. In particular, gigantic industrial enterprises did not arise as a result of the prolonged consolidation of small-scale production, but ended up in the hands of the bourgeoisie during the division of Soviet social production. As is known, in terms of the degree of centralization and concentration of the economy, the Soviet planned system was noticeably ahead of the world capitalist system, so Russia did not go through a phase of free competition, but almost immediately formed a highly monopolized capitalism (in some industries, Russia overtakes the richest capitalist countries in terms of monopolization). Nor was there any subordination of industrial capital to banking capital and their subsequent splicing: in Russia, after the counterrevolution, banking and industrial capital were born already fused, like Siamese twins.

It is often argued that Russian monopolies are completely dependent on Western ones. This does not negate the fact that Russia has imperialism, even if it is dependent on the larger capitalist powers. Before the Great October Revolution, Russian imperialism was also dependent on European imperialism, but this did not mean that Russia was one hundred percent dependent.

Yakushev hypocritically argues that if you "look at the publicly available economic statistics, we can say with absolute certainty: Russian imperialism does not exist." Therefore, it is necessary to provide here as much statistical data as possible (compiled on the basis of the rating "800 largest companies



of Russia in 2006", compiled by RBC) on Russian monopolies to expose this very controversial statement.

In the **oil and gas industry** of Russia (data as of the end of 2005) there are ten largest companies by revenue, controlling more than 80% of Russian hydrocarbon production: LUKOIL NK (revenue of 55774 million dollars), state monopoly Gazprom (48912 million dollars), transnational company TNK-BP (24840 million dollars), state-owned Rosneft NK (23957 million dollars), Surgutneftegaz (15157 million dollars), Gazprom-Neft (Sibneft) (14585 million dollars), Transneft (\$6417 million), Tatneft (\$6008 million), Slavneft-Megionneftegaz (\$3842 million) and SIBUR Holding (\$3768 million). These largest monopolies have concentrated in their hands not only the oil and gas market of Russia (the monopoly position allows them to receive more than 90% of the total profit of the industry), but also other CIS countries, moreover, they are expanding into foreign countries (which we will discuss below).

**Here is an updated list of oil and gas companies from January 2022 – A.C. Editors.**

S.No	Russian Oil Company	Total Sales
1	GAZPROM	\$ 85,468 Million
2	OIL CO LUKOIL	\$ 70,238 Million
3	ROSNEFT OIL CO	\$ 69,250 Million
4	GAZPROM NEFT	\$ 24,191 Million
5	SURGUTNEFTEGAS PJS	\$ 14,345 Million
6	TATNEFT	\$ 9,990 Million
7	NOVATEK	\$ 9,461 Million
8	BASHNEFT	\$ 6,881 Million
9	RUSSNEFT	\$ 1,801 Million
10	SLAVNEFT-MEGIONNEF	\$ 999 Million

In the **electric power industry**, the largest monopoly directly intertwined with the state apparatus is RAO UES (27033 million dollars), followed by the state-owned Rosenergoatom Concern (2511 million dollars), Mosenergo (2510 million dollars).

In the field of **transport**, the largest monopoly is the state-owned Russian Railways (26468 million dollars), followed by Aeroflot – Russian Airlines (2540 million dollars).

In the field of **mechanical engineering**, the largest enterprises and financial and industrial groups that occupy a monopoly position in the market as of the end of 2005 are: Avtovaz (\$ 6508 million), GAZ Group (\$ 3105 million), Rolf GC (\$ 2300 million), SOK Group (\$ 2278 million), KAMAZ (\$ 1987 million), Toyota Motor (\$ 1791 million), Concern Almaz-Antey (\$ 1770 million), Transmashholding (\$ 1477 million), "Ford Motor Company" (1386 million dollars), "TVEL" (1375 million dollars).

As of the end of 2005, the following monopolies operate in the field of **chemistry and petrochemistry**: Salavatnefteorgsintez (\$2263 million), MCC EuroChem (\$1891 million), Nizhnekamskneftekhim (\$1490 million), and PhosAgro (\$1400 million).

In the field of **ferrous metallurgy**, the following monopoly enterprises operate: Severstal (7970 million dollars), Evraz Group (6509 million dollars), Magnitogorsk MK (5380 million dollars), Novolipetsky MK (4469 million dollars), Mechel (3805 million dollars), Trubnaya MK (2800 million dollars), Nizhny Tagil MK (2546 million dollars).

**2022 Chemistry and Petrochemistry majors – A.C. Editors.**

The company	Sales in 2011, billion rubles.
Sibur	248,7
Gazprom Salavat neftekhim (Salavatnefteorgsintez until 2011)	147,8
EuroChem	131,3
Nizhnekamskneftekhim	122,7
Acron Group	65,4
Uralkali	108,3



In the field of **non-ferrous metallurgy**, the following largest enterprises operate: MMC Norilsk Nickel (7169 million dollars), Rusal (6650 million dollars), UMMC-Holding (3494 million dollars), SUAL-Holding (2700 million dollars).

In the field of **telecommunications**, the following monopolies operate: AFK Sistema (7594 million dollars), 75% of the state-owned Svyazinvest (7589 million dollars), MTS (5011 million dollars), VimpelCom (3211 million dollars), MegaFon (2388 million dollars), Russian Post (1557 million dollars), Rostelecom (1448 million dollars) and Uralsvyazinform (1121 million dollars).

Unfortunately, these statistics do not reflect the interrelationships of different enterprises. For example, Sistema holding owns a 50.4% stake in the largest mobile operator MTS, that is, in this case we have not two competing monopolies, but a "mother" and a "daughter". The same situation is true in all other industries. But already from the above data we see that the concentration and centralization of production and capital in modern Russia has reached such a stage that monopolies have arisen that have divided all spheres of industry among themselves. Moreover, the process of monopolization in Russia continues, the market of "mergers and acquisitions" in Russia amounted to 59 billion dollars in 2005, and in 2006 *it is* projected at around 50 billion. Therefore, it is silly to talk about its absence in the presence of monopolies.

We often hear from national patriots that Putin is not going to privatize monopolies, on the contrary, the government buys Gazprom shares to control, "slow down" the reform of RAO "UES", etc. So, Putin is a statist, a defender of national interests (who cares? is it not the bourgeoisie?), so you need to crawl on your belly, sing his praises.

No matter how much Putin himself and his heralds try to present themselves as "statists" fighting Western imperialism, in fact the liberal policy (that is, the policy of privatization, monetization, strengthening the domination of the bourgeoisie in general) has not disappeared anywhere. It continues. Moreover, it is gaining momentum. It's just that the old liberal rhetoric was replaced by national-patriotic rhetoric, the slogans of "freedom" were replaced by the slogans of "stability", but the essence remained the same. Without understanding this simple thing, many communists slid from Marxism to "Putinism."

Of course, the ideologists of this trend, in order to justify their correctness, grasp at various "proofs" of the influence of the United States and the IMF on Russia, the recent hype around the law on non-profit organizations. But behind all this, they do not see the main and basic, namely the strengthening of the bourgeois state, Russian imperialism. They cannot understand that the expropriation of individual capitalists (for example, Khodorkovsky) is not done in the interests of the people, but in the interests of the ruling class as a whole.

Yakushev fixated on the metaphysical separation of "comprador" and "national" capital. But even the attempt to give its concept a dialectical form, expressed in the words "comprador capital ... it is difficult to forge into national capital, and national capital can become comprador in one moment" does not work, because in the conditions of imperialism, in the era of the "great capitalist international", to divide the bourgeoisie into "comprador" and "national" is meaningless, especially if we are talking about an imperialist country. Yes, Russia is economically dependent on the West, but this does not negate the fact that it is ruled by monopolies, finance capital and oligarchy, that it is an imperialist country.

Lenin wrote: "Not only the small states, but also Russia, for example, are entirely dependent economically on the power of the imperialist finance capital of the 'rich' bourgeois countries..." (Lenin V. I. Soc., 4th ed., vol. 20, p. 371)



This was said in the spring of 1914. But, meanwhile, did Lenin deny the existence of Russian imperialism? No, he didn't.

**Banks in the Russian Federation**

The concentration of production and capital leads to the emergence of monopolies— the largest joint-stock companies. The activity of monopoly capital is impossible without the attraction of huge sums of money and credit, so banks come to the forefront of bourgeois society in the era of imperialism, which become the main nerve of the entire economic life of a particular state. Thus, there is an opportunity and necessity of merging banking capital with industrial capital, their mutual fusion and the formation of financial capital in the form of financial and industrial groups. The increasing role of banks in the economy characterizes one of the main processes of the escalation of capitalism into capitalist imperialism, therefore, in order to invest another stone in debunking the myth of the absence of imperialism in Russia, we must dwell here on the concentration of banking.

The most important and largest bank of the Russian Federation is the Central Bank (CB). In its essence, tasks and functions, the Central Bank of the Russian Federation has a dual nature: it can work in the mode of a credit institution, carries out money emission and at the same time is the executive body of the state relative to all other credit organizations.

The very existence of such a bank as the Central Bank testifies to the highest degree of concentration and centralization of banking in Russia, the extreme importance of such a super-large and specialized bank for the existence of the entire capitalist system as a whole.

No.	Bank	Assets, in million rubles
1	Sberbank	32 421 026
2	VTB Bank	15 813 216
3	Gazprombank	7 613 174
4	Alfa-Bank	4 229 025
5	Rosselkhozbank	3 539 546
6	Credit Bank of Moscow	2 988 171
7	Otkritie FC Bank	2 530 760
8	Promsvyazbank	2 503 499
9	Sovcombank	1 576 708
10	Raiffeisenbank	1 432 353

**Above: Top ten Russian banks in 2021 – A.C. Editors**

Then there is the Joint Stock Commercial Savings Bank of the Russian Federation, or Sberbank. It was established in the form of an open joint-stock company in accordance with the Law of the RSFSR "On Banks and Banking Activities in the RSFSR". The founder and main shareholder of Sberbank of Russia is the Central Bank of the Russian Federation (over 60% of the shares of the authorized capital). Its shareholders are more than 200 thousand legal entities and individuals. Sberbank of Russia was registered on June 20, 1991 in the Central Bank of the Russian Federation. As of the first half of 2006, Sberbank controls 24.01% of the assets of the Russian credit system. In 2006, Sberbank for the first time entered the hundred largest banks by capital and took 82nd place in the rating of the magazine "The Banker", ahead of the German "Commerzbank" praised by the "comrade" Yakushev (with its capital of \$ 25 billion against Sberbank's 32).

Sberbank is followed by Vneshtorgbank (VTB Bank 5.39%), a bank with almost one hundred percent participation of the Central Bank of the Russian Federation. It is followed by Gazprombank (3.97%) directly merged with the state monopoly Gazprom. It is not for nothing that we have emphasized here the connection of the bank with monopoly, since this is one of the most important features of imperialism. The largest enterprises absorb small ones, merge and intertwine with banks and form single financial and industrial groups that permeate the entire economic life of society. Then there are OJSC "Bank of Moscow" (2.30%), OJSC "Alfa-Bank" (2.20%), "Uralsib" (1.79%), "Rosbank" (1.61%),



"Raiffeisenbank" (1.45%), "Russian Standard" (1.23%), "International Moscow Bank" (1.23%), OJSC "MDM-Bank" (1.10%) and a number of other smaller banks.

According to the statistics of the Central Bank of the Russian Federation, as of October 1, 2006, the five largest of the 1200 Russian banks concentrated assets in the amount of 5374 billion rubles (43.9%), attracted deposits of individuals for 2050 billion rubles (61.6%), provided loans to individuals and legal entities for 3457 billion rubles (45.6%). At the same time, the top five banks attracted 9 rubles 11 kopecks for each ruble of their own capital, while the 1,000 smallest banks (which control only 9% of assets in total) - an average of only 4 rubles 10 kopecks.

So, as we see, the last word in the development of banking in Russia is monopoly. Moreover, such a high degree of monopolization is not observed even in such an undoubtedly monopolistic country as the United States.

But how does Yakushev look at the Russian banking system? It's all the same here: the West, the West, the West... He complains that Raiffeisenbank, Citibank, and IMB are "one hundred percent subsidiaries of Western banks." As always, Yakushev snatches only one side of the process, does not want to see that in Russia there are not only Western "daughters" (these account for only 3.67% of Russian banking assets), that the fusion of the state apparatus with the banking (Central Bank) is the clearest example of the concentration and centralization of capital, indicating that we do not live in the premonopoly era. He goes on to say: "The process of intertwining Russian industry with Western banks has become explosive." So what? Is Russia a colony? Incorrect! Here again and again the contradiction is manifested that the Russian Federation, being itself an imperialist state, is partly dependent on the imperialism of the richest bourgeois states.

### **Finance capital in Russia**

We have already seen above that the concentration of production, the monopolies that grow out of it, the merger of banks with industry, are the basis for the emergence of financial capital, financial and industrial groups and a financial oligarchy. We emphasize everywhere that all this grows out of the concentration of production, since for today's "theorists" these characteristic features of imperialism are of equal importance, which greatly confuses the relationship between the main and secondary, cause and effect, and gives rise to the assertion that the absence of one of the signs serves as proof of the absence of imperialism as such.

Modern representatives of state science are entirely apologists for imperialism and the financial oligarchy. It does not reveal, but obscures the main mechanisms for the formation of financial and industrial groups (FIG), the oligarchy, its receptions, revenues, ties with parliaments and governments. They get rid of these "sick" questions with general phrases about the "responsibility" of business to society, praising the "patronage" of this or that oligarch who donated for the sake of public opinion, so to speak, a thousandth of his multimillion-dollar fortune, a serious analysis of completely frivolous things like the legislative restriction of monopolism, etc.

So, how did the Russian FIGs come about? By the end of 1993, the need to create certain forms of associations of enterprises became obvious, and it was at this time that the first integrated associations of enterprises began to emerge, in 1995 the State Duma adopted a law regulating the work of the FIG. The intensity of the process of formation of The FIG differed significantly by industry. This process was most active in mechanical engineering (including automobile and instrumentation). At the end of 1997, the enterprises united in the FIG produced 27% of the industry's products, and 40% of the industry's profits were received. Exceptional capital intensity and a tendency toward



monopolization in mechanical engineering were manifested in the most rapid formation of financial and industrial groups.

At the heart of any FIG is financial capital, that is, industrial capital intertwined with banking capital. Depending on the proportion in which these two types of capital are mixed, FIGs are divided into "industrial-financial" and "banking".

Industrial FIGs of a conglomerative type include participants representing a fairly wide range of activities. These financial and industrial groups are characterized to a certain extent by decentralization of management, the absence of a leading holding company. The commonality of interests here is achieved through mutual ownership of shares, unification around large credit and financial institutions (commercial and investment banks, insurance companies).

Industrial and financial conglomerates are most often large regional groups, reflecting the technological orientation of the region and intertwined with local authorities. For example, the Eastern Siberian Group fully reflects the technological orientation of the Irkutsk Region, where hydropower is the foundation for the development of raw materials and semi-finished industries. Today, more than 80% of the region's GDP is produced within this financial and industrial group. Its basic enterprises are JSC "Angarsk Petrochemical Company", "Irkutskenergo", "Vostsibugol", etc. Or another example: the participants of the FIG "Ural Plants" are two dozen enterprises of various forms of ownership and areas of activity. In total, this is about a third of the industrial potential of Udmurtia, which is one of the most industrially developed regions of Russia. The largest production enterprises of the group are the enterprises of the defense complex jsc "Aksion" ("Izhevsk Motor Plant"), JSC "Izhevsk Electromechanical Plant", SE "Izhstal", JSC "Bumage".

Another type of FIG is "banking". In the center of such a group is a credit and financial organization, most often a holding association, headed by a large commercial bank.

Currently, the existing banking FIGs have approximately the same structure, which includes investment companies, industrial enterprises, trading companies, trust and financial companies, a pension fund, an insurance firm, advertising and consulting firms.

Purposefully consolidating the shares of trade, industrial, transport enterprises (directly or through holding structures), financial companies become the core of the group. The most important role in the formation of this type of FIG (as well as the first one) is the so-called "participation system", when the "mother society" controls the "daughter" and those in turn the "granddaughter" societies. Thus, the "mother society" can establish dominance over the vastest areas of production. As Lenin said, "... the system of participation not only serves to intensively increase the power of monopolists, it also allows you to do with impunity any dark and dirty deeds and rob the public, because the leaders of the "mother society" are not responsible for the "daughter society", which is considered "independent" and through which everything can be "carried out". Against the background of this Leninist analysis, the arguments of state economists about the "opacity" of financial and industrial groups, about uncontrollability, etc. look simply ridiculous.

So, the main means of managing the "banking" FIG is the financial and economic levers and methods of indirect regulation of units used by the management company. An example of a FIG of this type is the Interros group, created by ONEXIM Bank (after the crisis of 1998, its place in the group was taken by Rosbank) in 1995. The group includes such unrelated enterprises operating in various industries as RAO Norilsk Nickel (non-ferrous metallurgy), RUSIA Petroleum OJSC, Verzhnechonskneftegaz OJSC, Norilskgazprom OJSC (oil and gas), LOMO, Khimvolokno, Phosphorit (chemical industry), Kovrov Mechanical Plant, Power Machines (mechanical engineering), Federal Contract Corporation



Roskhlboproduct (former Ministry of Bread Products), etc. Total number 30 participants of the FIG, including 11 enterprises and 4 institutions. The total number of workers and employees is 306 thousand people. A feature of Interros IS A powerful block of credit and financial institutions participating in the group's activities, which own a significant stake (35%) in the group's central company.

A horizontal FIG with an investment company in the center is another type of Russian "banking" financial and industrial groups. Unlike "banking" FIGs with a controlled industrial conglomerate, horizontal groups have a clearly defined sectoral focus. An example of such a FIG is the Transnational Financial and Industrial Group "Aerofin". (That's the extent to which Russian FIGs have grown to a transnational level, while talking about the absence of Russian imperialism is simply ridiculous!).

The basic organizations of Aerofin are Sakha-Avia, Baikal, Belavia (Belarus), Aircraft Repair Plant 406 (Kazakhstan). The specificity of the group lies in the fact that its central company, the International Finance Corporation "Aerofin", was not established specifically, but was authorized by a contract for the conduct of common affairs.

One of the main tasks of creating Aerofin was to establish leasing relations between the participants of the association. The main idea is as follows. Repair plants have ready-to-use engines, but airlines do not have the means to purchase them. Financial resources are accumulated in the central company, which credits repair plants, they transfer repaired engines to it, and it, in turn, leases them to airlines.

Examples of other transnational FIGs operating in Belarus, Ukraine, Kyrgyzstan, Tajikistan, Moldova and Latvia include: Nizhny Novgorod Automobiles, Transnational Aluminum Company (TaNAco), Slavyanskaya Pumanka Transnational Financial and Industrial Group, etc., operating in the fuel and energy sector, chemical, metallurgical and nuclear industries, pulp and paper production and production of chemical fibers.

It is clear what profits such TNCs make, how many capitalists and "managers" profit from them. One might argue, of course, that these profits are no match for the profits of, say, European or American monopolies, but such analogies are inappropriate here. It does not matter whether they "go" or "do not go" into comparison, but it is important that Russian monopoly capital, represented in the form of the largest oil and gas companies and diversified financial and industrial groups, is by no means brewing in itself, it has actively captured the domestic market of Russia and is now beginning to expand into the markets of Belarus, Ukraine, Kazakhstan, etc.

According to statistics, by June 1, 2001, 96 groups had received official status. They include more than 1361 legal entities, including 1251 industrial enterprises and other organizations, 110 financial and credit institutions. The authorized capital of the central companies of the FIG was 3.9 billion rubles at the time of registration.

The total number of people employed in these groups is approaching 3.5 million people. The number of employees in each of the FIG ranges from 1.5 thousand to 300 thousand people, and the number of enterprises, banks, commercial and other firms - from 4 to 60. The annual turnover of production in 2000 amounted to more than 10% of GDP. The activities of all FIGs are carried out with the participation of credit and financial institutions, whose share in the number of list members was 3%, and in the authorized capital of central companies paid for by the participants of the FIG - 12%.

Of the 200 largest banks in Russia, 48 entered the FIG or created such groups themselves, and out of the 200 largest Russian companies, 130 became members of the FIG. Among the largest participants





in the registered FIGs are such industrial enterprises as Magnitogorsk, Krasnoyarsk Aluminum Plant, AvtoVAZ JSC, KamAZ.

Depending on the size of the group turnover, FIGs can be classified as large - the turnover exceeds \$ 1,000 million (28%), medium - from 100 million to 1,000 million dollars (40%) and small - with a turnover of less than \$ 100 million (32%).

Thus, we see that in the Russian economy financial capital is becoming more and more clear, and consequently, its personification – the financial oligarchy. The bourgeois parliament and government in any bourgeois republic is the organ of the domination of capital. This is absolutely true in relation to Russia. Our parliament, since 1991, has been controlled by a financial oligarchy. Deputies and parties, including United Russia, are in the hands of the monopolistic bourgeoisie, which dictates policy in the state. But it cannot be otherwise under capitalism, under bourgeois democracy. There is no supraclass state "in general", there is no democracy "in general". The state, as a social institution, and democracy, as a form of social structure, are purely class categories. Our state, which the "national-patriots" call the "fatherland", obscuring the main and basic things in this matter, is the state of the dictatorship of the bourgeoisie, there is a liberal state in relation to the capitalists and a dictatorial state in relation to the working masses. And this is always the case under capitalism, in all, even the most "developed" countries. Now they like to say that Putin has removed the oligarchy from management. This is incorrect. One financial and industrial group destroyed another, one party replaced another, liberalism was replaced by national patriotism, but at the same time the same party remained in power – the party of capital.

Now let's consider in the most brief way the development of the Russian stock market.<sup>10</sup>

Capitalism in general has a tendency to separate the ownership of capital from the use of capital to production, the separation of monetary capital from industrial capital, the separation of the layer of rentiers who live by cutting coupons from those directly involved in the disposal of capital. Under imperialism, and Russia is no exception, this separation reaches gigantic proportions. The need to quickly mobilize and direct capital to where the most favorable market conditions are developing naturally leads to the development of the stock market.

The history of the stock market in Russia has about 12 years. During this period, the securities market (that is, claims to property, to capital) went from check auctions to the creation of a developed and powerful exchange infrastructure capable of arguing with the trading platforms of leading Western states.

The story of check auctions and vouchers now looks quite ridiculous. To make the entire population owners – such a task was not set even by the most ardent liberal economists of the West. No of Friedrich Hayek's "private money" projects compare to the destructive economic experiments conducted by Gaidar and Chubais under the leadership of the IMF.

In the Western market economy, no more than a third of the population owns securities. Citizens there are striving for alternative forms of investing income: some focus on private securities, others on investments in bank deposits, others on the purchase of insurance policies and contributions to

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<sup>10</sup> The Russian stock market closed for a month after the invasion of Ukraine in February 2022. It reopened in March with trades in only 33 stocks as western sanctions took effect, and was valued at around \$400 billion, or about the same as Walmart. This compared to a market capitalisation of about \$773 billion at the end of last year. By early September, it was reported that Russian stocks had risen to their highest level since May, boosted by a jump in shares of energy giants Gazprom and Lukoil - A.C. eds



pension funds. Moreover, investments in both private and government securities are made in the West only by wealthy segments of society.

In late 1994 and early 1995, the securities market experienced a significant increase in prices, which, in fact, was the first assessment by the market of the real, rather than the nominal value of shares. In 1995, privatized enterprises began to conduct an additional issue of shares, investment companies were formed. The average annual turnover in the stock market reached 160 million dollars. In 1997, the annual volume of operations with shares was estimated at \$ 15 billion. As of January 1, 1998, the Ministry of Finance of the Russian Federation registered 466 loans to the constituent entities of the Federation and municipal entities in the amount of more than 49 trillion rubles.

The end of the stage of such a rapid growth of the Russian securities market was the Asian crisis in 1998, which caused the so-called August "default".

The crisis situation lasted until 2001, when the shares of the largest monopolies (Gazprom, RAO UES, Yukos) began to grow quite rapidly.

Today, with all the contradictions in the development of the stock market in Russia, we can say that it is growing faster than before. This directly testifies to the significant separation of fictitious capital from industrial capital, the dominance of monopolies in the economic life of the country.



RTS Index for the Last 5 Years

As you can see, over the past 5 years, the RTS index<sup>11</sup> has increased more than 7 times. The following table provides information on the capitalization of the 10 largest Russian companies as of November 2006.

<sup>11</sup> The RTS or Russian Trading System was a stock market that operated in Moscow from 1995 to 2011. It then merged with Moscow Interbank Currency Exchange (MICEX), creating the Moscow Exchange.



Nº	Issuer	Capitalization at the end of November (million dollars)	Capitalization at the end of October (million dollars)	Change in capitalization (%)
1	Gazprom	274 837.19	249 757.12	10.04
2	Rosneft NK	85 684.31	78 114.44	9.69
3	LUKOIL NK	75 732.18	68 705.03	10.23
4	Surgutneftegaz	49 131.78	45 679.78	7.56
5	Sberbank of Russia	47 242.42	42 730.59	10.56
6	RAO UES of Russia	38 946.05	30 964.25	25.78
7	TNK-BP Holding	38 190.81	36 289.19	5.24
8	Norilsk Nickel MMC	28 686.85	27 130.62	5.74
9	NOVATEK	19 615.35	17 685.87	10.91
10	Gazprom Neft (Sibneft)	19 477.12	19 649.28	-0.88

It is easy to see that the owners of these companies are not Western capital. The largest owner is the bourgeois Russian state and the Russian FIGs. In 2005, the [state received](#) a controlling stake in Gazprom. More than 75% of Rosneft shares [belong to the state holding](#) Rosneftegaz. Vagit Alekperov's financial empire has a complex ownership structure, but even here Russian capital has a strong position. In fourth place in the rating is the company Surgutneftegaz, the controlling stake of which is owned by people belonging to Putin's immediate entourage. According to many analysts, Putin is actually the owner of a controlling stake, but formally the property is registered to his personal associates. Sberbank and RAO UES are also controlled by the state. And only in 7th place there is a company, 50% of whose shares belong to foreign capital (British Petroleum). Note that the remaining 50% belong to the Russian Alfa Group and Access/Renova, [the main owners of which are](#) Viktor Vekselberg and Mikhail Fridman.

Rank	Name	Market capitalisation (\$ bns)
1	Gazprom	97.88
2	Rosneft	65.69
3	Novatek	57.94
4	United Heavy Machinery	57.06
5	Lukoil	54.30
6	Sberbank	51.70
7	Nornickel	42.33
8	Polyus	18.68
9	Surgutneftegas	18.66
10	PhosAgro	17.21

**Export of capital**

Today, the bourgeois theory is unusually common, according to which the export of capital is the plundering of the country. The main "denier" of the existence of Russian imperialism, D. Yakushev and his followers, stands on the same point of view. They claim that "profits are taken out of Russia from the capital placed here." Oh well. We are a colony! Of course, our "Marxist-Putinists" do not want to admit that the Russian economy is ruled by monopolies, and not at all imposed from the outside, but developed on their own basis, and this quite naturally leads to the export of capital from the country in order to expand sales markets, exploit more accessible and cheaper labor and natural resources.



The stronger and deeper the dominance of monopolies in the economy, the higher the volume of capital exports. This tendency is evident in all imperialist states. Here, capital is exported not because it has no application within the country, it could be directed, for example, to overcoming the poverty of workers. However, such motives are not peculiar to the bourgeoisie. Capital is exported by monopolies, most often (though not necessarily) to places where profits are high, local capital is scarce, wages are low, and raw materials are cheap. But since the middle of the twentieth century, the export of capital from the developed capitalist countries to the developed countries has become widespread, which eventually led to the fact that the countries of Europe and the USA "tied" each other with imperialist ties. The consequence of such a mixing of capital was the rapid development of transnational companies, the liberalization of foreign economic relations (the formation of the EEC, GATT, WTO), and since the 70s - the emergence of "neoliberalism", a new bourgeois ideology expressing the interests of international capital.

As for Russia, in recent years, the export of capital from Russia has acquired huge dimensions. Thus, Norilsk Nickel, the sales volume of which amounted to \$3354 million in 2002, spent \$341 million to acquire a stake in Gold Fields (South Africa). Severstal (sales of \$1924 million) acquired a controlling stake in Rouge Industry (USA) for \$280 million. LUKoil (sales volume - \$ 16 billion) received for \$267 million control over the network of American gas stations ConocoPhillips (at the same time, a significant stake in LUKoil was transferred to ConocoPhillips) and for \$232 million - over Beopetro (Yugoslavia). United Heavy Machinery Plants (sales volume - \$435 million) received control over the Czech Skoda JS, Skoda Kovarny, Skoda Hute for \$150 million. Mechel (sales volume - \$594 million) acquired a controlling stake in S.C. Industria Sarmei S.A. (Romania) for \$334 million. A comparison of numerical data shows that the purchase of enterprises abroad is becoming the main direction of investment for many Russian corporations. Russian FIGs do not disdain direct investments in financial enterprises. So the group "Interros" owns: Rosbank Intl. Finance B.V. Amsterdam (100%), Banque Unexim Suisse SA (100% from Rosbank), Unexim Intl. Finance B.V. (Holland, 100% from Rosbank), Rosinvest SA (99.968% from Rosbank), Minskcomplexbank, CJSC Belstrakhinvest (49%).

**Top destinations for Russian capital export (\$bn) as of June 2021 – A.C. Editors.**

Rank	Country	Amount (\$bn)
1	Cyprus	193.5
2	Netherlands	32.58
3	Austria	22.84
4	UK	27.04
5	Switzerland	25.01
6	Luxembourg	21.71
7	Ireland	11.34
8	Singapore	11.13
9	Germany	10.97
10	USA	7.47

**Cyprus is a tax haven for Russian billionaires. Capital sent there is then taken back to Russia, as seen in the top two exporters of capital to Russia: Cyprus (\$167.02 bn) and the UK (\$51.98 bn).**

According to the Central Bank of the Russian Federation for five years from 01.01.2001 to 01.01.2006 direct investments from Russia abroad (capital exports) increased from 20141 to 138845 million dollars, while direct investments in Russia (capital imports) increased from 32204 to 168950 million dollars. Despite the fact that Russia is still a net importer of capital, the predominant process is the exchange of capital with Western countries. Moreover, the largest importers and exporters of capital are the state-owned companies Gazprom and RAO UES, a special role is played by the Central Bank, which formed unthinkable foreign exchange reserves in 2000.

These figures show that the purchase of enterprises abroad is becoming the main direction of investment for many Russian monopolies. But what does that mean? For the average person, this is simply the purchase of foreign enterprises by Russian oligarchs, instead of investing money in the



Russian economy. For a Marxist, these are the expansion of markets, the spheres of application of capital, the exploitation of local labor power, imperialist expansion in general, the transformation of "national" monopolies into transnational ones, the transformation of the Russian "national" bourgeoisie into an imperialist transnational one, which, together with the USA, the EU and Japan, exploits the workers of "our" and "foreign" states.

### **Expansion of Russian imperialism into the countries of the former USSR**

Above, we gave examples of the expansion of Russian monopolies by exporting capital to foreign countries. However, the most important from the theoretical and practical side is the consideration of the expansion of Russian monopoly capital into the CIS countries.

It is interesting to note that the "locomotives" of this process are state concerns (Gazprom, RAO UES), which sharply shows the merger of the class of the financial oligarchy with the state apparatus into one single state-monopoly mechanism.

Deputy Prime Minister Khristenko most prominently expressed the plans of the Russian government for expansion in the CIS: "There is nothing more right about integration than starting with infrastructure consolidation. This is the "skeleton" that holds the entire body. And Russia as a whole has been preserved only because this "skeleton" in our country, fortunately, remained undivided. Now it is being recreated in the post-Soviet space," Khristenko said in an interview with Rossiyskaya Gazeta.

"And therefore, what RAO UES of Russia is doing, what is being done in the field of gas projects, will be continued in the field of railway and pipeline transport," Khristenko said. "On the one hand, all this prepares the ground for deepening integration, on the other hand, all this is already a product of integration," he explained.

According to him, RAO UES of Russia has carried out an unprecedented expansion of Russian capital in the post-Soviet space, buying up energy assets in the CIS countries. "The expansion of Russian capital became possible only thanks to the strengthening of integration processes. If someone tries to prove the opposite to me – they say, politicians all failed, so businessmen "came from the rear", launched a guerrilla struggle – well, this is just ridiculous. Never have such major deals passed without the support of political "artillery". Nowhere in the world is there such a thing, and even more so here, in the post-Soviet space," the deputy prime minister said.

V.Khristenko also noted that "in the spring, as I hope, the interstate agreement on the formation of the CES (Common Economic Space) will be ratified by the parliaments of all four countries." "This process will not be easy, we will have to prove and convince a lot, but it will be a landmark event, as a result of which we will receive a fully legitimate status of the CES," he said.

"The agreement on the formation of the CES was signed by the presidents of Russia, Belarus, Kazakhstan and Ukraine in Yalta on September 19, 2003 during a meeting of the CIS Council of Heads of State. In accordance with the agreement and the concept annexed to it, the purpose of the formation of the CES is to create conditions for the stable and effective development of the economies of the member states and improve the standard of living of the population." (according to INTERFAX 20.1. 2004)

If we discard from here all the bourgeois nonsense about "raising the standard of living of the population", "integration", etc., then only one thing remains, namely, that the Russian monopolies are increasingly enmeshing the post-Soviet republics.

Let us now consider the close expansion of Russian capital into the CIS countries.



## Belarus

Our "patriots" are crazy about the idea of the Russian authorities to create a union state with Belarus. "Reunification of fraternal peoples", "strengthening of Russian power" – these are the benefits of this union. It is obvious that these gentlemen in this matter completely broke with Marxism (or were never friends with it at all) and embarked on the path of "patriotic idealism". Under capitalism, there are no "reunifications of fraternal peoples" at all, because everything is decided not by the peoples themselves, but by their bourgeois elite, whose main goal is to increase surplus value and expand markets. The creation of a union state with Belarus is dictated not by "high patriotic feelings" worthy of the good old petty bourgeois, but only by the rough interests of Russian monopolies, which want to seize the Belarusian market as quickly as possible. This is understood by the representative of the national interests of the Belarusian bourgeoisie A. Lukashenko, and therefore "to the great chagrin" of our authorities does not particularly aspire to this "union".

According to T. Pestov, a specialist of the Aton investment company, Belarus is "perhaps the most interesting country for the application of Russian capital... and our oil and gas companies have been looking closely at the assets in this republic for a very long time. However, President Alexander Lukashenko puts forward such conditions for the privatization of refineries and petrochemicals that are unacceptable – too expensive." Indeed, Russian business has not yet managed to control the Belarusian energy sector, the gas industry, petrochemicals and oil refining, as well as the brewing industry. In 2002, the presidents of Russia and Belarus agreed to sell Gazprom a controlling stake in Beltransgaz, but Belarus demanded at least \$2.5 billion from Gazprom, but the Russian monopolist estimates that control of the transport company is worth no more than \$600 million. Another defeat in Belarus was suffered by the Baltika brewery, which tried to acquire control over the Krinitza brewery.

In June 2003, an auction for the sale of four petrochemical enterprises was disrupted due to inflated prices. All Russian oil companies refused to participate in the auction, and Surgutneftegaz, SIBUR, Itera and LUKoil were priced for these assets. Belarus tried to get for uncontrolled (about 43%) stakes in the plants "Naftan", "Polymer", "Azot" and "Grodno Khimvolokno" in the amount of \$1 billion 151 million, and, in addition, almost \$700 million the winners had to invest in the development of plants.

It has its own plans for Belarus and RAO "UES". Russian electricity already accounts for 30% of the local market, and RAO is negotiating with Gazprom on gas supplies to Berezovskaya GRES, on which there is already a preliminary agreement. GRES participates in the supply of electricity to Poland and Germany, and RAO is considering the possibility of receiving the station partially or completely for rent."

However, it would be ridiculous to think that these defeats of Russian imperialism mean its retreat. On the contrary, the more it fails with regard to the Belarusian market, the more desperately it fights for it. And obviously, in this state, Russian monopolies will show their essence more than once.

## Ukraine

For the average person, the shutdown of Ukraine's gas supply in January 2006 seems to be the right decision of the Russian government. "Finally, the Orange will get what they deserve!", "They will know how to steal our gas!". We cannot support this view. The Kremlin's current policy is a policy of strangling Ukraine, strangling the Ukrainian people, because such an increase in tariffs means a sharp rise in gas prices and not in Yushchenko's house, but, above all, among ordinary people who are not really interested in this dispute of the imperialists for spheres of influence who have become hostages of this dispute.



In general, Russian monopolies have long been interested in the Ukrainian market. "T. Pestov, a specialist of the Aton investment company, explains this by the fact that "in many markets within Russia, growth rates are hardly achievable than now, and in the CIS there are prospects. Even in cultural terms, the Commonwealth is a fairly familiar territory for our entrepreneurs: it is still much easier to create a joint venture in Ukraine than to create a real large joint venture in Germany." By mid-2003, Russia had gained control of Ukraine's important infrastructure and processing industries.

RAO UES constantly faces political opposition, but still does not abandon plans to participate in the privatization of energy assets. RAO intends to build on Georgia's success and buy AES energy assets, in particular, also in Ukraine.

As for the TATNEFT monopoly, it managed to achieve significant success in Ukraine in the oil and gas industry. In late 2002 - early 2003, this company won a judicial victory over the State Property Fund of Ukraine and consolidated 26.9% of the largest refinery in the republic - Kremenchug CJSC "Ukratnafta" (processing capacity - about 7 million tons of raw materials per year). Since another 26.78% of the plant's shares belong to the Tatarstan State Property Committee (the largest shareholder of Tatneft), the oil company and Tatarstan jointly gained control over 56% of the shares of the processing enterprise. Now Russian shareholders expect to buy out 43% of the shares of the refinery owned by the State Property Fund of Ukraine. In the struggle for this package, there will be a fierce conflict - Ukrainian PrivatBank and Ukrsibbank would like to acquire shares.

TNK-BP also plans to take part in the privatization of Ukratatnafta, according to the executive director of the combined company G. Khan. This monopoly has already begun exporting oil through the Odessa-Brody oil pipeline in the opposite direction.

Today, four of Ukraine's six refineries (about 85% of the country's refining capacity) are controlled by foreign companies. The main owner of the Kremenchug Oil Refinery (UkrTatNafta) in the Poltava region is Tatneft, the Lisichansk Oil Refinery ("LiNOS") in the Lugansk region is TNK, the Kherson Oil Refinery is the Kazakh state company KazMunayGas and the Russian Alliance Group, and the Odessa Oil Refinery is LUKoil. Local commercial structures control only two small plants in the west of Ukraine in the Lviv region . - "Halychyna" (Drohobych oil refinery) and "Neftekhimik Prykarpattya" (Nadvirnyanskyi refinery).

Having gained control over most of the Ukrainian refineries, the Russian monopolies achieved the abolition of benefits for the import of petroleum products into the country. Local oil companies, deprived of access to fuel flows, began to gradually lose their independence. Already today, the Ukrainian fuel business lives according to the laws determined by Russian monopolists.

Control over mobile operators in Ukraine is divided between Russian companies. In October 2002, MTS (controlled by Sistema JSFC) agreed with the shareholders of Ukraine's second largest GSM operator, Ukrainian Mobile Communications (UMC), to purchase their stakes. And at the beginning of this year, MTS completed a deal worth \$ 194.2 million - for this money, UMC packages were purchased from the Dutch KPN (16.3%), the German Deutsche Telekom (16.3%) and Ukrtelecom OJSC (25%). Thus, MTS received 57.67% of UMC shares, and also concluded options for the purchase of the remaining stakes from TDC and Ukrtelecom. The exercise of these options was not long in coming: on June 16, 2003 it was announced that Ukrtelecom had sold 26% of UMC's shares to MTS for \$87.6 million. As a result, the Russian company consolidated 83.7% of the Ukrainian operator and it remained to buy a 16.3% stake from TDC to become the 100% owner of UMC.

VimpelCom is lagging behind. So far, VimpelCom's shareholder, Alfa Group, controls 40.1% of Kyivstar



through Storma. However, the controlling stake in this largest Ukrainian operator belongs to Alfa's partner Telenor, so it cannot be ruled out that the majority stake in Kyivstar may come under the control of Alfa in exchange for stakes in VimpelCom.

In the first half of 2003, the Salford investment fund, owned by the former managing director of Alfa-Bank, E. Ioffe, began to acquire the Ukrainian IDS (Mirgorodska water) with a turnover of \$ 45 million.

In February 2004, the Moscow Investment Construction Company agreed to build a 35,000-square-meter housing complex in Lugansk, and Inteco received a 10-hectare plot of land in Kiev, where it intends to build 100,000 square meters of housing. In addition, Inteco bought the Kramatorsk Cement and Slate Plant "Pushka" in Ukraine and intends to build four hotels, a business center and a trade and business complex in the Ukrainian capital. In October 2004, another large Moscow construction company, Social Initiative, received more than 140 hectares of land for the construction of two microdistricts in Donetsk, and recently signed an agreement with the Sumy city hall to provide land for the construction of 100,000 square meters of housing.

Zelenograd concern "Scientific Center" (a division of AFK "Sistema") bought a controlling stake in "Kvazar-Micro", the leader of the computer and IT industry in Ukraine. It is especially important that, in addition to Ukraine, Kvazar-Micro operates in the countries of the former USSR, the Czech Republic, Hungary and Croatia, that is, with this purchase, KSC actually entered the Market of Eastern Europe."

## **Georgia**

Georgia is one of the most economically dependent CIS states on Russian imperialism. We can quite seriously say that all the main industries that provide life support for the Transcaucasian republic are already controlled from Moscow - gas supply, energy, telecommunications.

After the American company AES invested more than \$ 240 million in the modernization of the previously unprofitable energy sector of Georgia, it went bankrupt and was forced to sell its enterprises. Then RAO "UES of Russia" came to Georgia, having bought from AES 75% of the shares of the power distribution network of the city of Tbilisi "TELASI", two power units "AES Mtkvari", two hydroelectric power plants "Khrami-1" and "Khrami-2" and a network of high-voltage power lines through which electricity is transited to Turkey and Armenia.

In October 2004, the import of Armenian electricity began through TELASI. Energy supply to Tbilisi is also carried out due to the operation of the 9th power unit of the Tbilisi GRES, owned by RAO UES of Russia. In addition, RAO owns the 10th power unit of this station. The management of RAO said that it considers Georgia an interesting object for investment. The company is also ready to invest in energy facilities in the area of the Georgian-Abkhaz border: not only in the Inguri hydroelectric power station, but also in the cascade of hydroelectric power plants located downstream of the Inguri River. "We entered Georgia fantastically cheaply and in a year, when we publish the financial results, our shareholders will be pleasantly surprised," Chubais said.

At the end of July 2003, the Georgian government signed an agreement with Gazprom, according to which the Russian monopolist will not only supply fuel to the wholesale market, but also reach end consumers, i.e. go on retail sales, and will participate in the sale of electricity that is generated with the help of supplied fuel. In addition, Gazprom received the right to participate in the management of Georgian gas pipelines and will participate in the privatization of the Georgian gas transmission system, and it was promised "equal conditions" (in fact, the favorable regime). This agreement displaces Itera, which was previously engaged in gas supplies to Georgia, from the market. Georgia owes this company \$ 110 million. However, debts can be turned into property, as has already





happened with the largest fertilizer producer in the republic - JSC "Azot" (Rustavi). In 2003, the Russian company managed to solve problems with the Georgian authorities related to the struggle around the enterprise. Back in 2002, Shevardnadze ordered the sale of Azot's 90% state stake to Itera for only \$0.5 million in exchange for the republic's debts to the company for gas supplies. But in early 2003, the Georgian Ministry of Property announced that it would not give up the chemical plant until the buyer transferred about \$ 21 million to the republic's budget - this is how much Azot underpaid taxes. Negotiations dragged on for several months, but now all issues have been settled, the debt has been verified, offsets have been made, and Itera has entered into the rights of the owner.

Rostelecom is going to buy a 30% stake in the telecommunications operator Telecom Georgia from the American company Metromedia International, which many Georgian politicians have already actively spoken out against. In the 1st half of 2003, the Salford investment fund, owned by the former managing director of Alfa-Bank E. Ioffe, bought the Georgian company Borjomi (Georgian Glass & Mineral; Water) with a turnover of \$ 30 million. Analysts are convinced that one of the consequences of the transaction will be the expansion of the Borjomi brand in the Ukrainian market.

In the spring of 2002, the possibility of Russia's participation in the privatization of Abkhaz resorts, which, due to problems and devastation in the unrecognized republic, can be bought up cheaply, was discussed. By this time, Russian business in Abkhazia was already operating, including in the sanatorium and resort sector. Such companies as the Chelyabinsk Tractor Plant and Sochi-Avia invested in the resorts of the republic.

But all this took place before the so-called "Rose Revolution". After it, judging by the publications in the Russian media, relations between Georgia and Russia became tense. However, with the coming to power of M. Saakashvili, the process of expansion of Russian capital into Georgia not only did not slow down, but even accelerated. "But at the beginning of 2005 there was a real breakthrough. Vneshtorgbank of Russia acquired a controlling stake in the United Georgian Bank, one of the largest commercial banks in the country. Russian EvrazHolding for \$ 132 million became the owner of the Georgian joint-stock companies Chiaturmanganets and Kaskad VartsikheGES. In addition, judging by the text of the memorandum signed by Zhvania and the president of the Russian company Alexander Abramov, EvrazHolding and the shareholders of the Zestafon Ferroalloy Plant agreed to create a joint industrial company, which will take control of 70.8% of the plant's shares. By the way, in the struggle for manganese deposits, EvrazHolding bypassed the Ukrainian Interpipe, which is owned by the son-in-law of ex-president Leonid Kuchma, Victor Pinchuk. Against this background, the acquisition of the Russian Dema Computers Limited at the competitive auction of the Tbilisi JSC "Electrovostroitel" somehow passed unnoticed. And in the autumn of last year, Tbilaviastro LLC bought the joint-stock company of the same name, which produces the famous Su-25 attack aircraft. According to some information, Russian companies are also behind this deal. In all likelihood, Russian business will not stop there. The active phase of the sale has just begun, but we can already talk about the interest of Russians in the Rustavi Metallurgical Plant, the Kutaisi Automobile Plant and AZOT JSC (90% belongs to the energy company Itera). The same "EvrazHolding" does not exclude the purchase of JSC "Tkibuliugol". Despite the fact that the privatization of strategic facilities is prohibited, there are rumors in Tbilisi that Gazprom claims Georgian main gas pipelines, Izvestia reports.

## **Armenia**

"In 2001, the head of the budget office of the Georgian parliament, R. Gotsiridze, said that Georgia and Armenia should not cover Russia's debts with shares of their enterprises, since in this case Moscow would become the owner of strategic facilities in Armenia, including in the energy sector.



Today, Armenia managed to fully repay the huge debt to Russia, exceeding \$ 90 million. For this, it had to part in August-September 2003 with production assets in the military-industrial complex for a total of \$93.76 million. "Razdanskaya TPP".

The Razdan TPP is one of the two largest electricity producers in Armenia, accounting for 40% of generation. The same number falls on the Armenian NPP, which is also under the control of the Russian company: in February 2003, Russia and Armenia decided to transfer the financial flows of the nuclear power plant to the management of RAO UES of Russia. On September 17, 2003, the Armenian government decided to transfer the nuclear power plant to trust management of the Russian energy holding for 5 years. The contract was signed with a subsidiary of RAO UES of Russia, CJSC INTER RAO UES. According to the agreement, CJSC INTER RAO UES undertakes to facilitate the uninterrupted supply of nuclear fuel to the power plant and the return of debts for previously supplied fuel to Russian suppliers. Repayment of the debt will occur through the sale of electricity generated at the nuclear power plant.

In August 2003, Armenia signed an agreement with RAO "UES" on the transfer to it of the property complex of CJSC "Sevan-Hrazdan Cascade" as part of the repayment of Armenia's debt for the supply of nuclear fuel for the Armenian NPP. At the same time, the cost of the cascade was estimated at \$44 million, thus, the energy complex of the republic almost completely came under the control of RAO UES. True, the Vorotan Hydro Cascade and the Yerevan TPP remained unprivatized in Armenia. But experts have no doubt who exactly will become their master as a result of privatization. [1] In addition, RAO is considering the possibility of obtaining interstate power lines connecting Armenia with Turkey, Georgia and Iran on a long-term lease.

Moscow AZLK intends to organize the assembly of trucks on the squares of the Yerevan Automobile Plant. AZLK General Director R. Asatryan says in Yerevan that for this purpose AZLK intends to take part in the auction for the sale of fixed assets of YerAZ liquidated by bankruptcy.

### **Kazakhstan**

RAO UES of Russia is still making plans, intending to buy AES energy assets, following Georgia, also in Kazakhstan. Meanwhile, LUKoil is already entering the Central Asian gas market, which in April 2003 agreed with the Kazakh national oil and gas company KazMunayGas to create a consortium for the development of the Khvalynskoye gas condensate field in the North Caspian Sea. Khvalynsky's reserves, audited by Miller & Lents, in the C1 + C2 category are 127 billion cubic meters of gas and 9.6 million tons of condensate. The Russian and Kazakh companies agreed to create a consortium on a parity basis, but LUKoil receives priority - its "daughter" will become the operator of the project, which may be developed on the terms of the PSA.

Despite the fact that the main Russian projects in Kazakhstan are related to oil and gas, local machine-building enterprises, which in Soviet times were closely related to Russian ones and therefore of particular interest to Russian investors, also became objects of mergers and acquisitions. Close to the State Duma deputy S. Generalov holding "Industrial Investors" created "Agromashholding" with the participation of "Sibmashholding" (Krasnoyarsk combine harvester plant). The Kostanay Diesel Plant (Kazakhstan), which is owned by the Kazakh bank Caspian, also joins the alliance. In fact, this means the acquisition of a Kazakhstani enterprise by Russian companies - the formation of Agromashholding involves the merger of companies and the transition to a single share. And KamAZ in early July signed an agreement with a number of Kazakhstani firms on the construction of car assembly production in the republic. The management of KAMAZ in the future does not exclude the acquisition of this



production, as well as the purchase of the Kazakhstan tractor enterprise. All this will allow the Kama Automobile Plant to gain a foothold in the Kazakhstan market.

Russian monopolies are also interested in Kazakhstan's light industry. Thus, Planeta, which competes with Wimm-Bill-Dann, has already identified objects for absorption there. In mid-2004, VimpelCom acquired 100% of the shares of the second largest Kazakhstani mobile operator KaR-Tel following a tender.

The financial sector of the Kazakh economy was not left without attention: Alfa Group includes two Kazakh companies Alfa-Bank Kazakhstan and Alfa-Capital Kazakhstan.

In addition to economic expansion, Kazakhstan is also subjected to territorial expansion by Russia. Thus, in 2002, the uninhabited islands of Ukatny and Tough, located in the Kazakh sector of the Caspian Sea, were first seized de facto, and then transferred to the jurisdiction of Russia, near which there are several rich oil and gas fields and many sturgeon deposits are found. As a result, the Khvalynskoye and Tsentralnoye fields became Russian, while Kurmangazy remained Kazakhstani. All of them will be developed on a parity basis, and taxes will be received by the owner state. There is an opinion that the insecure ruling regime in Kazakhstan, Nazarbayev, sacrificed the islands for the sake of maintaining the Political Support of the Kremlin.

### **Turkmenistan**

In the spring of 2003, Turkmen President Saparmurad Niyazov signed a \$2 trillion supply agreement with Gazprom. cubic meters of Turkmen gas for the period up to 2028

By the end of 2006, the volume of gas supplies will be no more than 10 billion cubic meters, but from 2007 it will grow to 60-70 billion cubic meters, and then reach the level of 80-90 billion cubic meters. This means that Gazprom will buy almost all Turkmen gas. Payment for supplies in 2004-2006 will be made by 50% of counter supplies of equipment for the gas industry.

Previously, Turkmenistan was almost the main threat to the market power of the Russian Gazprom in Europe. Turkmenistan's gas reserves allow it to claim a significant share of the European consumer market, especially since the Turkmens are ready to sell their raw materials at very competitive prices (the cost of gas production in Turkmenistan is about two times lower than in Russia), but the trouble of Turkmenistan is that it has no other ways to supply gas to Europe, except through the transport system of Gazprom.

### **Uzbekistan**

In December 2002, Gazprom signed an agreement with Uzbekneftegaz on the joint production and export of Uzbek fuel, according to which by 2010 the pumping of gas from Uzbekistan to Russia should double, which in 2003 will amount to 5 billion cubic meters. m. Then the heads of Gazprom and Uzbekneftegaz A. Miller and Sh. Mazhitov agreed on the PSA regime for the development of the Ustyurt fields. To pump Turkmen gas, the Russian monopoly needs control over the gas transportation system of Uzbekistan. And Gazprom will try to get it - it intends to buy a 44% stake in Uzbektransgaz in order to get guarantees of the return of its investments in the system of Uzbek main gas pipelines, which requires expansion for the export of Turkmen gas. Uzbekistan's two cellular companies, Buztel and Uzmacom, are controlled by Russia's Alfa Group.



## Lithuania

On January 23, 2004, Gazprom signed an agreement with the Lithuanian State Property Committee Fund for the purchase of 34% of the shares of the gas distribution Lietuvos dujos (58.36% of its shares belong to the Government of Lithuania, 35.49% of Ruhrgas and E.ON Energie) for 100 million litas (€28 million 985 thousand). According to the leader of the opposition Lithuanian conservatives V. Landsbergis, if the government goes to sell the remaining shares to subsidiaries of Gazprom, then a "not entirely desirable situation" will arise.

So far, foreign assets do not bring noticeable profits to Russian companies. For example, the Yukos project in Lithuania, the Mažeikiai Oil Refinery does not generate revenues. However, the interest of oil companies in foreign assets is not decreasing. By the way, this refinery was overbought from the American Williams International Company. In addition, "LUKoil-Baltia" operates in Lithuania

According to the Chairman of the Parliamentary Commission on Foreign Affairs G. Kirkilas, among the largest investors in Lithuania, Russia is in the top five, second only to Sweden, Denmark, Germany and England.

## Latvia

Russian capital entered the Latvian financial market in 2003. Conversebank, owned by Academhimbank, acquired a 49.9% stake in Snoras Bank, Latvia's fourth largest credit institution in terms of assets. Conversebank is going to buy shares and consolidate its stake to a controlling one. As a result of blackmail (when the state-owned Transneft refused to supply oil to Europe through the Latvian port of Ventspils Nafta), the Russian company LUKoil managed to gain control over this company.

## Findings

The position of a number of leftists who believe that Russian imperialism does not exist is deeply flawed. Modern bourgeois Russia is an imperialist state, although Russia's imperialism is largely dependent, as was the imperialism of tsarist Russia. Russia's imperialist claims today find expression in its foreign policy. The Russian bourgeoisie views weaker states as a zone of its "strategic interests." Strengthened by the rise in world oil prices, Russian capital is increasingly cultivating its appetites and imperialist ambitions. One of the recent confirmations of this thesis was the "gas conflict" with the "union" Belarus, during which Gazprom sought to get Beltransgaz into its ownership, using economic blackmail. In fact, the position of comrades who defend the view that Russian imperialism does not exist is painfully reminiscent of the position of the leaders of the Second International, who sided with "their" imperialism.

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Web archived article (2007): [Modern Russian Imperialism - RCSM\(b\) - Revolutionary Communist Youth League \(archive.org\)](#)



# From the Archives:

## Kath Williams (1895-1975)

by Nick G.

*The following article is taken from a section of our website devoted to deceased comrades who played an important role in the development of our Party. This section can be found in the 'About Us' drop down menu and is called **Our Comrades**. The two articles that follow were written by Kath Williams herself in the mid-60s.*

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**O**ne of the outstanding proletarian foundation members of our Party was Comrade Kath Williams.

Kath was born on the 23rd April, 1895, in a small town just to the north of Geelong. She graduated as a teacher from the Melbourne College of Domestic Economy in 1915.

On 31 March 1917 she married Percy James Clarey, a young trade union leader.

Kath supported and encouraged his political ambitions within the Labor Party. She became secretary of its Caulfield branch, president of the Women's Organising Committee and a member of the State executive. She stood as Labor candidate for the seat of Caulfield in the Legislative Assembly election of 1935 but withdrew before the poll. In December, with Maurice Blackburn and others, she was excluded from the A.L.P., having spoken at a rally organized by the Victorian Council against War and Fascism; contrary to the party's policy, she advocated that sanctions be imposed against Italy, after its invasion of Abyssinia. She was reinstated the following year.

Her refusal to toe the ALP line aggravated tensions on the domestic front. Her rejection of social democracy led her to join the Communist Party in 1936, and in December of that year she and Percy were divorced.

Kath resumed teaching in 1938, at Portland, and in 1942 transferred to Wonthaggi, where she threw herself into local activities and supported the miners. On 11 August 1945 she married an English-born coalminer, Anthony ('Andy')



Williams. He wanted to return to England, and Kath went with him, but the marriage didn't last. In 1948 she returned alone to Melbourne to work for the Liquor Trades Union. She won a position on the state committee of the Communist Party in the same year, which she used primarily to promote equal pay for women; she also fought for this as union delegate to the Melbourne Trades Hall Council.

She presented the case for equal pay as union delegate to the Melbourne Trades Hall Council and, after the Australian Council of Trade Unions'



congress of 1953 agreed to establish equal pay committees in each State, she was elected secretary of the Victorian committee. She also became a delegate to A.C.T.U. conferences. An observer at the first World Conference of Working Women, held in Budapest in 1956, she presented a paper on the campaign in Australia. When she returned, she wrote a booklet about the struggle, *Equality Will Be Won* (1956).

The Equal Pay Committee set about organising protests, including annual Equal Pay Weeks, petitions and speakers for stop-work meetings.

Industrial militancy and the strength of the union movement proved to be the key factor in winning equal pay. In 1962 a large and important strike for equal pay occurred at the Commonwealth Industrial Gases (CIG) in Preston, Melbourne. The company announced that it wanted to replace up to 30 percent of its existing workforce with women, on the 75 percent female rate. A mass meeting of the CIG workers, mostly from the Amalgamated Engineering Union, decided that they would not oppose women being employed, as long as it was on the full male rate. Negotiations with management broke down and the workers went on strike, joined by the Liquor Trades Union (LTU) canteen workers, who were mostly women. Around 1,000 workers were involved in the strike.

The question of how to respond to the employment of women on lower rates was a genuine concern in the 1960s, as increased mechanisation was used by employers as an excuse to move women into traditionally male dominated industries. The response from the union movement was mixed. The CIG metal unions gave a positive example, but the right-wing Vehicle Builders showed the negative, responding to the threat by attempting to exclude women from the industry. The Equal Pay Committee pointed out that this was a short-sighted approach that was never going to work. Not only were bosses going to continue to push for women workers while the rate was cheaper but, fundamentally, women had the right and the need to work.

Strikes and other struggles for equal pay continued to consume Kath's energies throughout the late 60s and early 70s. However, growing revisionism within the Australian communist movement also took up her time. As a leading member of the CPA in Victoria, she sided with Ted Hill and others who could accept neither the changes that Khrushchev was imposing on the international communist movement, nor the undermining of the Australian Party's revolutionary ideology and politics at the hands of Sharkey, Dixon, Aarons and others.

A fierce ideological struggle occurred at the Victorian State Conference of the CPA in April 1963, and Kath's powerful speech denouncing the revisionists was included in the seminal booklet *Defend Marxism-Leninism* published later that year.

Resigning from the CPA in the aftermath of its State Conference, Williams worked with Hill and other comrades to establish Vanguard as a voice for genuine Communists. She contributed a number of articles, and although most writers for the paper did not identify themselves, her standing within the peace and women's movements was such that prominence was given to her as the author of two articles.

In *Vanguard* Vol 1 no. 9 (March 1964), coinciding with the founding conference of the Communist Party of Australia (Marxist-Leninist), Kath published, under her own name the article "Equal Pay – Basic Wage Rise: The Two Struggles Cannot be Separated". This condemned a decision by the Trades Hall Council Executive to reject a call to distribute its basic wage leaflet and equal pay leaflets together. The Executive argued that the latter would detract from former. Williams attacked this division of the working class. She said a joint leaflet should be issued: "...equal pay is not a question for women, but a class question, affecting the whole class in the struggle for higher living standards."

In *Vanguard* Vol 1 no 21 (August 1964), Kath wrote a lengthy report on the 10th World Conference Against A & H Bombs which she was



“privileged to attend as a member of the Australian delegation”. She described the conference as a “Glorious Victory for Peace” as it had rejected a ploy by the Soviet revisionists and their supporters to set up an opposition peace conference to water down opposition to imperialism and push a reformist line upon the peace movement. It was a “glorious victory” because the 3000 delegates rejected the splittists and insisted on opposition to imperialism and support for peace, national independence and freedom.

Meanwhile, the Equal Pay Committee was being undermined by the social democratic right-wing Labor leaders of the THC Executive. They were also being undermined by the ACTU because of its refusal to put an equal pay claim before the Commission, and indeed it had ordered its affiliates not to do so.

In 1967 the Labor right split with key left wing unions. It was the left unions that were the strongest advocates for equal pay and most active on the Equal Pay Committee. So, when the split occurred the remaining VTHC turned on Kath Williams and the Committee and dissolved it in late 1968.

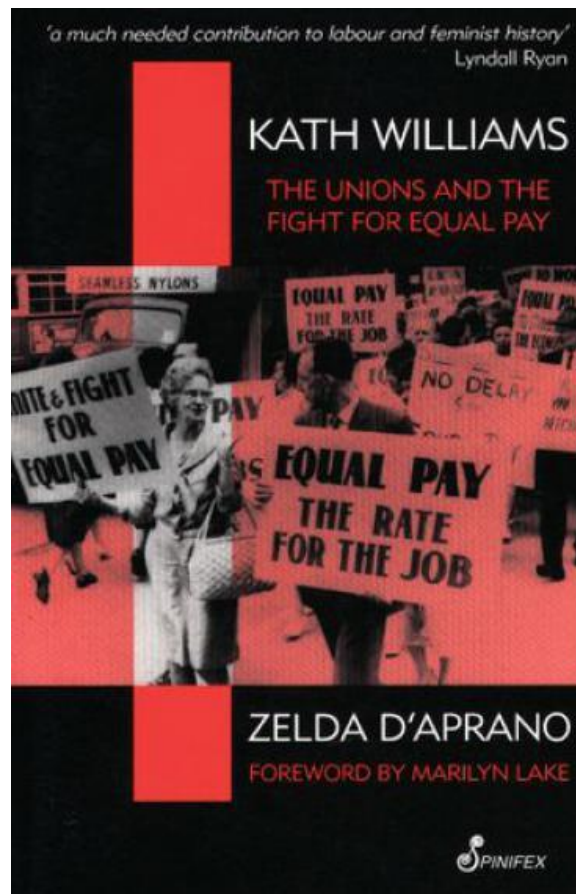
Kath was by now in her 70s, and in 1967 she had retired as an organiser for the LTU.

Her active role in the union movement may have ended, but she continued with her mass work until her death on 17 April 1975.

In 2001, fellow equal pay campaigner and member of the CPA, Zelda D’Aprano wrote a

biography of Kath titled *Kath Williams: the unions and the fight for equal pay*. In her introduction to the book, D’Aprano says “Kath Williams made an outstanding contribution to the trade union movement and to the achievement of equal pay.”

She also made an outstanding achievement to the repudiation of modern revisionism, to the defense of Marxism-Leninism and to the growth of the Communist Party of Australia (Marxist-Leninist).





# Defend Marxism Leninism! – Kath Williams

*Kath Williams was one of 11 signatories to the Introduction to Defend Marxism Leninism! This was a publication that preceded, but paved the way for, the formation of our Party on March 15, 1964. It included her speech to the Victorian State Conference of the CPA in April 1963. We reprint below the text of that speech. – Editors*

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**T**his is the first time I, and some others with differences on the present Party policy, have had the opportunity to state our own position to the membership.

But not all those concerned, for many leading cadres have not been elected to this conference, and others not given the opportunity to speak, as a consequence of the campaign of vilification which has been carried out against us.

We have been accused of disrupting the work of the Party, of damaging unity.

But what is more disruptive than vilification? This is proved by what has happened in the international Communist movement.

Attacks on fraternal Parties have grown since the first attack at the 22nd Congress of the CPSU - as Comrade Aidit, Chairman of the Indonesian Party, warned they would at the time.

We have heard these attacks from Comrade Sharkey, Jones, Aarons and others. This only serves imperialism and disrupts further the unity of the world Communist movement.

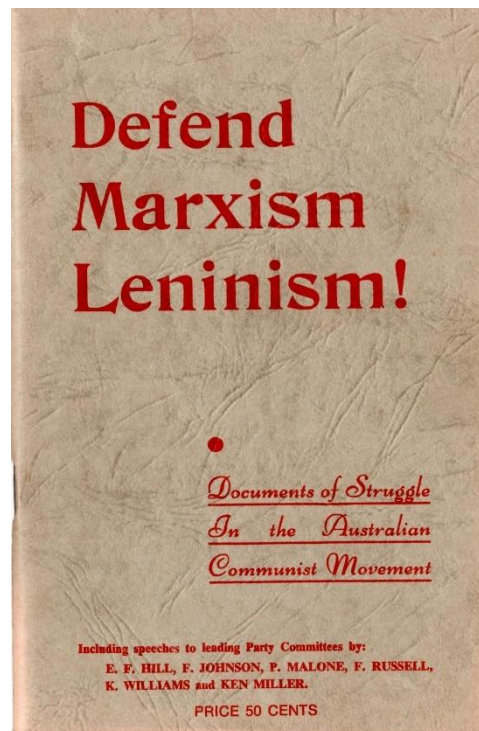
My mass work is in the trade unions, the women's movement. What have been our guiding principles in this work? In the trade unions we have seen the campaign for equal pay as a class question. We have struggled to bring rank and file women workers into activity for their democratic rights and to unite the whole trade union movement around these demands. And in the process we have helped women to see the source of their double exploitation – to lift their understanding – so that they take the path of struggle against capitalism, and prepare themselves for the task of overthrowing it.

The work in Victoria has been praised by leading comrades in other States for the high degree of activity and unity achieved.

Comrade Betty Oke has outlined the big development of the work in the UAW.

But who has been in the leadership of this organisation?

Comrades Hilda Smith and Meg Arrowsmith have been.







Comrade Meg, who attended the International Conference of Women in Vienna, reported back all over Australia.

She got nothing but praise for the content of her report. Yet at their section conferences, neither of these comrades were re-elected to their section committees nor as delegates to the conferences. Why? Because they have reservations about the policy of the Party.

Comrade Hilda Smith, at her section conference, was accused of dishonesty, because she had not discussed her differences. The section secretary condemned the work of the UAW as narrow, through incorrect leadership.

So what's going on? Why do we see the great growth in the work – not seen in other States – and yet go after the leaders of this work.

### **Real Reason For Witch Hunt**

It is quite evident that it is not our mass work which is at fault. There is no evidence of our disruption there.

The real reason – not disclosed – is that our removal is necessary to water down further Party policy; to take the revolutionary content out of Marxism-Leninism.

Take a look at the Peace Movement.

Inside Party meetings imperialism is blasted. But outside? At the “women's march for peace” slogans against bases were not allowed to be named as US bases.

We have not named India as the aggressor against China. What is the inference? That socialism is aggressive! What kind of leadership is this?

Dr. Mannix in his Anzac Day message said: “Our thoughts go to the small band of Australian soldiers in Vietnam, helping the people to defend their freedom against a brutal and often murderous aggressor.”

We know the truth about South Vietnam. If we don't speak up, how can women – the masses – find the truth? What kind of proletarian internationalism is this?

The ANZ Congress is not the only organisation for peace. In the trade unions we strive to link the struggle for wages with the struggle for peace.

Comrade Malone, in particular, and others, never miss an opportunity to help lift consciousness of the working class on these vital questions.

**The working class is the decisive force in the struggle for peace. For this reason we have always held that within the broad peace movement the trade unions must not lose their independent class position while guaranteeing against sectarianism.**

But in practice, when we have discussed it in this way, we have been accused of left sectarianism. Does this mean that on the THC, at factory meetings, we will not refer to American imperialism or Australian imperialism, even though our own national independence is at stake?

We are aware that the working class is made up of many groupings, and the levels of understanding are not the same.



We are not so stupid to go in cold when dealing with imperialism in an abstract way.

Our practice has been to analyse each group, taking them step by step to an even higher level.

Roger Wilson's statement that our trade union comrades do nothing for peace is one-sided and dishonest. He takes incidental matters to drive home a point.

Our trade union journals over the years have been a mighty weapon in lifting consciousness of the working class.

Lenin, speaking of the trade unions, said: "No politics means bourgeois politics". This is true of the peace movement, the women's movement, and the mass movement generally.

**Bourgeois ideology is older than that of Marxism-Leninism. We must not underestimate its influence.**

**We must combat it. Lift the sentiments for peace to an understanding of the cause of war, its class character, distinguish between just and unjust wars.**

**Turn the anger of the masses against imperialism, not socialism. Deepen understanding. For theory becomes a material force when it grips the masses.**

Comrades, left sectarianism is not our problem. The *81 Party Statement*<sup>12</sup> names revisionism as the main danger, internationally.

In the objective conditions in our country, this is our main danger, too.

This explains my political position for which I, and others, stand condemned.

For my part I will never be a party to the betrayal of the revolutionary cause of the working class.

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<sup>12</sup> In 1960, the representatives of 81 Communist and Workers' parties met in Moscow to try and resolve the differences that had emerged in the international communist movement. The Statement that they issued repudiated some of Khrushchev's revisionist fallacies but failed to fully resolve the differences that had emerged. See: [Statement of 81 Communist and Workers Parties Meeting in Moscow, USSR, 1960 \(marxists.org\)](http://marxists.org)



# Correct Errors of the Past to Build for the Future – Kath Williams

*This article, part self-criticism, part encouragement to build the newly formed CPA (M-L), was printed in the Australian Communist, No. 4 of **March 1964**. It is an excellent example of the application of Marxism-Leninism to oneself and to the wider working class struggle. – Editors*

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**T**he immediate question facing Australian Marxist-Leninists is the question of laying the basis for building a new party to replace the old Australian Communist Party, the leadership of which has deserted the revolution, leaving the working class and the masses leaderless and at the mercy of imperialism.

Such a Party must be firmly based on Marxism-Leninism. It must be a party of a new type, which was first visualised, fought for and brought to fruition by Lenin, long ago. In carrying out this aim, each one of us has a personal responsibility.

How do we set about this?

First, I think it is necessary to examine objectively why the revisionists have been successful in gaining control of and destroying the old party.

We were all members of that party, members of many years' standing. Many of us were on one or more leading committees of the party, holding responsible mass positions.

Under such circumstances, can any one of us escape responsibility for what has happened? I don't think so.

To help clarify this position, I have endeavoured to make a critical examination of myself and the part I played in the past.

It hasn't been easy. It has taken me a long time, and much thought, plus a lot of reading and study of Marxist-Leninist classics, the current Chinese and other overseas material, to face up to the unpleasant task of looking back over the past, and realising my own shortcomings.

I accepted the report of the 20<sup>th</sup> Congress of the CPSU, although I didn't understand it, and found it hard to accept, particularly the charges against Stalin.

I remember the first report I heard on the Congress, soon after I returned from overseas in 1956. I was horrified and upset.

But did I mention my problem? No, I kept it to myself. Why?

At the time, I put my action, or lack of action, down to the fact that I was a loyal, disciplined party member. I have had to dig right down and examine myself, unmercifully, to realise finally the truth. I was not prepared to speak up and face the prospect of being wrong. I wanted to be right – and on the safe side.

Again, when Khrushchev visited America, and I read his statements in the press, I couldn't work it out. I was confused and worried. But did I mention it, or take any steps to try and understand it? No.



It was only after reading *Long Live Leninism*<sup>13</sup> and realising that I was not alone – that many of the world’s greatest Communist leaders were speaking out – only then did I find the strength and courage to put forward my views, take a stand, and fight it out in the party.

Even more serious, since the split in the party I’ve talked about my doubts, as if it was something to be proud of.

The fact that I had these doubts so early revealed an ideological strength.

And many others have talked in the same way.

It is only now that I realise, after a protracted struggle with myself, that I was guilty of taking a liberal attitude towards myself – of putting my personal interests above the interests of the revolution.

### **Liberalism is an expression of opportunism, an insidious enemy fundamentally in conflict with Marxism.**

It is passive in character, and objectively helps the enemy.

There is no room for it in a Marxist-Leninist Party.

I cannot say with truth that I have overcome my subjectiveness, but I have recognised it, which is the first step to overcoming it, if one is vigilant and honest with oneself.

We are all products of the past, and only by an objective examination, first of all of ourselves, will we be able to break away from the past, remould and develop ourselves, and so fit ourselves to shoulder our responsibilities to the working class in the present and future.

Our responsibility is to build a Marxist-Leninist Party - a party united ideologically, politically and organisationally. To do this we must all face up to our own position, examine objectively our own strengths and weaknesses. Each one of us has strengths and weaknesses. No one has all the answers. It has always been easier to see one’s own strength than one’s own weaknesses, and easier to see the weaknesses of others, than their strengths.

It is only by constructive criticism and self-criticism, conducted in a friendly, comradely way, that collectively we will be able to help one another and develop our strengths.

The inner party struggle is not something to be avoided but on the contrary, something to be tackled in a correct way. We know that inner party struggles are a reflection of the class struggles outside the party. They are the basis of all kinds of opportunism within the party and the source of inner party struggle.

#### **How To Conduct The Struggle**

We are all aware of this. The main question is how to conduct the struggle in a way which will fit in to build a party, ideologically, politically and organisationally united, to carry forward the revolutionary cause which is the objective of us all.

The inner party struggle must be a concrete struggle around matters of ideology and principle.

We have seen enough of unprincipled struggle by the revisionists in the old party.

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<sup>13</sup> This was written by the editorial department of the Chinese Party’s theoretical magazine Red Flag (Hongqi) in 1960. See: [Long Live Leninism! - by the Editorial Department of Hongqi \(marxists.org\)](http://marxists.org)



This kind of struggle, without principle or content is utterly unnecessary and detrimental to a party of Marxism-Leninism.

If we keep in mind always, our objective, the revolutionary movement, put it first and foremost, above our personal feelings, then we will not fall into the pitfall of personalities, with their disruptive effect on our work.

**Communists working in trade unions need to be particularly vigilant, for they work in an environment of reformist opportunism.**

I remember when I first became a trade union official. It was said to me: “Now your first loyalty is to the union – not to the Communist Party.”

I could not accept this.

As I saw it, my first loyalty was to the working class – to give it political, ideological and organisational leadership.

To draw it into activity around its basic needs, and in the process, help to drive out ideas which divide it – TO UNITE as a class against its class enemy.

Nevertheless, I, as some others, succumbed to the environment of the trade unions, and fell into errors, paying more attention to the united front from above rather than from below and “settling” disputes by negotiations on top. This is the error of doing things ourselves, by bureaucratic methods and not involving the rank and file.

**Yet we know that the masses are the makers of history, and that the mass line of leadership, “from the masses to the masses”, is the Marxist-Leninist method of leadership.**

Despite this knowledge, in practice we often fail to consult the masses, to take them into our confidence, discuss their problems with them, get their ideas about how struggles should be conducted in friendly consultation, so that we go into battle as a united force and then follow through by discussing with them where mistakes have been made. How and why they were made.

In this way lessons can be drawn from experiences which should be systematized and taken back for further discussion, so that step by step their understanding is developed to a higher plane.

Not to do this is to stifle the initiative of the masses, relegate them to a passive role and whether we are consciously aware of it or not, shows contempt for the masses and a denial of their role in the struggle for socialism.

This is something out of the past that must be overcome if we are to carry out our responsibilities to the Australian masses.

Today, on a world scale, we see the rapid deterioration of imperialism in its desperate efforts to quell the rising tide of revolutionary struggle of the colonial and neo-colonial people, against poverty, disease and for democratic rights.

As we feel the effects of this more acutely, there is no doubt the workers will be pushing up more and more problems. We must equip ourselves to deal with these. To initiate and lead their campaigns – to unite and educate the masses for the battles ahead.

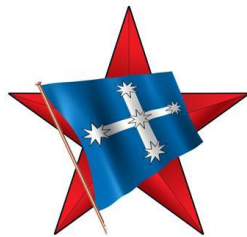


Our job is to raise the class understanding of the working class, organise more activists and develop more cadres.

I suggest that all Marxist-Leninists working in trade unions should make it a must to study Lenin's *What Is to be Done*. There is nothing more certain than that reaction will move in on us and attack us, use the arm of the State in all its viciousness to destroy us.

**For we are the main enemy of reaction, and they know it. We can only continue to carry out our responsibilities to the Australian people by developing a strong mass movement. We must set out to mobilise mass activity to the fullest extent.**





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