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The Neoliberal Roots of Putin's War

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Vladimir Putin's decision to invade Ukraine and the ensuing war came unexpectedly to the majority of experts and pundits in various countries, immediately revealing deficiencies in the established thinking on a range of subjects, from Russian politics to the current state of the global order. Scholars in fields like international relations and comparative politics tended to underestimate the likelihood of a full-fledged war, insisting that rational cost-benefit analysis would obviously tell Putin not to start it. When they were proved wrong, many conveniently found refuge in the idea that Putin's eventual decision was irrational and therefore not subject to reasonable comprehension.

One common mistake behind almost all these wrong predictions was to assume that before the war Putin was contemplating two particular options, comparing the possible benefits of invasion with the status quo. The outcome of such a comparison seemed quite straightforward, which should have been enough to dissuade the Russian President, who was enjoying a stable economic and political situation, from engaging in a highly risky adventure. In fact, Putin was likely weighing the consequences of an invasion *against the costs of inaction* – of what he believed to be the inevitable development of the political situation in the coming years. This calculation made him believe that inaction would put him in existential jeopardy, and he seized the last opportunity to avert a bitter future.

To take stock of this logic and understand the reasoning that made the war inevitable, I suggest looking at the political regime built in Russia as a radical version of neoliberalism. Arguably, this perspective not only helps to explain and, to a certain degree, foresee actions driven by the inherent logic of the Russian state, but also enables one to see the political challenges and openings that emerge from this major political-military catastrophe.

There is a voluminous literature proposing various definitions of neoliberalism, and, as both opponents and apologists of the concept increasingly tend to admit, the meaning of the word is now stretched so thin as to make it almost useless. For the present purposes, however, I shall rely on an early approach to studying neoliberalism suggested by Michel Foucault. Rather than focusing on the privatization of social welfare, which would become the key theme in many later criticisms of neoliberalism (Harvey 2005), Foucault emphasizes the inherent logic of neoliberal rule. Contrary to earlier liberal patterns of governance, neoliberalism is deeply distrustful of the idea of the market as a natural order and therefore invests energy in producing, artificially, market-like interactions between

isolated individuals; imposing a utilitarian and individualistic common sense on those individuals; and forcing them to engage in cutthroat competition, which is ostensibly the most economically beneficial model¹.

Economic efficiency, as measured by GDP growth, is the goal of neoliberal governmentality and the measure through which the truth of its underlying model is ascertained. This is achieved through the consistent prioritization of the economic over the political, through a technocratic-administrative manner of governing subjects who are thoroughly depoliticized by the utter uselessness of collective action. As Wendy Brown (2015: 39) puts it, “the foundation vanishes for citizenship concerned with public things and the common good. Here, the problem is not just that public goods are defunded and common ends are devalued by neoliberal reason, although this is so, but that citizenship itself loses its political valence and venue”. On the one hand, neoliberal common sense makes striving for collective goals laughable, for neoliberal ontology denies the reality of anything beyond the self-interest of individuals. On the other hand, the state promotes individualization by suppressing collective self-organization and thus by making membership in such organizations not only senseless but also dangerous – or, to put it in economic terms, costly and excessively risky².

Economic knowledge gains the upper hand in these settings, for the market functions as a “site of veridiction”, proving the obvious advantage of escaping from politics by increasing generated wealth. Quite naturally, the preexisting inequality is justified and magnified, wealth is distributed highly unevenly, and neoliberalism brings about unprecedented inequality both globally and within many nations. The rejection of the idea of inclusive, collective well-being results in the prosperity of a small elite of winners in the competition game who renounce responsibility for the less successful, for the latter are themselves to blame for their losses, according to the deeply individualistic and aggressive neoliberal morality.

¹ “For what in fact is competition? It is absolutely not a given of nature. The game, mechanisms, and effects of competition which we identify and enhance are not at all natural phenomena; competition is not the result of a natural interplay of appetites, instincts, behavior, and so on ... The market, or rather pure competition, which is the essence of the market, can only appear if it is produced, and if it is produced by an active governmentality.” (Foucault 2008: 120-1)

² For instance, in Russia actual trade unions resisting the employer are almost non-existent, apart from a dozen factories. All other organizations have so-called official (“yellow”) unions, supervised by the state, which closely cooperate with employers in repressing the workers and restrict themselves to distributing vacation tours.

While Foucault anticipated the global rise of neoliberal politics, the textbook case of neoliberalism at that time was perhaps the regime of Augusto Pinochet in Chile, which was built on a crassly autocratic rule that repressed all political participation but promoted economic growth under the auspices of the “Chicago boys”. It could be argued that the ensuing triumph of neoliberalism was most impressive in the places that had no strong legacy of political solidarity to contain it. While currently neoliberal policies are common sense in many parts of Europe and North America, there is still a residual political culture there that challenges the most brutal and inhuman versions of neoliberalism. The idea that society is nothing but a war of all against all, where only the fittest survive, is more likely to succeed in highly atomized societies permeated by distrust.

These conditions applied perfectly in Russia. After the devastating crash of the Soviet regime, the country was taken over by a group of neoliberals who managed to institute profound mutual hostility and suspicion and openly stated that everyone was responsible for her own survival amidst the economic desperation of the early 1990s. This resulted in the collapse of interpersonal bonds within Russian society, and the country is among those with the lowest levels of generalized trust of other people in the world. Surveys consistently find Russia to be an extremely individualistic society with a deep aversion to collective action³.

Vladimir Putin was quite skillful in transforming these conditions into a type of governmentality embodying all the key principles of neoliberalism. His economic policy remains the continuation of the monetarist policies of the early nineties, supervised by literally the same people – the current Head of the Russian Central Bank and architect of Putin's economic system, Elvira Nabiullina, belongs to a small group of staunchly neoliberal economists that promoted the shock reforms

³ “The average Russian today is more strongly committed than residents of most European countries to the values of wealth and power, and also personal success and social recognition. A strong orientation to personal self-enhancement leaves less space in his or her consciousness for concern about equality and justice in the country and the world, tolerance, nature, and the environment, and even for worry and concern about their immediate milieu” (Magun, Rudnev 2012: 41).

of the early 1990s⁴. This continuity helped Putin to achieve significant economic results and deliver economic growth during his first period in power, and impressive economic resilience after that, when he confronted foreign economic sanctions⁵.

This success was made possible by a strict separation of the economy from politics. Putin started making strategic use of the disappointment of the masses in politics, carefully depoliticizing Russia and suppressing all kinds of political engagement. Putin's economic technocrats quickly and comfortably renounced their right to challenge the political power of the autocratic leader in exchange for the chance to participate in expanding the market economy throughout society. The masses, too, gladly adopted a scorn for politics and learned to value material well-being above all, rejoicing at the new opportunities provided by consumer culture⁶. The social-Darwinist view of politics became deeply entrenched, discrediting political imagination in general and making all attempts to make society more just, fair, equal, or democratic look naïve and childish. As Putin himself put it in 2021 after meeting the US President Joe Biden, "there is no happiness in the world"⁷. This bleak, nihilist, and resentful vision of the world became common sense in present-day Russia.

Quite predictably, monetarist economic policies resulted in a highly stratified trickle-down economy and exceptionally high levels of inequality. Russia under Putin caught up with the US in terms of economic inequality (Novokmet, Piketty, Zucman 2018). The country has a thin layer of ultra-rich people and is one of the

⁴ The reforms were predicated on a strong belief in the power of the free market, competition, and entrepreneurship that was supposed to create a market equilibrium after a period of painful adjustment. Naomi Klein's (2007) highly partisan but nevertheless useful account of Chicago-style neoliberal reforms in Russia traces how hopes for the coming of a "Russian Pinochet" traveled from the West to Russia and back since the late eighties and animated the rise of neoliberal economists who would retain control over the economy in the government for next three decades.

⁵ Russian GDP enjoyed an average 4.7% annual growth in 2000-2014. The growth rate fell to 1.0% in 2015-2021 after sanctions were imposed following the annexation of Crimea.

⁶ Consumer credit and mortgages became the main aspiration for the vast majority of the population. According to the Russian Central Bank, consumer loans rose by more than 1200% in 2005-2018.

⁷ 'Putin says everything is US's fault... and there is no happiness in the world' *Independent*. Jun 17, 2021. The quote was attributed by Putin to Leo Tolstoy, which is disputable. Putin's remark echoes Giovanni Gentile's assertion in *The Doctrine of Fascism* that fascism "does not believe in the possibility of 'happiness' on earth". The shared motive here is that the world appears as endless struggle.

global leaders in the number of billionaires, and the wealth of the masses is rising very slowly, even though most of the population is better off under Putin. Putin's Russia is one of the very few countries in the world that have a flat tax rate, which sends inequality indicators through the roof. This, in turn, leads to the rapid growth of consumer credit, for taking a loan is usually the only way for the masses to catch up, at least partially, with the attractive lifestyle of the elites. An ever-growing share of the population lives in precarity with no labor guarantees, high dependence on their bosses (particularly in the public sector), and very limited paths for upward mobility⁸.

While the Russian economic model may seem at first sight to defy the label of neoliberalism because of the public education and health-care provisions carried over from the Soviet times, these are mostly façade similarities⁹. Higher education is in theory free, but families must invest heavily in additional training for their children to give them a chance to pass the unified test before entering university. The less successful applicants must pay to be admitted, and the amount of the payment often depends on their performance, creating a significant strain on household finances and an atmosphere of aggressive competition within universities. At the same time, neoliberal reforms in health and education resulted in a situation where teachers, professors, and doctors earn only a small part of their salary in fixed payments and are dependent on arbitrary performance criteria for the rest, which makes them particularly vulnerable and dependent. The downsizing of hospitals and schools leads to huge markets for informal services, particularly for severe illnesses – for instance, the treatment of cancer is more or less limited to a handful of medical centers in Moscow and Saint-Petersburg.

How does the Russian neoliberal regime translate into foreign policy? Putin's formidable success in exploiting the neoliberal model was extended beyond Russian borders and was warmly received among foreign elites. Insisting on a strict separation of economy and politics, Putin struck favorable deals with

⁸ This, in turn, helps in targeted recruiting during the wartime. Among Russian soldiers, the less affluent regions and strata are highly overrepresented, for going to the frontlines provides a unique chance of upward mobility and meaning in life. In Russia, it is a war waged by the hopeless and the resentful.

⁹ On the Russian political-economic model, see: (Matveev 2019).

big companies around the world¹⁰ and led governments to disregard basic national security interests, as happened with German chancellor Angela Merkel, who stubbornly insisted on the non-political nature of the gas trade with Russia even as the country grew heavily dependent on Russian energy. Offering foreign CEOs lucrative deals and positions in Russian companies, Putin was able to seduce an impressive portion of global elites. At the same time, he and his cronies were able to become part of these elites, exhibiting a provocatively luxurious lifestyle and buying entry into the inner clubs in the West. For big capital all over the world, Putin became the embodiment of the logic of enrichment, a relentless provider of business opportunities for all those who don't mess things up with him politically (much in the way he demands from the Russian population). It is no wonder that significant parts of the political and financial class in Britain, Germany, or Austria were willing to close their eyes to Putin's political strategy, preferring to focus on their self-interest. There is no doubt that Putin's money contributed significantly not only to widespread corruption in Europe, but also to the rise of inequality over the last two decades.

At the same time, Putin's Hobbesian view of the world as filled with violent unbridled competition between individuals struggling for their existence engenders a permanent and acute sense of danger. Putin's deep fear of revolutions and his disgust for the very idea of revolutionary change creates a profound feeling of insecurity that he successfully projects onto a significant part of the Russian population. From this viewpoint, the ruler should have enough resources at his disposal to suppress brutally any attempt at social change. It is well known that the murder of Colonel Gaddafi by Libyan rebels in 2011, after the no-fly zone was imposed over the country following the start of revolution, had a long-lasting, unsettling effect on Putin.

Within this logic, the existence of an independent and culturally close country like Ukraine nearby creates a situation of mortal threat. Since Ukraine was irrevocably sliding into a military alliance with the United States even without the NATO membership, it should have been obvious to Putin that an unwillingness to stop

¹⁰ While energy giants like Shell, Total, or Ruhrgas are most often invoked in the context of cementing European energy dependence from Russia, other industries provide even more striking examples. For instance, big tech leaders like Google and Apple are now known to have bowed to Putin's blackmail and agreed to act against his political opponents, with Google even silencing a kidnapping attempt of its CEO by Russian secret services in September 2021. Nokia has now been revealed to assist Russian secret services in building an advanced surveillance system widely used to spy on Russian opposition.

this slide would have resulted in a potential stronghold for his enemies right by his side. As the domestic audience, particularly the younger generations, was increasingly becoming tired of Putin¹¹, a rebellion in Russia seemed almost inevitable in the coming years, much like it happened in 2020 in Belarus, a country that shares with Russia much of its political culture. Ukraine was about to become a stronghold for Putin's opponents, a possible bridgehead for an intervention that would have prevented him from crushing the uprising. As Putin himself stated many times, he does not recognize the possibility of the existence of an internal opposition that would object to his rule – in a Schmittian way, opposition is believed to be necessarily external, consisting of enemies and traitors. The neoliberal idea of depoliticization logically results in the denial of pluralism in domestic politics and the identification of political opponents with military targets to be destroyed.

One should recognize that despite the now popular description of Putin's invasion as a severe miscalculation or a triumph of emotions over economic rationality, there is a strong economic reasoning behind it. Much as Putin managed to annex Crimea in 2014 and thereby significantly enrich his oligarchs (despite many of them panicking at first about the consequences of this arrogant takeover), he now aims to attain similar goals by annexing the next chunks of Ukraine¹². Putin did not sacrifice economic interest for geopolitical goals; he rather firmly believes that territorial expansion will be tolerated by global elites, in the final reckoning, and will result in an increase of his economic might. Russia's neoliberal environment teaches the lesson that economic gains are always made by force, and this is the logic that Putin is likely to deploy in his foreign undertakings.

¹¹ While polling numbers should be approached very carefully, the percentage of people invoking Putin when asked about the politicians to trust fell from 70% to 25% between 2015-2020.

¹² Emphasis on Putin's defensive mindset shouldn't obfuscate the attractiveness of Ukraine as an extremely resource-rich country. The 2014 annexation of Crimea resulted in Putin's oligarchs acquiring for little compensation many of Crimea's resources: many lands, including famous vineyards, ended up in the hands of Yuri Kovalchuk; the tourist industry is now controlled by Arkady Rotenberg; while Sergey Aksenov owns much of the construction industry. Ukraine is the second largest country in Europe after Russia, with a huge, if somewhat outdated military and industrial complex (for instance, its steel and energy production capacities were partly captured by the Russian army during the current invasion), fertile lands (Russia expects to overtake Ukraine as chief grain exporter), and a large population. Extraction is among the most significant goals of this land grab.

With this perspective in mind, it would be wrong to assume that Putin's war plans are limited to Ukraine, let alone its Eastern part. For the Russian military leadership, this is the opening phase of an existential war against the West, a war over resources and global hegemony. While the current conflict has often been correctly characterized as an imperial war, this view emphasizes competition between empires and disregards those with experience of colonial oppression (Smoleński, Dutkiewicz 2022). For Eastern Europeans (Ukrainians, Belarussians, Poles, and many other peoples) this is resistance to an imminent imperial takeover. As the ultimatum announced by Putin in December 2021 suggests, the whole territory of the former Warsaw pact is believed to be illegitimately controlled by NATO forces. Putin's neoliberal and aggressive view certainly does not accept any neutrality and therefore lays claim to the former Soviet satellite states – something these states understand fairly well. For these Eastern European nations, this is not a war in which they pick one empire over another, but a struggle for their own sovereign existence.

The ongoing war has already produced a less than inspiring debate between the Western left and the Eastern left over whose imperialism is worse. While there is no correct answer to this question, one has to remember that it is the Eastern territories that are now being brutally attacked, and therefore the inhabitants of these territories should know better – at least, if one sticks to the belief that the popular will matters. The Eastern European left has been almost unanimous in supporting Ukraine, going so far as to produce joint statements by Ukrainians and Russians¹³. This consensus is not shaken by the shared and legitimate concern that Ukrainian emancipation presently assumes a nationalist guise. A war that is waged in a nineteenth-century style probably deserves a nineteenth-century solution. As Karl Marx repeatedly pointed out, national

¹³ Against Russian Imperialism – by Russian Socialist Movement & Sotsialnyi Rukh. LeftEast. URL: <<https://lefteast.org/against-russian-imperialism/>>

liberation movements should be supported in their struggle against imperialism, for this is a logically necessary stage of emancipation¹⁴.

Unless Ukraine keeps its sovereignty, the left in Ukraine simply has no chance to promote a more progressive approach to emancipation¹⁵ – just like the Russian and Belarussian left have none under Putin's rule. In addition, such sovereignty is also the only possible path to Russia's own liberation from its neoliberal imperial rulers and its transformation into a progressive society that would cherish the real achievements of the Socialist revolution.

In other words, Ukraine's existential struggle for independence and self-determination should be supported not because Western imperialism is preferable to Russian imperialism but because the anti-imperialist resistance of the Eastern European nations is valuable in itself. The attempts by the American government to subjugate Cuba in the mid-twentieth century faced resistance not because they originated in the United States but because they were colonial. Imperialism should be confronted where it arises, and not because of the imperial camps previously chosen.

More importantly, this war is not so much a collision of two imperial powers as it is a war waged by capital unchained. Putin's successful experience of building a neoliberal state and corrupting global elites made him consider brute force as the ultimate political argument. The attractiveness of this view in the present-day world should not be underestimated.

¹⁴ "Firstly, of course, sympathy for a subjugated people, which by continuous heroic struggle against its oppressors has proved its historic right to national independence and self-determination. It is by no means a contradiction that the international Working Men's Party should strive for the restoration of the Polish nation. On the contrary: only when Poland has re-conquered its independence, when it once again exercises control over itself as a free people, only then can its internal development recommence and will it be able to take part in its own right in the social transformation of Europe. As long as a viable people is fettered by a foreign conqueror, it must necessarily apply all its strength, all its efforts, all its energy against the enemy from without; for this length of time, then, its inner life remains paralysed, it remains unable to work for social emancipation. Ireland, Russia under Mongolian rule, etc., provide striking proof of this thesis." (Marx, Engels 2010: 57)

¹⁵ Marx's vision would later inform Lenin's eventual position in favor of Ukrainian sovereignty to avoid mistrust on the side of Ukrainians, which he considered legitimate for the obvious reason that "the Great Russians, under the yoke of the landowners and capitalists, had for centuries imbibed the shameful and disgusting prejudices of Great-Russian chauvinism" (Lenin 1965: 295). It is no wonder that Vladimir Putin started the 2022 invasion with lashing out ferociously on Vladimir Lenin as a "creator of the Ukrainian state". What irritates Putin here is precisely Lenin's attentiveness to Ukraine's painful experience: in this remake of the events of 1919, Putin clearly positions himself on the side of Great-Russian capitalists and imperialists.

However, the present conflict also opens up a number of political opportunities for the left. In many countries, it has exposed the recklessness and hypocrisy of the super-rich, who were willing to trade the basic security of their nations for lucrative deals with Putin, leaving whole countries vulnerable to blackmail and condemning populations to prohibitive energy prices, decreasing living standards, and migration crises. The betrayal of national interests by the elites finally provides legitimacy to the demands for popular control over wealth. The pervasive corruption of European institutions brought about by Putin would have been impossible without a complete lack of accountability for the rich. It is only now that the UK is slowly revoking the residence permits for Russian oligarchs, even though it was crystal clear for decades how they earn their money and how this money served to support Putin's regime. It is only now that global high-tech giants like Google are refusing to comply with the demands of Putin's government – even though it has always been crystal clear that these demands are needed to terrorize the Russian opposition. As Thomas Piketty (2022) rightly points out, Putin's war makes obvious the urgency of creating national and international registries for popular oversight over the property of the super-rich.

This woeful war will generate millions of victims – from, most obviously, the killed, wounded and displaced Ukrainians, to the imprisoned and exiled Belarussians and Russians, to the impoverished Estonians, Slovaks, Germans, or Italians who will be struggling with higher prices and decreasing quality of life. In this situation of massive suffering, pain and sorrow, only an international political coalition could prevent these desperate peoples from entering an even more calamitous conflict. The challenge for the left now would be to prevent the world from slipping further into the abyss of unbridled neoliberalism, riddled by extreme inequality, resentment and atomization. The world should never resemble Putin's Russia – and that is already a temptation to resist.

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[Why is Putin's Russia threatening Ukraine?](#) January 2022

[In Russia, opinion polls are being used to cover up a divided society](#) July 2020

[Replacing Democracy with Numbers](#) July 2019