

Transnational elite and Russia: a new bipolar world?

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The meaning of today's unipolar world

The Russian intervention in Georgia raised the morale of many who want to believe that the revival of a bipolar world (or a multi-polar world for others) is feasible even in today's era of the internationalised capitalist market economy. However, if the bipolar world had been possible in the era of the “actually existing socialism”, the reason, of course, was that the alternative pole was based on a bloc of countries with a different social system —a fact which implied the non-integration of its member-states into the capitalist market economy. At that time, when nation-states were still dominant and neoliberal globalisation had not yet emerged, USA and USSR were the two superpowers as the strongest (militarily and politically) nation-states heading the capitalist bloc of nation states and the “actually existing socialism” bloc respectively. Following, however the emergence of the internationalised market economy in the 1970's and the effective demise of nation-state as a sovereign economic unit (although it still maintained the paraphernalia of a supposedly sovereign political unit —increasingly undermined by the military attacks of the transnational elite, most notably in Yugoslavia, Afghanistan and Iraq), as well as the collapse of the “actually existing socialism” bloc, a New World Order (NWO) emerged. In the NWO, the world economic as well as political power is not anymore concentrated in the hands of one or two nation-states as before. Instead, it is spread among a complex and interlinked set of elites, what I called elsewhere^[1] the transnational elite, i.e. the elite which draws its power (economic, political or generally social power) by operating at the transnational level —a fact which implies that it does not express, solely or even primarily, the interests of a particular nation-state. The transnational elite consists of the transnational economic elites (transnational corporations executives and their local affiliates), the transnational political elites, i.e. globalising bureaucrats and politicians, who may be based either in major international organisations or in the state machines of the main market economies, and the transnational professional elites, whose members play a dominant role in the various international foundations, think tanks, research departments of major international universities, the mass media etc.

Therefore, contrary to the usual media mythology supported also by the reformist Left, the present unipolar world does not just consist of the only military superpower (USA) which remained after the demise of “actually existing socialism”. In fact, the American elite simply exerts hegemonic power within the transnational elite due to the fact that it still controls the strongest military power. On the other hand, economic power is spread among the multinational corporations, most of which originated in the countries taking part in the “Group of Seven” (USA, UK, Japan, Germany, France, Canada, Italy), i.e. the countries which also control the major international economic and military organisations (IMF, World Bank, International Trade Organisation, EU, NAFTA, NATO etc).

Is an alternative pole feasible today?

All this means that a new bipolar world today would clearly have a very different meaning from that of the post-war bipolar world of USA vs. USSR, given that the single pole today consists in fact of the entire “world community”, as euphemistically the transnational elite calls the present world which is based on the internationalised capitalist market economy and representative “democracy” (apart from a few exceptions like Cuba) —a world which is effectively controlled by the transnational elite. Therefore, for a new bipolar world to become feasible in a world characterised, almost everywhere, by the same economic and political institutions (even though representative “democracy” may mean different political formations in different places ranging up to semi-dictatorial regimes, short of military juntas!) one or more countries should be capable and willing to break of their dependence on the transnational elite.

So, the necessary condition —which has to be satisfied today for a country whose institutional framework is also based on the capitalist market economy and representative “democracy” to be capable of breaking of its dependence on the transnational elite— is economic self-reliance, i.e. a sufficient size of the domestic market. Economic self-reliance would also make possible political self-reliance, which would render the control of international economic relations to the political leadership, instead of the world market, and military self-reliance, provided that the size of the country concerned and its technological state would allow it. The sufficient condition, however, is the break from political and economic dependence on the transnational elite, namely, the de-integration of the country concerned from the internationalised market economy.

Yet, these conditions are not met today by Russia, let alone by China whose dynamic of development crucially depends on its full integration in the internationalised market economy and foreign trade^[2] —the other cases of usually mentioned potential poles (India, Brazil, etc.) which supposedly could also play this role, are not seriously to be considered even as candidates, as they consist mainly of “development isles” within a huge sea of underdevelopment and poverty! It seems, therefore, that those believing that a return to a multi-polar or a bipolar world is possible in the era of globalisation, still live, apparently, at the beginning of the last century, when the internationalisation of the market economy was, fundamentally, based on nation-states and the colonial monopolies of some of them —a condition which is, also, not satisfied today, when the basic economic unit of the internationalised market economy is the multinational corporation and the basic political unit is the transnational elite, as expressed by “G7” and the economic and military international institutions controlled by it.

It is, certainly, not difficult to imagine that, after the dreadful experience of a unipolar world, the revival of a bipolar world would have a positive impact on the international scene. This is because it can reasonably be assumed that, should there still be a bipolar world, like the one consisting of the capitalist West headed by USA vs. the block of “actually existing socialism” headed by USSR, the invasions by the mercenaries of the transnational elite in Iraq, Afghanistan, Yugoslavia, as well as the strangulation of the Palestinian people, would have been impossible. The crucial question, therefore, in the aftermath of the brief war in Georgia, is the following: does today's Russia meet such conditions, so as to be able to play the role of an alternative pole against a pole which does not consist anymore of the US elite alone —a fact once more confirmed by the present credit crisis?

The Russian elite is not allowed to have its own Kosovo!

However, before I try to answer the above question, it should be clarified that the intervention by the Russian elite in Georgia, like the corresponding attack by the transnational elite on Yugoslavia, had nothing to do with the self-determination of the peoples, as some “analysts” attempted to show relying on the propaganda of the respective elites from both sides, obscuring in the process the real issues involved. In fact, the transnational elite was not prompted to its NATO-waged barbaric attack against the Yugoslavian people by its anxiety for the human rights of the Kosovar Albanians, despite the mythology it promoted at the time, which was adopted by the entire European reformist Left and mainstream Greens^[3]. Similarly, the Russian elite’s intervention in Georgia – which is not of course comparable to the massive and brutal NATO bombardments of the Serbian people and had mainly a defensive character – was, also, not due to its angst for the violation of the human rights of Ossetians and Abkhazians. Yet, it is well worth noting the present role reversal, where, on the one hand, the transnational elite and the mass media controlled by it – as well as the inevitable NGO’s (Non-Government Organisations) – within an orgy of hypocrisy and misinformation, unscrupulously supported the principle of the inviolability of sovereignty and territorial integrity (which, however, they “forgot” in the cases of Serbia, Iraq, Afghanistan, etc.) and, on the other, the Russian elite, which backs now the human rights of today’s Kosovars (which it “forgot”, of course, in the case of the Chechens)! Needless to add that, from the Inclusive Democracy viewpoint, all these contradictions are inevitable by-products of the nation-state, i.e. the form of social organization, which has, historically, prevailed, at the expense of the alternative form of social organisation based on peoples’ confederations, which have been violently eliminated.^[4]

In reality, however, that seemingly contradictory attitude of the transnational elite is perfectly compatible with its objectives and strategy. In the case of formerly Yugoslavia, as I have shown elsewhere^[5], the goal was the completion of the process of the country’s integration into the New World Order, which was imposed in the Balkans after the collapse of “actually existing socialism”. The means was the disintegration of the country through the exploitation of ethnic and ethnotic differences, which inevitably flared up following the parallel undermining of the socialist ideology. The result was the emergence of a series of controlled small states and protectorates (Slovenia, Croatia, Bosnia, Kosovo, FYROM, etc.), which have been progressively integrated into the financial and political institutions of the New World Order (EU, WTO, NATO, etc.), as well as the parallel weakening of Serbia, which led to the recent rise to power of a cosmopolitan “modernizing” middle class who is craving for the integration of the country into the same institutions.

Similarly, in the case of the former USSR, the objective of the transnational elite is the completion of the process of integration of its constituent parts into the New World Order, which was, also, imposed after the collapse of “actually existing socialism”. The means is, again, the disintegration of the country through the exploitation of the inevitable national and ethnic differences, which emerged after the crumbling of the socialist ideology. The intermediate targets are, first, the emergence of a series of controlled small states and protectorates which gradually become incorporated in the above mentioned financial and political-military institutions of the transnational elite and, second, the parallel economic and political-military weakening of Russia, through

its military encirclement by NATO bases and missile systems, on the ridiculous pretext of fighting the (non-existent) long-range Iranian missiles! In fact, the first of the above objectives has already been achieved with the emergence of a series of “independent” (i.e. entirely dependent on the transnational elite) states, as the Baltic states, Georgia, Ukraine, etc., which surround Russia – for the contingency that a nationalist elite would seize power in Russia and break completely from the transnational elite’s control.

Clearly, the above objectives were not compatible with the recognition of the Russian elite as an independent member of the transnational elite which could launch invasions into other countries, blatantly violating their sovereignty. This “right” is given exclusively to those elites enjoying the backing of the “international community”, i.e. the transnational elite, as expressed by “G7” and the controlled by it international organisations! And Russia was accepted only as a subordinate member of this closed club (aptly expressed by the term “G7+1”) as long as it applauded the wars and the invasions of “G7”—or at least did not in any way actively opposed them— and created the energy exports needed for the reproduction of the growth economy in the West. Therefore, the Russian’s elite action to oppose actively the transnational elite’s plans with respect to the ex-soviet republics could never get the support of the “international community”, and the Russian elite had to be “isolated”, until it was driven back “into the “fold”, i.e. to its role of obedience prescribed by the transnational elite.

But, to understand how Russia came to the present stage of potentially being an alternative pole of power to the unipolar world set up by the transnational elite in the New World Order we have to examine the significant economic changes which mark the present decade with respect to the 1990s. This is important because the objective of the transnational elite to place Russia in a permanently subordinate to the transnational elite position (both at the economic and the political-military levels), while showing that it was being achieved almost entirely in the previous decade, it has been put at immediate risk in the current decade, thanks to the effective nationalisation of energy sources and the recent conjunctural huge rise in the price of oil and gas, on which the country has vast reserves.

Russia in the 1990s: integration into the internationalised market economy

The plan of reforms imposed on Russia by the transnational elite –through the Yeltsin clique— had been designed by Professor J. Sachs of Harvard University and was approved by the “G7”. This plan, whose real aim was the integration of the country into the internationalised market economy, was implemented to the letter from the Russian elite and prescribed the following “reforms”:

- the disintegration of COMECON;
- the convertibility and subsequent huge depreciation of the ruble (in 1991, the exchange rate was about half a ruble to the dollar, versus 4,300 to 4,900 rubles to the dollar in 1995!) –a key instrument for the sell-out of Russian enterprises to foreign capital;
- an export and foreign direct investment –led economic growth;
- the mass privatisation of the means of production;
- the liberalisation of markets, etc.

The combined effect of these measures was the radical de-industrialisation of Russia and the distortion of its production structure, as a direct result of the “restructuring through the market” process, which was promoted by international institutions controlled by the transnational elite (IMF, World Bank, etc.). The restructuring, as an academic study^[6] pointed out, benefited “simple production processes in energy and raw materials, which, thanks to the drastic depreciation of the currency, were particularly advantageous to export”.

Although the de-industrialisation of advanced capitalist countries and the move of much industry to the South (China, India, Brazil, etc.) is a general feature of the new international division of labour imposed by the current globalisation, the pace of de-industrialisation in Russia had nothing to do with that of other industrialised countries. Thus, in the period 1990-2003, while the proportion of the industrial to the national product has declined by about 18% in the developed industrialised countries, the corresponding decline in Russia was 30%, despite the huge increase in energy production (which is part of industrial production).^[7] The consequence was that more than half of Russian exports consist now of industrial raw materials, in contrast to the developed capitalist countries, where exports of such materials constitute only 5% of their exports, while 80% of them consist of manufactured products that are exported to countries of the periphery like Russia, or exchanged with similar products from other Western countries.^[8] The social consequences were inevitably dramatic. The distribution of income which, according to Western studies,^[9] was better in Soviet Russia than in Western countries with a similar level of development, became one of the worst in the world at the end of the previous decade, with the number of those below the poverty line increasing tenfold between 1989 and 1998 (from 14 to 147 million).^[10] It is not, therefore, surprising that both the Russian population, and life expectancy, have declined significantly after 1990^[11] – an unprecedented fact for a modern country in peacetime. No wonder that the UN index of human development for Russia was lower in 2003 than in 1990 – a phenomenon seen only in African countries!^[12]

However, this period, of “*catastroika*” –during which Russia was still under the constellation of the Harvard model and the transnational elite– was, finally, brought to an end by the rise of a strong nationalist movement, which was not however an ordinary nationalist movement, but one that, directly or indirectly, took the form of a national-liberation movement against the transnational elite and the neo-liberal globalisation, which, it (rightly) considered responsible for having led the Russian people to a total economic and social disaster. Already in 1994, communist and nationalist organisations had signed the “Declaration of the Revolutionary Opposition”, which identified social with national revolution and set as its main objective to end the destruction of national production and defend the national market and the national capital –of course, the issue of systemic change was not even raised! In the meantime, the violent integration of the Russian economy itself into the internationalised market economy through the “wild capitalism”, which succeeded the “actual existing socialism”, led to the creation of a dual economic elite and of corresponding sections in the growing middle class. So, in fact, a de facto split was created between, on the one hand, an economic elite which mainly aimed at the external market and foreign capital (subsidiaries of multinationals, investors in the West, importers and exporters, etc.) and, on the other, an economic elite that, mainly, aimed at the domestic market, having invested its capital mostly within Russia. That is, a split between the national and global kleptocrats, as they were aptly called by a researcher at the Russian Academy of Sciences in the *Moscow Times*.^[13]

But it was, mainly, the rise of the political elite around Putin at the beginning of the present decade, which changed the scenery because of its systematic effort to reconcile the general interests of the economic elite with the aspirations of this “national-liberation” movement. In this effort, the new political elite had as its main ally the “national” economic elite, but without alienating the internationalised part of it. However, this compromise is, inevitably, contradictory given that both the dynamics of the movement, and –to a lesser extent– the struggle of the “national” economic elite to survive in the international competition, lead to the de-integration of Russia from the internationalised market economy, while the internationalised section of the same elite heads to the opposite direction, i.e. to its further integration. The outcome of the conflict between these two sections of the economic elite and the stand of the political elite with relation to the popular movement will determine the answer to the question we asked at the beginning of this article, as we shall see in the next section.

Russia in the 2000s: de-integration from the internationalised market economy?

The part of the political elite under Putin, which succeeded Yeltsin’s clique at the beginning of this decade, has tried to reconcile, on the one hand, the interests of the economic elite that was created by Yeltsin through the selling-out of state enterprises, with the popular demands for a “national” economic growth and some sort of welfare state –as required by the alliance of communists and nationalists which I mentioned above– on the other. However, it should be noted here that, in 2000, the structure of the Russian economic elite was very different from the current one. Following a decade of economic integration into the internationalised market economy and the privatisation even of energy resources (which, with the dismantling of the production structure brought about by the economic integration, had become the main source of wealth in the country), the internationalised part of the kleptocratic economic elite was dominant. Consequently, the first measures taken by the elite under Putin expressed precisely this dominance:

- recognition of the market economy system, which was accompanied by a new code allowing Russians and foreigners to buy commercial and residential land,
- a drastic reduction in income tax, with oligarchs and road sweepers paying an identical tax rate of 13% –an arrangement blatantly favouring the kleptocrats,
- the dismantling of the comprehensive Soviet welfare state, following the marketisation of health, education and social services, (Russia was spending 6% of GDP at the beginning of the decade on health, when the average world rate is 10%!^[14]) and, finally,
- the abolition of the soviet benefits system, on the basis of which millions of Russians used to receive some form of privileges from the state, including the poor, veterans, pensioners and disabled people, and its replacement by a system of financial compensation which was going to be received by 14 to 17 million of the 102 million people who used to receive the full soviet benefits –a fact that caused considerable social unrest in 2005.

At the same time, the new elite in Kremlin took drastic measures to boost its economic and hence its political power, leading to the weakening of the internationalised part of the economic elite and the corresponding strengthening of the “national” economic elite which aimed mainly at the huge domestic market. These measures, therefore, met to a

considerable degree both the popular demands for “national” economic development and the curb of dependence on the internationalised market economy and the transnational elite. No wonder that, in 2003, the transnational elite and the domestic economic elite of about a dozen billionaires, who controlled half of the country’s wealth, were panic-struck when Khodorkovsky (a well known billionaire kleptocrat who was promoted by the Yeltsin clique and had become the main shareholder of Yukos, an oil company controlling 20% of Russian oil) was convicted and sent to prison and the state “froze” all his shares and those of his kleptocrat associates, which amounted to 44% of the total stock, leading the company to bankruptcy of in 2006. “Putin launches assault on Russian capitalism”, was the Observer headline,^[15] while the Russian Prime Minister Kasyanov (the last Yeltsinite supporter still in government) criticised openly this crackdown on big business interests –resulting in the prompt dismissal of his government. The biggest blow, however, on the internationalised part of the Russian economic elite and, indirectly, on the transnational elite who supported it, was the recovery by the state of the control of Gazprom, the largest Russian company, in 2005, –which in the meantime had expanded its activities from gas to oil and from there to the mass media, and which now covers one third of European energy needs– as well as the parallel restriction of the activities of oil multinationals in the country (BP, Shell, Mitsubishi, Mitsui).

The effective nationalisation of Gazprom meant that its huge profits in recent years, arising from the geometric increase in the price of oil, ceased to go into the pockets of local and foreign kleptocrats, and from there to banks abroad, but, instead, they were directed to the public purse and ultimately to the domestic market. Thus, foreign kleptocrat “investors” –who, basically, were interested in the rapacious exploitation of Russian energy resources– were discouraged, while at the same time, the Russian political elite were given the chance to repay the enormous foreign debt of 22 billion dollars to the international organisations and banks controlled by the transnational elite, freeing the country from the gangrene of the heavy capital outflows required for the service of the debt (interest payments plus amortisation). The stimulation of the domestic market and domestic investment has led to a significant increase in productivity, real wages and the consumption of a middle class, which has grown from 8 million in 2000 to 55 million by 2006.^[16] The consequent strengthening of the “national” economy is evident from the fact that, despite the huge rise of energy prices in recent years, the contribution of energy revenue to the Russian GDP is only 5.7% and is expected to fall to 3.7% by 2011.^[17] No doubt, the fact that economic growth is based on the market economy system has the well known inevitable consequences of the market: a huge inequality which keeps growing, with the Russian billionaires doubling in recent years, while 30% of all salaries are below the minimum needed to live and pensions are still on the threshold of survival, according to the Institute for Social and Economic Research of Population.^[18]

Conclusions: Russia at the crossroads

In conclusion, to the extent that a country today is integrated in the internationalised market economy, it is inevitably incorporated in the hierarchy established by the concentration of economic and political-military power in the hands of a transnational elite, which on the political level is represented by the “G7” and on the economic level by the leadership of multinational companies.^[19]

It is clear that any return to the kind of failed internationalisation of the early 20th

century, with the nation-states in stiff competition to secure the biggest possible segments of the world market each, is impossible in the present era of the internationalisation of market economy and the interlinked activities of transnational corporations and their subsidiaries spreading all over the world. On the other hand, a country of Russia's market size, which is not yet fully integrated into the internationalised market economy and the international institutions controlled by the transnational elite (not even in the World Trade Organisation!) could well play the role of an alternative pole to the pole of the transnational elite, if it enhances further its domestic market (as well as its political and military power) and reduces correspondingly its dependence on foreign trade and investment .

Therefore, in today's Russia, the conditions and corresponding trends exist, both for the country's de-integration from the internationalised market economy and for the full integration of the country into the internationalised market economy as a vassal of the transnational elite. A clear indication of the former trend was the enhancement of the domestic market we saw above, the use of oil as a "political weapon" —as the transnational elite characterised the present efforts of the Russian elite to expand its control over the flow of oil and gas towards western Europe— and of course its re-assertion of power in Georgia, Ukraine and the other ex-soviet republics, which are used by the transnational elite to encircle Russia. On the other hand, a clear indication of the latter trend was the "capital flight" of nearly 20 billion dollars in the immediate aftermath of the war with Georgia and the collapse of the Russian Stock exchange which had to cease all operations during the capitalist crash of September 2008, being more affected than any other stock exchange in the world!^[20] The outcome of the struggle between these two trends will provide an answer to the crucial question we examined in this article.

To my mind, although the Russian elite could indeed potentially play the role of the alternative pole to the transnational elite, still, this is rather unlikely as long as the present Kremlin elite attempts to compromise the interests of the internationalised part of the economic elite with those of the "national" part of it. This is because the former part of the economic elite, with the full support of the transnational elite, is still very strong and with open and liberated markets could cause havoc to the Russian political elite. The flight of capital and the closing of the Russian stock exchange were just warning shots on what would happen to the Russian economy if its political elite wished to play any real independent role from that prescribed to it by the transnational elite. Therefore, the only real possibility for the Russian political elite to play the role of an alternative pole would arise in case the transnational elite pushes it into "a corner" by fully encircling it militarily in which case either the present elite, or perhaps a more nationalistic one in the future, could well take the necessary economic and political measures to achieve a break from the dependence on the transnational elite.

[1] Takis Fotopoulos, "[Globalisation, the reformist Left and the Anti-Globalisation «Movement»](#)", *Democracy & Nature*, Vol. 7, No. 2, (July 2001).

[2] Takis Fotopoulos, "[The New World Order in Action: From Kosovo to Tibet](#)", *The International Journal of INCLUSIVE DEMOCRACY*, Vol. 4, No. 3 (July 2008).

[3] Takis Fotopoulos, "[The First War of the Internationalised Market Economy](#)" *Democracy & Nature*, Vol. 5, No. 2 (July 1999).

[4] See the proposal for a confederal inclusive democracy in Takis Fotopoulos, [Towards an Inclusive Democracy](#), (London/N.Y: Cassell/Continuum, 1997), ch. 6.

- [5] See, "The First War of the Internationalised Market Economy".
- [6] Růžena Vintrová, "The general recession and the structural adaptation crisis" *Eastern European Economics*, Vol. 31, No. 3 (1993).
- [7] World Bank, *World Development Indicators 2005*, Πιν. 4.2.
- [8] Ibid., Πιν. 4.5.
- [9] Michael Ellman, *Socialist Planning* (Cambridge University Press, 1979), σελ. 267-68.
- [10] Stephen F. Cohen, *Failed Crusade* (WW Norton, 2001).
- [11] *World Development Indicators 2005*, ο.π. Πιν 2.1 & 2.19.
- [12] UN, *Human Development Report 2005*, Πιν. 2.
- [13] Luke Harding, "[\\$19bn taken out of country since invasion of Georgia began on August 8](#)", *The Guardian* (6/9/2008).
- [14] World Bank, *World Development Indicators 2005*, Table 2.14.
- [15] Conal Walsh, *The Observer* (2/11/2003).
- [16] Jason Bush, "[Russia: How Long Can The Fun Last?](#)", *Business Week*, (18 December 2006).
- [17] *Ria-Novosti* (27/12/2007).
- [18] Luke Harding, "[Petro-dollars fail to trickle down to pensioners, jobless and government workers](#)", *The Guardian* (15/3/2007).
- [19] see *Globalised Capitalism, The Eclipse of the Left and Inclusive Democracy* (ed. by Steven Best) (Athens: Koukida, May 2008), pp. 321-384, (in Greek).
- [20] Luke Harding, "\$19bn taken out of country since invasion of Georgia".