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SUMARIO

Imperialism and Contemporary Global Capitalism: China, Russia and the US

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Abstract: The nature of imperialism has changed over the past 45 years of globalization. The global capitalist system still retains important aspects of state-centric politics and the Western hierarchy but the vast integration of transnational finance and networked production has reshaped relationships and links the big bourgeoise of all countries. The contradictions between the older imperialist system of states, first articulated by Lenin and others of his generation, and contemporary forms of neoliberal domination has created a complex situation of contending forces and influence. The article explores these questions by examining the US/China relationship, and the Russian invasion of Ukraine.

Keywords: Foreign Direct Investments; Global Capitalism; Nationalism; Transnational Capitalist Class; Weaponized Interdependence.

Imperialismo y Capitalismo Global Contemporáneo: China, Rusia y EE.UU.

Resumen: La naturaleza del imperialismo ha cambiado con la globalización desde los últimos cuarenta y cinco años. El sistema capitalista global todavía mantiene importantes aspectos de la política centrada en el Estado y la jerarquía occidental, pero la vasta integración de las finanzas transnacionales y la producción en red han remodelado la práctica totalidad de las relaciones sociales vinculando a su vez a la gran burguesía de todos los países. Las contradicciones entre el antiguo sistema imperialista de Estados, analizado por primera vez por Lenin y otros de su generación, y las formas contemporáneas de dominación neoliberal han creado una compleja situación de fuerzas e influencias enfrentadas. El presente artículo explora estas cuestiones examinando la relación entre Estados Unidos y China, y la invasión rusa de Ucrania.

Palabras clave: Inversiones Extranjeras Directas; Capitalismo Global; Nacionalismo; Clase Capitalista Transnacional; Interdependencia Armada.

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A global system of exploitation and domination was born when Columbus first sailed to the western hemisphere. From colonialism to imperialism and, currently, globalization a hierarchy of national power was built. Part of its foundation was a racial order that justified exploitation of colonized labor and became integrated into culture, ideology, and institutional power.

From the beginning the driving force was exploitation. Columbus, reporting on the Arawak people, sent the following letter to King Ferdinand and Queen Isabella of Spain:

> Of anything they have, if you ask them for it, they never say no; rather they invite the person to share it, and show as much love as if they were giving their hearts. They do not bear arms, and do not know them … They would make fine servants, should your Majesties command it, all the inhabitants could be taken away to Castile, or made slaves on the island. With fifty men we could subjugate them all and make them do whatever we want (Lent, 2016).

From its first step colonialism turned paradise into hell. And that hell continues today, whether it's the US in Iraq, Israel in Gaza, or Russia in Ukraine. But the bourgeoise, who developed as a class within nation-states, has for the past 45 years developed a post-national character, that of a transnational capitalist class (TCC). This by no means suggests that national states are no longer important, or even that bourgeois national consciousness has disappeared. But a new historic dialectic has materialized in which national and transnational contradictions contend.

Global capitalism no longer has the singular form of nation-centric imperialism, but a dual nature rooted in its past as well as its present. The contemporary transnational order is not simply based on national corporate champions promoted and defended by their home state, forever in competition with foreign capital rooted in other countries. Cross-border financial integration is broad and deep, as are manufacturing networks. The idea that US capital, working through US corporations, invades and exploits poor countries, and this singular national capital is fiercely competitive with Chinese, German, or UK capital, is an idea of imperialism that no longer reflects reality.

When we examine stock ownership around the world, we find in most markets 30 to 45 percent is held by foreign investors. In the US, foreign investors own about 40 percent of US corporate equities; middle-class Americans mainly through their retirement accounts own about 30 percent; and five percent are held by NGOs. Wealthy US investors hold about 25 percent. This last category of individual investors is mostly among the top-ten percent of Americans households who on averaged own $1.7 million in stocks. But the highest concentrations are reached in the top one percent, and one-tenth of one percent, where stock ownership climbs into millions of shares. For our examination, we are interested in decision-making power, consequently the tens of millions of middle-class investors need to be discounted. Their individual holdings of a few hundred or a few thousand shares are meaningless. So, while US capitalists with 25 percent have the largest ownership based on singular national identity, collectively foreign transnational capitalists having 40 percent hold the greatest amount of US equity (Rosenthal & Burke, 2020). The growth of foreign ownership coincides with the beginning of globalization, when in 1982 foreign equity ownership was only at 11 percent.

The high degree of transnational concentration can be seen in two key research projects. The Swiss Federal Institute of Technology did a massive study of TNCS and found a core group of 147 financial institutes with 47,819 investors from 190 countries hold power in the world's largest transnational corporations (TNCs) (Vitali, Glattfelder, & Battiston, 2011). Another research project by Crux of Capitalism tracked 40,000 publicly-listed firms located in 21 countries and found they accounted for more than 84 percent of global FDI flows from 2018 to 2022 (Evenett, Erencin, & Reitz, 2024). Whether we are looking at investors from 190 countries or TNCs with stock listings in 21 countries, we are well outside the G7 or just US imperialism. What we see is a transnational capitalist class integrated through global financial firms.

Some of the world's best known financial TNCs are headquartered in the US, such as J. P. Morgan, BlackRock, Vanguard, or Goldman Sachs. But US-headquartered firms function as organizing centers for global capital, not simply US capital. For example, BlackRock recently noted the majority of its new investors are foreign. One of these is Temasek, the sovereign wealth fund from Singapore. They have more than five million shares worth over $4.7 billion in just a single BlackRock offering, and that's after selling off 50 percent of their position (SWFI, 2021). These corporations, alongside the 147 financial institutions in the Swiss study, create thousands of investment vehicles such as equities, bonds, debt, derivatives, futures, money markets, and real estate, all with their variations that encompass every country and are open to every major global investor. Money flows into these funds, the accumulated capital is then sent into investments around the world, and profits are recentralized into the financial firms and disseminated back to their TCC investors. This capital surges through the world without singular national identity, but in aggregated funds under the direction and control of the TCC.

Moreover, one should not assume some common interests or strategy based on national identity, rather than economic interests. Warren Buffett owns a sizeable portion of the leading Chinese auto manufacturer BYD, which is in fierce competition with Elon Musk and Tesla in China's EV car market. American national loyalty has no meaning in the relationship between Musk and Buffett who are competing against each other, each with their own configuration of transnational partners.

The merging of nationally identified capital into common transnational investments is a natural extension of global historic development. So too is the elimination of national borders restricting capital flows, the construction of global assembly lines, and networked production on a world scale. There exists not only a world market for consumer commodities, but industrial goods of every type. If one examines any assembled product, you will find parts manufactured from several countries. There is no predetermined economic law that limits capitalist loyalty to the confines of national states. The only flag flown by corporations is one emblazoned with the word «Profits!»

The progression from nation-centric to transnational capitalism has been underway since its emergence on the historic stage. Marx and Engels' (1848) description of capitalism as a global system is worth quoting in some length:

> The bourgeoisie has, through its exploitation of the world market, given a cosmopolitan character to production and consumption in every country … it has drawn from under the feet of industry the national ground on which it stood. All old-established national industries have been destroyed or are daily being destroyed. They are dislodged by new industries, whose introduction becomes a life and death question for all civilized nations, by industries that no longer work up indigenous raw material, but raw material drawn from the remotest zones; industries whose products are consumed, not only at home, but in every quarter of the globe. In place of the old wants, satisfied by the production of the country, we find new wants, requiring for their satisfaction the products of distant lands and climes. In place of the old local and national seclusion and self-sufficiency, we have intercourse in every direction, universal inter-dependence of nations. And as in material, so also in intellectual production. The intellectual creations of individual nations become common property. National one-sidedness and narrowmindedness become more and more impossible (p. 16).

The description given in the *Communist Manifesto*, written in 1848, is remarkable given that industrial capitalism was almost exclusively rooted in Europe.

Slavery, serfdom, and agriculture still dominated economies in the US, Russia, Asia, Africa, and Latin America. Yet Marx and Engels already understood the revolutionary changes that had begun to transform the world. This historic dynamic continues today. It didn't stop with Marx, nor Lenin. The tendency of capitalism to create a unified global system of production, markets, and finance has continued in the contemporary transnational system.

In 1916 when Lenin wrote *Imperialism the Highest Stage of Capitalism*, he updated the Marxist analysis of capitalism. He was joined by leading Marxists of the era including Nikolai Bukharin, Rosa Luxemburg, Karl Kautsky, and Leon Trotsky. While these revolutionary thinkers had different viewpoints and some significant differences, what they held in common was the intellectual dedication to advance Marxist theory. Marxism wasn't dead letter, but a living model of analysis, theory, and practice. Yet currently some on the Left want to make Lenin into a frozen icon, arguing that imperialism has barely changed over the past 100 years.

The task is not to overthrow Lenin —major aspects of his analysis remain vitally relevant— but to understand historical materialism and the dialectic of old and new contending forces. Transnational capitalist theory has never rejected the importance of national states. The question is, who does the state serve, and is hegemony held by national or transnational capitalists? Although now lacking full hegemony, the ideology and culture that developed in the international system of competitive nation states don't simply disappear. For all the emphasis put on qualitative leaps in dialectics, ruptures do not create a completely new world, only the possibility of building one.

While the Jacobins were proudly changing the calendar to year one, as did the Khmer Rouge some 170 years later, the same cockroaches scurrying over the floors of the poor the day before the seizure of power were still there the day after. Or as my father once told me, «Even under socialism someone has to carrying out the garbage and clean the toilet.» In other words, the old exists in the new.

In the new revolutionary Soviet Union, working class women well understood the battle against the old continued. In 1928, a neighborhood women's cooperative in Moscow opened a canteen. Besides meals the canteen included sewing, sanitary lessons, political education, cultural work, and child care. Was anyone unhappy with this state of affairs? «Yes!» say the women activists. «The cockroaches. We inherited them from the old owners and they fought for their old, dirty, everyday life against us, not wishing to yield the living space we had seized. But we have conducted a serious struggle against them, and they have yielded their positions for a new, bright everyday life» (M.C., 1929).

This wonderful little tale is about historical materialism. The concrete struggle between the old and the new that exists in the present. So too does the struggle go on between nation-centric imperialism and integrated transnational capital. To argue only one or the other exists fails to understand imperialist development.

International imperialism was based on the primacy of national production and national markets. This included the seizure of territory and resources from the Global South, the export of over-accumulated capital as a means of control and debt, and value-added manufacturing in the most advanced countries. The international economy was large and wide, but mainly based on the export of goods produced in the home country by nationally protected corporate champions—national champions that competed with other leading foreign corporations. After the wreckage of WWI and WWII, pax Americana prevented wars between major powers, but revolutionary conflicts continued in the Third World. These struggles were for independence and self-determination, but both Western powers and socialist countries were often in supporting roles seeking to maintain or help overthrow the old colonial order. The main character of the world system was still defined by nation-to-nation economic and political conflict.

But a global system built primarily around nationally contained production and investments needed to expand beyond export competition and using the Global South simply as territory for resource extraction. The expansionary logic of capitalism uncovered by Marx has followed a trajectory towards greater global integration. Transnational capitalism was constructed to go beyond national restrictions and break down borders in favor of global assembly lines and the integration of investments and ownership. This new form of global capitalism encompassed TCC sectors across the world. A brief description would include: cross border financial flows, the transnational character of stock ownership, foreign direct investment, foreign investment by sovereign wealth funds, cross-border mergers and acquisitions, the growth of foreign affiliates, transnationalization of corporate boards and networked relationships, the vast array of national sub-contractors tied to TNCs, networked logistics and transportation, the use of algorithmic information and communication technologies, the role and function of global cities, the ratio of foreign-owned assets, employment and sales to similar national figures, the growth of foreign revenues and profits, and global tax havens for both corporate and private accounts. In 2023 global trade accounted for 60 percent of the world's gross domestic product, far above the average of 24 percent from 1946 to 1989 (Wong, 2023).

When integrated foreign capital enters a national economy, it has a transformative affect. One that reproduces imperialist relations between social classes, even as it encompasses the local bourgeoise into the TCC. Neoliberal policies were universalized, and its ideology became hegemonic among ruling circles in virtually every country. In effect, the transnationalization of capital makes imperialism an internal contradiction in each country, not just a contradiction between countries. Contemporary national anti-capitalist struggles are therefore closely tied to anti-imperialism because the hegemonic sector of the ruling class has a transnational character and integrated global relationships. This transnational nature is not only true of the imperialist northern bourgeoise, but the southern TCC sector as well. To struggle against your own bourgeoise is to struggle against transnational imperialism.

The national bourgeoise of the Third World played a progressive role in the anti-colonial period when they united with their working class and poor. After independence, in the initial stages of national development, many became comprador agents for Western imperialism because they lacked an economic base of their own. But today the southern bourgeoisies, particularly the most successful and powerful, have become a contingent of the TCC. Of the top-25 countries with billionaires, 14 are in the Global South, and among the top six are China, India, Russia. and Hong Kong. Among the 3,194 global billionaires, 34.7 percent are in Asia, Africa, South America, and the Middle East; together they hold 34 percent of billionaire wealth. Among ultra-high-net-worth individuals (between $30 million to $999 million), 32 percent are in the Global South (Shaban, 2023). Because the data for Asia includes Japan, the actual totals would be a few percentage points smaller as Japan has 20 billionaires, but it's evident that the big bourgeoisies of the Global South are an important contingent of the TCC.

As for economic activity, by 2028 the BRICS should account for 33.6 percent of global output, compared to 27 percent for the G7 (Spiro, 2023). In 2021, outflows from the Global South were 26 percent of world FDI, and had climbed to 21 percent of total FDI stock. Such is the material basis for Southern TCC. In fact, 45 of the top-100 financial holding companies are in the Global South (SWFI, nd), as well as 21 of the 100 largest TNCs (SWFI, nd). But it's important to recognize that much of the wealth and capital resident in the Global South is co-invested on numerous levels with Western capital. That essential reality is why the world doesn't simply divide into competing nations or blocs.

Nevertheless, the transnationalization of capital does clash with remaining aspects of the international system that continue to exist and exert powerful influence on world affairs. For example, the Israel/Palestinian conflict is rooted in the colonial division of land long before the onset of the transnational system. But central to contemporary conflict is the existence of a transitional period between two forms of imperialism, which creates a host of contradictory relationship, and is the basis for many present class and national disputes.

Neoliberalism was the social and economic policy of transnational imperialism. Austerity, undermining the social contract, privatization of state assets, attacks on unions, deindustrialization in the West, debt bondage in the Global South, vast differences in wealth, environmental destruction, and growing precarity and disappearing job security were all part of the new world order. The results were the Arab Spring, the Occupy movement, the virtual disappearance of traditional social democratic and conservative parties in several countries, and the rise of the authoritarian right, as well as new Left social movements. As tensions increased, the TCC was forced to reexamine their decades of hegemony. A recalibration was necessary to develop a new strategy to stabilize an ever-increasing political, environmental, and economic crisis. Two different hegemonic projects have appeared.

Stability through repression by instituting authoritarian rule has grown throughout the world. Major components of this strategy are splitting the working class with white supremacy, ethnonationalism or religious superiority, anti-immigration hysteria, targeting the LGBT community, and creating nationalist patriotic narratives that glorify the mystic past and military might. An important element is to rally a populous base against foreign enemies. This not only includes immigrants, but also China, or for Russia the target is Ukraine. This ruling class bloc relies most heavily on nation-centric concepts of culture, threats, and power. Sections of the TCC are attracted through their libertarian ideology in which corporations are freed of social responsibility, unions, taxes, and environmental restraint. While parts of the working class form a mass base, large sections of the petite bourgeoisie are active supporters. This was evident in a study at the University of Chicago of the insurrection in Washington DC. Of those arrested business owners were 26 percent, the self-employed ten percent, white-collar professionals 28 percent, and blue-collar workers only 22 percent (Pape, 2022, p. 5). Fundamentalist religious movements are another key element of the authoritarian block, including Christian nationalism in the US, Hindu nationalism in India, and Islamic fundamentalism in various countries. Security, military, and repressive technologies are important areas of accumulation, particularly to control rebellion among the global poor.

The alternative ruling class project, more closely tied to mainstream elements of the TCC, advocates maintaining bourgeois democracy, a reformed neoliberalism, which concedes space to neo-Keynesian state intervention and social policy, and capitalist renewal through green modernization of the means of production and AI. Financing the military remains important for this bloc also. Nevertheless, the failures of globalization have sharpened the competitive edge with China, whose expanded economic might and growing middle class are the unexpected winners of transnational capitalism. So, within this bloc there remains a complex interplay of economic and political global tensions. Among the contradictions between northern and southern TCC sectors are an unequal balance of power in transnational governance bodies such as the IMF and World Bank, the dominance of the US dollar in global trade and finance, and efforts to limit China's economic growth. These problems stem from the historically established imperialist hierarchy, rather than competitive conflicts between transnational corporations with globally integrated investors.

To interrogate the national/transnational contradiction we can examine the two major areas where this tension is evident. These are the US/China relationship, and Russia's invasion of Ukraine. Examining both can provide us with important insights into the nature of contemporary imperialism with its complex mix of influences.

US and China, Conflict and Collaboration

US/China friction is a relationship in which we can trace both national and transnational features. Whereas the US was the cheer leader for globalization the Chinese Communist Party (CCP) has now become its biggest defender, and it's no mystery as to why. In the first decade of the twenty-first century, China's middle class quadrupled from 60 million to 234 million, and by 2021 the middle class was estimated at 707 million or almost 51 percent of the population (He Huifeng, 2024). The Chinese annual income for middle class ranges between $14,000 to $42,000.

The CCP promotes globalization as a «win-win» transnational order that «has improved the allocation of production factors worldwide, including capital, information, technology, labor and management … it draws nations out of isolation and away from the obsolete model of self-reliance, merging their individual markets into a global one» (State Council…, 2023). President Xi also calls for an «open world economy…unimpeded trade (and) financial integration» (Xi Jinping, 2023). Behind such rhetoric are the typical needs of powerful countries to export capital as a necessary outlet for over accumulation and internal economic stagnation. As Guo Guangchang, founder of the top Chinese conglomerate Fosun Group, remarked, «The key is to derive profits from overseas markets…» (Chen, 2024). Going global has long been the policy of China's leadership, and in 2023 outbound direct investments rose 11.4 percent to $130 billion. And although Merger & Acquisition activity declined, there were still 5,156 deals with a combined value of $301 billion (Castagnone, 2023).

For US political elites the main concern has become «derisking» and «creating high-fences with small yards,» meaning security guardrails eliminating trade over the most sophisticated technologies. The IT sector plays a particularly important role in the Chinese economy, accounting for 25 percent of all corporate profits between 2014 and 2022 (Abboud et al., 2023). If China continues to be in the top ranks of global economies, access to the most advanced computer chips will play an important role. While the US has argued these are limited actions, China sees an effort to contain their growth as a world power. Additionally, a number of Chinese TNCs have been delisted from US stock markets, and although China accounted for 21 percent of new US listings in 2023, investments fell to $528 million from $12.6 billion in 2021 (Magnier, 2024). China's stock markets have also taken a hit because of geopolitical tensions, although serious debt problems in the real estate market and slow consumer spending are also important factors. In 2023, outflows of FDI exceeded inflows for the first time since 1998. Particularly troubling was China's share of foreign investment in the semiconductor field by destination; it fell from 48 percent in 2018 to one percent in 2022. In contrast, the US share rose from zero to 37 percent (Kawate, 2023). Exports to the US also fell from first to third, behind Mexico and Canada, for the first time since 2006. Adding to the overall tension are the large US military bases throughout Asia.

Another area of competition is green technologies where Biden has extended import barriers to EV cars and batteries. China's share of the world's solar panel market is about 80 percent, with almost 60 percent of the electric vehicles market, and more than 80 percent of the world's production of EV batteries. In China, the average price for an electric vehicle is around $28,000, compared to about $47,500 in the US, and China's export of EVs to Europe has soared. Because of China's socialist history they have long used industrial planning and subsidies. Held down by neoliberal market ideology, the US has only recently approved large state subsidies to push green technologies into a competitive position. But China's more highly centralized state, with a unifying ideology, continues to have an edge on US style capitalism. Michael Carr, executive director of the Solar Energy Manufacturers for America Coalition, lamented that in the US when solar panel production exceeds demands factories close and workers are laid off to bring output into alignment with the market. «That's not the way it works in China, they've just continued to build and build and build.» Dan Hutcheson of TechInsights added, «The weakness of Western companies is they have to be profitable» (Swanson & Tankersley, 2024).

Actually, Chinese firms must be profitable also, and they too shut down and lay off workers. This is not Mao's socialism. But they do have greater state support and therefore competitive flexibility. Moreover, with transnational production networks even if Chinese commodities are blocked from the US, they still flow to factories in other countries. Consequently, products with Chinese parts enter the US from countries the world over. But not all US elites are concerned; some see this as a benefit of the global capitalist market. Scott Lincicome of the libertarian Cato Institute, a major US think tank, argues against the US giving out subsidies. Instead, the US should «let foreign governments subsidize our consumption like crazy» (Swanson & Tankersley, 2024). In other words, rather than using US tax dollars, let China spend government money to create products for Americans to buy at lower prices. Such thinking clearly reflects globalists' free market ideology.

The most important new technology market that US transnational capitalists are hungry to enter is China's green tech sector. As energy expert Daniel Yergin pointed out, «Americans' retirement funds are stocked full of Chinese equities while the country's green-tech sector is trying to appeal to investors. The Chinese want to be our partner while US-based venture capitalists aspire to work with Asia» (Silverstein, 2020). Eric Fang, president of the National Center for Sustainable Development, adds that «areas in which the two countries can cooperate are boundless: everything from wind and solar energies to battery storage and electric vehicles, all of which takes venture capital and open trade rules» (Silverstein, 2020).

If one only reads political statements and news headlines you would think imperialist war clouds are gathering. Tensions over Taiwan is the most serious point of possible conflict. In 2023, only five percent of Taiwan's outbound FDI went to China, down from 42 percent in 2015. Yet more FDI projects have been invested in the mainland from Taiwan than any other country (Irwin-Hunt, 2024). And Foxconn remains the largest foreign employer with its huge manufacturing contracts from Apple. Most Taiwanese may not want to join the mainland, but they do desire a beneficial relationship and cherish cultural ties.

Transnational economic integration still holds sway in many areas, and there has been a constant pushback by corporate lobbies against trade and investment restriction from the start. The US Chamber of Commerce, the National Association of Manufacturers, the US–China Business Council, the American Apparel and Footwear Association, and the National Retail Federation all asked for a permanent roll-back of tariffs. Between 2019 and 2022, when US companies paid out over $150 billion on Chinese import duties, over 6,000 sued the US government for reimbursement (Razdan, 2023). On her trip to China, US Secretary of Commerce Gina Raimondo stated, «I did, myself, personally, talk to over a hundred CEOs of US businesses before going to China, and to say they were desperate for some kind of a dialogue is not an exaggeration» (Coleman, 2023). Coinciding with Secretary of Treasury Janet Yellin's China 2023 visit, were high profile trips by Bill Gates, Elon Musk, and Tim Cook, with Cook stating that Apple had a 'symbiotic' relationship with China.

While restricting Chinese imports and investments the US government has had difficulty stopping US outbound capital flowing to China. The Peterson Institute explains why nationalists who push decoupling have a faulty understanding of contemporary global capitalism. «The key point is that the market for capital is global. Shutting out Chinese firms from listing in the United States would not deny these firms access to US capital. US institutional investors and US residents who want to own shares in these companies will simply buy them in Hong Kong» (Lardy & Huang, 2020). Goldman Sachs, Citigroup, Morgan Stanley, Credit Suisse, HSBC, Vanguard, BlackRock, and JP Morgan have all become majority owners active in the Chinese securities and futures markets. For transnational investors China presents a $3 trillion market for bank wealth products, in which bonds, commodities, foreign exchange, and stocks are all available.

Testifying to the US-China Economic and Security Review Commission, Adam Lysenko stated, «The United States has simply been unable to meaningfully starve Chinese companies of development capital through the use of investment bans … This reality reflects the globalized and highly mobile natures of modern international financial investment: there are plenty of other domestic and foreign substitutes to buy up US positions if US investors are forced to withdraw ... so as to make a widespread capital starvation strategy practically untenable» (Lysenko, 2021, pp. 16–17). Lysenko added that US corporations will continue to invest in China until they «can't anymore.»

The condition of «can't anymore» is the crux of the problem between the TCC and economic nationalists. Global capitalists simply don't want any restrictions on how and where they make money. That was the principal architecture of neoliberalism and globalization. So, when the Biden administration issued a screening regime on US outbound investments it was narrower than many predicted. As a former member of the Committee on Foreign Investment in the US, Harry Boardman noted, «It reflects the bind the administration found itself due to some US businesses expressing anxiety about losing investment market share in China» (Myles, 2023a). Old style national imperialism going to battle to defend the global expansion of their corporate champions no longer characterizes the world system. Instead, vast amounts of freely flowing and integrated capital are essential features. Consequently, national restrictions that limit circuits of global accumulation in the name of national security create conflicts between national and transnational sectors of the ruling class. Rather than promoting the global expansion of US TNCs to China, the government is trying to reign them in —unlike twentieth century imperialism, which constantly promoted national champions abroad.

To understand how economic integration undercuts national rivalry, we need to examine basic data. In 2022, the 100 largest TNCs in China employed three million people, had revenues of $1 trillion, and accounted for seven percent of the country's GDP. Among the top corporations were Foxconn, Volkswagen, Apple, General Motors, HSBC, and the Thai agriculture conglomerate Charoen Pokphand Foods. German automakers sell more cars in China than in Western Europe, and Apple sells more phones there than in the United States. US TNCs are not about to leave because their revenues in China are more than their combined revenues from Japan, Britain, and Germany (Swanson, 2023). Among the top-100 foreign corporations, the US had the largest presence with thirty-six, followed by Japan, the UK, Germany, and France (Mak, 2022). Total FDI through 2021 was $2.282 trillion. One important example is TikTok, which came under an intense anti-Chinese political attack with its CEO forced to testify twice to the US Congress. Yet its parent company ByteDance is 60 percent owned by transnational investors such as BlackRock and General Atlantic. While there has been a retreat by some middle size firms, as well as some geographic diversification, the largest TNCs remain firmly committed to China.

As of 2021 US investors had $221 billion in AI companies, $50 billion in biotechnology companies, $45 billion in data companies, $43 billion in Chinese and Hong Kong telecommunications companies, $31 billion in pharmaceutical companies, $21 billion in semiconductor companies, over $1.3 billion in robotics companies, and nearly $1.3 billion in aerospace and defense companies. Additionally, American state and pension fund investments totaled nearly $15 billion, of which $1.1 billion were invested in Chinese state-owned enterprises (Nikakhtar, 2021, pp. 10–11). US investors were so hungry for Chinese sovereign bonds that when the government made a $6 billion exclusive offer to US investors, they bought more than $27 billion (Tran & Biyani, 2020). While figures in this paragraph mainly come from 2020–2021 and flows have recently considerably slowed, they reveal just how open US capitalists are to China. The retreat from the Chinese market is not solely about geopolitics, but a crash in the real estate market and a weak consumer market. As China recovers, the pressure will be on again because the size of the market is too large, the cost of production too low, and the profit margins too great for US transnational capitalists to resist.

In Table 1 we can see the long-term growth of FDI into China, even though it fell by $11 billion in 2023. Political tensions can erupt and overpower economic considerations, to the point where domestic pressures push national imperialist competition to the fore. But we cannot ignore 45 years of globalization that has created deeply rooted financial and manufacturing networks, which have a powerful base of support among the TCC. There continues to be constant competition between TNCs, but these world-spanning corporations have mixed national investors. Consequently, the character of competition differs from the antagonistic domestic monopolies of the nation-centric international system.

Table 1. FDI flows into China 2016–2021

Year	**$US (billions)**
2016	126.00
2017	131.04
2018	134.97
2019	138.13
2020	144.37
2021	173.50

SOURCE: Lo, 2023.

Yet even these figures don't fully show capital flows between the US and China. That is because the wide use of variable interest entity (VIE) structures. These let offshore investors share in the profits of Chinese corporations through complex legal contracts incorporated in tax havens creating VIE entities, which are then floated on world stock markets escaping restrictions on foreign investments. US investors may hold as much as $700 billion in Chinese equities that US officials miss because they don't consider firms that are incorporated in tax havens as Chinese. A recent Rhodium Group study that attempted to account for transparent and hidden investments reported that Chinese investors held about $2.1 trillion of US financial assets, with $700 billion in equities and $1.4 trillion in debt. In turn, US investors held $1.1 trillion in equity and $100 million in debt, making a combined total of $3.3 trillion (Xu Klein, 2021).

What heightens national friction today is the loss of mass political legitimacy due to neoliberalism. State elites must respond to stabilize capitalism, and are using aggressive national narratives to win back support. Nationalism has never disappeared, in fact under globalization it has grown stronger among those locked out of neoliberalism's circle of wealth. Although economic forces are powerful, culture and ideology change more slowly and can deeply affect politics. The contradictions within the social relations of production have intensified since the 2008 economic crash. The severe inequalities caused by globalization can explode in repression or reform, revolution or war. Globalization has undercut the social contract that stabilized capitalism for decades after WWII, and vastly increased the wealth and power of transnational capitalists. But the economic preferences of the capitalist class do not in all times and circumstances determine politics. Different sections of the ruling class have different responsibilities and interests. During times of crisis state political leadership may come to differ with economic elites over what best serves capitalism. Such conflicts are occurring today, perhaps nowhere better seen than in Putin's invasion of Ukraine.

Imperialist Russia and Transnational Capital

Russia's attempt for territorial conquest, and its seizure of the industrial heartland and Black Sea ports of Ukraine are similar to twentieth century imperialism. Ukrainian resistance for national independence and self-determination also mirrors the anti-colonial struggles of Africa and Asia. Some on the Left downgrade the fight for independence, and instead see a proxy war between rival imperialism. Nonetheless, both interpretations see the war as a continuation of traditional twentieth century imperialist conflict. Putin's desire to 'make Russia great again' makes nationalist ideology the primary political rationalization for the war. But there are also significant transnational complications that reflect important aspects of globalized economics.

The economic and social crisis of Ukraine has its origins in the integration of the Ukrainian ruling class into global capitalism. This oligarchy did little to develop the economy, instead exporting $165 billion to offshore tax havens. They were less a national bourgeoisie, than an incorporated faction of the TCC. When the global economic crisis of 2008 hit, the bottom fell out of the export economy, with GDP falling 15 percent in 2009. Their debt to foreign transnational investors soared to $126 billion by 2013, up from $23.8 billion just nine years before. Millions left to find work in Russia and the EU, causing a 13 percent drop in the population. In 2012, workers abroad sent home $7.5 billion dollars, more than the $6 billion in foreign direct investment (Shapinov, 2014).

Russian oligarchs also developed significant ties to global capitalism. But Putin's imperialist ambitions presented a profound contradiction. As Russian Marxist Boris Kagarlitsky (2014) pointed out, «The situation confronting our elites in this respect is more or less straightforward, they cannot enter actively into confrontation with the West without dealing crushing blows to their own interests, to their own capital holdings and to their own networks, methods of rule and way of life». Gideon Rachman (2008), the political editor for the *Financial Times,* made similar observations. As he stated,

> The deep connections between politics and business in modern Russia mean that the country's most powerful people often have a direct personal stake in the continued prosperity of Western Europe. They have business relationships to maintain, investments to protect, houses in the south of France, children at school in Britain … people with international business interests tend not be nationalists. They cannot afford to be.

Before the seizure of Crimea foreign money flooded Russia. Between 2005 and 2008 transnational capitalists sank $325 billion into corporations, with large amounts going to state-owned entities like Sberbank and the energy giant Gazprom. Among the biggest investors were the financial titans JP Morgan, BlackRock, and PIMCO (Thomas Jr., 2014). Loans were also being made, reaching $400 billion from the biggest global banks including Citigroup, HSBC, BNP Paribas, and Deutsche Bank. More than 75 percent of foreign executives reported the operating environment was as good as or better than China, India, or Brazil, and 90 percent were planning to expand before the crisis erupted. Russian transnationals were also active raising capital abroad. Some 50 Russian corporations listed on the London Stock Exchange, where they raised more than $82 billion (Schäfer, 2014). And in just six years Russia had increased its holdings of US Treasury bonds from $8 billion to $164 billion by 2013 (US Department of Treasury, 2019).

Western banks were also deeply involved with the Russian energy sector. Rosneft had financial backing from ABN Amro, Barclays, BNP Paribas, Citigroup, Goldman Sachs, JP Morgan, and Morgan Stanley, and raised $10.7 billion in a huge IPO on the London Stock Exchange. Among strategic investors were British Petroleum, PETRONAS (Malaysia), and CNPC (China). Russian oligarchs Roman Abramovich, Vladimir Lisin, and Oleg Deripaska each invested $1 billion. As Hans-Joerg Rudloff, chairman of Barclays and board member of Rosneft noted, Russia was «on the track of international economic integration» (Wagstyl, 2007, p. 5). Overall 400 foreign financial firms provided Russian energy corporations with $130 billion in loans and investments. Almost half of this capital came from US institutions. The largest investors were JP Morgan, Qatar Investment Authority, followed by a group of 32 financial firms from the UK (Carrington, 2022).

But problems erupted with Russia's seizure of Crimea. FDI inflows fell from $69 billion in 2013 to $21 billion in 2014. Outbound investments also took a hit. In 2013, Russian oligarchs had FDI outflows of $87 billion, fourth largest among TCC investors. In 2014, the outflow was reduced to $56 billion, although the oligarchy still occupied sixth place as the world's most important foreign investors (UNCTAD, 2015).

As the US continued to sanction Russian banks and energy companies, stiff resistance developed in Europe and the US. The most influential US business associations, the National Association of Manufacturers and the US Chamber of Commerce, began lobby efforts and published critical ads in newspapers. Bankers also insisted that sanctions should not hurt institutions that held Russian debt. In Europe, even after the seizure of Crimea, Siemens CEO Joe Kaeser met personally with Putin to confirm their long-term commitment to sell trains, energy infrastructure, and medical and manufacturing technology to Russia. After the Crimea sanctions, Rosneft also continued important foreign activities, sealing a 30-year contract with the state-owned China National Petroleum Corporation worth about $400 billion. By 2017, Russian energy TNCs had made foreign direct investments of $335.7 billion (UNCTAD, 2017).

As sanctions tightened, Rosneft made use of its transnational relationships. To replace the loss of advanced drilling technology, Rosneft took a 30-percent stake in North Atlantic Drilling, a subsidiary of Seadrill, the world's largest offshore driller controlled by Norway's richest man, John Fredriksen. In turn, Fredriksen bought a 'significant portion' of Rosneft's land drilling operation. Also, Rosneft bought Morgan Stanley's global oil merchant unit, obtaining an international network of oil tank storage contracts, supply agreements, and freight shipping contracts, as well as a 49 percent stake in Heidmar, a manager of oil tankers. The acquisitions opened new avenues to sell their energy on global oil markets. Sanctions against Rosneft's president, Igor Sechin, prompted Jack Ma, founder of China's Alibaba, and John J. Mack of Morgan Stanley to resign from the board, but Donald Humphreys, former chief financial officer of Exxon Mobil, and BP chief executive Bob Dudley continued to serve.

A fascinating area of conflict was over US ties to the Russian space program. For 14 years the Department of Defense had bought Russian rocket engines to launch military and intelligence satellites. But after the annexation of Crimea, Congress banned the purchase of Russian engines, worth about $300 million to the Kremlin. Soon the Pentagon began a campaign to get Congress to back-off. America's two biggest defense contractors, Boeing and Lockheed Martin, added their considerable influence. Secretary of Defense, Ashton Carter and the Director of National Intelligence, James Clapper Jr., became involved, sending a letter to senior congressmen to change the legislation. The pressure worked, and soon the Pentagon was again able to purchase Russian rockets. As pointed out by Congressional Representative Duncan Hunter, «Some of our biggest defense companies are lobbying on behalf of the Russians. That's a strange position for the defense industry to have» (Myers, 2015).

Russian Transnational Relations After the 2022 Invasion

Russia's transnational ties had considerably weakened sanctions after the seizure of Crimea. The experience informed Putin's approach to the 2022 invasion. As he noted, «Let German citizens open their purses, have a look inside and ask themselves whether they are ready to pay three to five times more for electricity, for gas and for heating . . . You can't isolate a country like Russia in the long run, neither politically nor economically. German industry needs the raw materials that Russia has. It's not just oil and gas, it's also rare earths. And these are raw materials that cannot simply be substituted» (Bennhold, 2022).

Putin's words had the ring of truth for Martin Brudermüller, the chief executive of the chemical giant BASF who stated, «Cheap Russian energy has been the basis of our industry's competitiveness … Do we want to blindly destroy our entire national economy? What we have built up over decades?' (Bennhold & Erlanger, 2022). For many the answer was firmly «no.» Even by the end of 2023, 9866 companies in Europe still had investment links with sanctioned Russian corporations (Myles, 2023b).

Nonetheless, Russian oligarchs suffered, cut-off from many Western financial institutions and investment opportunities. Russian stock capitalization, which in October 2021 was $294 billion, fell to just under $61 billion by December 2023 (CEIC Data, 2024). Furthermore, about $350 billion of Russia's central bank reserves have been frozen. Henry Farrell and Abraham L. Newman called such relationships weaponized interdependence, meaning the financial globalization that generated Russia's trade surplus and gave Putin room to maneuver also provided the economic and financial weaponry that was turned against him. Thus, a nationalist strategy to reconstitute the Russian empire, using the profits and ties that come with globalization, is undercut by the contradiction of those same ties and relationships (Leusder, 2022).

Yet weaponized interdependence can work both ways, and such ties have also created financial pain among Western TNCs, which have lost $103 billion in Russia. Many were forced to sell their assets at fire-sale prices, often at

50 percent markdowns. These assets have been distributed to loyal oligarchs to shore up Putin's support among elites. Among the corporations affected are: Nissan, Renault, Toyota, Mondi, Carlsberg, Heineken, Ikea, Otis, Kone, Continental, Bosch, Shell, TotalEnergies, Société Générale, Bridgestone, and OBI (Sonne & Ruiz, 2023). Other Western TNCs unwilling to lose money or control have continued to operate. Of the 1,600 foreign firms in Russia before the war a study by Yale showed more than 25 percent continue to operate, but research by the Kyiv School of Economics contend the number is closer to 50 percent. Only about nine percent of the 1,400 TNCs from Europe, the US, Japan, Britain, and Canada had divested their subsidiaries by the beginning of 2023, in part because no one wants to buy their assets (Alderman, 2023).

Weaponized interdependence is also a good description of how the invasion impacted Rusal, the world's second-largest aluminum producer, owned by Oleg Deripaska. Rusal has a joint venture with Australian mining giant Rio Tinto. But because of sanctions, their joint refinery, Queensland Alumina, will not ship products to Russia. As a result, Rusal had to halt production at its Nikolaev refinery located in Ukraine, which accounted for 23 percent of its annual production. Nikolaev is one of the most modern refineries in the world and employed about 1,500 workers. To compensate Rusal diverted production from its Aughinish refinery in Ireland to feed its Russian smelters. In turn, that reduced supplies in Europe where materials are already short. The result was higher unemployment in Ukraine, higher prices in Europe, and a lower stock price for Rusal (Ng, 2022).

Another illustration was a crisis in the metal market. Russia is an important exporter of copper, alumina, and nickel. Tsingshan Holding Group in China is the world's largest nickel producer, China's second largest steel producer, and is involved in electric vehicle batteries. Tsingshan made an enormous $3 billion bet shorting the price of nickel, counting on its own increased production to create an overabundance of supplies and lower prices. This bet was made on the London Metal Exchange (LME), which is a unit of Hong Kong Exchanges and Clearing Limited. With the Russian invasion, although nickel was not sanctioned, fear took hold of the market and prices jumped 250 percent. The short bet based on lowering cost was a disaster. Trade chaos took hold, leaving Tsingshan with two choices. Either deliver tons of nickel or pay for margin calls, which meant coming up with the cash or securities to cover potential losses. But Tsingshan only held 30,000 tons of its 150,000-ton bet. The remainder was held by JP Morgan, BNP Paribas, Standard Chartered, and United Overseas Bank. On the cusp of a financial disaster, LME suspended trading and retroactively cancelled $3.9 billion of trades, blaming banks for lacking transparency that could have revealed the interconnected problem. Consequently, the Russian invasion set off a financial crisis that punished transnational capitalists that have no part in the war (Ouyang, 2022).

But interdependence has also benefited the Russian economy. For example, India buys Russian oil with a 33 percent discount, and their imports have surged by 700 percent. Russian oil goes to Reliance Industries, which has the world's largest refinery complex, as well as to an affiliate of Rosneft, Nayara Energy. Using Russian crude, Indian refineries produce diesel and jet fuel, which is sold to Europe, whose imports from India have jumped. As Shell's chief executive explained, oil substantially treated loses it national origin. «We do not have systems in the world to trace back whether that particular molecule originated from a geological formation in Russia.» The result is Indian diesel fed with Russian crude is considered Indian diesel and therefore avoids sanctions (Reed, 2022).

Besides China, NATO member Turkey and key US ally South Korea also continue to buy Russian oil. Nor did US ally Saudi Arabia listen to pleas from Biden. Instead, it pushed OPEC to cut oil production, which raised the price for oil, benefiting Russia and causing inflation in the US. Moreover, Japan was the number-one buyer of Russian coal. In 2022, Russian oil exports reached about $338 billion, a third more than the year before the invasion. These profits are key to Russia's ability to continue the war. In 2021, oil and gas profits made up 45 percent of Russia's federal budget (Tabuchi, 2022).

The importance of the energy markets for Russia was emphasized by Marxist economist Michael Roberts (2023) who wrote,

> The combination of high hydrocarbon prices and import compression drove the Russian trade surplus to a record high. In the first half of 2022, Russia posted a cumulative surplus of $147 billion (15% of GDP), equivalent to approximately half of the Russian foreign exchange reserves that were frozen at the outburst of the war. Russia's trade surplus eventually reached $370 bn in 2022 vs $190 bn in 2021. Two thirds of this $180 bn rise were from higher exports.

This was true even though exports to Europe substantially fell. Consequently, while integrated networks of global capitalism create relationships that can be used to punish or disrupt, these networks also help to undermine sanctions and attempts to isolate Russia. There exists a transnational duality, which makes contemporary national competition different from Cold War power blocs seeking exclusive territorial control. So, on the one hand Russia pursues Ukrainian land and is punished by having transnational ties cut, and yet it can use that same transnational system to avoid sanctions.

We can see this contradiction play out further in Russia's ability to import Western goods. Flooding through a host of countries including the UAE, Turkey, Kazakhstan, Armenia, and China are smartphones, consumer goods, cars, and microchips. This activity has produced a 400-percent escalation of EU exports to Kazakhstan, a 500-percent increase in car imports to Armenia, and a 40-percent leap in imports to the UAE (Troianovski & Ewing, 2023)—all goods channeled to the Russian market. There is also a dark fleet of merchant ships, uninsured and hard-to-trace, operated by traders from the UAE, India, China, Pakistan, Indonesia, and Malaysia transporting goods from and to Russia.

Russian oligarchs have also been able to use the transnational system to hide and protect their money. It's estimated that oligarchs have hidden about half their wealth offshore, amounting to some $200 billion. Somewhere between 10,000 to 20,000 Russians hold more than $10 million each in offshore assets and havens. A system carefully built and maintained by the TCC (Reich, 2022).

Table 2. Trade with Russia after the 2022 Invasion of Ukraine

Country	**Imports from Russia (percent)**	**Exports to Russia (percent)**
Belgium	-27	+130
Germany	-51	+38
The Netherlands	-52	+74
Spain	-44	+112
United Kingdom	-71	-81
Japan	-42	+40
China	+ 24	+98
India	-19	+43
Turkey	+ 113	+213

SOURCE: Gamio & Swanson, 2022.

The fact that EU countries are exporting greater amounts to Russia indicates how sanctions are weakly applied. This is very different from the Cold War in which the USSR traded mostly within the Warsaw Pact and socialist countries such as Cuba and Vietnam. Russia is also the number-one exporter of a variety of commodities including asbestos, pig iron, nuclear reactors, raw nickel, semi-finished iron, aluminum wire, wheat, and non-filet frozen fish. Furthermore, it is the number-two exporter of bran, barley, seed oils, raw aluminum, crude petroleum, refined petroleum, coal tar oil, coal briquettes, carbon, sawn wood, nitrogenous fertilizers, lignite, ammonia, platinum, and railway passenger cars (Gamio & Swanson, 2022).

All these disruptions have reconfigured networks, upset relationships, and created instability and uncertainty for TNCs. The interruptions to global capitalism has disturbed important sections of the TCC, so much so that the Group of Thirty backed China's peace initiative. The Group consists of members who have held senior positions in central banks, 29 of whom served as central bankers in the G30, and 15 who held ministerial positions or were senior policymakers. Stuart Mackintosh, executive director for the Group, and William Rhodes, former chair and CEO of Citibank, release a statement stating,

> The release of the Chinese 12-point position paper calling for a ceasefire and talks as the 'only viable solution' is very important and a first step … The China-facilitated and negotiated pathway could lead combatants towards peace, and significantly raise China's stature across the globe, help restore economic calm, lower energy prices, allow coexistence, competition, and eventually, once again, cooperation and collaboration on common global goals» (Rhodes & Mackintosh, 2023).

Considering that the Group acts as a voice for the Western financial sector of the TCC, and that it turned to China rather than the US to seek a solution, is a good indicator of the differences between nation-centric political leaders and transnational elites. It was also a direct appeal to the Chinese to take a decisive turn away from passive Russian support, to an active leadership of globalization. The main thrust is to end the war and get back to the business of globalization.

Conclusion

Transnational relations undercut the argument that the Ukrainian invasion is simply a proxy war between power blocs. Transnational economics goes beyond bloc politics. The complex relationship between nationalism and globalism needs to be understood through historical materialism, which defines the world as a continual process of movement. How much of the old that remains, and how much of the new that is asserted, continually sets the conjecture of current conditions. This process of motion and change results in contradictions unfolding in many different forms.

In the current capitalist world, neither nation-centric nor transnational relationships exist in isolation from the other. They exist in the same institutions and continually define and determine each other within a changing balance of forces. This unity of opposites in tension and conflict is what produces the historic transformation towards a new synthesis. No outcome is predetermined, but produced by the dynamic itself. Consequently, what aspects of nation-centric relationships survive or re-emerge depend on the agency of political struggle. Under pressure of globalist economic and environmental crisis, nationalist antagonisms have rematerialized, but within the context of transnational relationships. Globalization didn't create the 'end of history' because the past continues to exist in the present.

We can see this contradiction in the balance between national and transnational forces in the Russian invasion as well as the US/China relationship. A balance in which nationalism and interstate conflict has grown stronger as the hegemony of neoliberal globalization has faced a series of economic, environmental, and social crises. As the balance of power shifts, aspects of the old system reassert themselves, but deeply affected and redefined by the change globalization has engendered. Old ideas and conflicts may re-emerge, yet they are never the same, but contextualized through the new forces that have asserted themselves. So, in analyzing the contemporary national conflicts, we must be careful not to place them in the world of the 1960s, but a world deeply restructured by transnational capitalism.

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