

THE EVOLUTION OF RUSSIA'S PLACE IN THE WORLD: 1991-2011

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Abstract: Russia is a semi-peripheral country in the world capitalist economy, a position that allows it to simultaneously exploit its own periphery, while itself being exploited as a raw material appendage by the capitalist core. Given the size of Russia's economy and its high level of modernization, it remains strikingly isolated from the rest of the world, not just economically, but culturally and practically. While the Russian elite continually declares that Russia is on its way to the capitalist core, mass common sense is more consistent with Russia's objective semi-peripheral position in the world. This demonstrates the power of Russian common sense to constrain the plans of Russia's elites.

Russia has evolved from seeing itself as a member of the Western Alliance, to an emergent Great Power balancing against the United States in a multipolar world, to a regional hegemon dominating its own periphery. Rather than dwelling on how and why Russia's previous two aspirations went unrequited, I will try to explain how Russia is what it is: a semi-periphery in the world capitalist economy, a core state for its own dominated periphery, and why it is likely to remain that way for the long term. My argument is that despite an elite neoliberal ideology that aspires to become part of Western hegemony, a part of the core of the world capitalist economy, Russian mass common sense seriously hinders

such aspirations, and instead consigns Russia to long-term semi-peripheral status.

In what follows, I first establish Russia's material position in the world, based on a host of economic indicators and comparisons to Brazil, China, and India, on the one hand, and the United States and Europe, on the other. Russia is solidly situated in the semi-periphery, between the developed capitalist core, and its own underdeveloped post-Soviet periphery. I then establish how relatively unconnected Russia is to the rest of the world in terms of communication and interaction. I argue that this material semi-peripherality and relative isolation is consistent with mass Russian common sense, but in direct contradiction to an elite discourse that is committed to Russia becoming a member of the neoliberal democratic core.

Russia's Material Position in the World

On most objective material measures, Russia is located squarely in the semi-periphery, ranked around other semi-peripheral states like China, India, and Brazil, but far behind core states like the United States and Europe. Figure 1 illustrates Russia's semi-peripheral position.

Russia's population, life expectancy, GDP, per capita GDP, and level of annual foreign direct investment (FDI) place Russia squarely within the semi-periphery. But the concentration of that growing foreign investment primarily in the area of raw material extraction underlines Russia's peripheral status. Russia is emerging as a significant source of foreign direct investment abroad, but primarily in the former republics of the Soviet Union and eastern and central Europe. This cements its position as a part of the semi-periphery, both exploiting its own periphery, while simultaneously serving as a raw material appendage for the core. Russia's overseas investments are dominated by the same sectors that dominate its economy, state budget revenues, and foreign trade: energy and metals, accounting for about half of Russia's foreign investment in 2006. The Boston Consulting Group includes only seven Russian companies as "global challengers," based on revenues, international presence, and overseas investments, compared to 44 from China, 21 from India, and 12 from Brazil.¹

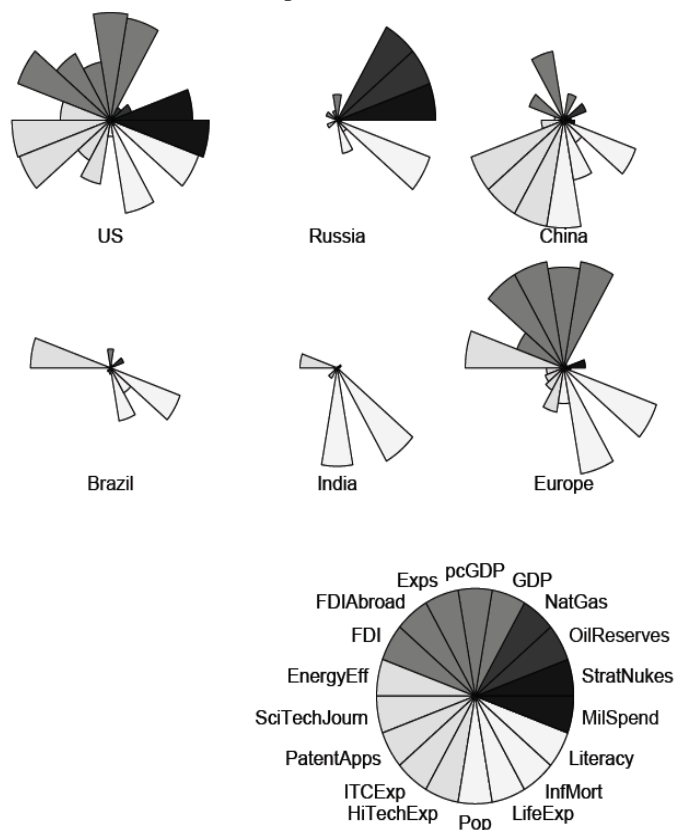
Until recently, Russian foreign investment was concentrated in the Commonwealth of Independent States (CIS), all of which are former Soviet republics. Armenia, Belarus, and Uzbekistan accounted for over three-quarters of that investment.² While Europe has become a growing destination for Russian foreign investment, it remains concentrated in raw

¹ Marcos Aguiar. 2006. *The New Global Challengers: How 100 Top Companies from Rapidly Developing Economies are Changing the World*. Boston: The Boston Consulting Group, 9.

² Thorsten Nestmann and Daria Orlova. April 30, 2008. "Russia's Outward Investment." Frankfurt am Main: Deutsche Bank Research, 4.

materials and energy. The content of Russia's exports also demonstrates its semi-peripheral position. While earning \$380 billion from its exports in 2010, 49 percent of this total came from oil and natural gas, only five percent from manufactured products. Only \$5 billion of this, or much less than one percent, came from high technology exports. Only six-tenths of one percent of Russian exports were information technology or telecommunications equipment. If we look at the Balassa Index of revealed comparative advantage, we see that Russia's competitiveness is almost completely concentrated in raw materials and energy. Finished products rarely figure in the mix, with the important exception of weaponry. Of the top 20 most competitive Russian exports on the world market, only nuclear reactors, armaments, fertilizers, rolled steel, and boilers are non-peripheral products. In several measures of technological prowess or potential—patent applications, scientific journals, and scientific and technical journal articles—Russia also is firmly semi-peripheral.

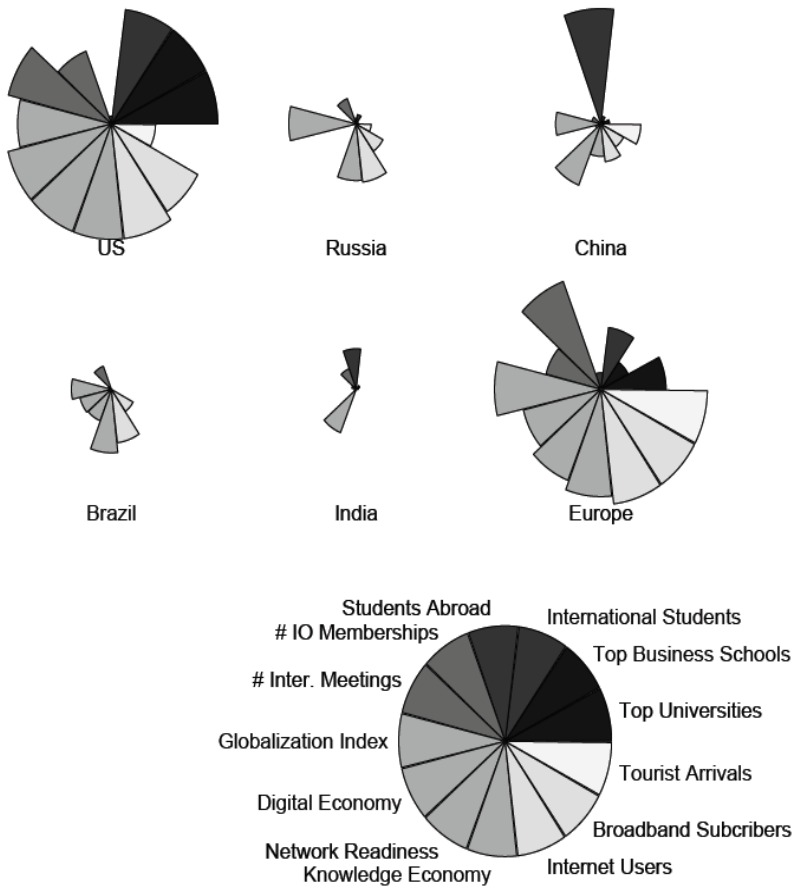
Figure 1. Relative Material Capabilities



Russia's Relative Isolation from Western Hegemony

A semi-peripheral country should contribute to the core's reproduction of its hegemony by participating in those institutional arrangements that facilitate the propagation of its ideology and its material power. Russia contributes to the material reproduction of the core by its role as peripheral raw material and energy exporter and site for foreign investment. But institutionally speaking, Russia is less connected to Western hegemony, and so less reproductive of its ideology, than we would expect from a typical semi-peripheral state. Later, I will suggest this is due to a counter-hegemonic mass common sense prevailing in Russia. Evidence for Russia's relative isolation is in Figure 2.

Figure 2. Relative Global Integration



According to indexes of international connectivity, Russia finds itself far behind the U.S. and the West, and mostly behind the other BRICs.³ In a similar measure, the 2010 Digital Economy rankings of the Economist Intelligence Unit, Russia again is far down the list, at 59th, slightly behind China and India, and well behind Brazil. The *Foreign Policy* Globalization Index includes measures for political engagement (foreign aid, treaties, organizational memberships, and peacekeeping), personal contacts (phone calls, travel, and remittances), technological connectivity (internet users, hosts, and secure servers), and economic integration (trade and FDI). Of 125 countries rated in 2011, all BRICs are relatively “un-globalized,” with Russia ranking 52nd.

In the age of e-mail, most countries’ international postal traffic peaked in 1996-7, but the figures are striking, nonetheless. Russia ranks second to last among BRICs, only above Brazil, in the sending and receiving of mail internationally, with only about 32 million letters in 2007. This compares to over 800 million in the U.S. in the same year (which peaked at nearly a billion in 1996).⁴

According to the 2010 Quacquarelli Symonds Top 200 Universities, Moscow State University, at 93rd, was the only Russian school to make it into the top 200. More telling, however, is the lack of any Russian business schools in the Top 100, according to the *Financial Times* ratings of 2011. This ranking, given the paper’s ideological commitment to neoliberalism, is an unusually good indicator of how much a country’s system of training future business elites is reproducing Western hegemony. If Russia has business schools with faculty and curriculum devoted to mastering the hegemonic canon, it is good evidence of progress toward training Russians to participate in that hegemony. Instead, Russia has zero Top 100 business schools, implying that Russian business elites are not being captured by neoliberal orthodoxy, at least not in their formal training.

Among the most important institutions of hegemonic reproduction are universities and graduate schools. The more foreign undergraduate and graduate students a country can educate in its own universities, the more likely its hegemonic ideology will be propagated throughout the world. Two features from the data in Figure 2 stand out: first, the U.S. and the core dominates the education of the rest of the world; second, Russia is a solid semi-peripheral player, educating many thousands of students from its own regional periphery.

³ President Medvedev himself cited these very data in lamenting how far behind Russia is, and how it continues to fall. February 12, 2009. All Russian leadership remarks cited below were accessed from kremlin.ru.

⁴ *Universal Postal Union*. 2008. http://pls.upu.int/pls/ap/spp_report.main?p_language=AN&p_choice=BROWSE (accessed June 6, 2012).

Russia, while hosting only 60,000 foreign students, has become a regional core for a number of peripheral countries, fulfilling its role as a true semi-periphery. Students from Tajikistan, Kazakhstan, Kyrgyzstan, Armenia, and Ukraine make Russia their top choice for studying abroad. Central Asia is the only region in the world for which North America or Western Europe is not the top spot for studying abroad.

Finally, Russia is a relatively rare destination for international meetings. Again, it is the practical significance of this that matters. Somehow, Russia is neither as desired a site for the rest of the world, nor is Russia making effective efforts to make itself into a more desired locale. Either the rest of the world still prefers other destinations, or the Russian public, through its own commonsensical daily practices, thwarts the efforts of Russian elites to make Russia into a site that resonates with the rest of the world.

Elite Russian Discourse and Mass Common Sense

Elite Russian discourse reflects a semi-periphery that aims to become a member of the democratic neoliberal core, a part of Western hegemony. Meanwhile, Russian mass common sense does not reflect this aspiration, neither in positively asserting the desire to become part of Western hegemony, nor in having features that make it consistent with such a hegemony. Indeed, instead, it is infused with a neo-Soviet identity for Russia that makes it resistant to participating in the democratic neoliberal project. Ironically, given the absence of an electoral political system in Russia that plausibly translates the preferences of Russia's citizens into the platforms of political parties or candidates, it is remarkable to see that the policy outcomes in Russia look like they have been influenced as much by mass common sense as they have by elite preferences.

A discourse analysis of 1446 speeches, press conferences, and public comments by Presidents Putin and Medvedev from September 2007 to September 2011 shows that the two leaders share an aspiration that Russia join the world market economy, adopt neoliberal economic market principles at home, and evolve into a Western-style democracy. Both commit Russia to a path of export-led growth, attraction of foreign capital, privatization, capitalist graduate education, developing out of the periphery, adopting Western and U.S. best practices, becoming democratic, and rejecting most of the Soviet past.

The sample of texts used to reconstruct Russian common sense include four high-school textbooks on Russian history, a best-selling novella by Viktor Pelevin, *A Macedonian Critique of French Thought* (2009), a best-selling novel by Aleksandra Marinina, *A View from Eternity*.

Good Intentions (2010), and a randomly chosen September 24, 2009 edition of *Segodniashniaia Gazeta/Today's Newspaper* from Krasnoiar'sk, a city of one million in western Siberia.

Russian common sense, as revealed in a discourse analysis of the above sources, shows no positive regard for neoliberal economic principles or liberal democracy. It also has little to criticize about daily corruption and criminality in society. Moreover, while critical of the Soviet experience, it is far more positive about many features of Soviet life than elite discourse. Finally, while Russian common sense is as enamored of Western material accomplishments as elite discourse, it wishes to consume them, but not adopt the neoliberal practices that elite discourse thinks is necessary to attain them. In other words, Russian mass common sense is a bulwark of Russia's semi-peripheral position in Western hegemony, and hence a significant obstacle to Russia's elite aspiration to join the neoliberal core.

The textbooks laud neither liberal democracy nor neoliberal economics. Marinina's novel treats Soviet life as if the flaws of the Soviet Union did not exist. Instead of repression and economic inefficiency, the 400 pages are filled with warm family scenes, good food, summer swims at the countryside dacha, good friends, professional educations and jobs, and all around solid bourgeois experiences. Soviet corruption and criminality, expressing Medvedev's worst fears, are presented as trivial matters, police attention to which is presented as ridiculous and irrational. The Krasnoiar'sk newspaper has three articles on corruption, but only to advise its readers how much they should expect to pay off judges to get their drunken driving convictions thrown out and motoring privileges restored.

The four history textbooks share some broad common evaluations. First, the Bolshevik project and its Stalinist successor were mostly disastrous. The period from 1953-85 was a complicated time with some pluses and some minuses. The Gorbachev years were a disaster. The Yeltsin years were mostly disastrous, but at least he had the good sense to appoint Putin in December 1999. Putin's reign has been an unblemished string of successes and correct decisions. There is not a single sentence in these four books that criticizes Putin in any way. So, it is not Stalin who is white-washed in history texts, but Putin. It should be noted that alone among all the sources of Russian common sense surveyed here, as well as elite neoliberal discourse, the textbooks maintain a Marxist-Leninist ontology, discussing events in terms of class relations, proletarian consciousness, national liberation movements, imperialism, and other Soviet commonplaces. This in itself produces a Soviet common sense about how to understand the world that is at variance with elite discourse.

Both Putin and Medvedev have identified "bad national habits," or the mass common sense I have just described, as a major obstacle to implementing their neoliberal vision. The bad national habit Medvedev

describes most frequently is toleration of corruption and criminality. "I have said in the past and will say again that disregard of the law, legal nihilism, has become deeply entrenched in the national psyche."⁵ Russians also have a view of private property "that is less private than in other European nations."⁶

Conclusions: Russia as a Semi-Peripheral Regional Hegemon

Current Russian practices, domestic and foreign, are consistent with Russian common sense, and not with elite neoliberal discourse. Constraints on foreign investment, protection for declining industries, rampant corruption, and limits on democracy and civil rights, are all manifestations of Russian common sense. But Russia has pursued a strategy of "liberal imperialism," as Anatoly Chubais dubbed it in 2003, in its former Soviet periphery, as well, just like any semi-peripheral power would.

Russian foreign investment is concentrated there. Through debt for equity swaps, Russia has turned the energy debts of many post-Soviet republics into Russian ownership of electricity grids, hydroelectric dams, nuclear power plants, railroads, oil and gas pipelines, and industrial plants. There is hope, through the Eurasian Economic Community, and/or the weight of the Russian market in the region, for the Russian ruble to become the regional reserve currency.⁷ In the wake of the 2008 financial crisis, Russia established a \$10 billion stabilization fund for the region, a clear institutional substitute for core hegemonic institutions like the IMF.⁸

Putin and Medvedev have recognized various "soft power" resources Russia might deploy to deepen its hegemony in the region. The common Russian language, the establishment of "Russkii Mir" analogues to German Goethe Haus, the provision of Russian-language textbooks, the resurrection of Soviet-era "Years of Uzbek Culture," the awarding of Pushkin Medals for the promotion of "Russian language, culture, and literature," the opening of branch campuses of Russian universities, and the network of the Russian Orthodox Church, are all understood by Russian elites as forms of soft power that can help restore Russian hegemony in the region.

In sum, Russian elites, faced with a mass common sense in unconscious and habitual opposition to most of its neoliberal aspirations, and materially advantaged as a regional power in its own post-Soviet backyard, has become, whether willingly or not, a classic example of a semi-peripheral power exercising hegemony over its own regional periphery.

⁵ June 25, 2008.

⁶ April 24, 2010.

⁷ July 3, 2008 and June 18, 2010.

⁸ February 4, 2009. Russia contributed \$7.5 billion.