

SANCTIONS AND THE COURSE TO WAR

PROGRESS REPORT, AS WE WRITE....

Our analysis of the cycle of capital over the last forty years incorporates an important fact: the defeat of the last revolutionary proletarian cycle.

“The market revolution of the 1970s was no doubt a revolution in economic ideas, but it was far more than that. The war on inflation waged by Thatcher and Reagan was a comprehensive campaign against a threat of social upheaval, which they saw as coming from without and from within. It had the ferocity that it did because in the 1970s and early 1980s, class conflict in Europe, Asia, and the United States was still framed by the global struggles of decolonization and the Cold War¹” (...).

“If central banks since 2008 have massively expanded their remit, it was out of necessity, to contain the instability of the financial system. But that was politically possible—indeed, it could be done with no fanfare whatsoever—because the battles of the 1970s and 1980s had been won.” – Shutdown: how COVID shook the world’s economy, Adam Tooze²

Beyond the contingent geostrategic and/or economic aspects of the confrontation between the present bourgeois camps, the various warmongering episodes of this period all take place on the basis of counter-offensives undertaken by various local fractions of the dominant classes who are victims of important cyclical crises of valorisation and of some defensive workers’ struggles. But the main reason for the unchallenged domination of the bourgeoisie fundamentally rests on the defeat of the offensive proletarian political cycle of the period 1960-1980³.

Having said this, our recent writings have put forward the profound transformations (consecutive to the recent crises, 2007/2008, to the fiscal crises of states and competition on the world market, to various trade wars, to the pandemic etc.) in the governance of Capital and the formation/reorganisation of geopolitical blocs integrated on the basis of strategic contingent/convergent interests. This restructuring of the world market is marked first of all by the return to centre stage of geopolitical factors.

¹ The Cold War lasted from 1948 to 1989. Its beginning was defined by the coming to power of Stalinists in the so-called East European countries with the persuasive help of Russian occupation troops, and then their refusal to accept Marshall Aid. Marked by the creation of the Kominform, on 5 October 1947, this start to the Cold War coincided with the end of the tri-partite post-war governments with the ejection of the CPs from government (France, Italy, Belgium and Denmark). The passage of China into the Russian camp, in February 1949, created the conditions for the Korean War (June 1950-July 1953). The Cuban Missile Crisis (October 1962) almost degenerated into nuclear war. And let’s not forget the Vietnam War (May 1964-April 1975). To these wars we can add other armed conflicts – notably in Ethiopia, Eritrea, Angola, Mozambique and Afghanistan – grafting the Cold War onto legitimate wars of independence.

² Published by Penguin Random House, 2021

³ The historic defeat of the 1970s has not prevented the recurring expression of the working class in numerous countries. But workers’ struggles have never been enough to overcome the dominant counter-revolutionary course.

This phenomenon⁴ – which is nothing new – asserts itself strongly at the centre of the global chain of valorisation of capital, and shows an increasing importance in the formation of prices of production. The latter have to take into account the global disruption of commodity supply chains. The depreciation of money relative to the commodities whose circulation it ensures, that is to say inflation (rise in the market prices of commodities), is the direct consequence of growing tensions in the functioning of the world market. The exports of numerous categories of commodities are all hobbled by choke points that appear in their direct productive processes, by a reinforced competition between geostrategic blocs translating into the setting up of barriers of all kinds and, also, by an additional contingent demand to escape the exogenous crisis of the global valorisation of capital caused by the acute phase of the pandemic.

While it does not call into question the fundamentals of the categories defined by Marx in the second and third volumes of *Capital* concerning the formation of prices of production⁵, this geopolitical factor makes the process by which this happens significantly more uneven.

At the same time, from the point of view of bourgeois political management of states, we can see generally, in various parts of the world, a sliding of modes of governance from representative democracy to plebiscitary democracy (described as “participatory” by the state Lefts). This includes incursions here and there of proto-fascist tendencies. It is the result of geopolitical interests of blocs in rapid formation imposing themselves with growing force on the world market, and its symptoms are:

- *“The election of candidates who are not functional in terms of the interests of big, modern, global internationalist capital, and with a programme of hatred towards migrants, even all external entities, thrown in”*
- *“The tendency to short-circuit or reduce the role of parliaments, to the establishment of a direct link between the head of state and the people, to ignoring intermediate bodies”*
- *“The demand for protection on the part of the population, aroused by fears, real or not, that demand order”*

(MC/KpK, *Crisis of political liberalism*⁶ and more recently: *2022 Elections in France: a victory for plebiscitary democracy*)⁷

These political contortions are accentuated by the accumulated delay in productive investments which can raise the social productivity of labour. Investments which suffer *“at the same time from the destabilisation of credit markets, the stagnation of internal markets due to the depreciation of the commodity labour power and postponement of productive investments, along with the summersaults of external markets”*⁸. Stagnation, even the fall of real wages, the intensification of work and longer hours, the enormous pressure on working conditions, the growing “activation” of the reserve army of labour by threats and increasing surveillance, the massive employment of migrant workers available on demand etc. has at the same time compensated for and prolonged the lack of productive investments. The

⁴ The geopolitical factor which is known as “*Friend Shoring*” and translates into the repatriation of certain types of production or certain raw materials from countries which have become hostile or unreliable, towards countries considered as friends.

⁵ *“The price of a commodity, which is equal to its cost-price plus the share of the annual average profit on the total capital invested (not merely consumed) in its production that falls to it in accordance with the conditions of turnover, is called its price of production.”* – *Capital* Vol. III, Chapter 9

⁶ See: https://mouvement-communiste.com/documents/MC/WorkDocuments/DT10_Crise%20Dem_EN_%20Complete%20vF.pdf

⁷ See: <https://mouvement-communiste.com/documents/MC/Letters/LTMC2249%20ENvF.pdf>

⁸ *The Crisis of Political Liberalism, Ibidem.*

total mass of wages has diminished, increasing the rate of exploitation and the rate of profit to constant capital equal to or less than the fall in the mass of wages.

The very bases of the “social democracy” of the post-war period in the advanced countries of capital, which allowed the growth of the nominal wage along with the real wage on the basis of the fall in wages relative to the rise in the rate of exploitation, itself determined notably by the progression of the technical and organic composition of capital, therefore of the social productivity of labour, was undermined by the workers’ autonomy of the 1960s and 1970s. The end of this long pre-revolutionary, phase punctuated here and there by so-called “low intensity” civil wars, because of the defeat of the proletariat and its process of self-organisation has not allowed the restoration of the previously existing “social democracy”. Beaten, the proletariat has been subjected to growing attacks, first of all against its independent political expressions in crushing defeat, then against its reproduction and working conditions. The relative wage has again begun to shrink, the nominal wage and even more the real wage have stopped rising to finally stagnate and then to fall with the appearance of cyclical crises in the 2000s. This over all inversion of the tendency towards improvement in nominal and real wages has happened simultaneously with the financial and then industrial crisis of 2007/2008 followed by the fiscal crises of states which have no longer been able to finance “social democracy” (or what remained of it after the 1970s) without threatening their budgets and the execution of the tasks associated with their functions as collective capitalist and representative of the dominant classes.

Today, after the pandemic and with the generalisation of armed conflicts, what is left of “social democracy”, as a material force, is even less of a barrier to the eventual re-emergence of the working class as a class for itself. The force exercised brutally by capital and its state over the labour market and the perspective of a new world butchery are nowadays the main instruments used by the dominant classes to prevent the class struggle. The immense financing effort agreed to by the principal states of world capitalism following the pandemic was intended to put sufficient oil in the gears of the system to allow a relatively gradual “transition” towards a new “eco-compatible” economic model based on the relaunch on a large scale of productive investment and the enlargement of a labour market less penalising for employees with an increase in “new professions” with technology content. Yet, the course to war is in the process of destroying this plan.

The aggravation of geopolitical conflicts leads to serious repercussions for productive territories, their geography, their composition, their supply chains, their eventual markets etc. In a word, on their respective “value chains”. Amongst these elements of disruption, we can include the invasion of Ukraine by colonialist Russia, the unnamed embargos which hit China (which does not restrain itself from economic and military retaliation against the opposing camp) and the named ones against Russia, primarily concerning certain “strategic” products, like some categories of semiconductors or 5G equipment etc. The military variable⁹ imposes itself centre stage, feeding the

⁹ *“Chinese military basing efforts abroad have become a topic of great international interest and scrutiny. The completion of Beijing’s first overseas military base in Djibouti in 2017, revelations last year of a potential military base in the United Arab Emirates, and the announcement this spring of Chinese investment in a Cambodian military base with suspected exclusive Chinese use all support the realization that China is methodically moving forward on improving its ability to project power globally. Deciphering where Beijing plans to place its next flag is challenging because it is a dynamic equation—one that must factor in China’s goals and those of a host nation, along with the willingness of those involved to deal with the invariable regional and international questions and blowback. One area of the world where this calculus appears favorable for China is Africa.”*

“More Chinese Military Bases in Africa: A Question of When, Not If. Beijing has been increasingly clear about its global military ambitions.” by Eric A. Miller, U.S. Africa Command’s director of intelligence analysis. August 16, 2022

centrifugal pushes of states more and more into warlike mode, and accelerating general rearmament¹⁰. The productive territories as they had previously been drawn are thus disrupted.

This shake-up forces current and future warring parties to integrate the geopolitical dimension into the value generation process. An increasing number of commodities are being labelled as “strategic”. These range from microchips, to medicines, to energy and mineral commodities, to cereals. Countries with “similar political mindsets” (Friend-Shoring) are coming together in even more integrated geopolitical blocs, responding to common strategic needs. The deliberate aim is to intensify trade, even at the cost of reduced competition between them through political and diplomatic agreements *and* to reduce economic and trade dependence on countries in the antagonistic blocs. However, this is not the end of the world market and the “globalisation process”, but rather its in-depth and forced reorganisation under the sign of segmentation.

Many companies have begun to sift the productive territories and markets in which they operate. Announcements of relocation (“re-shoring”) have become fashionable in order to reduce the risks of interruption of their “value chains”. The risks of interruption are multiplied by the growing tensions between old and new blocs. However, relocations come up against higher production costs in the advanced capitalist countries and problems of lack of availability or training of the workforce. Thus, for the time being, there is very little relocation. On the other hand, there is an acceleration of relocation of the production of strategic goods to emerging countries in the same geopolitical sphere, as well as a diversification of sources of supply.

As a consequence of relocations/delocalisations, but above all of the new aggregation of states in a “friend-shoring” mode, the new world landscape will give a big boost to the automation of direct production processes in order to reduce the rising costs of labour power (due to wage increases because of the relative “scarcity” of labour power in the most developed countries) and thus to attenuate, but not curb, rising production costs.

“This concept of ‘friend-shoring’ was recently brought into focus by US Treasury Secretary and former Fed Chair Janet Yellen. In her speech to the Atlantic Council – a think tank in Washington – in early April, she cited Russian aggression and China’s ambiguous response as reasons to shift more production to countries that are friendly to the US.” – Friend-shoring – Reorganising world trade, Commerzbank, 10 June 2022¹¹

This “concept” is based on the failure of the strategic dynamic that has prevailed since the 1950s/1960s, namely the idea that the regulated increase in the exchange of goods and economic activity in general between two countries with different, even divergent, political systems would bring them closer together, thereby reducing the risk of armed conflict. It has to be said that recent experiences with Russia and China show this strategy of the major “Western” capitalist countries to be a failure. The war in Ukraine has shown the different fractions of capital how quickly political and military conflicts can destroy well-established and efficient productive territories as well as economic cooperation agreements and diplomatic treaties.

¹⁰ *“However, more telling of the impact on NATO of Putin’s war against Ukraine than even these military reinforcements were the increases in member state defence budgets. Belgium announced an extra €1 billion; Norway, an immediate €300 million. Poland said it would aim to raise its defence spending to 3% of GDP; Lithuania, to 2.5%; and Italy said that it would reach the NATO 2% target, if only by 2028. Yet all these welcome steps were overshadowed by the spectacular decision of the new German government to commit to meeting the 2% benchmark in the next two years, and to devote €100 billion to modernising the equipment of the Bundeswehr.¹⁶ If this commitment is met, Germany will have the third-highest military budget in the world, after the US and China.” – NATO’s New Strategic Concept: What Should We Expect?, Jamie Shea, in: <https://www.martenscentre.eu/publication/natos-new-strategic-concept-what-should-we-expect/>*

¹¹ See: <https://www.corporates.commerzbank.com/portal/en/cb/de/firmenkunden/research/research.html>

“This stronger trend towards “friend-shoring” is likely to necessitate painful changes in the structure of production and foreign trade, especially in countries that trade intensively with completely different political systems: autocracies that conduct a large share of their foreign trade with democracies, or democracies that trade a lot with autocratically organised countries, etc. (...) The result shows that the BRICS countries (Brazil, Russia, India, China and South Africa) in particular are facing a significant transition. Among the industrialised countries, it is mainly the Pacific rim countries Japan, Canada and the USA that trade intensively with very different political systems – first and foremost China, of course (...). The emerging trend towards friend-shoring will of course entail economic costs. In part, these can be seen as a kind of insurance premium against interruptions in the value chains, so they will not necessarily be accompanied by a loss of prosperity. However, the more political pressure in the form of tariffs and sanctions, as well as through other (more informal) channels, is responsible for the changes in trade flows, the greater the actual welfare losses are likely to be. This is because protectionist motives, rather than securing supply chains, are often likely to be the decisive factor. Consequently, this trend is likely to slow down the growth of the global economy in the medium term and – due to additional costs – push up inflation. This makes friend-shoring another factor that will keep inflationary pressure high in the coming years, in addition to the ageing of society and the transformation of the economy towards an environmentally friendly mode of production.” - Friend-shoring – Reorganising world trade, Commerzbank, 10 June 2022¹²

We also mention in the text on the crisis of political liberalism¹³, the process at work within the dominant classes and the political institutions of their domination to make civil society accept the course towards war. This is partly what is happening with the present war in Ukraine and the recent show of force by China towards Taiwan. “Pacifist” governments, like Germany or Japan¹⁴, rearm themselves and actively prepare for future conflicts without their respective civil societies really opposing them. Supranational organisations like NATO are reinvigorated, in the same way as Russia, where the government enjoys a still massive attachment of the population to its strategy of aggression¹⁵. Rearmament becomes a national priority in a good number of advanced and “emerging” countries with the support or passivity of populations in search of a strong state which will protect them from the effects of the fiscal crisis.

“Economic and regional wars follow each other with a growing danger of uncontrolled escalation. The course to world war has begun even if, barring a major “accident”, the process is only really in its early stages. Beyond the readiness of armies for lengthy conflicts, it is above all a question of fulfilling the political conditions for the acceptance of such a perspective by civil society. It is a long-drawn-out battle which began even within the dominant classes and their dominating political bodies. For the moment, this more and bitterer fight is taking place within the democratic

¹² *Ibidem.*

¹³ *Crisis of Political Liberalism, ibidem.*

¹⁴ *“According to the post-war Japanese Constitution, Tokyo cannot maintain a regular army, but only self-defence forces which theoretically would only be able to intervene in the case of a direct attack on its territory. The Security Law modified this detail. Subsequently, the Japanese armed forces could intervene if ‘an attack happens against Japan or against a foreign country which has close relations with Japan’ and if it ‘presents a manifest danger of affecting the right to life, liberty and the pursuit of happiness’. If China should attempt an armed attack on the island of Taiwan, Japan also has a legal framework to intervene in its favour. Beijing will have to face America and Japan at the same time. The strategy of dissuasion also functions in this manner.” Giulia POMPILI, Il Foglio – Digital Edition. 24/05/2022.*

¹⁵ *“At the end of August 2022, 76% of Russians supported the actions of the Russian Army, which had launched a bloody war in Ukraine, killing civilians and occupying the territory of another country. The level of support for the actions of the Russian Armed Forces in Ukraine has not changed over the summer months: 46% “definitely support” the actions of the Russian armed forces and another 30% “rather support” them. A total of 17% of respondents does not support the actions of the Russian army.” Detail: “The greatest support for the actions of the Russian armed forces in Ukraine is observed among the older age group – 85% support”.*

“On the question of whether it is necessary to continue military actions or to proceed to negotiations, society is divided almost equally: about half of respondents (48%) believe that it is necessary to continue military operations, slightly less (44%) – that peace negotiations should begin.”

Source: Enquiry by the Levada Center from 25 to 31 August: <https://www.levada.ru/en/2022/09/14/conflict-with-ukraine-august-2022/>

institutions. Extra-institutional accelerations, coups d'état more or less violent, direct actions on the part of the most determined sectors of the factions involved are nevertheless not to be excluded. Very schematically, what is at stake is the reform of the details of class domination by the state. It is a reform which significantly reduces "democratic rights", which reinforces the overtly repressive functions of the state apparatus and which considerably weakens organised instances of political and trade union mediation, organs of social democracy, vehicles of the organisation of civil society in the state. In a word, the critique in acts of modern political liberalism in its so-called social variant (such as the German social market economy) has been launched and has reached important stages in several mature capitalist countries." – MC/KpK "*Crisis of Political Liberalism*"¹⁶

In this context of exacerbation of nationalist tensions, of restructuring of geopolitical blocs, of the search for economic independence, the preparation of states for major conflicts also involves the renationalisation of the economy and the labour market along with the recentring of its economic activity in its closest productive area. As it becomes unstable and dangerous, the present world provides a springboard for the reinforcement of the central role of the state.

"Border questions remain the most sensitive on the geopolitical plane, for the simple and good reason that states remain the central actors of international relations. What's more, while globalisation has reduced distances, it has not put an end to rivalries, and territory — and its delimitations — cannot be ignored. If globalisation has modified notions of time and space in shortening distances, the notion of territory has not lost its pertinence along with the frontiers and rivalries which express its control. Frontiers remain at the heart of geopolitics, of international life and the very definition of the state." – Pascal Boniface, *La géopolitique. 50 fiches pour comprendre l'actualité*. ("Geopolitics: 50 notes to understand current affairs")¹⁷

The emergence of China and India, but also other powers (Brazil, Russia, Saudi Arabia etc.) overturns the hierarchy of the advanced countries. They each demand a place commensurate with their perceived or confirmed ranking, contesting a global order organised around the US.

Against the backdrop of a global geopolitical crisis, of which the war in Ukraine and the actions of China towards Taiwan are clear signs, the roles and perimeters of action of a number of extra-institutional and supranational structures are being redefined. The central banks of the advanced states (Fed, ECB, BoJ, BoE etc.), supra-statal institutions like the IMF, the World Bank, NATO etc. assume a central role, intervening with a common active force in the internal affairs of states. The politico-military is becoming more and more intertwined with the economic, while at the same time going beyond the strictly national framework. "National" governments are thus redefined in concert with supranational prescriptive bodies, central banks, strategic alliances and political representatives of the countries concerned who agree to implement the plans that these various institutions have drawn up.

"The level of integration, under the aegis of states and supranational institutions, between monetary, credit, industrial, commercial and military policy — strategic state capitalism — is unparalleled in peacetime since the end of the Second World butchery. This leads to the strengthening of imperialist policies (wars, currency crises, trade crises etc.), a phenomenon which in many ways is reminiscent of the so-called Cold War era. The consolidation or assertion of several blocks of countries, including several regional groupings, has turned the planet into one ravaged by local wars, the disintegration of many civil societies, the generalisation of political crises at the top of states, with the advancement of plebiscitary democracy at the expense of classical liberal democracy — in a word, the destabilisation of the world order

¹⁶ *Crisis of political liberalism*, in: http://mouvement-communiste.com/documents/MC/WorkDocuments/DT10_Crise%20Dem_EN_%20Complete%20vF.pdf

¹⁷ Our translation. See: <https://www.eyrolles.com/Loisirs/Livre/la-geopolitique-9782416003523/>

*constructed around the domination of the United States and its Western allies. The instability and geostrategic fluidity of regional blocs is the common feature of the phase.*¹⁸

The war in Ukraine constitutes an indispensable milestone in the definition of the camps of the next – possible – war in the South China Sea for control of Taiwan, a major armed conflict which, if it is unleashed, will be the detonator of World War Three. “Western” sanctions recommended with strong conviction by the US aim to cut Europe’s economy from Russia and to increase its dependence in domains as central as energy, military industries, and the industries of electronics and telecommunications¹⁹. Blocs armour themselves on both economic and geostrategic levels.

SANCTIONS: A WEAPON OF WAR OF BLOCS UNDER CONSTRUCTION

Sanctions have become the rule in a world segmented into antagonistic blocs. They replace the multilateral agreements on trade signed in the framework of international trade institutions, above all the World Trade Organisation (WTO). From a world market organised around shared rules, we are moving towards a world market where supranational blocs are juxtaposed, then opposed, in search of a watertight seal with regard to the opposing blocs. Sanctions are now the main tool for preparing for war. They are the counterpart of “friend-shoring” and are seen as facilitating “decoupling” (between areas constituted in blocs) and “re-shoring” (relocalisation).

On the one hand, sanctions since 1990, whether trade, financial or monetary (unilateral control of imports and exports; limitation or prevention of the circulation of financial capital through banking institutions; exchange controls applied to “enemy” currencies) have exclusively hit countries peripheral to planetary capitalism. Syria, Iran, Libya, North Korea, Somalia, Mali, apartheid South Africa were the target of sanctions by the United Nations, mostly after a US proposal. Russia, for its part, had applied them against Georgia, Moldova and Ukraine.

On the other hand, Moscow has been subjected to sanctions – in fact very little respected before the colonial expedition in Ukraine of 24 February 2022 – since 2014. In 2017, the US Donald Trump added Russia to its blacklist, in the company of Iran, North Korea, Afghanistan (following the 11 September 2001 attack), and Venezuela (in 2015), without even mentioning the embargo against Cuba ordered in 1957 by President Dwight D. Eisenhower which continues today (see below). As for China, it has only been subjected to two little scratches: in 1989 after the Tiananmen Square massacre (an embargo on arms sales), and after the repression of the democratic movement in Hong Kong. In other words, until the Ukraine war of 2022, the “Sanctions” instrument was hardly ever used against and between the core countries of capitalism. Until February of this year, world trade had only fallen as a result of its contraction due to the global health crisis.

The war in Ukraine and then China’s aggression towards Taiwan have changed the game. Sanctions have become the norm in economic relations between blocs in formation and thus the main tool to curb capital accumulation in the targeted countries. These days sanctions affect three domains in particular: energy; weapons systems and semi-conductors. The laboratory for their effectiveness is Russia, hit by thousands of prohibitions decided by the advanced countries allied to the US.

¹⁸ *The dynamics of state capitalism, imperialist competition and the working class condition after the health crisis*: https://mouvement-communiste.com/documents/MC/Booklets/BR7_Economie%20et%20CovidENvF%20Site.pdf

¹⁹ Consider the sale of liquefied natural gas and the Intel investments in semi-conductors of 80 billion euros over the next decade.

*“The West responded to Russian aggression with unprecedented economic force. Freezing Russian central bank reserves and limiting the access of Russian banks to the Western payments’ system was a reaction that showed unity and strength. Sanctions have been deployed incrementally over the last years and increasingly appear to be the economic weapon of choice.”*²⁰

Even more important will be the embargo announced for October 2022²¹ by Washington on exports and the establishment of high-tech American industrial enterprises in China, in response to Beijing’s threats against Taipei.

Sanctions have become more than ever a tool of foreign policy, and of trade policy, acting as a powerful accelerator for the constitution of new antagonistic integrated geopolitical blocs and the segmentation of the world market. The adoption of sanctions and respect for them – or not – traces the outline of foreign policy in times of war preparation. If the countries gathered around the US make investment, credit and trade with third countries conditional on the nature of their relations with the Russian Federation, Russia, hiding behind China, is working with it to build an international network of countries that do not comply with “Western” injunctions to apply sanctions, following the examples of Beijing and New Delhi. The last summit meeting of the Shanghai Cooperation Organisation (SCO)²² held in Samarkand, in Uzbekistan, on 16 September 2022, is a new stage in attempts to formalise a bloc of countries around China and Russia.

SANCTIONS AGAINST RUSSIA, TO DO WHAT?

If it is clear that all of the countries united by the US against Russia are compactly behind Washington, procrastination and differences in assessments and objectives to be pursued through sanctions against Moscow have only increased. Between Paris and Berlin who ceaselessly try to minimise the long-term consequences of the retaliatory measures with a view to eventually taking up normal economic and diplomatic relations with the Kremlin and, London, Warsaw and Washington who always push harder for the long-term isolation of Russia, there is a considerable gap. It’s a gap which corresponds to two tendentially opposed visions of the world order to come. The US applies itself to neutralise the strategic ally of China, on the economic as well as military plain, while strengthening links with an EU freed from dependence on Russian raw materials.

France and Germany pursue a policy of reducing the crisis to preserve both access to Russian natural resources and to the Chinese internal market. It follows from this that while Washington is working for an open political crisis in Moscow as the key to destabilise the current executive and its associated economic and social bloc, Paris and Berlin are intensifying their attempts at “mediation” with the Kremlin, following in Ankara's footsteps. These divergent approaches are reflected in the adoption of sanctions. The US and its most loyal allies want to strike at the heart of the Russian economic and social formation by applying a total embargo on oil and gas. This embargo is associated with the adoption of a maximum price that third countries are harshly called on to respect on pain of themselves being subjected to sanctions. The Franco-German axis, for its part, has hesitated since the beginning of the war in Ukraine to hit Russian exports of natural gas to the Old Continent. Caught between pressure from their allies and Moscow's retaliation, several European governments are wavering or falling, such as Italy, Bulgaria and Sweden.

²⁰ *Global Economic Consequences of the War in Ukraine; Sanctions, Supply Chains and Sustainability*, Centre for Economic Policy Research (CEPR), September 2022: <https://cepr.org/publications/books-and-reports/global-economic-consequences-war-ukraine-sanctions-supply-chains-and>

²¹ See: <https://www.skadden.com/insights/publications/2022/10/us-uk-and-eu-expand-and-amend-russian-sanctions>

²² See: https://en.wikipedia.org/wiki/Shanghai_Cooperation_Organisation and <https://eng.sectsc.org/>

Sanctions were imposed almost as soon as Russian tanks crossed the border. There were some old-fashioned ones banning imports, exports and loans, and some more original ones, such as kicking Russian banks out of SWIFT. Ever since WWII it has been seen as natural for the “Western” powers led by the US²³, to impose sanctions as a standard instrument of foreign policy. Indeed, this instrument – first described as the “economic weapon” (*l’arme économique*) in the early years of the League of Nations after WWI – is seen as so “natural” that it is rare for anyone to ask where it came from or what it is for.

The first sanctions put in place by the US against the USSR were in 1949, by means of the Export Control Act²⁴ but above all the Battle Act²⁵ of 1951. The US and its allies imposed restrictions on 21 categories of armament products and 264 categories of products used in arms manufacture (machine tools, chemicals, transport equipment, electronics, precision instruments), that is to say on almost all products. These sanctions were tailor-made, subject to exceptions and accommodation.

But those sanctions and the ones which followed had little impact on the Russian bloc. They did not prevent Western investments in the USSR, like the construction of the gigantic car factory in Tolyatti by FIAT in 1966²⁶. At the time, the two blocs engaged in a war of position over the whole global chessboard. Each one tried to consolidate its own camp. Russian imperialism fashioned its own international division of labour by specialising some countries (in Eastern Europe) in specific production in exchange for political prices of raw materials, energy above all. The non-aligned countries around Algeria (freed from French colonialism) and Castro’s Cuba were the vehicle of economic, political and military expansion for Moscow, on the offensive, as was shown by the war in Vietnam, triumphant Nasserism, the activities of powerful European and Latin American Stalinist parties in reducing American influence in their respective countries, the influence over crucial governments like that of the German SPD (heavily infiltrated by Moscow’s agents²⁷) and the Swedish SAP (around the entourage of Olof Palme²⁸).

Stalinist Russia thus compensated for its productive weakness relative to the “American” bloc by an intense political, diplomatic and indirect military activity (proxy war as in Vietnam). Since the collapse of the Russian imperialist bloc caused by the declining social labour productivity of this economic formation, the imprisonment of capital in the straightjacket of the state-boss (and not by American sanctions) *and*, above all, revolts and insurrections in the East European countries, Russia joined a world market which was therefore no longer segmented into two almost airtight compartments while losing its imperialist teeth (at the same time as conserving, or even growing, its colonialist aims).

²³ The present list of American sanctions in force can be found here: <https://home.treasury.gov/policy-issues/financial-sanctions/sanctions-programs-and-country-information>

²⁴ See: https://scholarship.law.upenn.edu/cgi/viewcontent.cgi?article=7036&context=penn_law_review

²⁵ See: <https://www.govinfo.gov/content/pkg/STATUTE-65/pdf/STATUTE-65-Pg644-2.pdf>

²⁶ An investment of a billion roubles at the time. See: <https://en.wikipedia.org/wiki/AvtoVAZ>. Around the same time, FIAT was associated with the Polish manufacturer FSO.

²⁷ See the matter of Guillaume, adviser to Chancellor Willy Brandt, and East German spy:

https://fr.wikipedia.org/wiki/G%C3%BCnter_Guillaume

²⁸ See: <https://warontherocks.com/2015/12/the-great-paradox-of-swedish-neutrality-in-the-cold-war-and-today/>

Since then, Moscow has become vitally dependent on trade, notably with the countries of the EU. Thus, economic sanctions against the present Kremlin have taken on a far greater importance than those against the old USSR. However, they must be applied over time and really affect Gazprombank, oil and gas, and agricultural and mineral raw materials. This is still not the case today, especially given the famous “triangulations”²⁹, and it is far from being guaranteed to ever happen, given the desire of the Paris-Berlin axis to return to a peaceful situation with Russia... even though these measures are at the heart of the strategy of the pro-American camp to weaken the Moscow regime, which in turn plays with the stop-go embargos of its gas to the most hostile European countries.

A WEAPON OF CHOICE FOR IMPERIALIST POLICIES

More generally, as we have already mentioned, sanctions in their modern form (as opposed to sieges of cities, for example, which have been part of war for many centuries) were adopted and applied by various states following WWI. Let’s set the scene with a quote from the *Virginia Quarterly Review* (“A National Journal of Literature and Discussion”) in 1932:

*“If we compare the three major anti-civilian weapons of the interwar period—air power, gas warfare, and economic blockade—it becomes clear that blockade was by far the deadliest. In World War I, 300,000–400,000 people died of blockade-induced starvation and illness in Central Europe, with an additional 500,000 deaths in the Ottoman provinces of the Middle East affected by the Anglo-French blockade. Before World War II these hundreds of thousands of deaths by economic isolation were the chief man-made cause of civilian death in twentieth-century conflict. Yet unlike aerial bombing and gas warfare, the lethal effects of blockade were remarkably difficult to render visible and condemn, even to their direct users. Arnold-Forster [a British blockade administrator during WWI] worried that ‘the economic weapon is one which is so infernally convenient to use that it naturally commends itself to those who sit in offices. Pens seem so much cleaner instruments than bayonets, and can be handled by the amateur with so much less exertion, so much less realisation of the consequences.’ Sanctions were attractive not just because of their potential power, but also because they were easy to use for their handlers. Their coercive power was administered not out of the cockpit of a bomber or through the breach of a cannon but from behind a mahogany desk. Sanctions, an American commentator argued, were special because their ‘field of operations is not a visible terrain; but a force is exerted just the same.’”*³⁰

The main points we can make about the historical origins of sanctions are as follows:

1) The formalisation of the economic weapon by the League of Nations after WWI was inspired by the blockade of Germany, Austria-Hungary and the Ottoman Empire by the Entente forces during WWI. This is what gave the UK and France in particular a taste for organising blockades. The operation of the wartime blockade was worked out by the Entente powers in meticulous detail. For example, the important book *The Economic Weapon*³¹ describes how they restricted the distribution of Manganese, a strategically important material for producing steel.

2) Despite being seen mostly in its negative sense of sanction or embargo, the economic weapon could also have a positive sense – providing finance or supplies to a nation under attack to help it defend itself. But this played almost no role in real interwar events. It did, however, play a very dramatic role in WWII in the sense of “Lend-Lease” provision of weapons and industrial supplies from the US to nations (notably the Soviet Union) fighting the Axis powers.

²⁹ Russia sells commodities to a third country which then sells them to a country supposedly respecting sanctions against Russia...

³⁰ Garrard Glenn, “War without Guns”, *Virginia Quarterly Review* Volume 8, no 1 (July 1932), quoted in “*The Economic Weapon*”, Nicholas Mulder, 2022.

³¹ “*The Economic Weapon*”, *Ibidem*.

3) The “economic weapon” represented a major break from Nineteenth Century liberal ideas about the nature of war. War was previously supposed to be aimed at enemy armies and state structures, not at civilians and businesses. The economic weapon also abolished the idea of neutrality. The need for effective sanctions potentially forced every nation to take sides. Most worryingly for many liberal commentators, it completely blurred the line between peace and war – a country could physically attack another without any formal declaration of war or any procedures normally associated with going to war.

4) Many supporters of sanctions were classical liberals who believed in the interdependence of states (globalisation was something both inevitable and desirable), and therefore believed that sanctions could have a devastating impact that no state could resist. They had no illusions about the potentially catastrophic effects that sanctions could have on civilian populations and had no shame about mentioning them. Sanctions were supposed to be a kind of ultimate deterrent – the “nuclear option” of the interwar period – and the idea was that the mere threat of them would bring a miscreant nation to heel. They were not supposed to actually be used! The principle was described in 1919 by US president Woodrow Wilson. The instrument was “*something more tremendous than war*”. The threat was “*an absolute isolation . . . that brings a nation to its senses just as suffocation removes from the individual all inclinations to fight.*” “*Apply this economic, peaceful, silent, deadly remedy and there will be no need for force. It is a terrible remedy. It does not cost a life outside of the nation boycotted, but it brings a pressure upon that nation which, in my judgment, no modern nation could resist.*”³²

5) The underlying assumption of the partisans of sanctions was (and is) that the executives of the targeted states were functional for the national capital (they really were a “committee for managing the affairs of the whole bourgeoisie”). Therefore, economic rationality would win out. Elements within civil society and business elites would somehow put pressure on the state (either through democratic political mechanisms or some other way) to behave in a way which would save the economy, for example by calling off an invasion in order to protect the living standards of the population and the profits of its major companies, or to avoid revolution. . . . Of course, we know that even liberal democracies can behave in ways which are profoundly dysfunctional for capital! In the early weeks of Russia’s invasion of Ukraine, several important Russian capitalists spoke out against Putin, but without any real consequences. . . .³³

It is the last point which is perhaps the most significant for our understanding of the *class nature* of sanctions. Many of the countries that have sanctions imposed on them are either classical dictatorships (relying on crude repression of all political opposition) or they are animated by a radical nationalist ideology (“anti-imperialism” maybe) which is shared by a significant part of civil society (or a mixture of both). In the latter case, the population may be willing to endure austerity and rally round their nation and its Glorious Leader. In both cases sanctions may well strengthen the regime. Even in the case of an already deeply unpopular dictator (Saddam Hussein in the 1990s, let’s say), sanctions may undermine opposition simply by reducing the population to a state of near starvation where they are too busy finding food to rebel.

We need to stress the historical periodisation between the role of sanctions in the interwar period – when they were used against “aggressor” nations without much concern for ideology and internal affairs, and were not generally supported by the US – and the post-WWII era where sanctions were very much supported by the US and were much more ideological, rather than simply

³² *Ibidem*. Introduction.

³³ For example, Oleg Tinkoff (founder of Tinkoff Bank):

<https://www.theguardian.com/world/2022/apr/20/russian-tycoon-oleg-tinkov-denounces-insane-war-in-ukraine>

being about punishing aggression. However, despite this, it is clear that sanctions in the interwar period had pretty much the same “perverse” (in the sense used by economists) results as after WWII. And there were the same kind of discussions within the ruling elite and civil society about sanctions. For example, there was the hotly debated topic of the morality of deliberately starving civilians, still current today.

Even more obvious was the question “*Do sanctions work?*” Then, as now, the answer was almost always “No” (although there were also the familiar arguments about whether they could work if there was a more unanimous agreement to use them). The experience was always that sanctions (or the threat of sanctions) were only effective against economically weak (and, typically, geographically small) nations that happened to be very dependent on particular imports from more powerful nations. For example, League of Nations sanctions succeeded in preventing Yugoslavia from annexing Albania in 1921. Then there was the “War of the Stray Dog” in 1925³⁴ where the threat of sanctions prevented war between Greece and Bulgaria. But a more serious test for the League came in 1923 when Italy occupied Corfu. The UK was in favour of sanctions but couldn’t persuade the US (which was not a member of the League) to play along. Mussolini got away with it!³⁵

However, the threat of an oil blockade by America probably kept Franco’s Spain from joining the Axis powers and thus kept it out of WWII (Spain was almost completely dependent on oil from the US). Then as now, sanctions didn’t work against even medium-sized industrialised nations, and certainly didn’t succeed in containing the aggression of Germany (Austria, 1938; Sudetenland, 1938; whole of Czechoslovakia, 1939) or Italy (Ethiopia, 1936; Albania, 1939) in the 1930s. Then, as now, it was both a matter of the inherent ineffectiveness of sanctions combined with the inability of the major sanctions-wielding powers³⁶ to overcome their existing economic and military rivalries and agree on a coherent policy.

The fact that sanctions don’t work (in terms of stated objectives) doesn’t mean that they don’t have an effect on the course of history. The threat of sanctions often causes states to embark on programmes of autarkic empire building in order to source raw materials and food for their economies³⁷. This was seen most dramatically in the 1930s with Germany in Europe (particularly Hitler’s decision to attack the Soviet Union in June 1941, reflecting his long-term obsession with seizing the resources of Ukraine and Russia³⁸) and Japan in China and other parts of East Asia. Worse, sanctions often encourage states to mobilise as quickly as possible so as to win their wars of conquest before sanctions start to take effect. In short, at that time as today, sanctions played a role in accelerating the division of the world into autarkic blocs more likely to engage in a world war.

The attraction of sanctions for the ruling class can be summarised as: you can wage war without getting your hands dirty (see the quote about pens and bayonets above). But we have to dig a bit deeper to explain why sanctions have remained so popular over the last hundred years or so.

³⁴ See: https://fr.wikipedia.org/wiki/Incident_de_P%C3%A9tritch

³⁵ Indeed, the author of *The Economic Weapon* directly compares the efforts of the League to stop Mussolini’s invasion of Ethiopia with the efforts of the US and its allies to use sanctions against Putin’s invasion of Ukraine: <https://www.newstatesman.com/international-politics/2022/03/the-economic-weapon>

³⁶ At the end of the 1930s, the League of Nations was dominated by France, the UK and the Soviet Union.

³⁷ A recent example of this was a statement by a Chinese economist that China would have to invade Taiwan in order to seize the chip producer TSMC if it faced technology sanctions:

https://www.theregister.com/2022/06/07/china_must_seize_tsmc/

³⁸ *The Economic Weapon*, chapter 10.

The “Western” states know that sanctions do *not* prevent aggressive warlike behaviour by states (North Korea and Iran being obvious examples), do *not* make states more democratic or respectful of human rights, and do *not* bring about dramatic regime change in dictatorships (often quite the opposite, Saddam’s Iraq and Cuba being obvious examples). So why are they so keen on them?

Some sanctions are imposed purely for propaganda purposes – typically, the US wants to show that it disapproves of a particular regime. The *bloqueo* of Cuba, which has gone on, in one way or another, since 1960 (even longer if you count the initial arms embargo when the armed uprising against Batista started in 1958) essentially continues in order to placate the right wing of the Republican Party, and has typically got tighter under Republican administrations and looser under Democratic ones throughout its history, with no end in sight³⁹. The UN sanctions against Serbia’s aggression in ex-Yugoslavia⁴⁰ can be seen in the same light. They expressed disapproval, but not much more. Despite the almost complete paralysis (and gangsterisation) of Serbia’s economy, the war in Bosnia (waged by Serbia’s proxy *Republika Srpska*) continued, and only ended when US strategic bombing forced the nationalist factions to accept a treaty.

In other cases, it is simply economic nationalism disguised as concerns over international law or national security. This is particularly clear where the US targets “Entities” (to use the jargon of the US Department of Commerce) which are companies, rather than nation states. Such is the case with Huawei, for example. The assault on Huawei began in August 2018, when the National Defence Authorization Act for Fiscal Year 2019 was signed into law, banning Huawei and ZTE (another Chinese telecoms firm) equipment from being used by the US federal government, supposedly for national security reasons. Further escalating steps led to a complete ban on all semiconductor sales to Huawei in August 2020⁴¹.

In the case of Russia, the sanctions imposed after its invasion of Ukraine, in 2014, did not have any effect on national oil and gas industries but they did starve other sectors of the economy of capital⁴². A document recently published by the Center for Economic Policy Research (CEPR) suggests that the sanctions imposed in 2022 have had a similar effect⁴³.

THE WORKING CLASS AGAINST SANCTIONS

If, on the Western side, the objective of sanctions was to avoid or stop the war, it is clear that they are not working and will not work while Russia has the weapon of energy (oil-gas) on which Europe largely depends. The Russian state budget is essentially financed by taxes on exports of industrial raw materials, agricultural products and sources of energy. The effect of this on the economic formation of the country is probably even harmful, and the effect of sanctions is to reinforce the relative weight of these export sectors along with the arms industry. To put it another way, sanctions cement the capitalist bloc which props up the Kremlin.

³⁹ See: https://en.wikipedia.org/wiki/United_States_embargo_against_Cuba and this interesting document: <https://history.state.gov/historicaldocuments/frus1958-60v06/d499> from the Secretary of State in 1960 in which the US government says that it intends “to decrease monetary and real wages, to bring about hunger, desperation and overthrow of government.”

⁴⁰ See: https://en.wikipedia.org/wiki/Sanctions_against_Yugoslavia

⁴¹ See: <https://en.wikipedia.org/wiki/Huawei>

⁴² According to Simon Pirani: <https://peopleandnature.wordpress.com/2022/02/28/russia-sacrifices-economic-goals-for-military-aggression/>

⁴³ See: *The Impact of Foreign Sanctions on Firm Performance in Russia*, Toan L.D. Huynh, Khanh Hoang and Steven Ongena, published 30 June 2022.

If the objective is to destabilise Putin and his limited power circle, sanctions haven't achieved that objective. The level of Putin's popularity in the Russian population remains very high⁴⁴, above 70%, including after the partial mobilisation order. Nearly 66% of the Russian population - roughly speaking, those who do not live in the big cities - do not have access to Western goods that are blocked by the sanctions because they do not have the money to buy them. Faced with inflationary surges, the Kremlin does not hesitate to increase pensions and subsidies to the poorest Russians. Unemployment caused by Western companies withdrawing from the Russian market has not yet reached such proportions as to destabilise the country's labour market. To avoid this, the Russian state is proceeding with nationalisations and mobilising the banking system to facilitate takeovers of "Western" companies by local bosses at rip-off acquisition prices. The government is also creating very favourable conditions for Chinese, Indian, Turkish, etc. companies to establish themselves in Russia and take over activities that have been abandoned by the "Westerners". Not to mention the so-called triangulations that allow customs barriers and embargoes to be overcome. An example? It is now known that China and India have sold to European countries that have adhered to the sanctions against Russia liquefied gas and oil purchased at bargain prices (30 to 40% below the spot price) from Russia itself.

Where sanctions have a real "utility" from the point of view of capital is that they hinder, block or slow down the production of certain goods with high technology content. They aim to erode the competitiveness and growth potential of the Russian economy. However, those who believe that the embargo of "technology" products will strike at the heart of the armaments sector are very much mistaken. The Russian arms industry is largely self-sufficient because its products are not particularly sophisticated and generally have a low technology content. And let's not forget that the Russian army has huge stocks of old but still usable equipment.

Finally, the sanctions must, in the minds of those who have decreed them, inevitably contribute to isolating Russia commercially, diplomatically and militarily, because third countries that do not apply them will in turn be sanctioned. But what good are these threats when countries such as China, India and Turkey, to name only the most important, openly refuse to reduce their trade in goods and capital with Moscow? On the contrary, these three countries have considerably intensified their trade with Moscow since the beginning of the colonial expedition in Ukraine. Meanwhile, the sanctions policy has had a very real effect: the countries who are "friends" of the US and its main ally, the UK, led by the Europeans but also by the Pacific (South Korea, Japan, Australia and the Philippines in particular), have begun a process of ending their economic and political relations with Russia in application of the doctrine of friend-shoring.

On the basis of these elements of analysis, it is obvious that the subordinate classes of the capitalist world have absolutely no interest in endorsing the imperialist policy of sanctions on either side. In Ukraine as in Russia, since the war became a war between regular armies composed of proletarians forcibly conscripted, it makes the populations imprisoned in the theatre of conflict suffer unspeakable suffering. Russian proletarians should not have to suffer the consequences of imperialist wars any more than Iranians, Venezuelans or Cubans.

The policies of the economic and military blocs being formed, accelerated by the war in Ukraine and the aggression towards Taiwan, are alien to the working class and oppressed populations. They contribute towards deepening the divisions which reign within the proletariat and the poor peasants and to pushing the subordinate classes to line up behind their own dominant classes. Sanctions, in other words, must be considered as an important factor in the constitution of

⁴⁴ Before the call to mobilise 300,000 soldiers.

civil society into the people in the time of drift towards war. Sanctions against the “enemy” are a key instrument of nationalist propaganda. The most obvious material consequence of the closing of borders to people and commodities is the rise in prices which the poorest parts of the population bear the brunt of. This was the case in Iraq in the 1990s, and still today in Venezuela⁴⁵, Iran and North Korea.

The only solution is to fight its own bourgeoisie and its own state in alliance with its class brothers and sisters of the “enemy” country. Proletarians of the whole world can eradicate the profound causes of the suffering which the possessing classes subject them to in the name of their interests and their domination. It is a matter of fighting imperialist wars through autonomous political activity that is equal to the challenge. This activity involves the concrete preparation of class war, revolutionary defeatism as a collective action aiming at the destruction of bourgeois armies from inside, the defence of the free circulation of human beings, the fight against sanctions, annexations, nationalism and the discrimination of all kinds which hits hard many sections of the oppressed classes who take their turn as scapegoats, “enemies within”, for capitalist states.

There is no capitalist peace which is worth class submission

MC/KPK, 22 October 2022

⁴⁵ See: <https://www.chathamhouse.org/2022/04/venezuelan-oily-chess>