Introduction

Lorenzo finally heeded his mother's entreaties to come back to Spain. She had visited him only once in Paris, where Lorenzo had landed after he was jailed for anti-Francoist agitation and banned from all of Spain's universities for two years. He had grown weary of Europe's Communist parties as well as the socialist states in Eastern Europe that he felt had betrayed the cause in Spain. Like so much movement toward greater democracy in history, the one in Spain had been led by miners fighting regime violence for freedom of assembly and the right to unionize. Miners' power of economic sabotage, so prevalent and effective during the struggles for greater democracy in the first half of the twentieth century, would soon wane as the industrialized world moved to petroleum-based economies. Unlike the previous mineral regime, hydrocarbon energy was a form whose production could be outsourced to undemocratic geographies and whose fluid materiality was ultimately difficult to sabotage in the cause of making democratic claims. Before that energy regime change, however, the actually existing socialist world had offered its mineral resources to the West, even when it meant undermining budding political struggles against enemy regimes, even when it meant fighting actually existing fascism, even when it meant danger and penury for foot soldiers like Lorenzo fighting for democracy and socialism. Lorenzo came home defeated not by Franco and his machinery of oppression, but by the socialist world – the undemocratic, caudillo style of Communist Party management in Spain and the economic ambitions of their patrons to the East.

Before exiling himself to France to continue the fight for an end to Franco and for socialism, the bright Lorenzo had started a degree in engineering at the Engineering School of Roads, Canals, and Ports in Madrid, an institution more than a century and a half old that took in the country's brightest sons. He did so in the face of a notoriously discouraging academic culture that thought nothing of summarily failing whole cohorts of students. Lorenzo was one of five to get a passing grade in the first year. Engineers were the technocratic heroes of the European postwar

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miracle, and for that matter the miracles of growth evident in the 1960s throughout Eastern Europe as well. Years later, Lorenzo's neighbors to his own future middle-class apartment in Madrid would be a married couple with a particular past: Both were Spanish children rescued by the Soviet Union during Spain's Civil War, given an education in engineering and medicine respectively and welcomed back to the new social regime in Spain as full participants in the emergent middle class of the country. A socialist gift to fascist Spain. Lorenzo's own path to that apartment, however, would not pass through engineering. Just as the future was starting to look bright for young Lorenzo, he was struck down by a kidney stone that, at that time, required a crude open surgery to take out. During the months-long convalescence in his Castilian village, Espinosa de Henares, Lorenzo's interest migrated to economics. He was coaxed in that direction by an odd confluence: the advice of the parish priest that first introduced the discipline to him, and the discovery of a recently published book, *The Economic Structure of Spain* (*Estructura económica de España*) by the then Marxist economist Ramón Tamames. The book explained precisely that: a structure of industrial exploitation, latifundist agrarian organization, and the deep historical roots of Spain's unreconstructed inequalities. It had quickly become a touchstone of left political identity in Spain, read by academics, students, and workers alike. Tamames' book ushered Lorenzo to the economics faculty of the Complutense University of Madrid, but the encounter that subsequently formed him there was with José Luis Sampedro, a charismatic economist, playwright, novelist, general Renaissance man, and author of the introduction to Tamames' book. Sampedro had fought for the Spanish Republic Franco had mutinied against, before being taken prisoner and conscripted to fight for Franco's nationalists. After the Civil War, he graduated in 1947 in the very first cohort of a new discipline in Spain, economics, and became a professor at the Complutense, where Lorenzo met him. Sampedro remained a socialist throughout his career, suffering a purge at the university and exile before returning to his academic seat and as advisor to the Banco Exterior de España in a country still suffering from a dearth of educated technocrats – the same country that would welcome Lorenzo's future, Soviet-educated neighbors. In the late 1970s, Sampedro even briefly became a socialist senator in the first democratically elected parliament in Spain. The two economists who had changed Lorenzo's course developed quite differently. From the 1980s Tamames became ever more conservative, to the point of flirting with Spain's present-day Francoist party in his old age, even as his colleague Sampedro inspired the 2011 anti-austerity protests in Spain that gave rise to the left-wing Podemos Party and stimulated occupy movements around the world. Neoclassical economics is a broad enough ship. It took Lorenzo out to sea, and he never built one bridge.

After his decision to change careers, Lorenzo came to know torture, Marx, exile, and disillusion, in that order, the last three in France. Three years later, he was back at the Complutense to finish his economics degree under the tutelage of Marx-inflected economists in Francoist Spain. He graduated into a job under another economist, Antonio Pulido, who supplemented his meager wage as an economics professor at the Complutense by helping Franco's government put together the indicative five-year plans under which Spain was growing, from 1959, into a middle-income country. From there Lorenzo moved to Gallup, Inc., an American company known for its political polling. Spain's authoritarian regime had little use for such surveys, but desperately needed a different kind of statistical analysis. Lorenzo, with his knowledge of statistical planning techniques, was the kind of scarce young professional the company could use to develop its consulting business on market analysis in Spain. Engineers and technocrats built Spain's material infrastructure, but it was the steadily empowering field of economics, with an esoteric knowledge and language of quasi-ecclesiastical qualities, that never stopped accumulating social power.

Over the course of his budding career as an economist, Lorenzo had developed a set of skills that made him exceptional in the impoverished social landscape Franco had built in the postwar period. This perhaps explains the tolerance the regime evinced toward economists, whatever their political loyalties. In the late 1960s, Lorenzo gained entrance to the Chamber of Commerce, which offered him a choice of several posts abroad: Greece, Italy, Colombia, Angola. To the surprise of his colleagues, he chose the African destination. They did not know of Lorenzo's revolutionary past, and that fire yet flickered. He wanted to experience for himself the truth behind another one of his formative touchstones, Frantz Fanon's *Wretched of the Earth*. He was sent to Angola just as the Civil War was heating up. It did not take long for regime officials at the Chamber of Commerce to learn they had sent a fellow traveler of the liberation effort there; Spain's government preferred to travel with the neighboring dictatorship that had held Angola in an imperialist clutch well after European states had given up on empire – or at least on empire in that form. It took an incident for the notoriously incompetent ruling brass back in Madrid to realize who Lorenzo had been.

It went like this. Joselito was a former child actor and singer, wildly famous during the 1950s and early 60s in Spain and abroad. As he approached his thirties, Spain had moved on. After his last failed film in 1969, Joselito, destitute and broken, asked his Portuguese distributor to help him move to Angola, where he spent his time hunting and touring an imperial geography in which his fame still shimmered. When the brother of his local drummer ran into trouble with the Portuguese imperial police, Joselito made the decent choice of helping him escape, depositing him in a village far from the capital, whereupon his drummer's brother joined the guerrillas seeking to liberate the territory from Portuguese imperial rule. Joselito's drummer, however, fell into the clutches of the Portuguese intelligence services, and under torture, he denounced Joselito as co-conspirator. Lorenzo had met Joselito and been to his parties in his short time in Luanda, Angola's capital, and when he heard that Joselito had been jailed, he tried to get the Spanish ambassador in Angola to intercede. It is only then that the regime rediscovered who Lorenzo had been, and quickly recalled him to Madrid. But what awaited him there was not Joselito's fate; the Franco regime met him with a stern warning, and a promotion.

The warning was the obvious outcome of a certain socialist past, easily understood through the many dramatic retellings of Cold War confrontation. But his promotion was the outcome of another socialist genealogy. This one lacks the epic narrative Cold War histories relish but proved to be of more consequence to Lorenzo's life. It is a genealogy that harked back to his apprenticeship with the socialist economist Sampedro. Among his many lives, Sampedro had been part of the group of Spanish professors in the late 1950s to work out for the first time ever a set of national accounts for Spain, using output-input techniques with the help of a room-sized computer in Rome. The Harvard Professor Wassily Leontief would receive a Nobel Prize in 1973 for the development of these accounting techniques, but its roots lie in his country of origin, in Russia. There, while Leontief was working toward his degree in economics at the beginning of the 1920s, the utopian science fiction writer, physician, and Marxist theoretician Alexander Bogdanov first worked out notions of sectoral interrelationships. This would form the foundation of input-output analysis, contributing both to the development of Soviet planning at the end of the 1920s, and the development of national accounting (leading to the invention of the Gross National Product, GNP) in the West at the end of the 1930s – for which the Soviet Union had served as one of its first analytical targets because of the large trove of statistical data the Soviets had elaborated over the previous two decades.[1] The professional expertise Sampedro bequeathed young

[1] A. A. Belykh, "A Note on the Origins of Input-Output Analysis and the Contribution of the Early Soviet Economists: Chayanov, Bogdanov and Kritsman," *Soviet Studies* 41:3 (1989): 426–429. Bogdanov's ideas were later elaborated by Lev Kritsman. Leontief

Lorenzo, and the appeal it held for social improvement that drew Lorenzo to Sampedro, had direct roots in the transformations wrought by the Russian Revolution. Sampedro spent a professional lifetime in academia expanding on that legacy as an admirer and student of Yugoslavia's socialist self-management, and as a participant in East–West–South dialogues on development economics, many of which exchanges of ideas were linked to Latin America and the Spanish-speaking world.[2] Lorenzo transformed that bequest into a promotion to director of the international department at Spain's Chamber of Commerce. The regime needed Lorenzo, despite all his faults as a true-believing democrat, to teach a new cohort of officials the esoteric arts of indicative planning and market analysis in order to promote Spanish consumer goods around the world.

His final reward was a secondment to Taiwan in the mid-1970s. Lorenzo used the generous salary of that secondment to pay off his new apartment and join the ranks of the country's burgeoning middle class, right beside his red-educated neighbors.[3] He had been sent to Taiwan after Spain's Chinese mission moved irrevocably to Beijing in the aftermath of the United States' own move from Taipei to Beijing. More importantly – or they might not have sent an economist – he had been sent to oversee the exponentially growing trade of the region. What he observed and helped govern there were the rising tigers beginning to reweight the global balance of power and capital on a point much further East than the purported socialist domain that had failed Lorenzo in his youth. These were the globalizing forces that had foreclosed venues of revolution that Lorenzo had tried to open in the early 1960s. These forces would, in time, restrict labor organizations in Spain while

always denied any Bolshevik influence on his intellectual innovations, having left the Soviet Union in 1925, and ascribed to it Walrasian roots. Most historians of Russian economic thought now discount Leontief's denials. See also D. L. Clark, "Planning and the Real Origins of Input-Output Analysis," *Journal of Contemporary Asia* 14:4 (1984): 408–429.

2 On the transnationalism of the epistemic community of neoclassical economics, with special reference to the socialist East, see Johanna Bockman, *Markets in the Name of Socialism. The Left-Wing Origins of Neoliberalism* (Stanford: Stanford University Press, 2011). For the anti-authoritarian dialogue on socialism carried out transnationally among socialists in Yugoslavia, Chile and Peru see Johanna Bockman, "Democratic Socialism in Chile and Peru: Revisiting the 'Chicago Boys' as the Origin of Neoliberalism," *Comparative Studies in Society and History* 61:3 (2019): 654–679.

3 This was with the related but distinct High Council of the Chambers of Commerce, Industry and Shipping (C*onsejo Superior de Cámaras de Comercio, Industria y Navegación* de España), which while nominally a private sector organ, was in fact fully integrated into the state. The pay was three to four times higher than had he remained in Madrid, so he was able to quickly pay off a modest apartment that was already quite affordable to any young professional at the time, a situation that has now radically changed.

changing the structure of its industry and labor force. And yet these very forces furnished Lorenzo, armed with an economics expertise of rare value in Spain, with access to a middle-class lifestyle for himself and his new family that his past revolutionary self had never especially aspired to.

Lorenzo certainly made the most of a transnational development of knowledge and expertise that had little use for Cold War boundaries. But knowledge alone does not drive social organization, or history for that matter. In the 1940s and 1950s, Sampedro and Tamames themselves, titans of Spanish economics, could only operationalize that knowledge within the shabby academic structures of a nascent dictatorial regime. And many of their earlier students could only find recruitment as bureaucrats developing the administration of taxes for a state whose main area of expertise had heretofore lain in mass killings and the theft of the country's cultural capital (later in life, Sampedro liked to joke that the education of an army of tax officials, many of whom became cabinet ministers, was his great professional sin). A poor, underinstitutionalized country, a country like 1940s Spain, had little use for economists. Knowledge can only ever be operationalized within extant social structures and institution building. And under capitalism, the drive for capital accumulation realizes this potential in a feedback developmental loop. American power, in its crassest form of geopolitical anti-communism, had supported Franco's vision for Spain, and quite directly. But it had enabled another kind of infrastructure as well that conciliated Lorenzo and the government that had incarcerated him. What organized Lorenzo's life chances, along with that conciliation, was the US dollar and the international intelligibility and accumulation it made possible through global commerce and a system of currency convertibility. In the absence of justice and democracy, a political expedience on which both Cold War sides converged, Lorenzo devoted his professional life to organizing interconnection and the growth of capital.

Interconnection and transnational capital now organizes us much more forcefully than vice versa. The increasing feeling that we live a life without agency has given rise to a significant backlash. In a world of Brexit, increased border patrolling, and any number of Great Firewall projects to filter and partition the World Wide Web, we seem to have reached some kind of political limit; interconnection looms in both the left and the right as a cascade of abstract power, a torrent of biblical proportions. And we cannot seem to know how to turn it off. It is difficult to imagine that just a generation ago, globalization required so much goading, or that it was new in the lives of people. But those people are still with us. Go ahead, ask them, you will find that it was so. Lorenzo was born in post–Civil War Spain, in a cruel victor's peace during World War II, and came of age in an era of institutionalized national compartmentalizations. The overarching architecture of those compartmentalizations was known as Bretton Woods. And overcoming it required some doing. The irony is that the doing was very attractive; it had to be, or it would not have attracted the force required to overcome it. And here lies the core of that irony: Bretton Woods was not overcome in a concerted, oppositional struggle. It was overcome under the governance of professionals like Lorenzo working away toward a middle-class lifestyle. It was overcome using tools, as Lorenzo used, forged in the aspiration for a socialist world. But what they forged at length, was a new form of capitalism.

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That many of these tools, along with the aspirations of many of its wielders, originated in the Soviet Union is not coincidental. Neither is the outcome. Tools may or may not determine use; this is a difficult historical question, even if we historians like to pretend that nothing is ever determined – itself a deterministic heuristic that is often more honored than practiced. Whatever the case may be, these tools were developed to govern the economic life of nations more carefully. And whatever their original purpose – and certainly Bogdanov's 1908 utopian science fiction novel *Red Star* imagined a different purpose to all the tabulations of socialist economic life he was already dreaming up – they came to function under the idea that social betterment was a consequence of growth and productivity, to which end the Soviets developed a massive governing bureaucracy. By the 1950s, this growth imperative came to dictate so much of the top line initiatives emanating from the Kremlin. When speaking of it within a Cold War frame, Khrushchev called this "peaceful coexistence." Economic competition was its mainstay, and that competition, importantly, could be econometrically measured. That sentence could also be reversed; once these goals could finally be given statistical visibility, a possibility available and made widespread mostly in the post-Stalin era, they could become amenable to a discourse of comparative growth and competition – rather than the more prevalent discourse under Stalin of survival and the military protection of the revolution.[4] In fact the regime often invited its subjects to exult over

[4] Vladimir Kontorovich, *Reluctant Cold Warriors. Economists and National Security* (Oxford: Oxford University Press, 2019) recovers a basic truth of pre–World War II Soviet political economy, that the purpose of Stalinist economic management was militarization, rather than growth for its own sake, one already broached in Karl Polanyi, *The Great*

announcements that it had outstripped the enemy in the production of some commodity or another. This is well understood, and not really the purpose of this history. This book seeks something else: to inscribe the Soviet Union, not only as participant in the world, or merely as an alternative path to modernity, but as constitutive of the world that emerged from the 1970s. It was so of the man Lorenzo became. But not because Lorenzo remained a revolutionary; in middle age he was neither loyal to Soviet socialism, nor even to Eurocommunism when democracy was finally torn out from the dictatorship's institutions through struggles by Spaniards like him. Rather, the Soviet Union was constitutive of the structures of the international system in which Lorenzo participated in his professional life.

It could be said that the Soviet Union did not help constitute, but merely participated in the system of economic compartmentalizations we call Bretton Woods. The Soviet Union did not help design any of the institutions that governed the system, and ultimately decided not to invest any of its resources in them, monetary or political.[5] American hostility came to preclude active, invested participation anyway. But the Soviets did participate, enthusiastically, in the global US dollar economy the Bretton Woods system in time constructed. The Soviets husbanded their own reserve of dollars, borrowed and lent them when needed, and generally governed their commerce through the sorts of calculations the US dollar made possible in an ever-growing number of economic geographies. In fact the Soviet Union configured exchange within its own bloc according to the values created in the US dollar

Transformation. The Political and Economic Origins of Our Time (Boston: Beacon Press, 1944): 255–256. However, it is equally clear that this rationality of governance more or less lost its way with the rise of a growthist ideology under Khrushchev in the 1950s. Moreover, this change to an explicit politics of growth was global, occurring simultaneously in the industrialized countries. I documented this argument in Oscar Sanchez-Sibony, "Economic Growth in the Governance of the Cold War Divide: Mikoyan's Encounter with Japan, Summer 1961," *Journal of Cold War Studies* 20, no. 2 (2018): 129–154. The property of these new statistical metrics in providing new cognitive domain for governance in the postwar was global, as argued for example in Adam Tooze, "Reassessing the Moral Economy of Post-war Reconstruction: The Terms of the West German Settlement in 1952," *Past & Present* 210 (2011): 61–65.

5 Soviet near-miss participation in Bretton Woods institutions has finally been given archival treatment in Vladimir O. Pechatnov, "The Soviet Union and the Bretton Woods Conference," in Giles Scott-Smith and J. Simon Rofe, eds., *Global Perspectives on the Bretton Woods Conference and the Post-War World Order* (London: Palgrave Macmillan, 2017). Pechatnov documents the seriousness with which the Soviet leadership considered joining the IMF and the World Bank, with Stalin's hesitant rejection coming down to the wire. Tellingly, ruble convertibility seemed always out of the question.

world.[6] These the Soviets considered more authoritative than their system's own values. Inflect the signification of "values" in those last two sentences to expand it from a synonym of "price" to its full array of meanings and you might begin to discern how the Soviets thought of their position in the world the US dollar was creating.

While the Soviet Union participated in this world, this book will argue that it actively helped to constitute the world after, our current world. Which is to say, it helped dismantle the world of Bretton Woods and reconfigure how economic life was to be directed once Bretton Woods had moved on. Unlike Bretton Woods, the post–Bretton Woods world (often called neoliberal, or post-Fordist, or even postmodern, in its more cultural hue) was not formed by committee. This book aims to contribute to an understanding of the dismantling of our previous era from the perspective of a geography that is rarely considered to have had much agency in that transformation. This exclusion results from the entrenchment of a series of binaries during the Cold War for thinking about systemic differences about capitalism and socialism.[7] While these binaries were not particularly analytically helpful, they were useful to the establishment of a Cold War politics that continues to distort how we think about the Soviet Union and the socialist bloc, and implicitly the capitalist world and ourselves, in other words, our history and our present. The stubborn perpetuation of this kind of thinking – plan vs. market, economic dysfunction vs. efficiency, irrationality vs. rationality, the collective vs. the individual, subjection vs. freedom, etc. – is a mere reflection of the power it continues to hold over the constitution of our current politics and social organization. In this respect, the Soviet Union is still very much with us, a past overcome in our pursuit for a more perfect future. But what if it was with us in a more material way? What if we could understand their choices

[6] A useful elucidation of the problems inherent in this organization is Francoise Lemoine, "Trading Prices within the CMEA," *Soviet and Eastern European Foreign Trade* 15:1 (1979): 21–41. And excellent archival investigation of the uneven incorporation of the CMEA into capitalist exchange is Łukasz Stanek, "Buildings for Dollars and Oil: East German and Romanian Construction Companies in Cold War Iraq," *Contemporary European History* 30:4 (2021): 544–561.

[7] While these binaries remain essential to Cold War narratives, they have been critiqued for quite a while now in other areas of studies, such as consumption and material culture, for example in David Crowley and Susan E. Reid, eds., *Pleasures in Socialism. Leisure and Luxury in the Eastern Bloc* (Evanston: Northwestern University Press, 2010); Paulina Bren and Mary Neuburger, eds., *Communism Unwrapped. Consumption in Cold War Eastern Europe* (Oxford: Oxford University Press, 2012); and Karl Gerth, *Unending Capitalism. How Consumerism Negated China's Communist Revolution* (Cambridge: Cambridge University Press, 2020). A similar development is beginning to reappear in studies of labor, see Marsha Siefert, ed., *Labor in State-Socialist Europe, 1945–1989. Contributions to a History of Work* (Budapest: Central European University Press, 2020).

because they were our own? What if they helped us construct our present? What would that say about us?

The problem with these kinds of binaries, which emanate largely from a mythical understanding of capitalism, will become obvious as this history proceeds.[8] The reader will find the traditional roles of East and West by and large reversed.[9] This evidence subverts another tenacious tendency in many of the histories on the Soviet Union, although this one dates back only three decades: Western triumphalism. In fact, what this history records is a certain kind of victory for the socialist bloc. The period covered in this book saw, quite literally, the materialization of an access to capital the Soviet state had been fighting for ever since it signed on to the gold standard back in the 1920s. That doing so came to dismantle a system that had served the Soviets well enough was neither here nor there for them. That we now know that doing away with Bretton Woods as a pegged system of currency exchange corresponded in some ways with the project of avowed neoliberals should give us some pause in how we have categorized our knowledge. At a minimum, it should allow us the space to question the usefulness of triumphal narratives of a Cold War epic in which a tally of winners and losers should not only be mapped at the international level but must also be analyzed as well at the level of domestic geographies, business organization, and the structure of labor.

We have always known that the Soviet Union and its socialist allies were present in the world economy from the 1970s and through the 1980s. They were present in trade with the Global South and capitalist West – a peculiar nomenclature that might more usefully be reversed to read the capitalist South and the global West. They borrowed massively in financial markets – so much so that some socialist countries consequently went bankrupt. And the Soviets especially were present to profit

[8] Problems with binary thinking have been noted often. Two articles from Anna Krylova have systematized thinking on this with reference to the Soviet Union and the master narrative of "decline" and shown the way forward: "Soviet Modernity: Stephen Kotkin and the Bolshevik Predicament," *Contemporary European History* 23:2 (2014): 167–192; and "Imagining Socialism in the Soviet Century," *Social History* 42:3 (2017): 315–341.

[9] It shares in this revisionism a critique of the self-aggrandizing narratives the West tells of itself, and the historical erasures this process creates, as in the Nuremberg trials and the development of human rights, whose complex origins Francine Hirsch has recently explored, documenting a much more productive role for the Soviet Union than the usual East/West binaries have allowed, in *Soviet Judgment at Nuremberg. A New History of the International Military Tribunal After World War II* (Oxford: Oxford University Press, 2020). The unintended consequences Hirsch records find a parallel in the larger story of socioeconomic world-making this book has begun to tell.

from the oil crises of the 1970s.[10] How and why they got there, however, remains fuzzy. The explanation that it must have been a policy innovation of the Brezhnev leadership is the conventional wisdom, even if it has never held much water. The most widespread premise involves the Soviets (and other socialist leaderships) realizing that their system was deeply flawed; in this schema, foreign trade acts as a salve. The idea of the oil crisis postponing the demise of the Soviet system, whose most successful popularizer has been Stephen Kotkin's triumphalist *Armageddon Averted*, becomes an egregious, hindsight version of this interpretation.[11] Another sometimes complementary interpretation involves a kind of moral degradation of communist belief. As discipline deteriorated in all aspects of its society and among Soviet elites, the Soviet Union's autarkic impulse could not be maintained. A more sophisticated version of an explanation for the seemingly sudden irruption of the Soviet Union in international trade was that of scholars working within the world systems paradigm. In this tradition, the Soviet Union's commercial operations were rather unexceptional, and Soviet commercial politics came wrapped in a rhetoric similar to that of capitalist nations, and operated analogously. The reason, they surmised, was that the Soviet Union ultimately operated within a capitalist world system, which compelled the former revolutionaries into adopting a parallel political economy to that of the systemic hegemons. This explanation, at least among some of its exponents, had a domestic corollary reminiscent of Trotsky's interpretive castigation of the fate of the revolution. In order to operate within this world system, the process of capital

[10] Cold Warrior tracks have emphasized this petroleum bounty in terms of politically neutral understanding of money and debt, including Arthur Klinghoffer, *The Soviet Union and International Oil Politics* (New York: Columbia University Press, 1977); Marshall Goldman, *The Enigma of Soviet Petroleum. Half-Full or Half-Empty?* (London: Allen & Unwin, 1980); Vladislav Zubok, *A Failed Empire. The Soviet Union in the Cold War from Stalin to Gorbachev* (Chapel Hill: The University of North Carolina Press, 2007). More detailed analyses have tended to see the oil price instability as fostering a set of crises the Soviets were ill-equipped to handle domestically, as in Thane Gustafson, *Crisis Amid Plenty. The Politics of Soviet Energy under Brezhnev and Gorbachev* (Princeton: Princeton University Press, 1989). Michael de Groot has qualified that the Soviets themselves did not see this as a bonanza, only to arrive at the same triumphalist, deterministic endpoint of a system that failed to move on to the next (natural?) stage of post-Fordist evolution, in "The Soviet Union, CMEA, and the Energy Crisis of the 1970s," *Journal of Cold War Studies* 22:4 (2020): 4–30. A more sophisticated account that interfaces energy with finance and takes price structures seriously is Marvin Jackson, "When Is a Price a Price? The Level and Patterns of Prices in the CMEA," *Soviet and Eastern European Foreign Trade* 22:1 (1986): 100–112.

[11] Stephen Kotkin, *Armageddon Averted. The Soviet Collapse, 1970–2000* (Oxford: Oxford University Press, 2001).

accumulation had been taken over by the state and managed by its apparatchiks.[12]

These approaches explain the economic engagement as a policy innovation of the Brezhnev administration. They require a policy and ideological change, which together with a generalized, systemic paralysis and a dynamic West draws the Soviets – and the socialist world – into debt. Globalization, however, was of a piece with financialization. In analyses of the capitalist system it has been well understood for a while now that you cannot talk of one without the other. In the study of socialism, however, the two are sequentially connected. The usual story is a moralizing one of liberal self-understanding: The need for Western material modernity consequent to the inefficiencies and failures of the socialist system forced irresponsible leaderships of an inevitably dying system to try and buy themselves out of their troubles – whether through Western technology or, rather less empirically grounded, consumer goods. Ideology, which had explained everything before, gives way to a material crutch that ends up in debt and moral bankruptcy, often represented in the decline of previous ideological commitment. What is missing from this materialist narrative, as happens often with stories produced within Cold War tenets, is attention to how global power is produced. The rise of finance in its capture of global profits from industry, the financialization of everyday lives globally, these things are incidental, of no concern in the context of geopolitical maneuvering. They are perhaps especially irrelevant because they are confined to geographies Cold War narratives reserve for the capitalist world, and didn't capitalist societies win? Part of the way these narratives are made to function is by ignoring any precedent before the Brezhnev leadership's presumed decision in the late 1960s to reject an autarky that is said to be deeply ingrained within socialist political economy.[13] But as has become clear from archival documentation – as should always have been clear even without it – this was not a political decision of the late 1960s, but a well-established, ideologically fixed policy going back to the 1920s. The novelty was not

[12] This was generally the view of the approach's founder, Immanuel Wallerstein; for example, see his collection of essays *The Capitalist World-Economy* (Cambridge: Cambridge University Press, 1979). A useful, critical survey of the subject from within world systems theory is Zeev Gorin, "Socialist Societies and World System Theory: A Critical Survey," *Science & Society* 49:3 (1985): 332–366.

[13] The imposition of a Cold War timeline on the economy means that this is often said to be part of a general détente policy with the West, summarized for example in Sara Lorenzini, "Comecon and the South in the Years of Détente: A Study on East-South Economic Relations," *European Review of History: Revue européenne d'histoire* 21:2 (2014): 183–199.

in Soviet policy, but rather in the structural changes globally that made old Soviet ambitions possible.

Since the publication of this book's prehistory, *Red Globalization*, which showed the rapid Soviet involvement in world trade in the 1950s and 1960s as the realization of a long-standing policy choice, explorations in the intellectual history of socialism have recovered a tradition of socialist international free-trade thought that paralleled and allied itself with the liberal discourse on trade, peace, and prosperity. This goes far in recovering the discursive genealogy of the empirical evidence in commercial practices uncovered in *Red Globalization*.[14] In other words, the policy is internal to a logic that had been present from the revolutionary outset, not one that was adopted or consented to because of some external compulsion. And it certainly did not arise from an internally produced analysis of obvious failure, a far-fetched and quite undocumented premise. Embarrassingly for everybody – including myself, as I spent almost a decade reinventing the wheel on the subject – André Gunder Frank had, almost half a century ago, already worked all this out from copious statements on policy, strategy, practice, and ideology that Soviet leaders had been pronouncing since the 1920s. It was also apparent to Gunder Frank from the statistical evidence and common sense that the Cold War and its bards had overthrown, a process that took on a particular zeal from the 1980s.[15]

From the film *Brazil* to analytical categories such as stagnation, the Soviet Union has usually been rendered in the popular imagination as a society caught in a time trap, even as the capitalist West moves confidently forward to the next shiny stage of capitalist development:

[14] Marc-William Palen, "Marx and Manchester: The Evolution of the Socialist Internationalist Free-Trade Tradition, c. 1846–1946," *The International History Review* 43:2 (2021): 381–398. IPE scholars and so-called Cold War revisionists had long ago shown that trade protectionism and autarky were in fact forms of international statecraft associated with capitalist powers, the United States being a leading example. This formed the background for the traditional adoption of free-trade positions among socialists. The Cold War reversal – and continued espousal in academia – of the perception of socialist autarky is all the more astonishing in this light, and contrary to more accurate understandings in the Global South, as recovered in Johanna Bockman, "Socialist Globalization against Capitalist Neocolonialism: The Economic Ideas behind the New International Economic Order," *Humanity* 6:1 (2015): 109–128.

[15] André Gunder Frank, "Long Live Transideological Enterprise! The Socialist Economies in the Capitalist International Division of Labor," *Review (Fernand Braudel Center)* 1:1 (1977): 91–140. It is not coincidental that another thoroughly empirical effort at correcting the myth of autarky as a Soviet ideological project, Michael R. Dohan, "Soviet Foreign Trade in the NEP Economy and Soviet Industrialization Strategy" (PhD dissertation, MIT, 1969), was equally discounted, nor that both works could appear during this late 1960s/1970s window that closed in the 1980s.

post-industrial, postmodern, post-Fordist, flexible, nimble.[16] Environmental historians tend to disagree, noting that the core of socialist economy was in effect a speeding up of time, both vis-à-vis history and in relation to cycles of reproduction and transformation in the natural world it exploited.[17] The idea of socialist torpor is equally difficult to square with the relations of exchange with the West as they emerge from Soviet archival evidence, at least at the moment of transformation in the second half of the 1960s. Here, we will find, it was the Soviet state that was the dynamic element pushing for new forms of interrelations among nations, particularly through the medium of finance and long-term material bonds. The Soviets did not use energy in the materialist key of the conventional narrative Kotkin rehearses. They did not simply want to barter energy for things. What they wanted was not Western stuff to keep the people happy, but rather a new relationship with the West, which is to say, a new relationship with the global production and circulation of capital.

The Soviets were dynamic vis-à-vis Western governments with whom they were forced to cooperate, but their ambition also incorporated them into a built capitalist environment that was live, contentious, structuring, and in flux. The Keynesian project of fettering the global flow of capital had never been meant as a means of instituting some form of socialism on the world, but rather as a means of instituting regulatory structures within which to protect what Keynes (and Karl Marx before him, as well as Joseph Schumpeter more contemporaneously) had considered to be one of capitalism's most progressive forces: capitalist competition. Already during the Bretton Woods era of dollar shortage during its first decade and a half of life, there had been a series of consolidations that produced national oligopolies. If convertibility had always been one of the key objectives of Bretton Woods, the idea was precisely to create the conditions under which international competition would prevent consolidations and keep markets dynamic. Convertibility from 1958 achieved its first purpose well enough. Competition everywhere spurred European

[16] "The collapse of socialism came in part from the massive rupture produced by its collision with capitalism's speedup …. My point, in short, is that the fall of socialism lies not simply in the intersection of two temporal cycles but rather in the collision of two differently constituted temporal orders," argues Katherine Verdery, *What Was Socialism, and What Comes Next?* (Princeton: Princeton University Press, 1996): 36–37.

[17] This is made particularly forcefully and often in Bathsheba Demuth, *Floating Coast. An Environmental History of the Bering Strait* (New York: W. W. Norton, 2019). Kate Brown argues the nuclear explosion at Chernobyl was the outcome of a system of temporal accelerations that characterized Soviet political economy, in *Manual for Survival. A Chernobyl Guide to the Future* (New York: W. W. Norton, 2019).

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business into desperate action. It did not, however, comply with theory in preventing corporate consolidation. Soviet archives tend to corroborate Robert Brenner's stress on looking to international competition, rather than labor power, for the sharp reduction in business profit rates in the second half of the 1960s.[18] This was certainly what Western businesses worried most about in their discussions with the Soviets, a worry the Soviets leaned on gleefully with a performative discourse of market competition they repeated ad nauseam.

But even perhaps more than convertibility, it was another political decision that had thrown European business into that dynamic of competition the Soviets profited from. The 1957 Treaty of Rome that created the European Economic Community (EEC, now the European Union) set in motion a spiral of liberalization that set national firms into competition with one another within an increasingly liberalized European space.[19] Externally, it also made the start of 1970 the deadline after which economic relations between the countries of the Common Market and their Eastern neighbors, up to then carried bilaterally, would be taken over on the Western side by the EEC's European Commission.[20] Soviet officials complained endlessly about the Common Market. They worried that they would, once again, be excluded from competition and be subject to a generalized tariff discrimination. And they folded this worry into a moral discourse of Ricardian fairness. But in fact the Common Market proved to be a boon to the Soviets. As competition intensified in Europe, European businesses in turn intensified their contacts with the Soviet Union and its allies, seeking markets in the socialist world that might forestall the rapid

[18] As Robert Brenner shows, the zenith of labor power had occurred two decades earlier. He shows that labor organization had not been particularly effective in increasing wages toward the end of the 1960s, unlike in earlier postwar periods. However, competition for international markets from Germany and Japan had suddenly erupted from 1965, leading to a swift a decline in profits. His carefully crafted argument is directed in particular against a stubborn, politically conservative understanding of labor unions as the reason for the rise in inflation in the 1970s and the end of the postwar miracle growth. Robert Brenner, *The Economics of Global Turbulence. The Advanced Capitalist Economies from Long Boom to Long Downturn, 1945–2005* (New York: Verso, 2006).

[19] This book coincides with observations in Neil Fligstein and Alec Stone Sweet, "Institutionalizing the Treaty of Rome," in Alec Stone Sweet, Wayne Sandholtz, and Neil Fligstein, eds., *The Institutionalization of Europe* (Oxford: Oxford University Press, 2001), that the institutionalization of supranational market frameworks was driven by corporate winners against the sometimes-successful resistance of those who stood to lose from further market integration. In this ecology of corporate lobbying, the Soviet Union clearly stood for market integration and against continued market segmentation.

[20] Suvi Kansikas, *Socialist Countries Face the European Community. Soviet-Bloc Controversies over East-West Trade* (Frankfurt: Peter Lang, 2014): 68–70. Kansikas' study is best for looking at socialist bloc deliberations on its relationship with the Common Market and the European Commission that was tasked with running it out of Brussels.

decline in their rate of profit. A world without global markets, the world without global money of the dollar shortage era during the first fifteen postwar years, was a world in which the US government had fewer pressure points to press in order to exclude the socialist bloc. The Soviets understood that a proliferation of interests would enhance their negotiating reach and their ability to transact. They did not simply meet trading deals as they came. They conducted a politics of diversification and market-making that allowed them greater purchase in the world the US dollar finally began to organize in the 1960s.

But what does it mean to say that the US dollar organized global relations? How did this come about? What, ultimately, was this Bretton Woods system the Soviets triumphed over?

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Bretton Woods was a failure built on failure and power. That it prevailed was not foreordained; rather it speaks to the sheer authority the United States was able to develop over the first decade and a half of the postwar period. Authority often has two mothers, compulsion and attraction; how these descend on the people that effect this authority is the stuff of justice and history. The development of authority has also a dialectic quality that is difficult to portray in historical narrative, but that certainly does not comport to the kind of simple rationality that, say, economics often models. Its boundaries are often sustained through violence, but it develops more readily in the everyday practices to which people and institutions dedicate most of their daily hours. Authority is developed as much in the policing of social behaviors or the physical and discursive violence visited on female ambition, as it is in the everyday transaction of a sovereign money or the material provision of differentiated social status. Authority cannot be decreed, but rather is cobbled up in the exercise of power and the infrastructures it builds or borrows in the course of that exercise. This, at least, is what the participants of that fateful conference of July 1944 at the Mount Washington Hotel in Bretton Woods, New Hampshire learned soon after approving the most thoroughgoing redesign of international relations in history.

The conference was meant to resolve the dysfunctions of the 1930s, above all the ability of governments to do what they at length did. During the 1930s, after nations had been cut off from one another in the generalized autarky, states everywhere brought themselves into the direct governance of the economic life of their citizens. Transnational governance, especially that of banks, was to become international governance, institutionalized in such a way so as to make sure that national governments

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maintained political control over the fiscal and financial levers that they needed to manage a new conceptual object: the economy.[21] But the Bretton Woods conference was also not some moment of creation *ex nihilo*. Rather it was the culmination of a series of attempts over the previous decade or so to arrive at the institutionalization of international economic coordination, the absence of which, Barry Eichengreen has most insistently argued, was at the root of the problems of the 1930s.[22] Less remarked upon is the fact that the most important settlement that laid the groundwork for the system that made Bretton Woods possible was not in the realm of finance, but rather in the realm of energy.

In an important rethinking of the imbrication of energy and Fordist society, economic geographer Matt Huber has described the foundational function of oil to the social settlements that were necessary for the stability and spread of Fordism during the Bretton Woods era.[23] He shows, importantly, that Fordist production was not inherently capable of the stability and growth it demonstrated in the post–World War II era. Corporate and other business-led forms of organization embodied in the construction of John D. Rockefeller's Standard Oil Trust and the international coordination of oil majors arranged in the Achnacarry Agreement of 1928 were developed to try to deal with the inherent problem of overproduction in the oil market. Oil companies were less

[21] On the distinction between transnational and international foreign relations, especially as related to banking, see Marcello de Cecco, "Financial Relations: Between Internationalism and Transnationalism," in Roger Morgan, Jochen Lorentzen, Anna Leander, and Stefano Guizzini, *New Diplomacy in the Post–Cold War World* (New York: St. Martin's Press, 1993). De Cecco argued, interestingly, that our usual periodizations, while meaningful, are not hard watersheds, but rather trending processes that become crystalized at particular junctures. The internationalization of transnational banking was already apparent at the turn of the century before its culmination in the 1930s, and likewise the transnationalization of financial governance was already taking root in the 1950s, before becoming such a decisive feature of international life in the 1980s. On the invention of the economy as an object of state governance see Timothy Mitchell, "Fixing the Economy," *Cultural Studies* 12:1 (1998): 82–101, and his many refinements over subsequent writings, notably "Rethinking Economy," *Geoforum* 39:3 (2008): 1116–1121. For how the new methods of accounting developed by Keynesian macroeconomists that Mitchell follows were deployed as aid, development advice, and in the discovery of inequality and the development of the abstract order of nations see Daniel Speich, "The Use of Global Abstractions: National Income Accounting in the Period of Imperial Decline," *Journal of Global History* 6:1 (2011): 7–28. The theoretical framework of both authors, which describes the creation of the epistemic regimes of political economy, owes much to the oeuvre of Bruno Latour.

[22] In conversation with Kindleberger's argument of hegemonic stability theory. On the conceptual and practical groundwork leading to the conference see Eric Helleiner, *Forgotten Foundations of Bretton Woods. International Development and the Making of the Postwar Order* (Ithaca: Cornell University Press, 2014).

[23] Matt Huber, "Fueling Capitalism: Oil, the Regulation Approach, and the Ecology of Capital," *Economic Geography* 89:2 (2013): 171–194.

interested in producing oil than in producing scarcity, in other words. Yet they failed to maintain price stability during the Great Depression, or incorporate into the system a growing number of independent producers that threatened to keep the oil market in disarray throughout the 1930s. As a consequence, from 1935 a series of regulatory bodies were instituted throughout the oil-producing geographies of the United States and at the federal level, the most famous and powerful of which was the Texas Railroad Commission. The regulation of the oil industry, along with its price, allowed a stability upon which Fordist production and its corollary, mass consumption, was organized. The consequence was the construction of a particular civilization characterized by levels of energy consumption that did not just imbue production with miraculous productivity gains, but penetrated the non-working lives of every American with the development of vehicles, roads, plastics, individual housing, and other forms of energy consumption based on the advent of novel, energy-intensive spatial rearrangements.[24] As with many areas involved in the regulation of capitalism, that settlement did not happen without a degree of structural violence against oil and gas producers deemed to be "in a state of insurrection against the conservation laws of the state." To control production, martial law had to be enforced with armed troops in Texas and Oklahoma in 1931 as part of the institutionalization of the new energy dispensation.[25] Market construction has always depended as much on design as on a level of structural violence, that is, on the institution of a relation of power.

Although Huber stops at the national borders of the United States, this book serves in part as a continuation of that story. As with other New Deal settlements, this one too was replicated abroad. The vehicle for this extension was the Marshall Plan, which was designed to do more than simply remedy the shortcomings of Bretton Woods designs. The Marshall Plan is usually thought of as eclectic in the infrastructure it financed. In fact oil from American companies was the single largest expense the plan financed – 10 percent of the total.[26] Besides this explicit subsidy to the oil majors, much of the rest concerned the infrastructure necessary for the production and consumption of petroleum energy: oil refineries, aircraft, roads, petrochemical plants, tractors, and vehicles of all sorts – which Europeans at times resisted in favor of trains, a technology that at

[24] Huber folds these elements into what Marxists call "wage relations," usefully incorporating what might be conceived as an energy wage into the postwar Fordist trend that leveled inequality.

[25] Matthew T. Huber, "Enforcing Scarcity: Oil, Violence, and the Making of the Market," *Annals of the Association of American Geographers*, 101:4 (2011): 816–826.

[26] David S. Painter, "The Marshall Plan and Oil," *Cold War* 9:2 (2009): 160.

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least France would famously link to atomic energy. If this book insists on imbricating energy and finance as entangled elements in the sociopolitical restructurings of the twentieth century, it is because we do a certain measure of historical violence when we dissociate one from the other. Just as the reorganization of energy relations was crucial to the establishment of a particular social organization during the Bretton Woods era, its disordering would play an equally central role in the general disassembly of the Bretton Woods era and the rise of financialization.

Unlike the institutions regulating energy, however, the institutions the Bretton Woods conference decreed into existence became a well-rehearsed catalog of failed institutionalization. The International Monetary Fund (IMF) was created to institutionalize consensual changes to the exchange value of international currencies, a collective endeavor meant to forestall the competitive devaluations of the 1930s. But upon its creation, the IMF found its primary mission voided by a lack of currency convertibility. There were no currencies exchanging one for the other.[27] This void lasted for a decade and a half. The World Bank (formally the International Bank for Reconstruction and Development, IBRD) was formed to generate development loans for countries and projects that, while economically important, might not attract the attention of profit-seeking commercial banking. But this mission too saw itself superseded by the development of the Marshall Plan and the Organisation for European Economic Co-operation (OEEC, later the OECD), which took over the responsibility for the reconstruction of Europe. Meanwhile development aid remained a stubbornly national affair; in effect many former state offices engaged in the administration of overseas empire seemed to simply change the sign at the door and become development aid outfits.[28] The third pillar of Bretton Woods, the International Trade Organization (ITO), failed to form altogether, after the US Congress refused to ratify it. The organization that supplanted it, the General Agreement for Tariffs and Trade did not move the needle on trade liberalization until the Kennedy Round of the mid-1960s, well after other transnational institutions, notably the OECC and its spiritual descendant, the EEC, moved

[27] Relatedly, its other major prerogative was to extend short-term loans to countries having temporary problems in their balance of payments, a rare problem in a world that remained relatively autarkic for the first decade and a half, and where most trade was strictly balanced anyway.

[28] See Frederic Cooper, "Writing the History of Development," *Journal of Modern European History* 8:1 (2010): 5–23; and in the same volume Joseph M. Hodge, "British Colonial Expertise, Post-Colonial Careering and the Early History of International Development," *Journal of Modern European History* 8:1 (2010): 24–46. See also Véronique Dimier, *The Invention of a European Development Aid Bureaucracy. Recycling Empire* (Basingstoke: Palgrave Macmillan, 2014).

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it first on a regional basis. All these institutions rose to prominence as vectors of power enacting the mobilization, protection, and globalization of capital only in the 1980s, after the failure of Bretton Woods – the auspice under which they were created – was complete.

It is a strange historiographical quirk that we regularly begin to tell the story of Bretton Woods by enumerating a set of institutions that took four decades to become prominent and did so only under dramatically changed circumstances and with a very different set of practical politics than those originally envisioned. And yet the Bretton Woods system persevered amid this institutional ruin. It did more than persevere; it successfully organized international economic life, if only for a while. It did so not because it was built on far-sighted economic rationality, but because it was built on the power and the authority of the United States. That authority was vested in its capacity to create a debt-making mechanism that, over time, came to create a system of international obligations and political settlements. To be part of the international community meant obliging to the US dollar's system of compulsions and attractions. How these descended on the nation-states is the stuff of history, certainly this one. Two remaining institutions are important here: the fixed exchange rate of the US dollar to gold at $35 an ounce, which lent the system a patina of gold standard credibility, and especially a system of trade and financial controls that governments could exercise in order to regulate flows of money and goods coming in and out of the country. What this meant was that governments were not beholden to the whims of international finance; governments were not made to change their politics of taxing and spending in order to pay off international investors. They remained free to cater to domestic relations of power, however they were configured.

What transpired in the aftermath of the conference was a series of stop gap measures and creative solutions that did not run through any of the institutions of the Bretton Woods system, but did comport to the spirit of the thing. The first provision in the articles of agreement of its centerpiece, the IMF, tells the tale: "To promote international monetary cooperation through a permanent institution which provides the machinery for consultation and collaboration on international monetary problems." Above all, the Bretton Woods conference substantiated a culture of summits and institutionalized cooperation that began in the 1930s and only gathered force as time wore on. Soon after the conference, a dollar shortage descended on the world. This represented the very real problem European countries had in clawing dollars out of the United States through sales of products American consumers might want to buy. These problems crystallized when the US forced Great Britain to open its capital accounts in 1947 only to see remaining British financial reserves converted into US dollars in a stampede of investors anxious over the British future.[29] The United States quickly consensualized a series of ameliorative measures, most notably the Marshall Plan, which put US dollars in European hands and jumpstarted a modicum of transatlantic trade.[30] This was supplemented by arrangements like the European Payments Union that allowed for more organized and intensified barter among Western European countries, and hence savings in scarce US dollar reserves.[31] And still, the success of these improvisations may well have rested on the sharp devaluation of European currencies in September 1949 that finally rendered manageable the vast trade and current account imbalances opened up by World War II.[32]

Although the Soviet Union was largely ostracized from these initiatives, technological advancements in Europe and large military expenditures by the United States began to unlock dollars and put them in the service of international circulation by the end of the 1950s. For the Soviet Union the stability the United States proffered in Europe meant a more intensified relationship with commercial partners that can be described as lightly financialized barter. That is, trading lists would be negotiated in roughly equal value, and the goods in those lists would be traded through small, short-term loans of just enough time and capital to cover transit. In addition to continuing and expanding trade in dollars with the Soviet Union, by the late 1950s and early 1960s Western European countries along with Japan were offering the Soviets slightly longer-term loans to

29 This was the final piece in an eighteen-month attempt to restore convertibility to the British pound and create a much more liberal financial order than the kind of "embedded liberalism" that ultimately obtained. It was led by bankers and their allies in government who had opposed the Bretton Woods agreements and had found themselves suddenly in a position of influence after President Roosevelt's death and Harry S. Truman's ascension to the presidency, which also had the complementary effect of isolating key architects of the Bretton Woods edifice, Harry Dexter White and Henry Morgenthau. Eric Helleiner, *States and the Reemergence of Global Finance. From Bretton Woods to the 1990s* (Ithaca: Cornell University Press, 1994): 52–58.

30 Not because European economies were poor and sluggish, as a reading of US Secretary of State's George Marshall's speech might suggest, but because they had been growing and importing, and further growth was being sharply constrained by a lack of US dollars, as shown in Alan S. Milward, *The Reconstruction of Western Europe, 1945–51* (Berkeley: University of California Press, 1984). For the Plan not as an instrument of economic recovery, but of sociopolitical change in Europe see also William I. Hitchkock, *The Struggle for Europe. The Turbulent History of a Divided Continent, 1945–present* (New York: Doubleday, 2003): 134–141.

31 Recently and comprehensively covered in Adrien Faudot, "The European Payments Union (1950–58): The Post-War Episode of Keynes' Clearing Union," *Review of Political Economy* 32:3 (2020): 371–389, in which he notes that City financiers in London lobbied energetically for an end to the EPU and the restoration of convertibility.

32 Marcello de Cecco, "Origins of the Post-War Payments System," *Cambridge Journal of Economics* 3:1 (1979): 49–61.

finance targeted exchanges of industrial technology for Soviet resources like timber, coal, and limited amounts of oil. The origins of the compensation trade the Soviets insisted on in the 1970s lie in these forms of financialized barter.[33]

This, then, was the Bretton Woods context within which Soviet relations with the world began to develop. By the middle of the 1960s, a series of gas-for-pipe contracts, most notably with Italy and Germany, exponentially expanded these kinds of exchanges. The pipes at first went toward the construction of an energy system that linked Eastern Europe to Soviet oil and gas fields – a pipeline web constructed with pipes produced in the Soviet Union, Czechoslovakia, East Germany, and Western European countries. European states, meanwhile, had been in the process of transforming their energy regimes from coal power toward oil and gas. A new energy system thus began to be constructed in Europe that invited for the first time an important and escalating measure of Soviet commercial participation. As European states moved away from coal, they formed a cooperative arrangement with a socially repressive Soviet state that allowed the latter to negotiate ever better terms of finance from Europe and Japan.[34] Barter had created an energy system within the Soviet Union's sphere in East-Central Europe, and the steady prolongation in the credit terms the Soviets received culminated in the gas-for-pipe deals that began to be signed in 1968 and saw Soviet gas warming Western European houses and powering European production from 1968, first in Austria and then Germany, France, and Italy.[35]

But this sketch of commercial and financial history as it developed in the postwar period is a somewhat orphaned story. It cannot be understood without the changes in the energy regime that occurred simultaneously and in relationship with it. This is the dimension of global capitalism that will be at the center of the history this book will recount. Let's retake the story of the Soviets as they finally, perhaps even unexpectedly, opened the door into a new energy, financial, and moral order, by the early 1970s. Leading this new order, as before but changed, was the deracinated US dollar, that is, the

[33] Compensation trade is a form of countertrade in which the investor does not acquire a stake in the object of investment but is instead paid back in the form of the production from that object, for example, from the production of the factory the investor provided resources to construct, or, more immediately to our purposes, in the form of gas provided by the pipelines the investor financed.

[34] For more detail, see Oscar Sanchez-Sibony, *Red Globalization. The Political Economy of the Soviet Cold War from Stalin to Khrushchev* (Cambridge: Cambridge University Press, 2014): chapters 4 and 6.

[35] As thoroughly documented in the excellent Per Högselius, *Red Gas. Russia and the Origins of European Energy Dependence* (Basingstoke: Palgrave Macmillan, 2013).

Eurodollar.[36] In the pursuit of growth that had become in the postwar a bedrock of Soviet social governance, the Soviet state had long pursued technologies of production and societal regulation from countries in the West that were at the cutting edge.[37] Diplomatic approaches to governing material exchange in a compartmentalized world, especially the negotiated trade lists and long-term agreements that had come into being in the 1930s and been the basis of foreign economic policy, had made Soviet trade one of the fastest growing in the world during the era of the Bretton Woods regime. But an unexpected energy regime change in the West that shifted consumption from coal to oil – at a rate that never failed to confound predictions – changed the way capital accumulated and was managed. Among other advantages from states' perspective, the less labor-intensive, more technical extraction of oil and gas circumvented the social conflict that had historically been incited by strong, well-networked miner communities and the crippling industrial sabotage they often led: what we know as the general strike.[38] On the one hand, oil-powered capital – capital being a social category whose productivity depended on the application of energy to labor – began to discern a way of shaking free from the demands of labor on its governance.[39] Unlike coal, oil and gas are concentrated forms of energy whose materiality encourages the construction of systems that require little labor for energy production and distribution. The forms of sabotage that labor-intensive coal production had allowed in the rate of capital accumulation were circumvented by oil and gas; the politics governments could thus apply around these systems of energy administration had the social effect of concentrating formerly decentralized – and more democratic – decision-making while more effectively answering to the energy needs of their citizens.

36 This refers to dollars usually held in European banks that were not subject to the regulatory controls of the United States. They could thus be lent without state control, usually at a higher interest rate. This was partly because it was not subsidized, as many kinds of export and import credits were, and partly because Eurodollars were both unregulated and without a backstop until the early 1970s, which is to say without an entity that might step in to save the market if it were to fail, for example through the provision of liquidity.

37 The role of growth as Cold War governance of international trade is documented in Sanchez-Sibony, "Economic Growth in the Governance of the Cold War Divide." For Japan, see Scott O'Bryan, *The Growth Idea. Purpose and Prosperity in Postwar Japan* (Honolulu: University of Hawai'i Press, 2009). The classic statement on this for the United States is Charles Maier, "The Politics of Productivity: Foundations of American International Economic Policy after World War II," *International Organization* 31:4 (1977): 607–633.

38 Timothy Mitchell, *Carbon Democracy. Political Power in the Age of Oil* (New York: Verso, 2011): 18–31.

39 Paolo Malanima, "The Limiting Factor: Energy, Growth and Divergence, 1820–1913," *The Economic History Review* 73:2 (2020): 486–512.

This supercharged governance of energy provision worked better without the input of social constituencies. While animating less democratic forms of decision-making in the West, geological serendipity meant that European states found a ready partnership in a country that, Cold War discourse notwithstanding, was especially interested in using what mechanisms for global material exchange it could leverage to continue the economic growthism it had made such a fundamental part of its social governance. Leverage that could formerly be expended by Western social constituencies now accrued to parties that thrived in the undemocratic management of capital accumulation. Timothy Mitchell has pointed to this new energy regime as the first instance of outsourcing that eventually deindustrialized the West over the next few decades. The beneficiaries of this energy outsourcing were imperial or otherwise authoritarian polities well beyond the reach of European labor movements.[40] Mitchell had in mind Saudi Arabia, Iran, and other such autocratic Middle Eastern regimes under Western imperial sway; to these we must append the Soviet Union, more economically variegated, but similarly repressive of labor power.[41] New alliances were forged, and a new architecture for global material exchange began to materialize around the agency of these newly empowered historical actors.[42] The Soviets wanted at long last to command a global purchase that US hegemonic dominion over Cold War politics had long denied them. Decolonization from the mid-1950s had been one vector through which the Soviets had managed a measure of purchase in the world. This is partly why throughout the Global South the Soviets promoted the economic independence of countries newly liberated from imperial control that in turn, and not coincidentally, gave the Soviets an equal measure of independence from Western pressure. The other vector had been a rebalancing of accumulated capital globally, or what economists saw as successful catch-up strategies, which had the effect of breaking US-orchestrated Western discipline toward the socialist East.[43] The new energy systems now

[40] Mitchell's *Carbon Democracy* follows the theory of sabotage in Thorstein Veblen, *The Engineers and the Price System* (New York: B. W. Huebsch, 1921).

[41] For Saudi Arabia's repression of labor in their oil industry see Robert Vitalis, *America's Kingdom. Mythmaking on the Saudi Oil Frontier* (Stanford: Stanford University Press, 2007).

[42] Importantly, these have included powerful oil conglomerates in the West that have been so instrumental in propagating neoliberal ideas. Mitchell, *Carbon Democracy*, chapter 7. Mitchell's thesis finds support in Jane Mayer, *Dark Money. The Hidden History of the Billionaires Behind the Rise of the Radical Right* (New York: Doubleday, 2016).

[43] Barry Eichengreen, *The European Economy since 1945. Coordinated Capitalism and Beyond* (Princeton: Princeton University Press, 2007). Materially speaking, rebalancing refers to the flow of gold from the United States to Europe that served as the nominal basis for currency exchange under Bretton Woods from the immediate postwar period, when the United States held two-thirds of gold reserves, to the end of the 1950s, when the weight had

potentially available were the materialization of this politics of indiscipline.[44] In yet another instance of the paradoxes of the commercial and financial structures constructed under Bretton Woods, the Soviets used this development to command US dollars, acquiescing to a hierarchy of global value based on a currency they had no control over, one that was politically managed according to the interests of its most implacable enemy. This is not to invoke the United States generally, but rather the US state. For the fact was that acquiescing to the US dollar, the main technology of a global order managed by the United States and one of that order's two main pillars along with the military, was made easier by the fact that at the very moment the Soviets were finding greater purchase in that order, the management of the US dollar was decentralizing, and it was doing so precisely in order to create a new mode of governance that allowed the Soviet state a voice almost to the same extent as it was increasingly negating that of European citizens. The concentration oil and gas brought to political decision-making had the sociopolitical effect of bringing a reduced set of actors to the fore in the political decisions made over how capital would be accumulated and deployed in the continent. To bring this effect about, the Soviets demanded a breach to the prudential measures the US and the UK had put in place in Bretton Woods, which had until then allowed newly legitimized technocratic states everywhere greater control over categories such as employment and inflation through which they came to see some of its fundamental governing principles. The vehicle through which the Soviets finally broke through the financial dikes of Bretton Woods was the energy infrastructure it began to negotiate in 1965 with a country, Italy, that was looking for its own breakthroughs in the largely Anglo-American management of the global energy regime. The durability and economic capacity of the infrastructural bond the Soviets began with the construction of a gas pipe in the West itself necessitated an infrastructural rearrangement for the deployment of capital, and a reorganization of the East–West relationship's

fallen to one-half. This simply reflected the underlying socioeconomic fact that Europeans and Japanese were catching up to Americans in productivity, and their respective businesses were catching up to US business technologically. Barry Eichengreen has also laid this out concisely and lucidly in *Globalizing Capital. A History of the International Monetary System* (Princeton: Princeton University Press, 2008).

44 In Rüdiger Graf, *Oil and Sovereignty. Petro-Knowledge and Energy Policy in the United States and Western Europe in the 1970s* (New York: Berghahn Books, 2018) the author has noted the difficulties of Western cooperation and unity in the face of the energy crisis, in which Western states each followed their respective interest rather than organize a common policy. The focus there is on relations with Middle Eastern oil producers, but a similar dynamic can be discerned, perhaps even earlier, with respect to Soviet energy. The book will show the importance of the Soviets and finance in organizing a measure of European coherence that Europe's political leaderships might not otherwise have achieved.

temporal order so as to make it more consonant with the logic of capital accumulation required by that infrastructural construction. The consequence of all these restructurings was the reemergence of finance, patronized and fortified by important allies like the Soviet Union, as the control center for global capital allocation, a position that would slowly render financiers with ever greater political control over both the allocation of capital, the mechanisms and technologies through which it would be accumulated, and ultimately the logics and values through which that accumulation would take place.

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The periodization of the end of Bretton Woods more or less depends on what one thinks was its core as an institution. Understandings of Bretton Woods that highlight its ultimate foundation on gold will take 1971 to be the defining year in which President Richard Nixon, under pressure from domestic constituents and truculent countries like France, delinked the value of the US Dollar to gold. The epilogue to this story occurs in 1973, with the end of the patchwork Smithsonian agreements and the beginning of floating exchange rates among the main currencies. This diagnostic analysis highlights the French critique of American financial power, America's "exorbitant privilege."[45] It elevates the Triffin dilemma as well, essentially making of Bretton Woods a Greek tragedy, a death foretold. In this reading, the most widespread among scholars of international political economy (IPE) and economic historians, the contradictory design of Bretton Woods identified by Belgian economist Robert Triffin in 1959 meant that while American gold reserves underpinning the US dollar were necessarily limited, the expansion of international trade demanded ever more dollars in global circulation. Gold had a physical limit, but global trade (and the dollars it needed) could expand forever. In time, as dollars in circulation outstripped the value of the gold in US reserves backing them, the credibility of the US dollar's gold link was inevitably undermined, ushering the US and the world into global currency

[45] This refers to the phrase of then Finance Minister Valery Giscard D'Estaing used to refer to the many benefits the US enjoyed as a consequence of the fact that its currency was the global reserve currency. Seigniorage, persistent deficits, and lower interest rates are some of these privileges, but the one the French most resented was the extent to which, within a Bretton Woods framework, American deficits meant dollars were sent abroad for the surplus countries to absorb by printing their own currency to maintain the dollar peg. The central banks of the surplus countries ended up with reserves of dollars they had to keep (sterilize), but in doing so they expanded the money supply of their own country. The accusation was that American profligate spending created deficits and inflationary pressures the US could effectively export abroad.

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system based on fiat. Scholars such as Barry Eichengreen and Jeffry Frieden have made of this contradiction a central arena of the international and domestic political struggle that played out at the end of the 1960s and beginning of the 1970s.[46] Fed up with its exorbitant privilege, America's political allies decided that enough was enough, that they would no longer accept the hegemon's international politics of inflation. In the face of this political defiance born of a structural flaw, President Nixon decided to pursue domestic priorities over the duties of international hegemony. The collapse of Bretton Woods was a failure of coordination similar to the collapse in the 1930s of the gold standard: history repeating.

Other scholars have elevated a different element of Bretton Woods as its most significant: not the gold-dollar nexus, but the regime's limits on international capital circulation.[47] These emphases are obviously not incompatible, but they shift the story and its protagonists in meaningful ways, enough to bear on issues of historical agency and the political lessons one draws from that history. Maybe the design was flawed from the beginning and the problem was compounded by excessive spending from the US government, a view shared by a wide range of observers from centrist and slightly left-of-center liberals to conservatives to neoliberals. But there are some problematic foundations to these ideas. For one, they are based on a monetarist understanding of inflation and money that was untenable well before the 2008 crisis made it absurd – featuring as the crisis did very low inflation despite the immense expansion of money supply everywhere. Inflation is a sociopolitical phenomenon, not a mechanical equation arising from profligate states and their money-printing propensities. There is also, in this rendering, an absence of power, a social absence. The narrative is amenable to analyses that give agency to great men and the ideas they might have toiled under – a subject cherished by certain academic traditions.[48] Power, the struggle for it and the backlash against it, is assumed and absent, together with the society that power begets at a domestic and international level. In its stead, this emphasis has made extensive use of another power paradigm, one that more or less gave

[46] Jeffry A. Frieden *Global Capitalism. Its Fall and Rise in the Twentieth Century* (New York: W. W. Norton & Company, 2006); Barry Eichengreen, *Exorbitant Privilege. The Rise and Fall of the Dollar and the Future of the International Monetary System* (Oxford: Oxford University Press, 2010).

[47] For example, Helleiner, *States and the Reemergence of Global Finance*, which makes capital controls central to both the purpose of Bretton Woods and the engine of its collapse.

[48] Broadly speaking, I mean the Cold War narrative tradition of Great Man history. While this tradition usually ignores political economy, some histories of economic policy occasionally complement Cold War paradigms, for example, Daniel Sargent, *A Superpower Transformed. The Remaking of American Foreign Relations in the 1970s* (New York: Oxford University Press, 2015).

birth to IPE as a discipline: hegemonic stability theory. According to this framework, Nixon's decision to delink the dollar from gold was an outcome of the hegemonic decline this theory prognosticated.[49] The theory did not age well. And neither did the predictions on the post–Bretton Woods fate of the US dollar, which, if anything, continued gaining authority and reach. It was no coincidence that the theory had been developed in the turbulent 1970s. It did not so much predict hegemonic decline for the United States as it was built from the assumption of that decline. What occurred subsequently was more complex, and what ultimately limited the theory was its main analytical category: the nation-state.

Reassessing the core of Bretton Woods as a regime for the control and management of the global circulation of capital recovers an important historical axiom to our understanding of the Bretton Woods system: It reminds us that the control of capital, or the "euthanasia of the rentier" as Keynes put it, was always central to the architects of the regime, very much including Keynes.[50] This book follows this understanding of Bretton Woods because the evidence points to capital controls as the main dragon the Soviets strove to slay. The story told here seeks to widen the field of power beyond the offices of Western political leaders in Paris, Bonn, London, and Washington DC. It does this not only to incorporate political centers around the world that defied that power – not least Moscow – but also to

[49] The theory was developed to explain the interwar time of troubles as the result of the absence of a hegemon, in Charles P. Kindleberger, *The World in Depression, 1929–1939* (Berkeley: University of California Press, 1973). The term was coined in Robert Keohane in "The Theory of Hegemonic Stability and Changes in International Economic Regimes, 1967–1977," in Ole R. Holsti, Randolph M. Siverson, and Alexander L. George, eds., *Change in the International System* (Boulder: Westview Press, 1980) and became the basis of subsequent IPE analysis by some of its leading exponents, for example Keohane, Robert O. Keohane, *After Hegemony. Cooperation and Discord in the World Political Economy* (Princeton: Princeton University Press, 1984), and the textbook codification in Robert Gilpin, *The Political Economy of International Relations* (Princeton: Princeton University Press, 1987).

[50] As argued in Matías Vernengo, "The Consolidation of Dollar Hegemony after the Collapse of Bretton Woods: Bringing Power Back in," *Review of Political Economy* 33:4 (2021): 529–551. See also James Crotty, *Keynes against Capitalism. His Economic Case for Liberal Socialism* (London: Routledge, 2019) and Harold James, "The Multiple Contexts of Bretton Woods," *Past & Present* 210 (2011): 290–308. Lilia Costabile follows a different Keynesian critique to the same end, this one from the 1920s, that the interwar financial system was already a dollar standard, a fact that remained constant for a century, and that highlights capital controls as the main variable, in "Continuity and Change in the International Monetary System: Dollar Standard and Capital Mobility," *Review of Political Economy* 34:3(2022): 585–597. Finally, for an interpretation that emphasizes the Keynesian notion of liquidity preference as a principal engine of this (and other eras') transformation, thus linking the domestic with the international much more securely than standard narratives, see Jonathan Levy, *Ages of American Capitalism. A History of the United States* (New York: Random House, 2021).

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disaggregate national categories into its contending components. While Western-centric historical narratives track political leaderships and national economies in a geopolitical tussle, a view from Moscow highlights a different set of relations and scales: Rather than national economies, it follows sectoral political economy – steel corporations, banks, energy conglomerates – and rather than geopolitical struggle it underscores transnational alliances. Furthermore, the project to do away with capital controls went far beyond some ideological battle between Keynesians and Neoliberals.[51] More immediately, it concerned those who most stood to benefit from the emancipation of global money: those who could produce it, and those who could use it. Or to historicize it more precisely, those who stood to become producers and users of money only under a new system of capital circulation (bankers and the capital poor), whether because Bretton Woods marginalized them, or in the case of Keynes's rentiers, euthanized them.

The story of Bretton Woods has been, historiographically speaking, a Western story. The story tells of how the Great Depression, and more importantly the escape from it in the 1930s, brought about a reappraisal of international organization.[52] Commercial and financial dikes were put in place after the war to make compatible the realms of international exchange and the newly ascendant politics of domestic economic management. These domestic technocratic policies were geared toward the achievement of maximum growth and full employment, as well as the generation of a grand social bargain that presumably brought labor into negotiations over industrial management, states into global cooperation, and peace to the social and international disputes of the 1930s. And it brought about John Maynard Keynes' long-standing call for "the euthanasia of the rentier."[53] Through governmental techniques of capital

[51] Philip Mirowski finds a measure of neoliberal intellectual hegemony precisely in these binary contrasts, in "Polanyi vs Hayek?" *Globalizations* 15:7 (2018): 894–910. Timothy Mitchell also argued against binary thinking, with special reference to concepts of the material/immaterial in "Metaphors of Power," *Theory and Society* 19:5 (1990): 545–577.

[52] The Bretton Woods regime has been most thoroughly examined in the field of IPE, which has largely emphasized the Anglo-American nexus, starting with as far back as Richard N. Gardner, *Sterling-Dollar Diplomacy. Anglo-American Collaboration in the Reconstruction of Multilateral Trade* (Oxford: Clarendon Press, 1956). The conference's fifty-year anniversary volume, gathering leading IPE scholars and Keynesian international economists continued this tradition, Peter B. Kenen, ed., *Managing the World Economy. Fifty Years after Bretton Woods* (Washington DC: Institute for International Economics, 1994). And the major IPE textbook, Frieden, *Global Capitalism*, maintains that broad exclusion, separating the Global South into its own, self-contained chapter. Historians have followed suit, for example, Sargent, *A Superpower Transformed*.

[53] From the perspective of the 1970s, Marcello de Cecco assessed even this attempt of Keynes as a failure, as the New York banking community defeated the attempt to ban short-term international lending, which became the loophole that in time and through constant pressure

controls and licensing systems for imports and exports, a renovated, coordinated global capitalism with the national economy as its basic political unit was set to manage economic policies freed from the pressures of international finance and responsive instead to national constituents. The results of these massive reorganizations seemed to surpass all expectations, ushering almost three decades of economic growth in the industrialized world unparalleled in its history. Bretton Woods was accorded the main credit for the various economic miracles around Europe and Japan and came to constitute a normative baseline for the (positive) valorization of Western capitalism as an economic system.[54] Bretton Woods' pull on today's political imaginary remains strong and explains the periodic calls for a Bretton Woods–like sociopolitical settlement every time economic crisis stalks the globe.[55]

Since the 1990s, the critique of Western centrism has successfully been overpowering earlier historiographical traditions in the many fields of the historical profession, instituting a new common sense on the diversified drivers and proper protagonists of history. The story of Bretton Woods, however, continues to resist this general trend.[56] The resistance may have to do with the subject matter; cultural approaches have often proved rather diffident in contesting the prerogative of those fields – especially economics – that claim the study of the material, the very subject against

became the tear in the fabric that grew into a hole (one example being the Eurodollar) and at length rent it apart. In Marcello de Cecco, "International Financial Markets and US Domestic Policy since 1945," *International Affairs* 52:3 (1976): 381–399. The euthanasia was not as thoroughgoing as advertised, although this book will follow a different genealogy than de Cecco did toward that rending of the Keynesian fabric.

54 This normative baseline was particularly true of economists, and constituted the main target of criticism in Thomas Piketty, *Capital in the 21st Century* (Cambridge: Harvard University Press, 2014). It is worth noting that, since then, and under very different contexts of international political economy, other countries have managed the same feat, most notably China and India, further undermining the idea that the Bretton Woods order was the sine qua non of this miracle growth.

55 This point is Adam Tooze's, "Everything You Know About Global Order Is Wrong," Foreign Policy, January 30, 2019, https://foreignpolicy.com/2019/01/30/everything-you-know-about-global-order-is-wrong/, retrieved September 10, 2021. As examples, Tooze records two such cases right on the dot, a 2008 UN report headed by Joseph Stiglitz, and a 2019 manifesto by Klaus Schwab, founder of the World Economic Forum, timed for that year's annual meeting at Davos.

56 Two notable exceptions are Helleiner, *Forgotten Foundations of Bretton Woods*, and the edited volume by Giles Scott-Smith and J. Simon Rofe, eds., *Global Perspectives on the Bretton Woods Conference and the Post-War World Order* (Cham: Palgrave Macmillan, 2017), both of which deal mostly with the Bretton Woods conference itself. A more recent and thoroughgoing effort at decentering the West in the construction of global economic governance is Christy Thornton, *Revolution in Development. Mexico and the Governance of the Global Economy* (Berkeley: University of California Press, 2021).

which many poststructuralist approaches have defined themselves.[57] And yet there is also a certain propriety to this state of affairs. The institutional reconfigurations under scrutiny were derived from political decisions made in the powerful institutions of the West, a West that had itself come to dominate much of the world, whether in the form of empire, economic preponderance, or both. There is a certain symmetry to focusing on the countries of the West that, after all, capitalized Bretton Woods institutions like the IMF and the World Bank, and whose currencies were the primary targets for the eventual convertibility that was the overarching aim of the regime.

This book represents the uneasy tension that a study of capital generates between West-centrism and the provincialization of the West. West-centrism is of course an old academic original sin. And yet this book not only concerns Europe almost exclusively, but also argues that the dynamics it uncovers there, particularly those of a financial nature, might well be applicable to experiences elsewhere in the world. The book takes seriously the centrality of Europe as the site for the transformation of capitalism in the late 1960s and 1970s. The parallel supremacy of the US dollar means minimizing the United States would make a nonsense of the 1980s and the debt crises, the denouement of the history I tell here. Any history that takes political economy seriously, quickly finds the bounds delimiting the project to decenter the West. Global environmental history, for example, makes a very simple calculation to measure the weight of Western productive and accumulative hegemony: The advanced capitalist countries of the North, encompassing 16.6 percent of the population, were responsible for 77.1 percent of the CO_2 pumped into the atmosphere from 1850 to the year 2000. Scholar of human ecology Andreas Malm asks, who lit this fire?[58] The West, surely. Those limits have become apparent, for example, when historicizing China's global imprint. We have spent the last decade or so rewriting history to provide China with an unearned protagonism in global affairs. No doubt the rise of the concept of Chimerica and Niall Ferguson's insistent promotion of the notion convinced some to endorse a

[57] Timothy Mitchell, *Rule of Experts. Egypt, Techno-Politics, Modernity* (Berkeley: University of California Press, 2002): 1–8. Mitchell himself was part of a turn of the century cohort that have since institutionalized that contestation through journals such as the *Journal of Cultural Economy*, founded appropriately in 2008, with an especial emphasis on ideas of the performativity of economics of French sociologists Michel Callon and Bruno Latour. Contestations in the fields of economic sociology and anthropology are older, but these approaches have been slow in migrating to the field of history.

[58] Andreas Malm, "Who Lit This Fire? Approaching the History of the Fossil Economy," *Critical Historical Studies* 3:2 (2016): 215–248.

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retroactive position to China of globe-straddling proportions. For years even after the 2008 global financial crisis we continued to worry about what would happen at the end of the unsustainable relationship that was Chimerica. But as Adam Tooze has argued, this fixation with China blinded us to the fact that it was imbalances and decades-long practices of the North Atlantic Rim that generated the economic sinkhole at the end of the first decade of the new millennium.[59] Although nothing here aims to eliminate China's considerable importance, the search for the origins of financialization and transformation of the post–Bretton Woods global order will still require an emphasis on the North Atlantic World, and a recovery, as scholars are increasingly noting, of the "central structural role" of European banks and European states.[60]

Financialization, however, is only one facet of the wide-ranging changes that occurred at this time and have collectively come under the rubric of neoliberalism, whose very multidimensionality went on to generate a broad and constructive discussion, and still does. And though its historical effect must necessarily give protagonism to the geographies of capital accumulation, its agents and allies, this study proposes, may be found across the world. Moreover, it finds historical effect in practice, rather than in the realm of ideas. This story of financialization is not that of the "valiant fellow" who "had the idea that men were drowned in water only because they were possessed with the idea of gravity."[61] As some are noting, the components of neoliberalism were not simply a successful intellectual and political project in the West; important elements were produced elsewhere as measures to overcome historically situated problems in the system of postwar international political economy as part of a revamped development strategy.[62] Historians are finding neoliberalism's generative sources in the peripheries of the capitalist system, imbricated with the export of New Deal developmental programs and with

[59] Adam Tooze, *Crashed. How a Decade of Financial Crises Changed the World* (New York: Penguin Books, 2018).

[60] Iain Hardie and Helen Thompson, "Taking Europe Seriously: European Financialization and US Monetary Power," *Review of International Political Economy* 28:4 (2021): 775–793.

[61] Karl Marx and Frederick Engels, C. J. Arthur, ed., *The German Ideology* (London: Lawrence & Wishart, 1974): 37.

[62] Raewyn Connell and Nour Dados, "Where in the World does Neoliberalism Come From? The Market Agenda in Southern Perspective," *Theory and Society* 43:2 (2014): 117–138. A similar critique more specific to the socialist bloc is made in the introduction of James Mark, Bogdan C. Iacob, Tobias Rupprecht and Ljubica Spaskovska, *1989. A Global History of Eastern Europe* (Cambridge: Cambridge University Press, 2019), although it is often contradicted elsewhere in more conventional, West-triumphalist narrative sections in the book, especially and unsurprisingly those pertaining to political economy.

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decolonization.[63] These findings ultimately replicate a key argument of Kim Phillips-Fein's study of New York in the 1970s: that the rise of finance amid the restructuring of New York's budgetary crisis did not follow the adoption of new economic models or intellectual fashions, but was the outcome of hard-nosed business negotiations and spatial reorganizations.[64] The political consultations that attended these changes did not refer to academic papers, nor even economists. Where the Soviet Union was concerned, decision-making flowed from productivist compulsions, institutional organization, geological serendipities, geopolitical constraints, and a political and ideational commitment to commerce that had been deeply rooted within Soviet political economy since the revolution took its first steps toward state-building in the New Economic Policy of the 1920s.[65]

The concern here is that West-centrism, however justified in the study of institutional power centers, has also encouraged a certain degree of artifice in how we understand the Bretton Woods regime and the history of capitalism that are at the base of this story. This artifice is particularly visible at the regime's end at the turn of the 1970s, the focus of this study. The transformation's apparent suddenness and speed very quickly displaced early emphases on social dynamics that were offered in real time.[66] The rise of Ronald Reagan and Margaret Thatcher lent the

[63] Respectively, Amy C. Offner, *Sorting Out the Mixed Economy. The Rise and Fall of Welfare and Developmental States in the Americas* (Princeton: Princeton University Press, 2019), and Vanessa Ogle, "Archipelago Capitalism: Tax Havens, Offshore Money, and the State, 1950s–1970s," *American Historical Review* 122:5 (2017): 1431–1458. Meanwhile, in a broad series of articles, Patrick Neveling has been constructing an excellent investigation of the role of Export Processing Zones as incubators of some of the most important elements of neoliberal capitalism, an excellent example of which is "The Global Spread of Export Processing Zones and the 1970s as a Decade of Consolidation," in Knud Andersen and Stefan Müller, eds., *Contesting Deregulation. Debates, Practices and Developments in the West since the 1970s* (Oxford: Berghahn Books, 2017): 23–40.

[64] Kim Phillips-Fein, *Fear City. New York's Fiscal Crisis and the Rise of Austerity Politics* (New York: Metropolitan Books, 2017). In a similar vein, see Jack Copley's explanation for James Callaghan and Margaret Thatcher's liberalization of capital controls as the outcome of a political attempt at supporting industrial exporters rather than a commitment to neoliberal thought, in "Why Were Capital Controls Abandoned? The Case of Britain's Abolition of Exchange Controls, 1977–1979," *The British Journal of Politics and International Relations* 21:2 (2019): 403–420. On the intellectual leadership of business leaders and gurus rather than economists in terms of the changes that were wrought through business practices see Louis Hyman, *Temp. How American Work, American Business, and the American Dream Became Temporary* (New York: Penguin Books, 2018).

[65] Oscar Sanchez-Sibony, "Global Money and Bolshevik Authority: The NEP as the First Socialist Project," *Slavic Review* 78:3 (2019): 694–716.

[66] Daniel Bell, *The Cultural Contradictions of Capitalism* (New York: Basic Books, 1976); Fred Block, *The Origins of International Disorder. A Study of United States International Monetary Policy from World War II to the Present* (Berkeley: University of California Press,

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appearance of a purposeful, designed and coordinated attack on the old regime; as with all great (wo)man histories, the ideologies these great leaders represented acquired explanatory currency; conventional understandings came to seek the grand neoliberal transformation in the political location of authoritative thought that hastened the end of an earlier form of capitalist organization and gave rise to a new form, sometimes called neoliberal to stress the apparent primacy of markets over an earlier one of the state.[67] Inevitably, these contributions to our knowledge of the end of Bretton Woods and the era more generally involved Western characters, entities and dynamics.[68]

Another kind of critical assessment has insistently made the Global South a victim of northern hegemony; having been written out of Bretton Woods' historical core in Europe and the United States, the South appears as a terrain of neoliberal experimentation and depredation. And closer to the geographical vehicle of this article, the socialist world – still functioning under the Cold War metanarrative of three worlds and categorized in its antagonistic, or at best liminal, second-world guise – continues to be written as if on the other side of the woods, a geography in pursuit of interests largely formed of ideological proclivities inimical to those of the capitalist West. Its historical role is often alleged to go even further; the bloc on the other side of the Iron Curtain not only refused to participate in the historically miraculous system devised by Westerners but it also helped organize it only by providing the anti-politics necessary to overcome myriad obstacles of domestic and international conflict within the West.[69]

1977); David Harvey, *The Condition of Postmodernity. An Enquiry into the Origins of Cultural Change* (Oxford: Basil Blackwell, 1989).

[67] David Harvey exemplifies this arch, with *A Brief History of Neoliberalism* (Oxford: Oxford University Press, 2005), which did not reject earlier emphases on the social dimension but embraced ideological explanations. More recent interventions in intellectual history have rejected the state/market binary as the locus of neoliberal thinking, most foundationally in the work of Philip Mirowski, for example Philip Mirowski and Dieter Plehwe, eds., *The Road from Mont Pelerin. The Making of the Neoliberal Thought Collective* (Cambridge: Harvard University Press, 2009); see also Loïc Wacquant, "Three Steps to a Historical Anthropology of Actually Existing Neoliberalism," *Social Anthropology/Anthropologie Sociale* 20:1 (2012): 66–79. For a critique more broadly of the postmodern turn as a sublimation of the totalizing and intellectually paralyzing subordination to the values generated by the universal market system, as evinced by the striking parallels in how we conceived of postmodernism and globalization as analytical categories and historical eras in the 1990s and 2000s, see David Graeber, *Toward an Anthropological Theory of Value* (New York: Palgrave, 2001).

[68] A unique exception is Johanna Bockman, *Markets in the Name of Socialism*, which turns the development of neoclassical economic thinking into an East–West conversation.

[69] In the literature of political economy, this is usually the work of a citation; for a recent example see Barry Eichengreen, "Bretton Woods After 50," *Review of Political Economy* 33:4 (2021): 553, citation 4.

The borders created by Bretton Woods and attendant political systems, such as the Cold War, were real in certain ways, but illusory and obfuscating in others. This book will show how the Soviets searched for allies and mechanisms through which to disrupt an ostracism from capitalist exchange that was part and parcel of a politics organized from Washington DC – possible by and large while the US government's control over the US dollar was absolute. But the Soviet Union here is meant to represent a wider exercise in enlarging the cast of characters involved in the story of the birth of our world at the end of Bretton Woods, one that can be reproduced from other economic geographies. The alliances and associations detailed here were repeated across the world, all aimed at the attenuation of power emanating from political centers in Europe and the US. However, this history also calls attention to the particularities and importance of the Soviet Union in the construction of the material and financial infrastructures that capitalized the disassembly of the 1930s institutions upon which Bretton Woods itself was established.

Observing this pan-European effort to dismantle Bretton Woods from Moscow is both illuminating and efficient. The effective state monopoly of foreign trade in the Soviet Union meant that all foreign business had to be done in Moscow. European firms, banks, and state officials all conducted their business in the capital, even when their final suppliers or clients were a continent away. The bureaucracies that attended to them – Gosplan, the Ministry of Foreign Trade and its departments, the Bank for Foreign Trade under the State Bank, and the Ministry of Foreign Affairs – all left behind the documents these visits generated in an equally concentrated manner. Any equivalent study in Europe involving these many characters in the business, financial, and political world would entail researching a prohibitive plurality of archival funds in too many languages for the average scholar to master successfully. Choosing to plumb the Soviet archives deeply rather than spread the research thinly across many sites allows a measure of contrast among European countries that I have made a feature of in this book. The Soviet archives clarify a contrast of European approaches that may have been difficult to discern otherwise. There are two absences in this text that perhaps should have received some treatment together with the European countries the book spotlights: Finland and Japan. They are absent in the sense of the research carried out here, but they are, the reader will find, quite present, hovering like specters in talks, reports, and the thought of the protagonists of this story. These two countries were clearly generative of Soviet thinking and approaches to the construction of markets, financing, and exchange. They were arguably as important as the central characters here: Italy, Great Britain, Austria, West Germany, France, and the United States. The contrast they represent in the Soviet Union's foreign relations and the historical development of capitalism will continue to enrich our understanding of the world we live in.

The book will argue that the Soviet Union found empowerment and purchase in the West with the formation of international markets; and it found leverage and access to capital with the construction of an energy infrastructure that in time came to supply up to a quarter of energy consumption in Europe.[70] Global capital, in other words, was finding the political allies and technopolitical means to shake free from its Bretton Woods bonds well before the oil crisis and petrodollar recycling that is often foregrounded in the literature on international political economy, or in a more critical key, the literature on neoliberalism.[71] Using archival documents from the different departments of the Soviet Union responsible for its commercial and financial exchanges, this book will start with a historical vignette of the problem of US power facing the Soviets at a moment of crisis in 1963, after a series of crop failures forced them into the ignominy of grain imports in a world without ready global markets. It will then document the means of its escape from the constraints of Bretton Woods that had allowed the United States such structural power over Soviet international relations to begin with. That this liberation turned out to be a Faustian bargain by the 1980s has little to do with any Western-generated neoliberal plan, and everything to do with the enduring power, attraction, and dysfunctions of liberal constructions of capitalism, and their compatibility with a politics built on economic growth and capital accumulation that found allies among any number of undemocratic regimes, very much including the Soviet Union.

The archival material gathered here offers insights into Soviet political economy that readers will readily understand to go against the grain of what we have thought were basic tenets of Soviet governance and

70 An important caveat is that the Soviets did not pursue market liberalization at home. Market-like systems were an important part of the reforms the Soviets pursued concurrently to this history, but of a much more constrained nature than the encompassing liberalization they sought from the West. However, recent research is making clear that socialist bloc countries were otherwise very much engaged in the global reorganization of economy toward more flexible production and the disciplining of the cost of labor. See James Allen Nealy, Jr., "Making Socialism Work: The Shchekino Method and the Drive to Modernize Soviet Industry" (PhD dissertation, Duke University, 2022); and Alina-Sandra Cucu, "Going West: Socialist Flexibility in the Long 1970s," *Journal of Global History* (forthcoming).

71 One study was able to discern from the German archives one of the key arguments of this book: the deliberate politics of a construction of interdependence inherent in Brezhnev's energy politics with Europe. Frank Bösch, "West Germany, The Soviet Union and the Oil Crises of the 1970s," *Historical Special Research/Historische Sozialforschung* 39:4 (2014): 165–185.

international relations. The apparent socialist economic emergence in the world of the 1970s was not a Brezhnev innovation or an outcome of détente; market organization was far from antithetical to Soviet politics; systemic failure did not motivate the Soviet Union's global economic participation. So it goes. Many past assessments were premised on binary contrasts that view capitalist and socialist economic systems in a static standoff of ideal forms.[72] When both are viewed as systems in continuous transformation, however, we can begin to discern the ways in which each constituted the other, even if they did not do so just as they pleased. Within the power structures of a world in flux, the Soviet leadership made choices that, like Lorenzo's, would make the world we live in. Like the antebellum American South in the historiography of a decade ago, socialist geographies do not feature much in our understanding of the creation of our current capitalist era.[73] This book makes an argument for why they should. Soviet agency clarifies the actors and logics that pushed the world toward greater liberalization and financialization. To take one example, Nancy Fraser writes of the United States, *tout court*, as the power organizing the transformation of capitalism. "In overseeing the transition to the new regime, the US also prolonged its hegemony …. Despite considerable loss of moral authority and a shift in its status from creditor to a debtor nation, the US still serves as capital's global enabler and enforcer, resorting alternatively to the force of arms, the cudgel of debt, and the blandishments of trade as it pushes to globalize and liberalize the world economy, now enlarged to include the ex-communist sphere."[74] There is no disputing the importance of power and institutions emanating from the United States, but what Fraser and many others agglomerate and distill, this study seeks to disaggregate and multiply. What results is a more systemic panorama of global capitalism shaped by contradictory impulses from unexpected places.

The "communist sphere" was there all along, and it was not victim of a US-led transformation of capitalism; it perpetrated the very actions Fraser ascribes mainly to that unwieldy aggregate, the United States.

[72] This follows on Kate Brown's critique. Brown shows instead striking similarities at the root of both US and Soviet governmentalities of city construction, in "Gridded Lives: Why Kazakhstan and Montana Are Nearly the Same Place," *American Historical Review* 106:1 (2001): 17–48; and again in *Plutopia. Nuclear Families, Atomic Cities, and the Great Soviet and American Plutonium Disasters* (Oxford: Oxford University Press, 2013).

[73] The corrective literature on the subject is now too vast to enumerate, but a useful sample of that literature can be found in Sven Beckert and Seth Rockman, eds., *Slavery's Capitalism. A New History of American Economic Development* (Philadelphia: University of Pennsylvania Press, 2016).

[74] Nancy Fraser, "Legitimation Crisis? On the Political Contradictions of Financialized Capitalism," *Critical Historical Studies* 2:2 (2015): 176–177.

Committed to a logic of governance built on the accumulation and expansion of infrastructure, production capacity, and commodity consumption, they helped liberate finance and construct market environments that could constrain a set of (US government-led) politics arrayed against them. They picked up allies along the way, allies as committed to capital accumulation as the Soviets were. Like other capital-constrained countries around the world, the Soviet Union did not seek access to finance because of greed or to ease a failing governance; in fact they did not just seek access to finance. The archives show that they sought to change relations of capital allocation globally within a very specific, historically situated moment in the development of capitalism. And more uniquely than many like-minded countries, the Soviet Union had the means, not to dictate, but at least to push for terms. That the push succeeded may owe much or very little to the Soviet Union – that is an assessment that requires more research – but understanding why, how, and the power relations that arbitrated that political endeavor compels us to incorporate the socialist world as a constituent agent of a history of capitalism.