Crisis as Unexpected Transition . . . To a Greed-Based Economic System

Wladimir Andreff

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Abstract
Analyzing how the post-Soviet transition interacts with the crisis of market finance exhibits a new "greed-based economic system" in the making. Asset grabbing is at its core and hinders capital accumulation. All the various privatization schemes have triggered off asset grabbing, asset stripping, and asset tunneling. A global contagion of such behavior has spread the power and cohesion of managers/shareholders (oligarchs) worldwide. Financial asset grabbing is less straightforward, though much widespread, and operates in financial markets through new financial products, securitization, firms buying their own shares, hedge funds, stock price manipulation, short selling, and the distribution of stock options. Shadow banking, and more generally a global informal economy, results from grabbing strategies in financial markets that breach the formal rules of capitalism. In alleviating and circumventing the rules, the oligarchy paves the way for economic malpractices and crime, calling capitalist laws into question. In such context, systemic greed underlies unconstrained maximization of relative wealth, for which asset grabbing is a rational means, in a winner-take-all economy. At the present stage of our research, a greed-based economy cannot yet be theoretically defined as a transition either to a new phase of capitalism or to another different system.

Keywords
Asset grabbing Privatization Financial markets Shadow banking Systemic greed Winner-take-all

Citation

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