

Introduction

'Please come, I want to introduce you to an interesting person', my acquaintance Elena told me when she called me in the summer of 2011 during my first stay in Aga. I asked her who she wanted me to meet and the answer was that she would explain the details later, but I should make sure not to miss this great opportunity. We met on Aginskoe's main square, from where she brought me into a small office in the backroom of a shop. Here, Lobsan, a well-dressed man in his early thirties, was expecting me. He welcomed me enthusiastically and told me that, like Elena, he was working for Amway, a great international company. The office had a few chairs, a desk, a large television screen on one wall and a shelf with the basic Amway products – detergents, cleaning materials and nutritional supplements – on the other wall. I was asked to take a seat and Lobsan began to explain what Amway was all about: first and foremost, making a lot of money. In what it soon became clear was an attempt to recruit me, he drew the company's marketing plan in order to illustrate step by step how I could quickly increase my sales volume, attract further salespeople and earn bonus payments. Then Lobsan switched on the screen to show me a short video of an American distributor who had become rich thanks to Amway. The man in the video took the spectator on a tour around his luxurious home, to his swimming pool surrounded by palms and to his car park, while praising the company for the opportunities it had given to him. Switching off the video, Lobsan turned to me again and said that this must have certainly convinced me that Amway was a business that offered great prospects. As a start, I should sign up (at a cost of 1,500 roubles (around \$23)) and, most importantly, begin to actively consume and familiarize myself with the Amway products. Elena nodded in affirmation. She had only recently started her Amway business, she said, but with the help of Lobsan, who was her 'sponsor', the person who had recruited her into the scheme, she had quickly understood the benefits the company offers. With shining eyes, Elena asked me whether I would sign the contract immediately and Lobsan

jumped to her aid, saying that it would be great to work with me. A few minutes later, feeling slightly guilty for having disappointed them by turning down their offer, I stepped out into the square's sunlight, puzzled by what I had seen. The promise of great wealth seemed to stand in stark contrast to the small wooden houses surrounding me and to the cows grazing on the side of the road. The American villa in the video appeared so very distant to me in the light of my whole experience of Aga, a small district in southeastern Siberia, where money is as scarce as experience of the world beyond the region. Apparently, however, Lobsan and Elena had fully embraced the dream and believed that the company offered them a glorious future.

Multilevel marketing (MLM) and pyramid schemes are flourishing in Aga. Their promise is to make people rich. According to the companies that push the schemes, the way to wealth and happiness is easy: all one needs to do is to register and to recruit further people into the schemes. Representatives of at least fifteen companies try to persuade their friends and relatives to join their schemes. They claim to offer an economic alternative in one of Russia's remote rural regions and encourage people to dream of a better future. For the vast majority, however, the dream of a life in luxury will never come true.

MLM and pyramid schemes are economic forms that structurally resemble each other closely, but whereas MLM is legal in most parts of the world, pyramid schemes are generally considered to be a financial scam. MLM is a huge business with around 90 million individuals worldwide representing direct selling companies such as Amway, Avon, Mary Kay Cosmetics, Herbalife or Tupperware and a sales volume of nearly US\$189,641 million in 2017 (World Federation of Direct Selling Associations 2018a). The companies built on this model have no retail outlets for their products, most of which are beauty and health-related, but sell them via independent salespeople directly to the customer. The salespeople, often called 'distributors', do not receive a salary, but a commission on their sales. Moreover, they can earn money by recruiting subcontractors into their scheme because they also receive a commission on the sales of their downlines. Thus, distributors engage in both selling and persuading others to participate in the schemes. Only if they are successful in these endeavours they will be rewarded financially for their efforts.

The idea of MLM originated in the United States, where it gained popularity after the Second World War. It is underpinned by a capitalist ideology that openly promotes the American Dream. Companies acclaim the possibility to rise from rags to riches by joining them. They claim to provide the opportunity to make a fortune to everyone,

regardless of education, ethnicity or professional experience. Everyone is invited to join the schemes and to become a businessman or businesswoman, and success or failure are said to depend solely on individual effort. Today, this globalizing industry makes most of its sales outside the United States with huge markets in Asia, Europe and Latin America (World Federation of Direct Selling Associations 2018a).

Pyramid schemes are global phenomena as well, but, unlike MLM, they are considered to be a form of crime in most legislative systems. Pyramid scheme operators recruit unsuspecting investors with the promise of high returns. They claim to run successful business projects, but in fact early investors are paid with the money collected from later investors. Products and services may be presented in order to mask the pyramid structure, but sales play only a marginal role, if any at all, in the schemes' compensation formula. Essentially, pyramid schemes are money-transfer schemes that benefit a small number of people at the top of the pyramid, while resulting in an eventual loss of money for the majority of investors. The rules regarding recruitment and recoupment of money vary, but whether or not one makes money depends almost entirely on one's position in the pyramid. A pyramid scheme may survive for several years, but, sooner or later, when growth stagnates, it will collapse.

After the fall of the Iron Curtain, MLM swept the formerly socialist countries and Russia quickly became a huge market for direct sales (Stanley 1996; World Federation of Direct Selling Associations 2018a). Simultaneously with the spread of MLM, a wave of Ponzi¹ and pyramid schemes made headlines during the 1990s across the postsocialist world. Schemes in Albania, Romania and Russia attracted millions of investors with the promise of high returns on their investments. Returns, however, were paid with the money of subsequent investors, so that eventually, when investments dried up, all the pyramids collapsed. Pyramid schemes keep popping up in Russia, many of them masked as lucrative business projects under the guise of MLM. According to the Russian Ministry of the Interior, more than 160 pyramid schemes were operating in the country in 2014, which resulted in a loss of US\$46 million for their victims (Zamakhina 2015). Until 2016, there was no clear legislation with regard to pyramid schemes in Russia. Only after their collapse, when the scam had become obvious, could initiators of pyramid schemes be legally persecuted (Eremina and Biianova 2015). In 2016, in an attempt to fight the problem of pyramid schemes more effectively, a new law was released that declared them illegal.

As in other parts of the world, it is difficult for people to distinguish pyramid scams from MLM because their multilayered pyramid

structure, the promises of the schemes' charismatic leaders, their methods of recruitment and the logics with which they operate appear very similar. In many cases the boundaries between MLM and pyramid schemes are blurred and MLM companies are frequently accused of being pyramid schemes. MLM may be seen as less harmful than pyramid schemes because less money is at stake. But although MLM is legal in Russia and many other countries, it is a highly contested industry everywhere that it appears.

This study is concerned with the local manifestation of a global industry and with the local manifestation of a type of fraud modelled upon this industry. I am interested to see how MLM and pyramid schemes translate into a postsocialist environment and how they affect this environment. The study explores how companies manage to recruit enormous numbers of ordinary people as their representatives, as advocates of their interests and missionaries of the American Dream, despite the fact that these highly contested economic forms make exaggerated promises, put strains on social relationships and make a few people rich at the expense of the vast majority of participants. By taking a close look at MLM and pyramid schemes, I suggest, we can better understand how capitalist ideology gains support at the periphery and how capitalist values penetrate social structures.

MLM and pyramid schemes can be seen as radical forms of market ideology and are therefore particularly well suited to reveal several of capitalism's key features and ideas. The schemes are radical in the sense that their representatives promote capitalist values aggressively and communicate them bluntly. An investigation of this radical form of capitalism in a postsocialist environment, I suggest, is particularly illuminating. It is through MLM and pyramid schemes that ordinary people in the Siberian countryside begin seeing capitalism not only as a necessary way of coping with harsh realities, but also as an economic system of possibilities. Companies encourage people to imagine alternative futures and, most importantly, they claim to enable them to act in the here and now towards achieving their material dreams. The vast majority of participants in MLM and pyramid schemes have never previously imagined that they might come into riches. The schemes introduce speculative thinking and capitalist values to a place where people grew up with socialist ideology and values contrary to those proclaimed by MLM and pyramid schemes. Therefore, by studying MLM and pyramid schemes in postsocialist rural Russia, we can see most clearly the fascination that capitalism exerts over people, how capitalist thinking pervades and shapes social logics, and how speculative behaviour proliferates.

Aga

Aga is located east of Lake Baikal, between the Onon and Ingoda Rivers, near the borders with China and Mongolia. The district is one of the two Buryat regions outside Buryatia, which, prior to its incorporation into Zabaykalsky Krai in 2008, had autonomous status.² As I will show below, Aga's autonomous status played an important role for the district's economic development after socialism. With a population of 77,000 spread across 20,000 square kilometres, Aga is a sparsely populated rural region. Most of my research I conducted in its district centre, the town Aginskoe, which lies 150 kilometres southwest of the region's capital, Chita. I chose Aga as my field site because of the density of MLM and pyramid schemes in this remote and rural part of Russia.

In the following, I will introduce my field site. Knowledge of the particular social structures and economic development of the region are essential to an understanding of how MLM and pyramid schemes have proliferated so successfully in this part of the world. The brief outline presented here will be elaborated in Chapter 1 in relation to the economic situation and in Chapter 4 in relation to sociocultural dynamics.

Aga's population consists of 62.6 per cent Buryats, 35.1 per cent Russians and small minorities of Tatars, Ukrainians, Armenians and Bashkirs.³ In the town Aginskoe, with its population of around 17,000 inhabitants, Buryats number around 70 per cent, which is slightly higher than in the district as a whole.⁴ The Buryats, a Mongolian people, have lived as nomadic pastoralists in the regions around Lake Baikal for many centuries. The population formerly consisted of various tribes and only after the Russian conquest of the territory did they begin to perceive of themselves as an ethnic group. In the 1640s, the first Russians came to the territories east of Lake Baikal and during the 1650s and 1660s, they took control over the area (Nimaev 2004: 43). According to the chronicler Toboev, large groups of Khori Buryats moved eastwards to the territories of today's Aga in the early nineteenth century. The reason for this migration was that Russian settlers were given the land along the Ingoda, Ulunga and Ture Rivers that these Buryats had formerly inhabited. They moved to the Aga and Onon valleys and, in 1837, the Aga Buryats split formally from the Khori *vedomstvo* (administrative unit) that was part of Verkhneudinsk district (today's Burytia). Through formal integration into the Nerchinsk district (today's Zabaykalsky Krai), a territorial and political unit separate from the larger mass of Buryats was established,

which was then governed through its own 'Steppe Duma' (Toboev 2011: 11–28).

Aga's centre, the town Aginskoe, was founded at the turn of the nineteenth century. It developed around a post station, administrative yurts and the first wooden buildings being erected by the Tataurovs, the first Russian settlers in the region who had come to Siberia in search of land and freedom (Gongorov 2002; Tataurov 2006). The Tataurovs were peasants and engaged in trade relationships with local Buryats. They learned the Buryat language and also intermarried with the Buryats (Tataurov 2006). In 1811, the Agin Buddhist monastery was founded, which became an important religious centre. In 1859, an Orthodox church was built. The town Aginskoe was located on the road to China and Mongolia and therefore became an important trading point. Every year, Chinese and Mongolian traders as well as traders from various places in the area came to the market in Aginskoe, which was the largest in the region (Tumunov 2006: 11). Very few Buryats at that time lived in stable settlements and most moved around the steppes living in felt yurts (Linkhovoin 2012: 199).

When the Soviets came to power, the Buryats were forced to give up their nomadic way of life and both Russians and Buryats had to reorganize agriculture and pastoralism according to central plans of collectivization. By the mid 1930s, the majority of households had been incorporated into units that served as the basis for collective farms (Shagdarov and Dorzhiev 1971: 18). A considerable number of Buryats fled from Aga to Mongolia and China after the revolution in order to escape economic difficulties or enforced collectivization.⁵ Those who owned larger numbers of cattle or who belonged to the clergy were persecuted, killed or banned from their homelands (Tumunov 1993: 43–74). Throughout the following decades, Aga developed according to socialist planning and ideology. Agriculture and herding remained the base of the local economy, but the socialist government established a mining industry in the region along with a number of further industrial enterprises and transport and communication services (Shagdarov and Dorzhiev 1971: 8–28). The Communist Party sent political workers, teachers and cultural activists to Aga in order to create local cadres and to explain Lenin's ideas and the Party's aims to the people. Additional schools were established in the countryside and later on, libraries, cinemas and cultural venues were built.

The demise of the Soviet Union was followed by a severe economic crisis across the whole of its territory. The situation in Aga was particularly precarious. Its GDP reached merely 31 per cent of the Russian average in 2003 as it depended mainly on agricultural

production, for which important markets were lost after the collapse of the Soviet system (Nezavisimyi Institut Sotsial'noi Politiki 2004). The majority of collective farms could no longer survive without state subsidies and dissolved. As a result, it became increasingly difficult to make a living in the countryside. In the search for alternatives, many people left rural regions in order to find employment in towns or cities. Like other towns and cities across Russia, Aginskoe grew significantly during this period due to the influx of people from the villages. People had to cope not only with the demise of a whole ideology around them, but also with economic insecurity and the struggle to make a living.

It was towards the end of the 1990s that the economic situation in the district improved significantly thanks to a deal between the local politician Zhamsuev and his important personal connections in Moscow. Aga's autonomous status allowed the creation of a special economic zone and the district became a tax haven within Russia. This legal arrangement brought large revenues to the district for a few years and made a paradisiac island within Zabaykalsky Krai. Roads were paved, public institutions like schools, the administration and kindergartens moved to smart new buildings, sports facilities were established, memorial sites were built and even a small branch of the Buryat State University was founded. There was so much money, as is vividly remembered today, that the local authorities had difficulty spending it all. The cash injection came to an end with the loss of autonomous status, but in comparison to the surrounding regions, Aga still evokes the impression of a prosperous place.

Coming to Aginskoe, the largest of the district's three towns, one passes the bronze statue of Balzhin Khatan, the legendary mother of the Khori Buryats, framed by an ethnic style arch situated in front of the modernist architecture of the small theatre. The road leading towards the town's centre is framed by small wooden houses of the kind that house most people in rural Siberia. Due to the recent influx of people, many houses are relatively new, which makes the town look rather tidy. Most of the houses are divided into two or three rooms with a wood-fired oven in the middle of the house. Some households have installed water pumps in their yards, while others have to fetch water from wells. A canalization system was built in the town during the good years, but few buildings are connected to it. On the way to the town's central square, it is not unusual that one sees cows crossing the road. Cows are left to themselves during the day to graze in the hilly steppes surrounding Aginskoe and find their way home in the evening. For many families in Aga, cattle, as well as vegetable plots, are an important part of the subsistence economy. The main road, with

its dusty sidewalks, leads to the square with a fountain, banks and flower beds. Surrounded by little cafeterias and shops, hairdressers and banks, this is the centre of the town. The Orthodox church on the south side of the square, which had been converted to a cinema during Soviet times, was restored to its original function in the early 1990s. To the square's west, a spacious museum has been built where visitors can see a yurt and its interiors, traditional Buryat clothing that today is worn only on holidays, agricultural tools that the Russians have brought to the region, and photographs of the Steppe Duma and of the Soviet era collective farms. In front of the museum, an 'alley of fame' lines the road with busts of Buryat heroes who defended their nation during the Second World War. East of the square is a small market crammed with Chinese clothes and footwear. Over its entrance door, a loudspeaker blasts popular Russian music from the radio into the streets. Within a few hundred metres north and west of the square, the town's two event venues are located: the House of Culture and a concert hall. Buryat artists from Mongolia, China and Buryatia come to the town to give concerts or theatre and dance performances. Buryat holidays such as Sagaalgaan (New Year) are celebrated here as well as holidays of national importance, for example, Victory Day (celebrating the Soviet victory over fascist Germany). From the small bus station in the centre of town, people can travel on minibuses over bumpy roads to the district's villages or, by taking the federal route, can reach Chita, which lies on the Trans-Siberian Railway and also has a small airport, within two hours.

In the town's public sphere, both Russian and Buryat are spoken. Everyone speaks Russian fluently, whereas people's knowledge of Buryat, a Mongolian language, mostly depends on how much Buryat is used in their families. Those with a profound knowledge of Buryat usually speak Buryat at home and with relatives, while they speak a Buryat-Russian mix in public spaces and with their friends. Buryat language is used for announcements during cultural events and there is also a newspaper issued in Buryat. There are no significant ethnic tensions in Aga and ethnicity is not a topic present in public discourse. Whenever I asked people about interethnic relationships, they found the question rather strange. They answered that it makes no difference to them whether someone is Buryat or Russian. Despite this stance, which certainly owes a lot to the socialist rhetoric of interethnic friendship, I observed that ethnic separation was maintained. The question of language often determines the choice of school to which parents send their children. Thus, schools in which the Buryat language is taught are predominantly attended by Buryat children. Cultural life,

including theatre, concerts, dance performances and the celebration of public holidays, is clearly dominated by Buryat traditions and Russians hardly ever attend these events. The local job market is heavily structured by kinship relations that are of great social significance in Buryat society. Therefore, several institutions (e.g. the administration) are dominated by the Buryat population, whereas others (e.g. some of the schools and nurseries) are in the hands of Russians.

Today's Aginskoe is a showpiece for those who wish to project a positive image of the region. However, the impression of a prosperous little town is somewhat deceptive. With the administrative restructuring of 2008, the district lost its autonomy and also its special economic status. The flow of money dried up and today the facades of the smart new buildings are crumbling, the heating in public buildings is turned off too early, the better-quality computers and printers have been taken to Chita, and state employees sometimes receive their salaries several months late. There is little money and the crisis in the Russian economy, which stemmed from the fall of the price of oil in 2014 and from the EU sanctions imposed in 2014 as a result of the conflict in Ukraine, began to show its effects at the time of my research. Job opportunities are limited and salaries are extremely low. In addition, Zabaykalsky Krai is among Russian regions with the highest levels of household indebtedness. Debt has become an increasing concern for people since banks started granting consumer credit widely in the aftermath of the 2008 global financial crisis. Young and well-educated people, in particular, see no future in staying in the region. They are drawn to the cities, mainly to Chita, Ulan-Ude and Irkutsk. Some search for jobs in China or Mongolia; others dream of living in Moscow or even further west. There is considerable out-migration, while at the same time the town remains a magnet for people from the villages who move to Aginskoe in the hope of finding employment.⁶

The first MLM schemes began appearing in Aga in the late 1990s, but they became popular only after 2010, mainly through the activities of Amway representatives. The American company offers personal and domestic care items such as toothpaste, vitamins and all-purpose cleaners. However, it was less the products that attracted people to the company than the job opportunities it offered. Amway advertised these opportunities successfully through local training seminars paired with clear guidance for new distributors. The company promised to teach people entrepreneurial thinking that would enable them to make big money.

During the time of my research from 2014 to 2015, at least ten MLM companies were operating in the district, all of which market similar

products. To give a precise number is difficult because the presence of the companies depends on the activity and also on the number of local salespeople, both of which may fluctuate heavily. Some companies were represented through a small number of salespeople, whereas others, such as Amway, had a considerable salesforce in Aga numbering at least several hundred distributors. Some of the salespeople set up small offices from which they organized their selling and advertising, whereas others tried to recruit people online or sell products in domestic spaces. I heard of companies that had salespeople in Aga prior to my arrival, but were no longer represented by anyone during the time of my research, and I also witnessed the appearance of new companies. The majority of MLM companies that I encountered in Aga operate transnationally. They have headquarters in the United States, Europe, China or Russia and have national and regional branches and a widely dispersed salesforce in several countries. They spread mainly on the initiative and through the recruitment activities of their salespeople. In Aga, the MLM schemes appear mostly through visitors from Irkutsk, Ulan-Ude or Chita who are originally from the district or have relatives in Aga and who recruit family members and other acquaintances.

Around the time when MLM became massively popular, several Ponzi and pyramid schemes also attracted large numbers of people in Aga. Local operators of these schemes promised people high returns on their investments. Those who were among the first to put money into the schemes were paid by the investments of those who followed. Two of the biggest schemes, MMM and LBM, collapsed in 2012 and 2013 respectively and left many people indebted to the banks from which they had borrowed the money that they had paid into the schemes. Details on the nature of these schemes will be given in Chapter 2. Here I simply want to point to the fact that something like a gambling craze had occurred in Aga before my arrival in 2014. The pyramid schemes that were operated in Aga during the time of my research attracted far fewer people and far less investment than did MMM and LBM. Their operators claimed to represent serious companies running profitable business projects and denounced the fraudulent schemes that had collapsed. They claimed, and at least some of them seriously believed, that they represented MLM companies that worked according to the same model as Amway. These pyramid schemes distributed products that very much resembled the products usually sold by MLM companies. However, the products were of little or no significance in their schemes, which depended on the investment of large sums of money. The pyramid schemes appeared in Aga in the

same ways as MLM, through representatives of distant companies who had been recruited by relatives from the cities. Some schemes had been discovered by local people searching the internet for business opportunities. The local operators of the pyramid schemes, just like the salespeople of the MLM companies, attended seminars across Russia to get instructions or training and communicated with the founders and other participants of the schemes online. It is important to note that the first households in Aga were connected to the internet in around 2011. Thus, the pyramid boom coincided with access to the internet, which played an important role in the proliferation of pyramid schemes, much as it did for the organization of MLM.

Everyone in Aga knows about MLM (*setevoi biznes*) and pyramid schemes (*piramidy*), and has been involved in one way or another. People have either tried to sell products, they have made investments, purchased products, attended business seminars or at least have close relatives who participated and repeatedly invited them to do so as well. The peak of recruitment was clearly over in 2014, when I arrived in Aga and there was a great deal of disillusionment. Most people who had hoped to become rich through MLM or pyramid schemes had realized that this was very unlikely to happen. Despite this disillusionment, there was also widespread uncertainty regarding the potential of MLM and pyramid schemes to offer opportunities to people. After all, there were some people who claimed to have made money in such schemes and, in some cases, this was clearly true. Moreover, there were those who still fervently believed that the business they were pushing could bring great financial reward to themselves and others. Active MLM distributors believed that those unsuccessful in MLM had simply not worked hard enough and the operators of pyramid schemes attributed the collapse of previous pyramid schemes not to their pyramidal structure, but to the insincerity of their founders and operators. It was through the continuous efforts of these local distributors and operators, mainly elderly Buryat women, that both MLM and pyramid schemes kept attracting new recruits, although in far fewer numbers than in the years preceding my research.

Postsocialist Capitalism

The end of Soviet socialism left capitalism unchallenged as the contemporary way of organizing the economy. There is no longer an ideological alternative powerful enough to seriously question or challenge capitalism. Today, there are very few places that are not somehow

affected by global flows of goods, services and money. Nevertheless, despite increasing economic globalization and interconnectedness, it is important to consider that capitalism has various histories and therefore various faces in different parts of the world. Anthropologists have shown that capitalism does not eradicate local economic systems and patterns of economic activity, but that it merges with them in multiple ways (Blim 2000; Watson 2006; Yang 2000).

Scholars of postsocialist economies have contributed significantly to our knowledge of the form of capitalism that emerged from the turbulent changes following the collapse of the Soviet Union. Capitalism arrived as shock therapy, implemented from above as a set of neoliberal reforms and with little regard to social and cultural realities. Anthropologists who studied the consequences of this restructuring of the economy according to the neoliberal model have shed light on how this period of profound transformation has shaped people's everyday lives and social relations.

The demise of the Soviet Union was followed by severe economic upheaval accompanying processes of decollectivization and privatization. In the countryside, many collective farms dissolved, triggering migrations to district centres such as Aginskoe, as well as to the cities. Many people could not work their privatized lands because they did not have the machinery or lived too far away from their property. Consequentially, much land was left unproductive, leading to a drop in agricultural output across formerly socialist countries (Hann 2003; Verdery 1996). In Russia, some of the collective farms resisted dissolution and continued to exist under an altered form of management. However, these farms faced serious economic difficulties without state subsidies and struggled to pay their staff monetary salaries (Humphrey 1998).

Decollectivization provided few benefits for ordinary rural people, forcing them to look for economic alternatives. Towns and cities grew significantly as people arrived from the countryside. However, the situation in urban centres was also difficult. State enterprises collapsed, major industries were closed down and the urban infrastructure saw major breakdowns. Unemployment soared in cities like Ulan-Ude and poverty increased along with rates of criminality (Humphrey 2007). The people who profited from this situation were largely those who had been in dominant positions during Soviet times and who had the personal social networks that were essential to getting things done in newly capitalist Russia (Ledeneva 1998, 2006).

The process of privatization in Russia led to increased inequality and left many people with feelings of injustice, deprivation and,

perhaps above all, uncertainty (Burawoy and Verdery 1999). The Soviet ideology and along with it a whole economic system simply disappeared. State benefits that had been generous during Soviet times were cut and suddenly people were expected to pay for necessities such as heat and electricity. Money was needed urgently, but it was very difficult to earn. Moreover, inflation was rampant in the 1990s. In both the countryside and the cities, people relied heavily on their vegetable plots. Under these circumstances, a barter economy developed on the macroeconomic as well as the microeconomic level. Collective farms, corporations and people traded with each other and in many cases such trade was eased by systems of coupons or alternative currencies (Anderson 2000; Humphrey 2000; Woodruff 1999).

The void left by the collapse of the old system opened niches for new economic activities. Petty trade was one of the few ways in which rural people could earn money in the 1990s. During Soviet times, private trade had been heavily restricted as it was seen as an unproductive and speculative activity. In the difficult situation of the 1990s, people were pushed into trading in order to make a living. Immense numbers of new traders crossed international borders and brought goods from China or Central Asia to Russia. Their activities were heavily dependent upon contacts with border guards, and networks of cooperation were thus created at the borders. This trade was at first improvised and perceived as chaotic 'disorder' (Humphrey 1999). At the other end of the socioeconomic spectrum were the businesspeople known as the 'New Russians': cosmopolitan entrepreneurs – bankers, brokers and managers – who quickly became affluent during this turbulent period of transformation and were able to embrace a consumerist lifestyle that was way beyond what ordinary citizens could afford. These urban entrepreneurs embodied the ideals of a new neoliberal discourse that had begun to permeate Russia at that time (Yurchak 2003).

The economic situation has certainly improved since the 1990s, albeit unevenly across Russia. However, unlike most Western parts of the country, many regions in Siberia, including the Zabaykalsky Krai, continue to depend on subsidies from Moscow. In some parts of Russia, such as Aga, regional autonomy in combination with the informal networks of power that are so characteristic of Russia (Ledeneva 2013) have had a significant impact on economic development. New private banks have played an important part in the shaping of economic realities in postsocialist countries. With regard to Russia, these mechanisms have received little attention, but it has been shown that in Mongolia new credit schemes for pastoralists have resulted in an increasing burden of debt on households (Sneath 2012). The situation in

Siberia is similar and, as in Mongolia, loan sharks and pawn shops are omnipresent (cf. Højer 2012). New ways of accessing money through loans paired with new means of payment such as credit cards (cf. Guseva 2008) have contributed significantly to changing attitudes to consumption. Household indebtedness is a serious problem in several of Russia's provinces, and the illicit practices of private banks that sell debts to collector agencies and exert severe pressure on debtors persist.

The appeal of MLM and pyramid schemes needs to be understood within the context of postsocialist economic developments. MLM and pyramid schemes seemingly offer not only the opportunity to make money in an environment where most people are struggling with debts, but also do so in a way that seems to contrast with the exclusivity of much of the postsocialist economy: an opportunity is offered to people regardless of their position in social hierarchies; the job of selling and/or recruiting can be done everywhere, in the countryside as well as in the cities, and may be combined with other jobs or familial duties; and the companies offer not only a clear ideology that fits the neoliberal discourse and role models, but also guidance, including a recipe for success. In short, MLM and pyramid schemes seem to offer an opportunity as well as a way out of the difficulties people are struggling with. All of this appears extremely attractive – as long as the schemes' representatives manage to sustain the idea that what they offer will bring the imagined reward.

Popular Finance

Contemporary capitalism is increasingly defined by the ever-more rapid circulation of money. Over the past few decades, production-centred state-based capitalism has shifted to a capitalism that is characterized by transnational flows of money and that is less and less tied to territory. Today, economic environments everywhere are affected by complex financial transactions in high finance, such as the buying and selling of derivatives (LiPuma and Lee 2004). Anthropologists interested in tracing these changes have applied ethnographic methods to the study of the centres of finance such as Wall Street and the Chicago Board of Trade, and have conducted research among investment bankers and traders (Ho 2009a; Miyazaki 2013; Zaloom 2006). These studies, among others, have yielded valuable insights into how financial markets work and how they are made, have shown the motivations and logics according to which elite financial actors act, and have revealed the significance of capitalist

temporality (see also Appadurai 2013). New approaches suggest taking into view a wider range of sites where speculation occurs and to consider also the financial practices of non-elite members of society (Bear, Birla and Puri 2015). The authors argue that speculative activity has become popular with the democratization of finance, and studying such activity in emerging markets can make an important contribution to the understanding of capitalism in its contemporary form. My study of MLM and pyramid schemes in Siberia picks up and develops the focus on speculative capitalism at the periphery. It shows how ordinary people are captured by the imagination of material wealth and how the anticipation of possible futures leads them to engage in highly contested economic activities. The data I present in this book provides an example of how markets are made from the bottom of the pyramid with a focus on the socioeconomic mechanisms that determine their growth.

A focus on popular finance is important because the development of financial markets and the activities of financial elites have consequences far away from the centres of finance where large-scale speculation takes place. Increasing speculation in financial markets and the opacity of new forms of wealth may be reflected in everyday social and economic practices, as Jean and John Comaroff (2001) have argued convincingly. The authors suggest that capitalism at the millennium is characterized by the fact that it marginalizes at the same time as it includes people, depending on whether they master its technologies. These capitalist realities give rise to what they call 'occult economies'. Money magic, pyramid schemes and prosperity gospels proliferate across the world, especially in societies that have recently seen significant social and economic change. Occult economies, the Comaroffs argue, could be seen as an attempt to make sense of the enigma of great wealth by those who cannot participate in the 'conventional' spheres of business or finance. Similarly, Detlev Krige (2012), who studied MLM and pyramid schemes in South Africa, argues that risk taking in pyramid schemes is hardly different from the risk taking that lies at the basis of commodities and futures trading in global financial markets. Krige also points to the important connection between the recent incorporation of large parts of the South African population into the banking system, the popularization of finance and the proliferation of MLM and pyramid schemes.

A good indication that the proliferation of pyramid schemes is linked to macroeconomic change is provided by the postsocialist case. Katherine Verdery (1996), for instance, understands the popularity of the Romanian Caritas scheme in the early 1990s as a response to the

economic crisis that followed the end of socialism. She argues that skyrocketing inflation, a drastic drop in income and problematic access to loans drew people towards such schemes. Likewise, Smoki Musaraj (2011) sees the deregulation of financial markets in the course of postsocialist transformation as giving rise to the Albanian schemes of the 1990s. Furthermore, Musaraj regards inflows of cash, most notably immigrant remittances, as playing a crucial role for the proliferation of the schemes. She argues that the materiality of the money that circulated as stacks of cash was important because it made the magical mechanism of the schemes concrete and visible in the public domain. Neoliberal reforms in Mexico, Thailand and China have also been seen by scholars as a significant cause of the popularization of MLM business from the late 1980s onwards in these countries (Cahn 2011; Jeffery 2001; Wilson 2004).

The surge of MLM and pyramid schemes can be assumed to reflect macroeconomic tendencies rather than being disconnected from them. However, the schemes are not parallel universes of the poor or a local mirror of the 'real' economy; rather, they are part of the global flows of money that characterize neoliberal capitalism. MLM is a huge industry and the founders of some of these companies are millionaires and politically highly influential. Amway's founder families, for example, entertain close connections to the Republican Party. In 2017, Elisabeth DeVos, daughter-in-law of Amway founder Richard DeVos, was elected U.S. Secretary of Education under President Donald Trump, who himself has promoted MLM through the Trump Network (Jones 2011: 2). Similarly, pyramid scams are not necessarily started by petty criminals at the local level, but may be initiated by financiers with influential connections such as Bernard Madoff. Pyramid scheme participants in South Africa, for example, have been found to include doctors, lawyers and company managers, and such schemes operate from prestigious business addresses (Krige 2012: 73–74). In both the Romanian and Albanian cases, prominent politicians supported pyramid schemes (Verdery 1996; Musaraj 2011). MLM and pyramid schemes come into being locally through the activities of local people, but they constitute networks, sometimes reaching across borders and connecting people across large distances. Thus, we have to pay attention to the particular circumstances under which they emerge locally as much as to the global connections that make them a universal phenomenon.

MLM and pyramid schemes introduce economic forms to the Siberian countryside that link ordinary people to faraway places. The idea of being connected, and especially the idea of being connected to an economically powerful elsewhere, is crucial for the appeal of the

schemes. The imagination of how these new ties could account for flows of money to rural Siberia and how being part of an international business community could bring about the desired rewards is key in MLM and pyramid schemes. MLM and pyramid schemes open new imaginative horizons that have both a spatial and a temporal dimension. My study deals with these imaginaries and explores how they shape economic activities. However, my analysis is not restricted to the small group of those who believe fervently in the schemes. Notably, their daily work consists of convincing others – those who do not yet dream, who dream only reluctantly or who have given up dreaming – to join their companies. Therefore, it is crucial to take into account the social space in which they work. How are people attracted to speculative practices? How is speculation embedded in its social and cultural environment? And what are the social logics that give rise to speculative behaviours? Virtually all studies of MLM focus only on those who are actively involved and therefore can only partially reveal the contested and highly problematic nature of the industry. Unlike experts at the centres of finance, those who push MLM and pyramid schemes daily confront others who are critical of their practice. It is these encounters in which imaginaries are constantly questioned and challenged and that make it necessary to reaffirm their belief again and again. Thus, this study seeks not only to give insights into the imaginary worlds of those who push the schemes most actively, but also to discuss the social realities in which dreams are learned, communicated, negotiated, questioned and shattered.

Gambling or Business?

When risky financial investment takes place outside the spheres of what is perceived as professional finance, it is commonly associated with gambling. In contrast to finance, gambling is understood as an unprofessional and somewhat disreputable leisure activity. What takes place in the sphere of business or finance, on the other hand, is accepted by most people as professional and legitimate. This distinction, of course, is constructed. De Goede (2005), for example, shows how during the nineteenth and twentieth centuries, the notion of finance was separated from that of gambling as part of the proliferation of the capitalist market logic. As the 2008 global financial crisis has clearly shown, financial markets are not under full control and financial professionals may behave like gamblers. Anthropological studies have also contributed to challenging the myth of finance as a

set of entirely rational economic practices by showing the significance of emotions in financial markets (Zaloom 2009) and discussing their unpredictability (Appel 2014; Ho 2009b). Studies on gambling, on the other hand, have shown the calculative spirit that people may display in order to make the best bet (Hart 2013: 17; Puri 2015: 466). Moreover, it has been shown that gambling may well be perceived as a form of work and be seen as a job rather than an instance of speculative accumulation (Krige 2011: 5). Taken together, these studies point to the fluidity between the categories of finance and gambling.

The similarities between gambling and finance become even more apparent when we attempt to classify practices that are situated inbetween the common understandings of the two, such as weather trading or spread betting (Loussouarn 2013; Randalls 2013). Pyramid schemes are a particularly interesting example because they are highly controversial economic phenomena and are certainly seen as disreputable and illegitimate by many people. Participants are mostly nonprofessionals, i.e. people who have not received an education in economics and have little or no experience with complicated financial products and transactions. Although they pay money into the scheme in the hope to get rich quickly, pyramid scheme participants do not understand their activity to be gambling, instead seeing it as work. Indeed, the profitability of their investment depends on their success in recruiting further participants which they conceive of as their job. They go about their activities not in demarcated zones of gambling such as race courses or casinos, but in office spaces. Moreover, participants are striving to become professional businesspeople. They begin dressing like businesspeople, thinking like businesspeople and acting like businesspeople. Some of them do so quite successfully and indeed professionalize in their field, which may increase their reputation among colleagues and enable them to increase their profits.

Despite the structural similarity of pyramid schemes and MLM, the latter is recognized as a reasonable form of business in most legislative systems. The distinction between MLM and pyramid schemes is mainly made along the lines of the product. MLM is legal because the marketing scheme involves products, whereas pyramid schemes are illegal because there is no product or a fake product. However, the significance of products in MLM is often secondary. Without the system of belief that the companies construct around the products, these would be much less marketable. MLM developed out of door-to-door salesmanship, which traditionally distributed household appliances and personal care items directly to the customer. The industry changed significantly around the mid twentieth century when a multiple levels

sales structure was introduced that encouraged salespeople to recruit further salespeople (Biggart 1989). As the recruiters were remunerated for the sales of their recruits, this allowed for the possibility of making money without actually selling things. Moreover, it encouraged the imagination of significant wealth. As the efforts of many salespeople shifted from selling to recruitment, the products retreated into the background. It would be reductionist to describe MLM simply as a particular form of retail. The companies have elaborate systems of compensation and bonus payments that are designed to create the impression that people can easily become rich. The fact that the industry appears to be selling mainly to its own distributors is a telling point (Keep and Vander Nat 2014: 204).

The comparison of MLM and pyramid schemes that I present in this work is revealing because it shows the grey zone between business and gambling and the fine line between legitimate and illegitimate economic activity. Moreover, it provides insights into the dynamics through which these two pyramidal structures relate to one another.

Capitalist Magic

Instead of seeing capitalism, and finance in particular, as an economic system of rationality, we may as well depart from the assumption that it is just the opposite: a system relying on myth making and enchantment. Arjun Appadurai (2012), for example, argues that a new form of magical thinking permeates financial markets. Departing from Weber, Appadurai calls for the necessity to identify the spirit of contemporary capitalism. We should not assume that capitalism is a self-perpetuating force set off by an initial ethical moment as identified by Weber. Today, Appadurai suggests, at the heart of capitalism are a number of magical practices that are based on faith in the market. Techniques of predicting the future, such as financial charts, aim at making an uncertain future knowable. They treat the market as a source of certainty and scientific rationality, but may be compared with the charts of astronomers or tarot card operators. Similarly, Laura Bear (2015) compares capitalist speculation to divination. Capitalist action, she argues, could be seen as 'motivated by forms of augury that make visible invisible forces and promise to draw humans closer to knowledge of the hidden patterns of society and the universe' (2015: 410). She suggests that bureaucrat-speculators' practices of calculating probabilities and risk may well be seen as forms of magic.

These ideas are interesting in relation to the fact that the proliferation of MLM and pyramid schemes depends upon successfully converting people to the belief system they construct, for example, through elaborate systems of profit calculation. The belief system is secular, but, as I will show in Chapter 3, they are economic structures that bear striking similarities to religious movements. In order to succeed, MLM and pyramid schemes have to convince people that there is a stable business behind their activities that consists in the circulation of valuable products or meaningful services. They try to avoid the idea of speculative enterprise that channels money from the pockets of the many to those of a few.

Peter Cahn (2011) shows convincingly in his ethnography of MLM in Mexico that involvement means more to people than an attempt to make money. Positive thinking philosophy is an important part of the business and their participation may be of significant spiritual significance for the distributors. The formation of the self, according to the principles set by the companies, is a key element in MLM. This includes both the cultivation of the body through the consumption of products and the cultivation of the mind through the strength of positive thought and belief in a better future. The spiritual significance of both MLM and pyramid schemes in the postsocialist context and the magical qualities that are attributed to products and services will be discussed in Chapters 3 and 5 respectively.

Appearance and myth making are important in a further sense in MLM and pyramid schemes. It has been argued that drama is key to speculative enterprise (Tsing 2005). Tsing shows this by discussing the example of a Canadian company that was responsible for a major gold mining scandal in the Indonesian rainforest. Only through charismatic performance and the conjuring of mystery could the company successfully attract international finance capital. Tsing's study presents an interesting parallel to my findings because drama and performance are absolutely essential for the proliferation of MLM and pyramid schemes. However, in the case of MLM and pyramid schemes, we are dealing with drama in a very literal sense. The companies rent venues with stages for their performances, often theatres or music halls. Charismatic leaders try to enchant their audience with their personal rags-to-riches stories and to lead them into dream worlds by showing them films of their luxury holidays, houses, cars and swimming pools. Their conclusion is always the same: everyone can be successful if they only firmly believe that their dreams can become true. Belief is built upon a particular construction of the future. Possibility is emphasized, whereas probability is neglected. The possibility that everyone could

be the one who makes a profit is the key narrative, while the reality that only very few people make a profit thanks to the failure of many others is a taboo topic.

This study seeks to illuminate the techniques companies use in order to instil belief in MLM and pyramid schemes. It is these techniques that account for the similarities of the schemes across the globe. Each scheme is of course also embedded in particular social contexts and throughout this book I will take into account how they resonate within specific cultural environments and social structures. I am interested to see how the companies are able to construct and sustain the illusion that their activities are beneficial in the face of significant evidence to the contrary. An investigation of this question will further question capitalism as a system of economic rationality and will help us to better understand its appeal around the globe.

Method

When I arrived in Aga in July 2014, I knew that MLM was popular in the district. As I have described above, I had been invited into an Amway office during my first short fieldwork stay in 2011 and was fascinated by the performance of an enthusiastic Amway distributor who wanted to recruit me. When I began hearing about other schemes, I became truly curious about the whole matter and decided to take the ethnographic puzzle of the pyramid boom in Aga as a point of departure for a research project.

A few days after my arrival in 2014, I met a friend with whom I had been in touch since 2011 and chatted with him about my research interest. When he heard that I intended to study the MLM industry, his first idea was that I should start a scheme myself. He was absolutely convinced that I could make a great profit because people would believe me if I told them that they could make a lot of money from my scheme. They would believe me, he said, because I was from Germany.

I did not start a scheme and also I decided not to register with any of the companies. This was difficult because I was seen to be an ideal recruit. When I met the *seteviki*,⁷ the people who were actively pushing the schemes, their first reaction was that I could join their network and then start selling and advertising in Germany, a wealthy country where the schemes would then proliferate to their benefit. This idea of interconnectedness with an economically powerful place excited them. My explanation that I had come in order to study the schemes and not to do business was rarely accepted. The *seteviki* were used to

hearing and ignoring excuses for refusal to become involved. Many of them continued to hope until the end of my research that they could convince me to study the schemes *and* do business with them.

There were several reasons for my decision not to become involved. Importantly, I could study the schemes without so doing. I was welcome to spend time in the companies' offices, to participate in the seminars (even those for the schemes' participants only), I was given insight into the materials they were using for training purposes, and *seteviki* talked to me and gave me interviews. If I had agreed to register, I would have been pushed to recruit or sell, both of which I saw as ethically problematic. Even if I had only registered, I am quite sure that they would have used this formal act as an advertisement to lend authority to their activity – again placing me in an ethically unacceptable situation. Finally, my involvement might have seriously damaged my reputation as a researcher and my relationships with informants who were not involved in the schemes.

I did my research largely in the town of Aginskoe. Occasionally, however, I went to cities in order to participate in company events, or other towns and villages in order to meet informants. While I investigated all of the schemes I encountered, I put a particular focus on one MLM company, Amway, and on one pyramid scheme, WIC Holding. These were the companies that were most active during the time of my research and the representatives of both companies were particularly interested to speak to me and willing to answer my questions. Hence, many, but not all, of the examples in this book refer to these two companies.

My research at times put me in ethically difficult positions. I relied on the *seteviki* for information and they helped me a lot, were very friendly and were willing to support my research. The trouble was that I found their activities to be highly problematic. In general I did not comment on what they were doing unless I was asked for my opinion. This did not happen very often, but when they asked, I gave an honest answer. I did not do anything to actively hinder their business (which would have made my research impossible), but I spoke to many people about my findings and about the problems associated with the schemes.

The schemes provided a revealing lens through which to look at the local economy. Economic difficulties and hopes were frequently discussed in the offices and meetings by those who were thinking about joining and those who were already involved. These discussions revealed much about the ways in which people think about the economy, about logics that steer economic action, and about ideas of

cooperation, loyalty and trust. MLM and pyramid schemes entail new and interesting forms of social interaction because they introduce new forms of economic reasoning. The ways in which people engage with them, understand them and negotiate them reflect and reveal social processes and cultural logics that are significant beyond the realm of the schemes themselves.

In order to understand how the schemes are embedded in the wider economic context, I spoke to people about money making, debts, credit, job markets, banks, insurance, prices and business. I had the impression that people enjoyed talking about these topics because they were linked to questions that troubled or excited them. Often it was not me who brought up such issues; rather, my informants chose these topics of conversation. The economy was a salient issue in part because of the economic crisis triggered by the fall in oil prices as well as the sanctions imposed on Russia following Russia's annexation of Crimea and its military intervention in Ukraine, which dominated news reports throughout the time of my research. While I was in Russia, the crisis slowly began to be felt through a rise in prices, delays in wage payments, the fall in the value of the rouble and budget cuts in several public institutions. People's interest in discussing questions concerning livelihood strategies was intensified as a result of the unstable economic situation in the present, the uncertainty with regard to the future and the memory of the dramatic economic changes after socialism. Apart from discussing these matters with informants, I visited acquaintances at their workplaces, in shops, markets, banks, public institutions and offices, went shopping with them, accompanied them to banks, and observed economic exchange and negotiations at the household level. Moreover, perhaps rather unusually for an anthropologist undertaking field research, I rented a small office in Aginskoe, next to one of the offices from where a pyramid scheme was operated. At first, this was merely for practical reasons, such as to have a warm place where I could spend time between events or meetings with people and a quiet place where I could write my field diary and invite people for interviews or conversations. However, my office turned out to be a very valuable research tool. Not only did it allow me to closely observe what was going on in the office next door and to build close relations with the people who were working and visiting there, but it also provided a space where people knew they could find me. I had some of the best and most insightful conversations with people who came to my office when *they* wanted to talk to me or to get to know me. Rather than limiting contact to situations when I would seek out people in order

to speak to them, the office allowed for more mutuality between me and my informants.

A particularly valuable source of data was the household where I lived throughout the time of my research. I stayed with a Buryat family whom I had known for several years before I started the research, which this book is based upon. Living with them in their small wooden house in a village adjacent to the town of Aginskoe, I had the opportunity to participate in the everyday life of the family, to celebrate holidays with them and to get to know many of their relatives and acquaintances. I could observe their household coping strategies and their practices of sharing, exchange and mutual support. My observations constantly raised new questions that I could then investigate with regard to other households and discuss with further informants.

During my research, I interacted mainly with Buryats and got to know very few Russians. This was not intentional, nor was it entirely coincidental. My first acquaintances in the field were Buryats and some of my most important informants I met through their almost exclusively Buryat friends and relatives. Furthermore, although a third of Aginskoe's population is Russian, Russians are largely absent from public life in the town. Regardless of which event I attended, there were rarely any Russians present. Most notable is the fact that virtually no Russians were actively involved in the companies that were the focus of my research. This is a particularity of MLM and pyramid schemes in Aga, but is certainly not true for Russia in general. In the cities where I attended seminars, there were predominantly Russian *seteviki*. However, as I spent most of my time in the town of Aginskoe, I conducted my research largely among Buryats. Nevertheless, many of my observations and conclusions may well be applicable to Russians and where I found ethnicity to be relevant, I make this explicit.

I conducted my research in the Russian language, which I know fluently. My knowledge of Buryat remained very limited throughout my fieldwork and although I could understand its basic vocabulary, I was not able to use the language actively. I did not have the impression that language issues restricted my data collection to a significant degree. First, in many instances Buryats speak Russian, especially when talking about economic matters such as MLM and pyramid schemes or use a mix of Buryat and Russian, which I understand fairly well. Second, when speaking to me directly or giving interviews, people always used the Russian language. Sometimes, when only Buryat was spoken, Buryat friends translated for me. This, however, did not occur very often because in group situations, there were usually also Buryats who

had only a poor knowledge of Buryat, meaning that Russian was used predominantly.

Hugely beneficial for my ability to access data was the fact that people were very curious about me simply because I came from the West. They found it amusing that I had decided to come to this 'cold middle of nowhere' (their words!) in order to do research. People liked the idea that I would write about Aga: they were supportive of my search for information and they were very keen to leave me with a good impression. For this reason, I felt that some people were somewhat disappointed that I had come to study MLM and pyramid schemes instead of their beautiful songs, dances or religious traditions. The authorities were also supportive of my research. They answered the questions that interested me and I had no problems in gaining access to the town's archive, newspaper archives and statistical information.

Outline of the Book

Each chapter of this book approaches MLM and pyramid schemes from a different angle. Taken together, they cover the themes that have emerged from my fieldwork as most relevant with regard to broader questions within economic anthropology and they are built on examples of sites and interactions that I have found to be important across schemes. I decided not to discuss MLM and pyramid schemes in separate chapters as their histories in Aga are closely intertwined and in many instances the same people were involved in both types of schemes. It is necessary to differentiate between them and I will do so throughout the book. Overall, however, I think it is of greater analytical value to highlight their similarities rather than trying to set clear boundaries. I therefore draw on examples from both MLM and pyramid schemes to support my arguments.

The first chapter, which follows this introduction, traces Aga's economic development from the end of socialism until the time of my research, dealing with the severe economic crisis of the 1990s, the district's economic miracle achieved through its special economic zone status, and the relatively recent problem of severe household indebtedness. The chapter is concerned with the particular ways in which capitalism unfolds locally. It shows how market rationalities are embedded within a dense system of informal support that characterizes Aga's economy and how the logics of mutual support determine economic decision making and flows of money.

The second chapter serves to provide a deeper understanding of the nature of MLM and pyramid schemes by investigating their history and structure. Here, I discuss similarities and differences in order to clarify the relationship between a globally applied marketing model and an investment scam. Moreover, this chapter will give a first idea of how MLM and pyramid schemes manifest locally, who is pushing them and how people think about them. Chapters 1 and 2 aim at providing the background information for the discussions of the subsequent chapters.

Chapter 3 discusses MLM and pyramid schemes as forms of 'spiritual capitalism' that bear striking similarities with religious movements. The chapter argues that the appeal of MLM and pyramid schemes needs to be seen within the context of the surge of new religious and spiritual movements after socialism, all offering people new forms of hope. A more detailed picture of a MLM company, Amway, and a pyramid scheme, WIC Holding, is given with the purpose of revealing the techniques through which they attract participants and build communities.

In the fourth chapter, I zoom in on the microsocial environments within which MLM and pyramid schemes operate. The focus is on kinship relations and their role for the proliferation of the schemes. The importance of kinship will be shown with regard to the strategies used to push the schemes, the dynamics that the schemes develop and the consequences of their collapse. What I wish to demonstrate in this chapter is both how social organization constitutes pathways for economic action and how social patterns are integrated into new economic realities. I argue that kinship relations have not lost their significance under capitalism, but rather that it is kinship that sets the frame for the development of commerce, conditioning economic decision making and channelling flows of money. In the cases of MLM and pyramid schemes, the social mechanisms of obligation, trust and solidarity work in the interest of the companies and, because most people fail, have problematic effects on the whole community.

Chapter 5 scrutinizes the significance of the goods and services marketed through MLM and pyramid schemes. Here I explore the question of how commodity value is constituted within various local contexts of economic reasoning. The chapter analyses the appeal of the products within the formerly socialist rural market, explores the role of consumption for the cultivation of social and informal economic relations, and looks at the symbolic and emotional values that become attached to the products through the systemic logic of the schemes. Extending the arguments of previous chapters, I contend that in many

instances, the purchase of the schemes' goods or services cannot be understood in terms of individual cost/benefit considerations. Consumption must be seen as embedded within the local economy of support and as tied to hopes of prosperity and aspirations to become successful businesspeople.

Chapter 6 deals with the corporate culture and internal power dynamics of MLM and pyramid schemes. It explores the mechanisms through which companies discipline their workforces and enhance their loyalty. I look at the ways in which participants grow into their jobs, how they learn the techniques of marketing and how they internalize the industry's morality. The chapter shows that it is not only a system of incentives that encourages people to act in the companies' interest; rather, direct forms of pressure through internal hierarchies alongside systemic pressure stemming from corporate organization play a crucial role in this regard.

While the preceding chapters investigate the local manifestation of MLM and pyramid schemes, the conclusion of this book zooms out of Siberia and looks at the schemes in the context of broader economic trends. It argues that an analysis of MLM and pyramid schemes reveals problems of the capitalist system at large. By comparing MLM to the 'gig economy' and elaborating on the idea of pyramid schemes as a response to finance capitalism, the problematic nature of working conditions and economic rights in our neoliberal era is highlighted.

Notes

1. Ponzi schemes are often confused with pyramid schemes. In both pyramid and Ponzi schemes, existing investors are financially compensated from the contributions made by new investors. But while investors in Ponzi schemes are (misleadingly) informed that they are earning returns simply from their investments, participants in pyramid schemes are usually aware that their income is dependent on the recruitment of new investors and that they themselves must recruit additional investors, who will themselves recruit new investors, and so on. This may at first sight seem an insignificant detail, but in fact it is important because the multilevel structure resulting from the recruitment strategy of many pyramid schemes makes them virtually indistinguishable from MLM. I will elaborate on this difference in Chapter 2.
2. There is another Buryat region outside Buryatia, the Ust-Orda district, which also had autonomous status until it became part of Irkutsk Oblast in 2008.
3. See the website of the Aga district's administration (Administratsiia Aginskogo Buriatskogo Okrug): <http://www.aginskoe.ru/node/32>.

4. There is no separate statistical data for the ethnic composition of the town (only for the district). It is said that the share of Buryats is higher in Aginskoe than in the district as a whole and the percentages given are estimations of the head of the statistical authority in Aginskoe. The data about the ethnic composition of the district is problematic because there are a considerable number of people with parents of different ethnic background.
5. A total of 286 families left the Aginsk aimak with large numbers of cattle between September 1923 and October 1924 (Tumunov 1993: 39).
6. In 2011, 929 people left the district, while in 2012, out-migration numbered 1,146 people (Zabaikalkraistat 2013).
7. The adjective *setevoi* means 'network', so *seteviki* could be translated as 'networkers'. This is the term by which active participants in the *setevoi biznes* (network business or network marketing) refer to themselves. Participants in both MLM and pyramid schemes use it as a generic title for their jobs. When I write about the group of people who actively push MLM and/or pyramid schemes and who see their involvement as their profession, I will use the term *seteviki*. When referring to MLM salespeople only, I will use the term 'distributors', as this is most common in the literature on the topic. Distributors and pyramid scheme participants may or may not see their involvement in MLM and pyramid schemes respectively as a profession. This will be discussed in detail in Chapter 2.