OANE VISSER AND DON KALB

Financialised Capitalism Soviet Style? Varieties of State Capture and Crisis *

Abstract

Looking for new ways to interpret the failings of the neo-liberal economy, this article argues that financialised capitalism at the eve of the 2008 financial crisis showed striking analogies with the characteristic combination of oligopoly and informality of the Soviet economy at the eve of its collapse. State capture by oligopolists, a large "virtual economy", the inability of agencies to obtain insight into economic and financial operations, the short term orientations of managers not coinciding with enterprise viability, and a "mystification of risk" by high science are some of the analogies to be discussed. It is argued that not only the origins but also the aftermath of the crisis may show significant analogies.

Keywords: Capitalism, Planned Economy, Financial Crisis, State Capture, Informality.

THE FINANCIAL CRISIS has caused a swift decline of neo-liberal intellectual hegemony, leaving us with a rather uncertain collection of visions on the current state of affairs. Most policy proposals and arguments focus on, first, imposing more regulatory control on the financial sector (by states or other controlling agencies) or, second, the need for a new ethic within the financial sector (or business and society at large), whether inspired by sustainability, corporate responsibility, ''soft law'' or other discourses. Most observers correctly state that the incentive structure within the financial sector must be changed to limit excessive risk taking and short-termism.

* This piece emerged from an ongoing conversation between Visser as an analyst of Soviet/Russian agriculture and Kalb who was studying postsocialist Poland as well as current processes in global capitalism. The authors thank commentators at seminars at Central European University, Budapest, in particular Jakob Rigi and Chris Henning, the Institute for Social Studies in the Hague, and the Department of Anthropology of the University of Bergen, in particular Bruce Kapferer, as well as William Meyers and other commentators at a presentation at the AAASS Convention 2009, Boston. Further, the article benefited from comments by Alexander Nikulin and the journal's reviewers.

Oane VISSER, Department of Anthropology and Development Studies, Radboud University Nijmegen [o.visser@maw.ru.nl].
Don KALB, Department of Sociology and Social Anthropology, Central European University, Budapest and Utrecht University, The Netherlands [kalbd@ceu.hu].
Arch.europ.sociol., L, 2 (2010), pp. 171–194—0003-9756/10/0000-900$07.50per art + $0.10 per page©*A.E.S.,* 2010

However, while all this makes some sense, we note that there is a dearth of new intellectual paradigms to enable a fresh, fundamental analysis and rethinking of the current trajectory of Western capitalism.[1] Many critiques of globalized, financial-sector dominated capitalism remain firmly grounded within a capitalist discourse, portraying current neo-liberal capitalism as simply a slight aberration of a capitalism assumed to be sound that, as Adam Smith warned, might just need some stronger moral policing. Terms like ''turbo-capitalism'', ''casino capitalism'' or ''jackpot capitalism'' have rapidly become common terminology in the mainstream press since 2008. It indicates that we have rediscovered the moralist side of Adam Smith in addition to Smith's ''invisible hand'' of maximization of benefits for all through self-interested individual behavior.[2] In a more nuanced tone the new ''behavioural economics'', so well represented in Obama's White House, argues in principle the same[3]. A stronger fatherly hand combined with a bit more state, and capitalism can steam ahead again. There is little scrutiny on offer of how the combination of financialisation and globalization is dramatically changing the system from within.

This article tries to contribute to a rethinking of the issues, not by studying the phenomenon of financialisation and globalization head on – which has been done well by historical sociologists such as the late Giovanni Arrighi (1994, 2000) and the comparativist anthropologist Jonathan Friedman (Friedman and Friedman 2008a and 2008b; see in general also Kalb 2005), with whose general claims we tend to agree – but by making a side step: we use a comparison with the planned

[1] ''Western capitalism'' of course is not a homogeneous category in reality. While most of the phenomena described in this article are characteristic of the US and the EU-countries, this is less so for Canada and Australia. These ''deviant cases'', however, confirm the general argument. Canada, for instance, actively restricted concentration within its financial sector. As a result state capture by the financial sector was largely avoided. Despite its strong linkages with the US economy, Canada had no bankruptcies or bail-outs of major financial institutions during the financial crisis.

[2] It should be noted that the term casino in Strange's (1986) analysis referred primarily to the fact that markets for the first time in history functioned 24 hours a day, although she also dwelled on the aspects of speculation and gambling in global finance in this study and later publications.

[3] The influence and ideas of behavioural economists within the Obama administration, such as White House budget director Peter Orszag and regulatory official Cass Sunstein (co-author of *Nudge*, an influential behaviouralist study), are described for instance by Dorning (2010). Instead of a *laissez-fair* approach, these policy makers advocate more state involvement to nudge citizens into ''better'' (more healthy, economically sound) lifestyles. The primacy of the market mechanism is not questioned. It only should be complemented with regulations that take into account ''predictable irrationality'', instead of assuming universal economic rationality as within neoclassical economics. How financialization and globalisation are dramatically changing the system from within, and also undermining the power of the state to regulate, are major issues which receive little attention.

economy of the Soviet Union in order to argue that the actual workings of the neo-liberal, globalised economy at the eve of the 2008 financial crisis, with its dominance of the financial sector, shows some striking analogies with the workings of the Soviet economy at the eve of its collapse. State capture by enterprises "too large to fail"; a large "virtual economy" and shadow systems; the inability of supposedly public agencies to obtain insight into core economic and financial operations; the short term orientations of actors going against economic viability; and a "mystification of societal risk" are some of the family resemblances that will be discussed. To be perfectly clear: we are not arguing that late Soviet system and financialised capitalism are in fact somehow empirically similar. What we suggest is that analogical mechanisms were playing out in the hidden abodes of respectively "state-planning" and the "allocation of capital", supposed to be the control centres and the driving engines of the respective systems. These mechanisms were flanked, as we shall see, by formally identical mythologies of high science and material expansion, and the systematic cultivation of public silences, including the active sidelining of more historically realistic forms of knowledge.

The mainstream view in the West of the Soviet economy as characterized by an all-powerful state was based on superficial observations of the early Soviet economy under Stalin. Western scholars of socialism have repeatedly shown that this rather abstract and ideological idea of a totalitarian and strong state was by and large wrong, not only in the field of culture but also and especially in the field of the economy. The Soviet economy was neither adequately planned nor well controlled (Kornai 1980, Grossman 1977). Rather it was riddled with contradictions: ubiquitous negotiations on all levels, informality, and a huge shadow system. Nevertheless the view of the all-powerful state remained dominant in public opinion in both the West and the East throughout the Cold War and after it. Similarly, in global and financialised capitalism, an abstract and ideological view of the economy, rooted in an outdated ideal type of individual rational actors navigating anonymous market signals and making optimal decisions in the allocation of capital and the pursuit of selfish gain, has remained dominant. It took the current crisis for it to disclose its own shadowy underside, the shaky basis of its claims to objectivity, and the amazing measure of oligopolistic control over the state and the public sphere. It is an open question whether alternative paradigms less enchanted by methodological individualism can regain some of the terrain lost.

We argue that if one looks beyond the discourse of market versus state, two fundamental similarities in both social economies can be discerned, which explain the unstable constellation of virtual production and shadow economy, creeping state capture, and the related distortions and perversions. These two similarities are the weakness of horizontal countervailing powers and an attendant diverse ecology of institutions and discourses, and the related absence of active democratic information, deliberation, and public control. In short, the checks and balances have been dangerously weak in both systems and public spheres failed to function on both sides. On the institutional level this translates into a lack of transparency and realism. The perverse incentives and structural weaknesses as observed in the Soviet productive system by authors like Kornai (1980, Kornai *et al.* 2003) and Grossman (1977) are also applicable to the financial engines of neoliberal capitalism in its globalist phase.[4] This suggests that the entire edifice of markets versus hierarchies loses much of its significance. Whether market based or hierarchy based, monadic non-diversified power and information structures associated with oligopoly in both systems lead to the corruption of both. The consequence is state capture, "regulatory capture", as well as the actual capture of civil society, the public sphere, and democracy by special interests.

The real functioning of the planned economy: informal structures

The common sense conceptualisation of the Soviet economy, as characterized by a powerful state with strong control over its enterprises and their managers, which uni-directionally determined what and how much enterprises would produce is incorrect. This view ignores the informal relations which existed between managers and

[4] Janos Kornai himself already argued in 2003 (Kornai *et al.* 2003) that the phenomenon of the "soft budget constraint" (SBC) that he had encountered in the socialist economy has applicability beyond the planned economy. With this concept he described the phenomenon that the financial situation of a socialist enterprise did not place a real constraint on its spending, its borrowing or its expansion, as managers could count on the fact that the state would subsidize or bail-out firms that failed. Kornai recently argued that mechanisms typical of the socialist economy (in his case the SBC phenomenon) indeed explain the financial crisis in the West (Kornai 2009): "the SBC syndrome breeds irresponsibility and disdain of risk, and opens the way to excessive investment hunger and expansion drive among managers. This in turn makes financial troubles more frequent and rescue demands more strident, in other words, softens the budget constraint" (*ibid.*).

planning agents, and within which managers had substantial influence on the formulation of planning targets and prices. Plans, though "decided" top down, were developed on the basis of information and proposals processed "down-up" by enterprise managements. This led the Hungarian Imre Vajda to speak of "commands written by their recipients" (Nove 1980, p. 95). Managers of large enterprises had substantial bargaining power in their contacts with the planning apparatus over fulfilment of plans (as will be pointed out later). Behind the formal, impersonal and hierarchical planning structures existed the more informal level, with economic transactions embedded in social and personal relations. Already Berliner (1957) and later Grossman (1977) and others convincingly argued that the planned economy could not function without the "second or shadow economy" of informal relations which oiled the machinery of the planning apparatus. In addition, later studies by sociologists and anthropologists have stressed that formal structures and informal relations were (and still are) very much interwoven (*e.g.* Ledeneva 1998, 2006).[5]

Colossal Capital and State Capture

The large size of enterprises was a well known characteristic of the Soviet Union (SU), with only one or a few companies producing a certain product. In 1990, industrial enterprises in the SU were over five times larger than in Western Europe measured in number of employees. If construction and agro-processing were excluded the difference would be even more extreme, with enterprises in machine building and metal working, for instance, over 13 times larger (EC 1990, p. 36). By the end of the Soviet period almost three-quarters of Soviet manufacturing employees worked in firms with more than 1,000 workers, and roughly one-fifth of them in companies of over 10,000 workers.

The negative effects of the large size of enterprises in the SU have been extensively documented by scholars of socialism, especially with regard to the agro-food sector (*e.g.* Lerman *et al.* 2002). In the course of the Soviet era, enterprises were continuously enlarged. They were transformed into *kombinaty,* and these were in turn integrated into centrally managed industrial complexes or *obyedineniya*. Although much evidence pointed to the inefficiency of this continued enlargement, there

[5] After the fall of the planned economy these informal relations came more to the fore (Ledeneva 2006, and Spoor and Visser 2004).

was no debate about reversing this process. On the contrary, when enterprises performed badly, the universal recipe was the take-over by a more successful firm, resulting in further enlargement. Even managers, who could more directly observe the negative effects, strove for enlargement of their enterprises. They had a personal incentive to do so, as being director of a larger enterprise meant more prestige, more influence on the plan and the state, and better chances for their further career (Kuznetsov 1994, Nove 1980, p.82). Finally, the Soviet state could not allow bankruptcy because there was usually only one such a factory in a country or even in the whole Soviet bloc, and large economic regions depended on their survival.

In the West, although full monopolies have been rare, the problem of financial organizations simply being ''too big, too complex, and too interconnected to fail'' has been powerfully forced into public awareness over the last two years.[6] Now it turns out that processes of ''state capture'', for which Soviet and post-Soviet countries have been strongly criticized as one of the crucial obstacles for further social and economic development, have not been uncommon in the West either. While in the SU the problem extended throughout the productive economy, in the contemporary West it is especially pertinent for the financial sector (though not exclusively so : see the problems associated with allowing the automotive industry to collapse). This difference reflects, of course, the difference between a ''productivist'' socialist industrial economy and a capitalist one driven by global finance and liquidity.

Through mergers and takeovers, Western financial corporations have become larger and more concentrated, a process that accelerated in the last decade. There are only three major Wall Street Investment banks in operation today (five before the collapse of Lehman Brothers and the integration of Bear Stearns into J. P. Morgan). These five/three are arguably the actual engines of financialised and globalised capitalism, the ultimate ''market-makers'' in Philip Augar's (2005) wording. This group of five/three is dominated by just two, Goldman Sachs and J. P. Morgan. Both have disproportionate influence over the global banking scene as well as disproportionate political influence

[6] This is not only true for the financial sector. Through mergers and takeovers of other factories the ''big three'' car companies (Ford, GM and Daimler/Chrysler) have become so large that according to their own estimates, roughly 10 % of all employees in the US are dependent on these factories and the related industry for employment. The US government seemed to have little choice other than to lend them money to avoid a countrywide gulf of lay-offs.

over the state-finance nexus of the American state. Historically it was J. P. Morgan that served as the anchor for the US financial regime, and was in fact the cradle from which the Federal Reserve was born. In the last two decades Goldman Sachs has overshadowed the state-influence of J. P. Morgan, and has been more of an ''innovative'' market-maker worldwide, in particular also with Mortgage Based Derivatives. It has seen a whole range of its top executives serving important functions in the state from the early 1990s onwards, the most visible of which were Robert Rubin and Hank Paulson. After the repeal of the Glass Steagall Act in the US (1999), deposit taking commercial banks were also allowed to play in the Investment Banking league, while the investment bankers could register for the state guarantees that normal retail banks had been enjoying since the 1930s (as all three of them did at once in late 2008). Some European retail banks, such as UBS, Barclays, ING, and Deutsche Bank, started to operate in particular niches in the investment banking field too, as did numerous smaller ''investment boutiques'', but all remained critically dependent on the performance and market-making capacities of the five/three established Wall Street giants. Indeed, the repeal of Glass Steagall seems only to have reinforced the oligopolistic tendencies, from which Goldman Sachs in particular profited.

Parallel with the increasing tendency toward oligopoly in investment banking and the growing size and activities of integrated banks, their share of total capitalist profitability soared. In the 1970s and early 1980s the US financial sector never earned more than 16 % of total profits; by 2004 it was claiming over 40 % of the profits of corporate America (Johnson 2009). Goldman Sachs and J. P. Morgan strove for profit levels on their own equity of 20 to 30 % while profitability outside the banking sector was practically frozen at around 7 % (Augar 2005). Earnings and bonuses in the financial sector peaked, outgrowing the incomes of any other population segment of Western societies, not unlike in the late 1920s. At the same time, the financial elite successfully lobbied for minimal taxes. In the City of London, investment banker Nick Ferguson publicly questioned whether it was not slightly unfair that he paid less tax than his cleaner (Peston 2008, p. 20). The fierce competition between global cities such as New York, London and Paris assured the continuation of low tax regimes for financial corporations and their specialists, either officially, via loopholes, or through special statutes. Action against off-shore centres such as Jersey or the Cayman Islands, if discussed, was never meant to be concerted or fully effective. Though the contribution of financial operators to the tax bases of small finance centres like Luxemburg, the Netherlands, and the UK has been quite substantial (around 10 %), corporations and workers in the non-finance sectors have consistently been taxed much more heavily than operators in the financial markets, even though the latter's earnings and profits have massively outgrown all the rest.[7] More than 400 ex-members of the House and the Senate now work among Washington's army of lobbyists for the financial services, assuring very effective influence by big finance on the US regulatory environment, which exerts in its turn tangible pressure on other global financial locations.

The handful of global financial operators, who undeniably indulged in excessive risk taking, could comfortably do so because they insured their investment risks via Credit Default Swaps and other Collateralized Debt Obligations with an even smaller handful of ''insurers of last resort'', in particular AIG. AIG, now nationalized by the Obama administration, became in effect the heavily underfunded welfare state for global financial capitalists, guaranteeing their assets against unforeseen all-over-the-board deflation. That deflation, however, was largely unexpected. There was a lack of reliable modelling of highly interrelated correlations and the absence of historical data basically meant that all modelling was simply based on assumptions of continued growth in all or most sectors of the economy, including housing and banking, reflecting the last few years of a credit driven boom.

After the nationalization of AIG, billions of US state injections in AIG immediately flowed into the global investment banks, including non-US banks such as ING, as part of contractual obligations associated with Credit Default Swaps. After the short experiment with the bankruptcy of Lehman Brothers, Western states decided they could not let any more financial giants go out of business as the entire global financial system and the financial systems of multiple individual countries would collapse. AIG was in fact the most important of all these institutions and had to be rescued at once (on the Monday after the Sunday that Lehman was allowed to collapse). While Goldman and others dumped their greatest risks onto AIG, AIG in the final instance dumped them on the State Treasury. Similar processes of concentration have been even more pronounced in smaller highly financialised countries such as Switzerland, Belgium, the Netherlands, and the UK.

[7] The UK, after bailing out several of its largest banks, and in an effort to counter the dramatic and rapid decline of state finances, has increased the personal taxation of the higher earners (to standards that are still below those on the continent) and reduced loopholes for expat bankers in 2010.

In the Netherlands the outstanding obligations of the largest bank, ING, were twice the GNP of the whole country. This outstrips the importance of any industry in the Soviet Union. The most dramatic example was Iceland, where the liabilities of the main banks were several times the country's GNP.

The ratings agencies have always been imagined as a publicly accountable bulwark against the financial sector's potential speculative behaviour. They were thought to analyze and evaluate risk with reliable precision. This, of course, did not occur. The first implosion of the banks was caused exactly by the supposedly least risky assets on their balance sheets, the AAA rated ''super senior risk'' (Tett 2009). The models of the ratings agencies, just like the models the investment banks used, could not deal with all the unpredictable correlations involved in a full deflationary crisis, as analysts conceded. Moreover, since mortgage derivatives were such a recent innovation, there were no reliable time series to feed their models with. More crucially, ratings agencies are paid and owned by the very investment banks and investors (Warren Buffet and the media tycoon Rupert Murdoch for example, who also owns the Wall Street Journal, an important business paper) for which they do the work, and they are therefore a part of the system, not quite the independent state-like watch dogs the public imagines them to be. The rating of escalating numbers of derivative products during a financial expansion was immensely lucrative. By 2005 it already accounted for half the earnings of Moody's, for example (Tett 2009, p. 119). Moreover, since the ratings agencies were dealing with just a small oligopoly of banks, they were very vulnerable to pressure ''from above''. Tett writes that the investment banks ''constantly threatened to boycott the agencies if they failed to produce the wished-for ratings'' (*ibid.*, p. 119). The ratings agencies, just like accountancy firms a few years earlier in the fraudulent Enron and Worldcom collapses, postured as the handmaiden of an imagined ''objective'' state but had in fact become part of the financialised machine, just like other parts of the state-finance nexus. They were as much gripped by greed as any insider, and exploited their position as ''flex-organizations'' (Wedel 2004) on the blurred boundaries between state/public and private sector.

In August 2008, just a month before the great implosion, in a letter accompanying a commissioned report on the US banking sector for Hank Paulson, Minister of Finance, Jerry Corrigan, a former New York FED chief now working for an investment bank, wrote that ''elevated financial statesmanship'' was needed in the banking industry, but he lamented that "there appeared to be precious few such bankers left" (Tett, 2009, p. 268). Not more than a month later, the absence as well as the urgency of such "elevated financial statesmanship" finally combined and occasioned what one should perhaps call "open state capture" by big finance: a three page document by Paulson, not meant to be discussed openly, was sufficient to create a 700 billion dollar bail-out fund, available at once and operating under full ministerial discretion, forcibly underwritten by a national public excluded from decision-making.[8]

A not entirely dissimilar plot played out in Europe in May 2010. After having received a personal letter from the leaders of the 25 biggest European banks on the Friday before their meeting, and after telephone calls by the Head of the IMF and President Obama, top EU leaders decided entirely unexpectedly to create a similar 750 billion Euro guarantee fund to bail out states in the European Union whose budgets were bankrupted by the financial crisis. These public monies are not supposed to help weaker European Union states, in spite of the rhetoric, but rather, in the revealing words of a former President of the Bundesbank, Karl Otto Poehl, "to save the European banks" whose sovereign loans to the Southern tier might not get repaid (Spiegel International, 03/06/2010). As in the US, large public guarantees were extended for banking assets, loans and claims. The public was forced to save the big banks from deflation in a situation of threatened insolvency.

We suggest that the financial crises of 2007-2010 brought the fact of state capture by big finance into the open by at once forcing Western states, in the space of a few days and without democratic deliberation, to use hundreds of billions of future tax incomes to re-capitalize the whole system and guarantee outstanding credits to their owners, without allowing much pay-back or roll-back. AIG, indeed, was quickly allowed to be nationalized, as well as some big but less crucial players in smaller Western countries. But after the money grab the financial institutions on the whole, including the nationalized ones, have allowed very little say to politicians in return. Nor, tellingly, have politicians concertedly pressed for greater control, emphasizing that these new state properties should be quickly returned "to the market" after their insolvency had been reversed by public funds. Indeed,

[8] By the time of final submission of this article, July 2010, the exact expenditures and recipients of the TARP were still not made public. Michael Moore's documentary "Capitalism, a Love Story", 2010, features an interview with the Chairperson of one of the parliamentary supervisory committees of the state finances in which she exclaims in embarrassment that she has no idea what the TARP money was used for.

these were largely the same political personnel that had previously given the banks free rein.[9]

Despite profound anger, the wider public has been surprisingly unable or reluctant to recognize the hard fact of state-capture, and has instead allowed itself to be deflected by moral outrage over isolated scandals in the markets and unjustified bonuses for individual bankers paid from their tax money (the limited public recognition regarding state-capture will be discussed in more detail later on). In Europe in 2010, Greek street protests were certainly fierce. But they addressed a state that had become completely powerless, while the wider European public was more concerned with the identity politics of deserving and undeserving Europeans than ready to grasp how the fragmented European political landscape had been captured by big finance. That finance was securing the full repayment of its sovereign credit portfolio at the cost of durable public stagnation and serious mid-term repercussions for the European project.

Thus, state capture in the West was hardly recognized until recently, except for some left wing academics (Arrighi 1994, 2000, Sassen 1998) and alter-globalization voices (*e.g.* Hertz 2001). In fact, if you put "state capture" in your internet search engine you will see that the World Bank and other global institutions reserve the concept exclusively for poor countries in the Global South and the countries of the former Soviet Union. The concept is meant to explain a lack of economic performance, openness and transparency among corrupt countries that are dependent on the export of a single crop, commodity or mineral. We would argue that the one-sided growth of finance in the West in the last thirty years has produced similar de-differentiations of a prior more complex and variegated social and economic ecology in the West, and made core states ever more dependent on one single sector, giving this sector ever more prestige and power. Indeed, Simon Johnson, a former IMF Chief Economist now

[9] The US "Congressional Agreement on Financial Reform" leaves much of the jurisprudence of banking reform to the regulators, which used to be thoroughly colonized by big finance. Van Duyn and Guerrera of the Financial Times therefore conclude convincingly that the "Dodd-Frank bill is no Glass-Steagall" (FT 27-6-2010). The Basle Rules for "tier one capital", meanwhile, will be phased in slowly and differently over different jurisdictions, meaning again that the local regulators will be heavily exposed to the influence of local banks. Parts of the shadow banking system, however, might be dismantled as "over the counter transactions" on which it was built will be regulated onto official exchanges. Tellingly, the key informants of financial journalists at the moment are often ex-regulators who now already work for big consultancy firms, suggesting that the well-paid quest for major legal loopholes and exemptions is already on before the proposals are turned into law.

openly calls them "banana economies" (Johnson 2009) and his recent book is tellingly entitled "13 bankers", graphically signalling oligopolistic control over the state-finance nexus in the US (Johnson and Kwak 2010). Any recent study of the "liberalization" of finance over the last three decades highlights the prevalence of "regulatory capture" (see Kay 2009 for a review) as big finance was allowed to write its own operating rules under Greenspan's mantra of the market knows best. But beyond regulatory capture, which given limited space we will not discuss here, we argue that it makes analytic sense to talk about state capture by finance *tout court*. Or as Willem Buiter, a former member of the monetary committee of the Bank of England wrote, finance was "almost a law unto itself" (Financial Times 01/09/2009).

Virtual Economy

Individual greed and corruption have mostly been painted as exceptions or personal excesses in both financialised capitalism and the Soviet system. In reality, they are not just personal attributes but systemic properties intimately linked to fundamental characteristics of both systems, in particular the generalized short-termism and the spread of a virtual economy. Continuing and increasing pressure for material expansion in an economy where the productive base is increasingly under-invested or obsolete (the SU) stimulates managers to create virtual production. In both systems managers have an incentive to create "quantifiable" but largely "paper-based" production to satisfy actors outside the enterprise (the state in the Soviet Union, and investors in the West).

In the Soviet Union short-term production increases were generated artificially by creating production figures (or at least statistics suggesting such production) to fulfil state quota. As Nove (1980, p. 49) notes, the SU was known as being "obsessed with the future, being ever ready to sacrifice the present to it, as may be seen by the high rate of investment and the priority of producers' goods. [...] But, paradoxically, *given* the adaptation of ambitious plans for growth, the choices made and decisions taken reflect above all immediate concerns". Despite the ideological orientation on *pyatiletki* (the five year plans), both managers and officials were in practice increasingly oriented towards short-term performance. As Nove (1980, p. 49) stated at that time: "They are in trouble if they do not raise the production in *this* year's plan and it is easy to see that longer-term orientations can conflict with this objective''. This was especially acute at the enterprise management level. Yearly plans were sometimes adjusted top down in December of the year to which they applied (*ibid.*, p. 40). Manager's time-horizons were strongly affected by the likelihood of not keeping a position for long. The focus on quantitative indicators of performance further stimulated short-term opportunistic behaviour, including outright corruption by whole enterprises. Firms secretly kept their surplus production (production above the quota established by the planning apparatus), and did not include it in the accounts for the state (Granick 1954, p. 132), in order to insert it into the officially registered output at times when an enterprise would otherwise be unable to meet the plan, or to exchange it for shortage goods within the shadow economy. Through such informal barter, enterprises were able to obtain unregistered inputs or spare parts. Humphrey (1998) called the hidden production the ''manipulable resources''. These resources could be used by the enterprise management to load on or load off from the registered production at strategic moments to gain incidental enterprise level bonuses [and, mostly hidden personal favours or career perspectives] for good performance while avoiding state knowledge of actual production capacity which would lead to permanently higher production targets. In sum, ''[ac]counting secrets were the best hidden secret, despite the many indicators, the actual state of affairs remained mostly obscure'' to the planning authorities and society at large (Broekmeyer 1995, p. 81).

The lack of insight in the real economy, and subsequently the limited ability to monitor, was true on all levels. The problematic labour performance of Soviet employees was well known. Alcohol and a lack of motivation were increasingly widespread. The central apparatus had little insight in the real productive capacity of enterprises. Managers of these enterprises in turn had very limited insight in the real functioning of the units within them, as branch/unit heads as well as workers themselves had an incentive to hide their real performance and capacities from people higher up in the hierarchy. The overarching pattern of pretence was aptly summarized in the Soviet joke: ''workers pretend to work and the state pretends to pay them''.

The reputation and career prospects of industrial managers depended first and for all on their production figures (Kuznetsov 1994, p. 962), and this was true also for the agricultural sector. ''The main concern of a bad *kolkhoz* chairman was: to fulfil the plans on paper and not disturb the relations with the rayon or province. How the harvest was in reality, was of secondary importance, and the consequences for the people were of even less importance'' (Broekmeyer 1995, p. 80). As employees had minimal formal influence on enterprise issues, it was easy for managers to ignore their objections. In particular, recently appointed directors or chairmen had "many opportunities for window dressing, and consequently virtual success" (Broekmeyer 1995, p.79 citing a Russian source on the Russian agrofood sector).[10]

In the West a comparable virtual economy has been created through business reports and favourable stock exchange values (often through fraud; see Enron, Worldcom, Ahold) that bear little resemblance to real production. Most corporations, under pressure of shareholders to show short-term improvements without the necessary base of investments, often extended their quarterly reports during the 2000s. Whereas enterprises initially only made prognoses of profit per share and turnover, now they mostly felt obliged to predict these figures in detail, separately for all their divisions. This spectacle of three-monthly figures, analyses and predictions gave a strong incentive to practise short-term policy and doubtful accountancy practices which were not entirely unlike the situation in the Soviet economy.

Mystification of Risk

The virtual economy in both the SU and the West was not only virtual because of unrealistic production and/or profit indices; it also gave misleading signals/information about risks. Probably the most destructive aspect of the lack of realism associated with the virtual economy in both systems is what we would call the "mystification of risk". In the Soviet Union, managers and their enterprises did not feel the effects of the risks they took. The state normally did not allow enterprises to go bankrupt. In the case of enterprise failure the state simply increased subsidies or forced a more successful enterprise to merge with it. As a consequence, it seemed that risk, bad performance and failure did not exist. Both enterprise managers and state officials kept pretending that the economy functioned well, and that misleading production plans and figures reflected the real economy. Enterprise failure and stagnating production were compensated by increased lending. However, the debts of the Soviet and East European states with Western institutions grew

[10] The idea of a largely virtual economy that has little relation to, and hides, a much smaller, and intransparant, real economy also appeared in analyses of the post-Soviet era. Gaddy and Ickes (1998) introduced the concept of the "virtual economy" to describe the state of affairs in Russia just before the financial crisis of 1998.

enormously. By the early 1980s the debt burden became so large (over 90 billion dollars in the case of the SU, 40 billion for Poland, 25 billion for Hungary etc., the GDR paid 60 % of its yearly export incomes to West German creditors) and the prospects for generating sufficient export income in an increasingly hyper-competitive world economy to ever pay it back became so negative, that Western banks began to refuse to roll over their loans. As a consequence, state-elites were forced to start serious economic restructuring which indeed finally resulted in increasing disaffection and ultimately the end of the planned economy.

In the West, especially in the US and UK, as in the SU until the credit stop by the West, an internationally declining manufacturing sector was hidden by increased international borrowing. Risk taking in the financial sector (but also in society at large), increased sharply in the 1990s and 2000s, but, as in the Soviet Union, managers and their companies rarely took full responsibility for the risk. Risk was spread throughout the whole economy via financial engineering. What happened through complicated bureaucratic state procedures in the SU, eventuated via complex financial instruments in a deregulated global economy in the West. Bankers became ultra creative in their efforts to slice, dice, redistribute and even literally hide risk, while households and firms eagerly took up the loans offered to them on the assumption of endless growth. Overall indebtedness in the West, consequently, has reached phenomenal and unique proportions.

In the 2000s a crucial new but hidden feature was added to the financial system that further multiplied risk. It was only in 2006 that reporters, in particular the anthropologist Gillian Tett (Tett 2009), working for the Financial Times, started to alert the wider public to the existence of escalating global debts that were literally hidden away in what Tett called the ''shadow banking system''. Credit derivatives based on mortgages had been introduced in 2001 and were booming. These liabilities, however, were immediately shifted from the public balance sheets of banks into ''off balance sheet vehicles'', which, by 2006, were hiding some 20 trillion dollars in debt from public scrutiny (it would double in the years until late 2007, coming close to annual US GDP). These debts went far beyond what could be warranted by the capital bases of the banks; some of them were taking on a hidden leverage of 25 or 30 times their own equity while their official leverage remained well within the Basle rules of 10 %. In a G8 meeting in Washington in April 2007, some months before Lehman brothers collapsed, state officials from the G8 were interviewing hedge fund managers, who, as the unregulated part of the global financial system, were supposed to be the ones causing risk (recall the drama with LTCM in 1998). However one of them explained in no uncertain words to the officials that; "it is not us you should be worrying about – it's the banks! It is the regulated bits of the system you should worry about" (Tett 2009, pp.190-191). Officials did not yet understand that regulated banks had been operating a huge covert system that was going to blow up soon.[11] The ticking time-bomb was the increase of interest rates which would inevitably come. As it happened, it came in response to staggering speculation by the same actors in oil and basic commodities ("futures"), partly a "flight to safety". This speculation was driving up basic prices for all economies in 2007-2008 and creating the first generalized global concern about insufficient food supplies and famine throughout the system for the first time since the 1960s.[12]

The immediate cause that triggered the financial crisis was the interest rate on sub-prime mortgages, which was going up exactly at the moment that housing prices started to fall, driving mortgage holders into insolvency. It turned out that not only banks had pretended to be more liquid and reliable than they actually were, house owners, too, had pretended to earn more income than they actually did (often invited to do so by brokers driven by perverse incentive structures). The Soviet joke of workers pretending to work while the state was pretending to pay them comes to mind. Applied to the current capitalist context it reads: "Debtors pretend they can pay their debts and banks pretend that they have the money to lend".

Orthodoxy, Unquestioned Modelling and Capture Beyond the State

In the SU perverse processes could not fundamentally be corrected within the existing institutional framework, as the communist ideology was dominant, and opposition parties, independent academia, and

[11] It was not only risk taking itself (and the resulting losses) but especially the lack of transparency of the risks (the hidden losses) that caused the global financial crisis (Swedberg 2010). In the case of the Lehman brothers bankruptcy and the start of the crisis financial in the US (*ibid.*), as well as with the disclosure of the Greek government budget deceit, it was the fact that losses were *hidden*, that lead to a sharp decline in confidence within the financial sector which spread far beyond the particular bank and/or country and related actors.

[12] For an analysis of the financialisation of the food sector and the political economy of "food shortages" and price hikes in food, see McMichael (2009). He shows that while developing countries faced price hikes and food riots, and farmers increasingly experienced price scissors, multinationals and investors in the food trade saw sharp rises in profitability. The impact of the financialisation of the food sector for post-Soviet countries, through the phenomenon of international "land grabbing", is analysed in Visser and Spoor (2011).

free media were not allowed. In the West, the ''silence'' of society regarding the enrichment, excessive risk taking and state capture by an oligopolistic financial sector, needs more explanation. The dominance of the financial sector was not only a result of the powerful lobby by the financial corporations (recall the 400 ex mp's) with their enormous market concentration, but it was also enhanced by the way the orthodoxies of neo-liberalism, ''market fundamentalism'' in George Soros' words (2008), were taken over by state administrations, controlling and rating agencies, as well as the media and large parts of academia in the last three decades (see also for the ''success'' of neoliberalism, Friedman 2010). The presentation of absolutist figures and complicated models with the aura of the high sciences played an important role in the game of managers and planners in convincing external actors (the state or shareholders) of their firm grasp of reality.

In the Soviet Union the real mechanisms behind such planning statistics, models and decisions were completely obscure. Although statistics on national, regional and enterprise level were presented in a very absolutist way, the planning of production was actually based on a ''process of iteration, bluff, counter-bluff and misinformation between planners and enterprise managers, in which central planners routinely assumed that real production costs were less than enterprise managements claimed they were, and enterprise managements tried, in turn, to 'second guess'/influence what the prices were going to be by manipulating production costs'' (Kitching 2001, p.69).

In the West the operations of hedge funds and banks in the late 1990s and early 2000s, were increasingly characterized by similar phenomena: statistics, modelling and decision-making, with little grounding in reality. It seems that the controlling agencies in the West were more naïve in their monitoring of enterprises than the Soviet state. Key persons in controlling agencies maintained an unlimited belief in the indicators and models provided by the financial sector, including the Value At Risk equations that were pioneered by Morgan Stanley.[13] Thus analysts, controlling institutions and rating agencies such as Standards and Poor and Moody's (''the emperor's legitimacy'') exulted in myths of objective control with two figures behind the comma.

Public ignorance in the West about creeping state capture by the finance sector above all testifies to the all-encompassing influence of

[13] Ben Bernanke, head of the US Federal Bank, stated in 2006; ''the management of market risk and credit risk has become increasingly sophisticated [...] Banking organizations of all size have made substantial strides over the past two decades in their ability to measure and manage risks'' (Johnson 2009, p.10).

neo-liberal thought (supported by the belief in figures and models) over the media, which in this respect has dramatically reduced its role as a critical fourth force, among others because of similar processes of privatisation, concentration and oligopoly as we saw in the financial sector. Newspapers and TV channels were bought up or launched by the financial elite (Murdoch, Kirch, Berlusconi, not much unlike what happened in Russia after the fall of the SU) and it would be hard to find examples of mainstream media in the West that have been consistently critical of finance-driven growth and the neoliberalisation of social life. The British financial journalist Peston (2008, p.14), is a rare example of a journalist who (already before the financial crisis), recognized self-reflexively that he had acted merely as ''a cheerleader of the über-capitalists''.

Here again, the similarity with the Soviet system comes to the fore. Of course we are not suggesting that the independence of the press in late capitalism is as constrained as in the Soviet era. However, with regard to the economy, the media played a similar role: orchestrating silence and loyalty. Signs of the fundamental flaws of the system were presented as instances of deplorable individual greed, moral hazard, fraud or corruption and were pictured as exceptional excesses that would be punished. It left the status quo largely undisputed. Recall how Gorbachev ultimately focused only on worker alcoholism and the corruption of individual managers when he was supposedly carrying out glasnost and perestroika of the system as such.

As a result of insufficient information, analysts, politicians, trade unions and NGOs representing the population outside the financial sector, have been unable to address core problems within the global system such as state capture by big finance, speculation, global trade imbalances and financial imbalances, let alone the less overt but even more fundamental overall global decline of social wages compared to the incomes derived from capital. Some of these issues have now come on the agenda of the G20, in particular the global imbalances, which reflects the interests of the US state, though much of the exercises of the G20 remain mired in neoliberal orthodoxy and the mythical belief in the return to ''normality'' of endless growth. One of the functions of neoliberalism in the last decades was to keep national publics frantically focused on their own national budgets and their national competitiveness among the global players (Brender and Pisani 2009 for the systemic and fatal lack of global vantage points in banking, and Martin Wolf for the ingrained ''passing the parcel'' in the global economy, FT 29-6-2010). Ultimately, the obsession with winning the competitiveness game has led to a weakening power of the public – so deeply fragmented over national jurisdictions and associated interests and viewpoints – *vis-à-vis* global capital.[14]

The silencing of civil society and institutions also included think tanks and universities, which became increasingly dependent on external funding, disbursed through peer review mechanisms that are based on professional consensus. Policy relevance and scientific consensus, privileging a strong quantitative or model-based approach to society, was favoured over pluralism, contestation, and deliberation fed by a diverse ecology of universities, research groups, intellectuals, and other institutions. Only recently, with the downfall of the financial system, are scientists who warned of the almost sacral, mythical belief in statistics and models being heard (see for instance Taleb 2008). This may offer a window of opportunity for alternative insights and broader visions on markets and economics, such as those based on fractals and chaos theory (Mandelbrot and Hudson 2004); the historical studies on bubbles and financial crises; on the global analysis of hegemonic cycles; and in general on an ''expanded institutionalism''.

Conclusions

The comparison between financialised capitalism and late Soviet socialism suggests that the origins of the current crisis might be more profound than many observers think. If our analysis is correct, it means that measures and calls for ethics, more controlling agencies and rules within the financial sector cannot be sufficient. The comparison with the Soviet planned economy strongly suggests that the problems underlying the financial crisis are deeply engrained in the wider economy and society. Fundamental problems of market concentration, oligopoly, lack of transparency of financial markets, and the near sacral belief in statistics and models have been discussed here, as well as the wider capture of state and society (media, politics, academia). More theoretically, the comparison suggests that the whole edifice of markets versus hierarchies loses its significance. As Nove (1980, p. 50) notes ''[t]he traditional socialist view has been that capitalism subordinates long-term economic and social health to the

[14] Moreover, large constituencies in the West compensated their stagnating relative incomes with easy credit and therefore became dependent on low interest rates and further financialization. Political elites, too, found it comfortable to sponsor easy credit formation and low interest rates in order to prevent any discussion of stagnating relative incomes.

immediate profit motive''. The current crisis has concealed that this is certainly true for financialised global capitalism. At the same time our comparison also showed that while the Soviet economy was known for its orientation towards the future, in reality it was driven by similar short-termism, which in turn stimulated fraud and corruption.

Regardless of whether it concerns pure-market or pure hierarchy-systems, a concentration of power and information (as described in this article) leads to a lack of stransparency and democratic control and to internal corruption. The consequence of the monadic non-diversified power and information structures in both systems is state capture by insider interests, as well as the capture of ''civil society'' and public institutions. Due to this, the lack of realism in the behaviour by the main economic players is not openly signalled or criticized until the imminent dangers of a systemic downfall can no longer be denied. The emperor is then suddenly without clothes, and all players are caught in uncertainty and fear.

Not only the origins, but also the collapse and its aftermath might be structurally analogous. In the Soviet Union, when the emperor lost his clothes, nobody knew what the state assets were actually worth and where the real value was produced. Enterprises were privatized to unleash entrepreneurship and innovation and to raise investment. In the first stage of privatization, assets were distributed among the public (in the form of vouchers) and employees (as direct shares), in what the reformers and their Western advisors claimed was an equal and empowering form of privatization (see *e.g.* Aslund 1995). However, it was only the well-connected elite which had the inside information to distinguish the diamonds among the rusty crumbling industries who were able to buy up controlling share packages on the cheap in the most valuable production processes (see *e.g.* Barnes 2006). ''Nomenklatura appropriation'' led to further concentration of power and wealth rather than less. Most people only gained a few days' pay for selling their assets to the elite, while their influence on the enterprises as employees diminished compared with the Soviet era (*ibid*. and see Visser 2006, 2008 for such developments in the countryside; Kalb 2009 for similar insights into Poland and for the popular politics that emerges from such trajectories).[15]

[15] Protests by the population against those processes of accumulation has been very limited, with both the urban (Clarke 1998, Greskovits 1998) and rural populations (Visser 2009) throwing their weight on alternative, informal income generating activities, such as semi-subsistence food production.

In the West the shadow banking system, when at the point of imminent collapse was moved without any democratic discussion onto the debt balance of Western states, which is now again back to where it was at the beginning of the neoliberal era around 1980 or even higher (more than 100 % average state indebtedness is projected for the OECD in a few years from now). Thus in the end the mystification of risk turned out to be a more advanced form of the old capitalist principle of privatization of profit and socialization of costs.[16] While Western populations are facing a new cycle of unemployment, public expenditure cuts and neo-liberal efficiency-drives to cope with falling demand and stepped up global competition, the key players in the financial sector seem to have come out of the crisis stronger than before. J. P. Morgan (which became even larger through the integration of Bear Stearns) and Goldman Sachs, rejected government control or even intensified monitoring, paid back their government loans, and are making impressive profits again on the basis of zero-interest borrowing from central banks. They are also again paying their employees large bonuses while rejecting any global regulation of pay and transactions beyond their immediate self-interest. Nor are politicians and Western publics asking for much more. This is nomenklatura appropriation financialised capitalist style. In sum, in the West just as in the former Soviet Union, without more robust public and democratic control, anti-crisis measures tend to lead to renewed accumulation by dispossession (Harvey 2003) and a further shift of public resources into private hands.

The fall of the Berlin wall in 1989 and the demise of the Soviet Union in 1991 were widely celebrated in the West as the ultimate evidence of the universal validity of the premises of ''democratic'' capitalism (*e.g.* Fukuyama 1992), and the outdated nature of leftist thought. Consequently, financialised capital and the well-funded proponents of neo-liberalism obtained even more leeway to further deregulate the West, and spread deregulated capitalism around the globe. The West would have done itself and the world a better service by studying the functioning of the Soviet system as well as its own evolving financialised structures in a less cold war inflected way. It could have learnt from the mechanisms that led to the Soviet fall by

[16] This principle is well known to scholars of historical property transformations in the West, such as the English enclosure movement, the United States during the settler appropriation of American-Indian land and more recently the privatization in post-Soviet Russia (KINGSTON-MANN 2006).

comparing them to its own accumulating systemic flaws, rather than celebrating the Soviet demise for two decades in self-congratulatory mode due to its supposed eternal and virtuous equilibrium.

Finally, on a different note, it should be added that post-Soviet and postsocialist countries have been the ones experiencing the most destructive effects of the current crisis. Countries like Russia and Kazakhstan had booming economies until the middle of 2008, fuelled by cheap credit and global demand for their exports, but were hit unexpectedly hard when the crisis arrived at the end of that year. The stock exchange in Moscow fell more dramatically than in the US, unemployment went up rapidly above 10 %, and the Russian decline in GDP was most severe of all G20 countries (Nezavizamaya Gazeta, 1 October 2009). In Romania, for example, draconian cuts of 25 % in public salaries are now being imposed by a political elite that remains intellectually focused on the "crimes of communism" and practically dedicated to sustaining the lowest flat tax rate in Europe to help its entrepreneurs. The current crisis of the West, reflecting some interesting and unexpected analogies with the Soviet downfall, is poor consolation for its victims east of the Oder and the Leitha.

BIBLIOGRAPHY

Arrighi Giovanni, 1994. *The Long Twentieth Century: Money, Power and the Origins of our Times* (London, Verso).

—, 2000. "Globalization. State Sovereignty, and the 'Endless' Accumulation of Capital", *in* Kalb Don, Marco van der Land, Richard Staring, Bart van Steenbergen and Nico Wilterink, eds., *The Ends of Globalization. Bringing Society Back* (Lanham, Rowman and Littlefield Publishers).

Aslund Anders, 1995. *How Russia Became a Market Economy* (Washington, The Brookings Institution).

Augar Philip, 2005. *The Greed Merchants: How the Investments Banks Played the Free Market Game* (New York, Portfolio).

Barnes Andrew, 2006. *Owning Russia. The Struggle over Factories, Farms and Power* (Ithaca/London, Cornell University Press).

Berliner Joseph, 1957. *Factory and Manager in the USSR* (Cambridge, Harvard University Press).

Brender Anton and Florence Pisani, 2009. *Globalized Finance and its Collapse*, (Belgium, Dexia). https://www.dexia-am.com/globalisedfinance/Globalisedfinance.pdf

Broekmeyer Marius, 1995. *Het verdriet van Rusland. Dagelijks leven op het platteland sinds 1945* [*Russia's Sorrow. Daily life in the countryside since 1945*] (Amsterdam, Jan Mets).

Clarke Simon, ed., 1998. *Structural Adjustment without Mass Employment: Lessons from Russia* (Cheltenham, Elgar).

Dorning Michael, 2010. "Obama Adopts Behavioral Economics", *Businessweek,* June 24, www.businessweek.com/magazine/content/1027/b4185019573214.htm

EC (Commision of the European Communities), 1990. *Stabilization, Liberalization and Devolution: Assessment of the Economic Situation and the Reform Process in the Soviet Union.*

Friedman Benjamin, 2010. "Two Roads to Our Financial Catastrophe", New York Review of Books, Vol. LVII (7), pp. 27-29

FRIEDMAN Kajsa and Jonathan, 2008a. *Historical Transformations: The Anthropology of Global Systems* (Lanham, Altamira Press).

—, 2008b. *Modernities, Class and the Contradictions of Globalization: The Anthropology of Global Systems* (Lanham, Altamira Press).

FUKUYAMA Francis, 1992. *The End of History and the Last Man* (New York, Avon Books).

GADDY Clifford G. and Barry W. ICKES, 1998. "Russia's Virtual Economy", *Foreign Affairs*, 77 (5), pp. 53-67.

GRANICK David, 1954. *Management of the Industrial Firm in the USSR: a Study in Soviet Economic Planning* (New York, Columbia University Press).

—, 1960. *The Red Executive* (London, MacMillan).

GRESKOVITS Béla. 1998. *The Political Economy of Protest and Patience: East European and Latin American Transformations Compared* (Budapest, Central European University Press).

GROSSMAN Gregory, 1977. "The 'Second Economy' of the USSR", *Problems of Communism*, 26 (5), pp. 25-40.

HARVEY David, 2003. *The New Imperialism* (Oxford, Oxford University Press).

HERTZ Noreena, 2001. *The Silent Takeover. Global Capitalism and the Death of Democracy* (London, Arrow Books).

HUMPHREY Caroline, 1998. *Marx Went Away, But Karl Stayed Behind. A Revised Edition of Karl Marx Collective. An Ethnography of a Soviet Collective Farm* (Ann Arbor, University of Michigan Press).

JOHNSON Simon, 2009. "The Quiet Coup", *The Atlantic*, May. www.theatlantic.com/doc/print/2000905/imf-advice

JOHNSON Simon and James KWAK, 2010. *13 Bankers: The Wall Street Take-Over and the Next Financial Meltdown* (London, Pantheon).

KALB Don, 2005. "From Flows to Violence: Politics and Knowledge in the Debates on Globalization and Empire", *Anthropological Theory*, vol. 5 (2), pp. 176-204

—, 2009. "Conversations with a Polish Populist: Tracing Hidden Histories of Globalization, Class, and Dispossession in Postsocialism (and Beyond)", *American Ethnologist* 36 (2), pp. 207-223.

KAY John, 2009. "What a Carve Up", *Financial Times*, July 31.

KINGSTON-MANN Esther, 2006. "The Return of Pierre Proudhon: Property Rights, Crime, and the rules of Law", *Focaal*, 48, pp. 118-127.

KITCHING Gavin, 2001. "The Concept of *sebestoimost* in Russian Farm Accounting: A Very Unmagical Mystery Tour", *Journal of Agrarian Change*, 1 (1), pp. 57-80.

KORNAI János, 1980. *Economics of Shortage* (Amsterdam, North-Holland Publishing Company).

—, 2009. "The Soft Budget Constraint Syndrome and the Global Financial Crisis. Some Warnings from an East-European Economist", *Financial Times* blog 14 October, http://blogs.ft.com/maverecon/2009/10/kornai-on-soft-budget-constraints-bail-outs-and-the-financial-crisis/.

KORNAI János, Eric MASKU and Gerard ROLAND, 2003. "Understanding the Soft Budget Constraint", *Journal of Economic Literature*, 41 (4), pp. 1095-1136.

KUZNETSOV Andrei, 1994. "Economic Reforms in Russia: Enterprise Behaviour as an Impediment to Change", *Europe-Asia Studies*, 46 (6), pp. 995-1070.

LEDENEVA Alena V., 1998. *Russia's Economy of Favours. Blat, Networking and Informal Exchange* (Cambridge, Cambridge University Press).

—, 2006. *How Russia Really Works: The Informal Practices that Shaped Post-Soviet Politics and Business.* (Ithaca/ London, Cornell University Press).

LERMAN Zvi, Csaba CSAKI and Gershon FEDER, 2002. *Land Policies and Evolving Farm Structures in Transition Countries*, Worldbank Policy Research Working Paper Series n° 2794, Washington, D.C.: The World Bank, www.ideas.repec.org/s/wbk/wbrwps.html

MANDELBROT Benoit B. and Richard L. HUDSON, 2004. *The (Mis)Behaviour of Markets, a Fractal View of Risk, Ruin and Reward* (London, Profile books).

MCMICHAEL Philip, 2009. "A Food Regime Analysis of the 'World Food Crisis'", *Agriculture and Human Values*, 26 (4), pp. 281-295.

NOVE Alec, 1980. *The Soviet Economic System* (London, George Allen and Unwin).

PESTON Robert, 2008. *Who Runs Britain?... And Who's to Blame for the Economic Mess We're* (London, Hodder and Stoughton).

SASSEN Saskia, 1998. *Globalisation and its Discontents: Essays on the New Mobility of People and Money* (New York, The New Press).

Soros George, 2008. *The Crash of 2008 and What it Means: The New Paradigm for Financial Markets* (New York, Public Affairs).

Spoor Max and Oane Visser, 2004. "Restructuring Postponed? Large Russian Farm Enterprises 'Coping with the Market'", *The Journal of Peasant Studies*, 31 (3–4), pp. 515-551.

Strange Susan, 1986. *Casino Capitalism* (Oxford, Blackwell).

Swedberg Richard, 2010. "The Structure of Confidence and the Collapse of Lehman Brothers", *in* Loundry Mike and Paul M. Hirsch, eds., *Markets on Trial: The Economic Sociology of the U.S. Financial Crisis*, Research in the Sociology of Organizations series (Bingley, Emerald Group Publishing).

Taleb Nassim Nicholas, 2008. *The Black Swan. The Impact of the Highly Improbable*, (London: Penguin books).

Tett Gillian, 2009. *Fool's Gold: How Unrestrained Greed Corrupted a Dream, Shattered Global Markets, and Unleashed a Catastrophe* (London, Little Brown).

Visser Oane, 2006. "Property, Labour Relations and Social Obligations in Russia's Privatised Farm Enterprises", *in* von Benda-Beckman Keebet, Franz von Benda-Beckman and Melanie Wiber, eds., *The Changing Properties of Property* (London/New York, Berghahn).

—, 2008. *Crucial Connections.The Persistence of Large Farm Enterprises in Russia* (Nijmegen, Radboud University Nijmegen).

—, 2009. "Household Plots and the Symbiosis with the Large Farm Enterprises", *in* Max Spoor, ed., *Land, Peasants and Rural Poverty in Transition. The Political Economy of Rural Livelihoods in Transition Economies*, ISS Series in Rural Livelihoods (London/New York, Routledge).

Visser Oane and Max Spoor, 2011. "Land Grabbing in Post-Soviet Eurasia: The World's Largest Agricultural Land Reserves at Stake", *The Journal of Peasant Studies*, 38 (1), forthcoming.

Wedel Janine, 2004. "Blurring the State-Private Divide: Flex Organisations and the Decline of Accountability", *in* Spoor Max, ed., *Globalisation, Poverty and Conflict: A Critical Development Reader* (Dordrecht/Boston, Kluwer Academic Publishers).

Résumé

L'hypothèse défendue est que le capitalisme financier de 2008 présentait de frappantes analogies avec l'économie soviétique à la veille de son effondrement. On examinera la mise en coupe réglée de l'État par les oligopoles, l'imposture de l'économie virtuelle, l'incapacité des agences de contrôle à suivre les opérations financières, la focalisation des managers sur le court terme au détriment de la viabilité à long terme de l'entreprise, le traitement mystificateur du risque par la mathématique financière. Outre les origines de la crise actuelle, on peut avancer que les lendemains prolongent les analogies.

Mots clés: Capitalisme, Économie planifiée, Crise financière, Captation de l'État, Économie informelle.

Zusammenfassung

Die Finanzkrise 2008 scheint, so die Arbeitshypothese, Ähnlichkeiten mit dem sowjetischen Wirtschaftssystem kurz vor seinem Zusammenbruch aufzuweisen. Untersucht werden die Unterwerfung des Staates durch die Oligarchen, der Betrug der virtuellen Wirtschaft, die Unfähigkeit der Kontrollorgane die Finanzgeschäfte zu verfolgen, die kurzfristige Planung auf unternehmerischer Seite, der mystische Umgang der Wirtschaftmathematik mit dem Risiko. Nicht nur die Ursprünge der Krise sondern auch die Folgeerscheinungen weisen Ähnlichkeiten auf.

Schlagwörter: Kapitalismus, Planwirtschaft, Wirtschaftskrise, Staatlicher Einflußbereich, Informelle Wirtschaft.