This will be an indispensable working tool, not just for specialists, in one of the central fields in contemporary political economy.

Wolfgang Streeck, Max Planck Institute for the Study of Societies, Cologne

Presenting an impressive range of authors and perspectives, this Handbook succeeds at delivering a comprehensive mapping of financialization studies. It is imaginatively organised and manages to bring coherence to this untidy and rapidly growing research field. This inevitably critical collection of chapters not only covers the reach and effects of finance, but also conveys some hope for future definancialization.

Julie Froud, Professor of Financial Innovation, University of Manchester

This book is a major contribution to the study of financialization. There has been an explosion in the term’s use across a wide range of disciplines, which indicates the concept’s usefulness. The book collates contributions from those disciplines, documenting how financialization helps understand both the “big picture” and developments in specific fields. It immediately establishes itself as the defining reference on financialization

Thomas Palley, independent economist, Washington, DC
Financialization has become the go-to term for scholars grappling with the growth of finance. This Handbook offers the first comprehensive survey of the scholarship on financialization, connecting finance with changes in politics, technology, culture, society and the economy.

It takes stock of the diverse avenues of research that comprise financialization studies and the contributions they have made to understanding the changes in contemporary societies driven by the rise of finance. The chapters chart the field’s evolution from research describing and critiquing the manifestations of financialization towards scholarship that pinpoints the driving forces, mechanisms and boundaries of financialization.

Written for researchers and students not only in economics but from across the social sciences and the humanities, this book offers a decidedly global and pluri-disciplinary view on financialization for those who are looking to understand the changing face of finance and its consequences.

Philip Mader is a Research Fellow at the Institute of Development Studies (Brighton, UK) and program convenor of the MA in Globalisation, Business and Development. His research focuses on development and the politics of markets. His PhD from the Max Planck Institute for the Study of Societies and the University of Cologne was published as The Political Economy of Microfinance: Financializing Poverty (Palgrave, 2015) and was recognized with the Otto Hahn Medal and the German Thesis Award.

Daniel Mertens is Professor of International Political Economy at the University of Osnabrück. Prior to that, he was an assistant professor at Goethe University Frankfurt and a visiting scholar at Northwestern University. He received his PhD from the Max Planck Institute for the Study of Societies and the University of Cologne. His work ranges from the politics of credit markets and banking to analyses of the modern tax state and has been published in outlets such as the Journal of European Public Policy, New Political Economy and Competition & Change.

Natascha van der Zwan is Assistant Professor in Public Administration at Leiden University. She does comparative and historical research on financialization and pension systems, investment rules and regulations, and pension fund capitalism. Her article “Making Sense of Financialization” (Socio-Economic Review, 2014) has become a key article in scholarship on financialization and is widely used in university courses. Dr Van der Zwan holds a PhD in Political Science from the New School for Social Research.
THE ROUTLEDGE
INTERNATIONAL HANDBOOK
OF FINANCIALIZATION

Edited by Philip Mader, Daniel Mertens and Natascha van der Zwan
CONTENTS

List of illustrations xii
List of contributors xiii

1 Financialization: An Introduction 1
   Philip Mader, Daniel Mertens and Natascha van der Zwan

PART A
Finance and Financialization: Taking Stock 17

2 The Value of Financialization and the Financialization of Value 19
   Brett Christophers and Ben Fine

3 Entrepreneurship, Finance and Social Stratification: The Socio-Economic Background of Financialization 31
   Christoph Deutschmann

4 Shareholder Primacy and Corporate Financialization 43
   Ismail Erturk

5 Financialization, Money and the State 56
   Sheila Dow

6 The Financialization of Life 68
   Paul Langley

PART B
Approaches to Studying Financialization 79

7 Financialization as a Socio-technical Process 81
   Eve Chiapello
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>The Anthropological Study of Financialization</td>
<td>92</td>
</tr>
<tr>
<td></td>
<td><em>Hadas Weiss</em></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Feminist and Gender Studies Approaches to Financialization</td>
<td>102</td>
</tr>
<tr>
<td></td>
<td><em>Signe Predmore</em></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>How Financialization is Reproduced Politically</td>
<td>113</td>
</tr>
<tr>
<td></td>
<td><em>Stefano Pagliari and Kevin L. Young</em></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>Financialization in Heterodox Economics</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td><em>Dimitris P. Sotiropoulos and Ariane Hillig</em></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Financialization and the Uses of History</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td><em>Mareike Beck and Samuel Knafo</em></td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>PART C</strong></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Financialization and Demand Regimes in Advanced Economies</td>
<td>149</td>
</tr>
<tr>
<td></td>
<td><em>Engelbert Stockhammer and Karsten Kohler</em></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>Economic Development and Variegated Financialization in Emerging</td>
<td>162</td>
</tr>
<tr>
<td></td>
<td>Economies</td>
<td></td>
</tr>
<tr>
<td></td>
<td><em>Ewa Karwowski</em></td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Subordinate Financialization in Emerging Capitalist Economies</td>
<td>177</td>
</tr>
<tr>
<td></td>
<td><em>Bruno Bonizzi, Annina Kaltenbrunner and Jeff Powell</em></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Financialization and State Transformations</td>
<td>188</td>
</tr>
<tr>
<td></td>
<td><em>Yingyao Wang</em></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>The Financialization of Real Estate</td>
<td>200</td>
</tr>
<tr>
<td></td>
<td><em>Manuel B. Aalbers, Rodrigo Fernandez and Gertjan Wijburg</em></td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Financialization and the Environmental Frontier</td>
<td>213</td>
</tr>
<tr>
<td></td>
<td><em>Sarah Bracking</em></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Offshore Finance</td>
<td>224</td>
</tr>
<tr>
<td></td>
<td><em>Rodrigo Fernandez and Reijer Hendrikse</em></td>
<td></td>
</tr>
</tbody>
</table>
PART D
Actors, Agency and Politics of Financialization 239

20 Central Banking, Shadow Banking, and Infrastructural Power
   Benjamin Braun and Daniela Gabor 241

21 Securities Exchanges: Subjects and Agents of Financialization
   Johannes Petry 253

22 The Rise of Institutional Investors
   Jan Fichtner 265

23 Trusts and Financialization
   Brooke Harrington 276

24 Impact Investing, Social Enterprise and Global Development
   Dennis Stolz and Karen P.Y. Lai 288

25 Micro-credit and the Financialization of Low-income Households
   Felipe González 301

26 The Collateralization of Social Policy by Financial Markets in the
   Global South
   Lena Lavinas 312

27A Essay Forum: Labor in Financialization – Value Logics and Labor:
   Collateral Damage or Central Focus?
   Paul Thompson and Jean Cushen 324

27B Essay Forum: Labor in Financialization – Financialization and/of
   Migrant Labor
   Kavita Datta and Vincent Guermond 330

27C Essay Forum: Labor in Financialization – Labor in the Financial Era:
   Assets, Debt and the Speculative Worker
   Lisa Adkins 335

27D Essay Forum: Labor in Financialization – A Dual Democratization of
   Finance? Labor’s Political Question after Financialization
   Michael A. McCarthy 340
PART E
Techniques, Technologies and Cultures of Financialization 345

28 Culture and Financialization: Four Approaches
Max Haiven 347

29 Financialization as Mathematization: The Calculative and Regulatory
Consequences of Risk Management
Nathan Coombs and Arjen van der Heide 358

30 “A Machine for Living”: The Cultural Economy of
Financial Subjectivity
Rob Aitken 369

31 Indebtedness and Financialization in Everyday Life
Johnna Montgomerie 380

32 Financial Literacy Education: A Questionable Answer to the
Financialization of Everyday Life
Jeanne Lazarus 390

33 Cultures of Debt Management Enter City Hall
Laura Deruytter and Sebastian Möller 400

PART F
Instabilities, Insecurities and the Discontents of Financialization 411

34 Financialization and the Increase in Inequality
Olivier Godechot 413

35 Financialization and the Crisis of Democracy
Andreas Nölke 425

36 The Bankers’ Club and the Power of Finance
Gerald Epstein 437

37 Financialization, Speculation and Instability
Sunanda Sen 448

38 Reforming Money to Fix Financialization?
Beat Weber 458
<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Author(s)</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>39</td>
<td>Macro-prudential Regulation Post-crisis and the Resilience of Financialization</td>
<td>Matthias Thiamann</td>
<td>468</td>
</tr>
<tr>
<td>40</td>
<td>Historical Perspectives on Current Struggles against Illegitimate Debt</td>
<td>Christina Laskaris, Nathan Legrand and Eric Toussaint</td>
<td>482</td>
</tr>
<tr>
<td></td>
<td><strong>Index</strong></td>
<td></td>
<td>494</td>
</tr>
</tbody>
</table>
ILLUSTRATIONS

Figures

1.1 Journal articles with topic financialization by year 3
1.2 Articles with topic financialization by discipline 5
4.1 Global Announced Mergers and Acquisition Deals 51
4.2 US Real GDP, S&P 500 and Private Investments as a percentage of GDP 52
17.1 Residential mortgage debt to GDP ratio 204
17.2 Nominal house prices, 2000=100 205
21.1 The transformation of exchanges, 1980–2018 256
22.1 Cumulative flows Into Index Funds and Out of Actively Managed Funds 272
24.1 Impact Investing in Practice — An Institutional Model 295
24.2 The Investment Process 296
27.1 Financialization and Labor: Themes and Territories of Impact 325
34.1 The Contribution of Different Sectors to the Rise in Inequality in France 417
39.1 House Price Indices Eurostat 469
39.2 Macro-prudential Policy Strategy 474

Tables

1.1 Main definitions of financialization 7
4.1 Share Buybacks, Equity Issuance and Net Bond Issuance in the US 51
13.2 External Sector and GDP Growth, 2000–2016 154
13.3 Summary of Demand Regimes 157
14.1 Financialization Dimensions and Indicators 166
14.2 Financialization Indicators across 20 Emerging Economies and Three Scales 168
17.1 Investment strategies under the Welfare State, Financialization 1.0 and 2.0 207
19.1 FDI and FPI, Nominal and as a Share of Gross Domestic Product (GDP) 228
19.2 Relational Banking Statistics, Nominal and as a Share of GDP 229
19.3 OFC Rankings 231
34.1 Contribution of Financialization to the 1980–2007 Period of Increasing Inequality in 18 OECD Countries 415
39.1 Resiliency vs. Anti-cyclical Measures 471
40.1 Historical Examples of Public Debt Cancellations and Repudiations 486
Manuel B. Aalbers is professor of Human Geography at KU Leuven/University of Leuven (Belgium) where he leads a research group on the intersection of real estate, finance and states, spearheaded by a grant from the European Research Council. He has also published on financialization, redlining, social and financial exclusion, neoliberalism, mortgage markets, the privatization of social housing, neighborhood decline and gentrification. He is the author of Place, Exclusion, and Mortgage Markets (Wiley-Blackwell, 2011) and The Financialization of Housing: A Political Economy Approach (Routledge, 2016) and the editor of Subprime Cities: The Political Economy of Mortgage Markets (Wiley-Blackwell, 2012).

Lisa Adkins is Professor of Sociology and Head of the School of Social and Political Sciences at the University of Sydney. She is also an Academy of Finland Distinguished Professor (2015–2019). Her contributions to the discipline of sociology are in the areas of economic sociology, social theory and feminist theory. Recent publications include The Time of Money (Stanford University Press, 2018), The Post-Fordist Sexual Contract: Working and Living in Contingency (with Maryanne Dever, Palgrave, 2016) and Measure and Value (with Celia Lury, Wiley, 2012). She is joint Editor-in-Chief of Australian Feminist Studies (Routledge/Taylor & Francis).

Rob Aitken is a Professor in the Department of Political Science at the University of Alberta. His research lies at the intersection of cultural economy, governmentality and the social studies of finance. His most recent book, Fringe Finance, was published by Routledge in 2015.

Mareike Beck recently completed her PhD entitled German Banking and the Rise of Financial Capitalism, A Case of Extraverted Financialisation at the University of Sussex. She also has co-published with Julian Germann an article in Globalizations on managerialism in Germany.

Bruno Bonizzi is Senior Lecturer in Finance at the University of Hertfordshire Business School. He researches and has published on financial integration, financialization and pension funds, with particular reference to the context of emerging economies.

Sarah Bracking is Professor of Climate and Society, School of Global Affairs, King’s College London, and Honorary Senior Research Associate at the University of Johannesburg. She is
List of contributors

text here...
Laura Deruytter is a researcher and FWO Fellow at Cosmopolis – Centre for Urban Research at the Vrije Universiteit Brussel. For her PhD research, she examines the changing nexus between finance and local governments in Belgium, with a focus on municipalities’ engagement with financial markets through municipal companies and publicly owned banks. Laura holds a MSc in Geography from Ghent University. She is also editor of AGORA, Dutch-Flemish Magazine for Socio-Spatial Issues, and board member of FairFin, an NGO for sustainable and just finance.

Sheila Dow is Emeritus Professor of Economics at the University of Stirling, Scotland, and Adjunct Professor of Economics at the University of Victoria, Canada. Her main academic focus has been on raising methodological awareness in the fields of macroeconomics, money and banking, and the history of economic thought (especially Hume, Smith and Keynes). While her career has primarily been in academia, she has worked for the Bank of England and the Government of Manitoba, and as special advisor on monetary policy to the UK Treasury Select Committee. Her most recent book is Foundations for New Economic Thinking (Palgrave Macmillan, 2012).

Gerald Epstein is Professor of Economics and a founding Co-Director of the Political Economy Research Institute (PERI) at the University of Massachusetts Amherst. Epstein has written articles on numerous topics including financialization, financial crisis and regulation, and the political economy of central banking and financial institutions. He is the author, most recently, of What’s Wrong with Modern Money Theory: A Policy Critique (Palgrave, 2019) and The Political Economy of Central Banking: Contested Control and the Power of Finance (Elgar, 2019). In recent years he has been the recipient of two INET grants on the financial system and monetary policy.

Ismail Ertürk is Senior Lecturer in Banking at Alliance Manchester Business School, The University of Manchester. His research interests are financialization, banking, financial regulation, post-crisis central banking, corporate governance and cultural political economy. He has co-authored and co-edited four books – on financialization, banking crisis and regulation, and post-crisis central banking – and numerous interdisciplinary academic articles. He has undertaken advisory work for companies and government institutions internationally. He has held various international visiting teaching and research positions. He regularly appears in international media including BBC and Bloomberg to comment on finance and economy.

Rodrigo Fernandez is a senior researcher at the Centre for Research on Multinational Corporations (SOMO). Previously he was a postdoc (2011–2013) at the University of Amsterdam and at KU Leuven/University of Leuven (2013–2019). Rodrigo has published on offshore financial centers, shadow banking, real estate and financialization. In his current research, he focuses on the financialization of non-financial corporations.

Jan Fichtner is postdoctoral researcher in the CORPNET project at the University of Amsterdam. His research interests lie in the interdisciplinary field of International Political Economy, particularly Global Finance, and cover index funds, the concentration of corporate ownership and control, structural power, financialization, hedge funds, and offshore financial centers. He is co-author of “Hidden power of the Big Three? Passive index funds, re-concentration of corporate ownership, and new financial risk”, which has won the David P. Baron award for the best paper published in Business & Politics in 2017.
Ben Fine is Emeritus Professor of Economics at the School of Oriental and African Studies, University of London, UK, and Visiting Professor, Wits School of Governance, University of Witwatersrand, South Africa.

Daniela Gabor is Professor of Economics and Macro-Finance at the University of the West of England, Bristol. She holds a PhD in banking and finance from the University of Stirling (2009). Since then, she has published on central banking in crisis, on the governance of global banks and the IMF, on shadow banking and repo markets.

Vincent Guermond is a PhD researcher in the School of Geography at Queen Mary University of London. His research focuses on remittance market formation and the everyday lived experiences of financial(ized) inclusion processes in the Global South amongst remittance recipients in Senegal and Ghana. His research interests are in the areas of the geographies of financialization, marketization and financial inclusion, digital financial inclusion, work and social reproduction and the political economy of the migration–development nexus.

Olivier Godechot is Research Professor in Sociology (Sciences Po and OSC-CNRS) and the Co-Director of MaxPo research center, Paris, France. He is interested in the study of labor markets, especially finance and academic labor markets, as a means to understand the development of unequal exchange relations at work and their impact on the dynamics of inequality. He recently published Wages, Bonuses and Appropriation of Profit in the Financial Industry (Routledge, 2017).

Felipe González is assistant professor at the School of Government and Communication of the Universidad Central de Chile, Santiago. His postdoctoral project investigates the escalation of social conflict surrounding student debt, with a special focus on the emergence of social movements of debtors. He is editor – together with Aldo Madariaga – of Economic Sociology, the Electronic European Newsletter, edited by the Max Planck Institute for the Study of Societies in Cologne, Germany (period 2018–2019). Some of his publications include “Crédito, deuda y gubernamentalidad financiera en Chile” (Revista Mexicana de Sociología) and “Where are the Consumers? Real Households and the Financialization of Consumption” (Cultural Studies).

Max Haiven is Canada Research Chair in Culture, Media and Social Justice at Lakehead University in Northwest Ontario and co-director of the ReImagining Value Action Lab (RiVAL). He writes articles for both academic and general audiences and is the author of books including The Radical Imagination: Social Movement Research in the Age of Austerity (with Alex Khasnabish, Zed, 2014), Cultures of Financialization: Fictitious Capital in Popular Culture and Everyday Life (Palgrave, 2014) and, most recently, Art after Money, Money after Art: Creative Strategies Against Financialization (Pluto, 2018).

Brooke Harrington is Professor of Sociology at Dartmouth College in the United States. Her research examines the social underpinnings of markets, and for the past dozen years has focused on professionals in offshore finance. She is the author of Capital without Borders (Harvard, 2016), winner of an American Sociological Association Outstanding Book Award (section on Inequality, Poverty & Mobility). Her articles have appeared in peer-reviewed journals such as Human Relations, Socio-Economic Review, Social Psychology Quarterly and Family Business Review, as well as in the Washington Post, the Guardian, and the Atlantic. Her PhD was awarded by Harvard University.
Reijer Hendrikse is a postdoctoral researcher at the Vrije Universiteit Brussel, Belgium. His research interests are broadly centered around the dynamic interlinkages between corporate and state structures, with a focus on finance, business services and technology. In 2015 Reijer received his PhD from the University of Amsterdam for his dissertation “The long arm of finance: Exploring the unlikely financialization of governments and public institutions.” Amongst other subjects, Reijer has published on the financialization of local authorities and universities, the rise of financial technology, and the evolution of neoliberalism.

Ariane Hillig is a Lecturer in Economics at Goldsmiths, University of London. Her doctoral research in Economics and Finance took place at The Open University Business School. Prior to that, Ariane was a visiting lecturer in Germany and worked several years in the private sector. Her current research interests are centered on the impact of financialization on everyday life. In particular, she is interested in interdisciplinary approaches in studying financialization, combining social theory, finance, cultural and political economy. These interests are also reflected in her recent publication: “Everyday financialization: The case of UK households” (Environment and Planning A).

Annina Kaltenbrunner is Associate Professor in the Economics of Globalisation and the International Economy at Leeds University Business School. Her research focuses on financial processes and relations in emerging capitalist economies. She has published on financial integration, currency internationalization and macroeconomic policy, among others, in the Cambridge Journal of Economics, Development & Change, Environment and Planning A, the Post Keynesian Journal of Economics, and New Political Economy. She has participated in several large externally funded projects and is currently collaborating with the Brazilian Central Bank on currency regionalization and regional payment systems.

Ewa Karwowski is senior lecturer in economics at Hertfordshire Business School and senior research associate at the University of Johannesburg. Before joining University of Hertfordshire, she was a faculty member at Kingston University, London. Ewa holds a PhD from SOAS, University of London. She has worked as consultant for international organizations (OECD, ILO), including as ODI fellow in the National Treasury, South Africa. Her research interests include finance and development, the financialization of firms, and Kaleckian economics. Ewa is board member of the Post-Keynesian Economics Society, part of the International Initiative for Promoting Political Economy and member of Reteaching Economics.

Samuel Knafo is a Senior Lecturer in the Department of International Relations at the University of Sussex. He is the author of The Making of Modern Finance: Liberal Governance and the Gold Standard (Routledge, 2013). He has recently published various articles on shareholder value, financialization and the place of managerialism within neoliberalism.

Karsten Kohler is a lecturer in International Political Economy at King’s College London. His research interests include open-economy macroeconomics, financial and business cycles, financialization and inequality.

Karen Lai is Associate Professor at the Department of Geography, Durham University. Her research interests include geographies of money and finance, market formation, service sectors, global city networks and financial center development. Her recent project examines everyday financialization through the knowledge networks of financial advisors and consumers. She is
currently working on two projects regarding the global financial networks of investment banks and law firms, and how FinTech could be reshaping the roles of financial centers. She is on the Executive Committees of the Global Network on Financial Geography (FinGeo) and the Economic Geography Research Group of the Royal Geographical Society (with Institute of British Geographers). She is also on the journal editorial boards of Geoforum and Geography Compass (Economic section).

Paul Langley is Professor of Economic Geography at Durham University, UK. His publications include Liquidity Lost (Oxford University Press, 2015), The Everyday Life of Global Finance (Oxford University Press, 2008), and World Financial Orders (Routledge, 2002). His present research focuses on the emergence and stabilization of new forms of finance in the wake of the global financial crisis, including “FinTech,” “green finance,” and “social finance.”

Christina Laskaridis is a Research Fellow at Duke University’s Center for the History of Political Economy and Doctoral Researcher in Economics at SOAS, University of London. Research interests include financial globalization, debt and monetary debates in historical perspective, and the International Monetary Fund. Christina Laskaridis was a member of the Hellenic Parliament’s Debt Audit Commission.

Lena Lavinas has a PhD in Economics from the University of Paris. She is Professor of Welfare Economics at the Federal University of Rio de Janeiro. Most of her research focuses on the design of social policies and their impact on poverty reduction and inequality; on comparative analysis of welfare regimes in Latin America; on socio-economic development in Brazil and Latin America; and on labor markets and gender issues. Her recent publications include “The collateralization of social policy under financialized capitalism” (Development and Change, vol. 49 issue 2, Forum, 2018) and The Takeover of Social Policy by Financialization: The Brazilian Paradox (Palgrave Macmillan, 2017).

Jeanne Lazarus is a tenured CNRS research fellow at the CSO in Sciences-po (Paris). Her research has focused on relationships between bankers and customers in French retail banks. She has also conducted research on the sociology of money and the consumption and monetary practices of the impoverished. She is currently studying the public policies surrounding individual money management in particular via education programs aimed at improving financial literacy, directives, and regulations regarding the commercialization of financial products and credit. She published L’Epreuve de l’argent in 2012, and edited several special issues on banking, credit and money management.

Nathan Legrand is a political scientist whose fields of study focus on sovereign debt, the labor movement and the alterglobalization movement. He currently works for the Committee for the abolition of illegitimate debts (CADTM) in Belgium.

Philip Mader is a Research Fellow at the Institute of Development Studies (Brighton, UK) and program convenor of the MA in Globalisation, Business and Development. His research focuses on development and the politics of markets. His PhD from the Max Planck Institute for the Study of Societies and the University of Cologne was published as The Political Economy of Microfinance: Financializing Poverty (Palgrave, 2015) and was recognized with the Otto Hahn Medal and the German Thesis Award.
Michael A. McCarthy is an Assistant Professor of Sociology at Marquette University. There he writes and teaches on the state, capitalism, and social theory. His recent book is *Dismantling Solidarity: Capitalist Politics and American Pensions since the New Deal* published with Cornell University Press in 2017. The project he is currently undertaking explores the politics of public finance.

Daniel Mertens is Professor of International Political Economy at the University of Osnabrück. Prior to that, he was an assistant professor at Goethe University Frankfurt and a visiting scholar at Northwestern University. He received his PhD from the Max Planck Institute for the Study of Societies and the University of Cologne. His work ranges from the politics of credit markets and banking to analyses of the modern tax state and has been published in outlets such as the *Journal of European Public Policy, New Political Economy* and *Competition & Change*.

Sebastian Möller is a Political Economy researcher at the Institute for Intercultural and International Studies (InIIS) and Program Coordinator for the Master Political Science and the Master International Relations at the University of Bremen. He conducts a PhD project on the use of interest rate derivatives by British, German and Austrian local governments with a particular focus on modes of financial intermediation. Sebastian holds a MA in Political Science from Goethe University Frankfurt and a BA in History and Political Science from the University of Wuppertal and has been a visiting researcher at Manchester Business School and Johannes Kepler University Linz.

Johnna Montgomerie is a Reader in International Political Economy and Head of Department in European and International Studies at King’s College London She has written extensively on financialization, debt, austerity and the household; most recently in *Geoforum*, with Daniela Tepe-Belfrage “Cultures of debt resistance.” Her most recent policy focused book *Should We Abolish Household Debt?* is published by Policy and an experimental collection *Critical Methods in Political and Cultural Economy*, published by Routledge.

Andreas Nölke is Professor of Political Science with a particular focus on International Relations and International Political Economy at Goethe University (Frankfurt). He also is associated with the Centre for the Study of Globalisation and Regionalisation/CSGR at the University of Warwick. Before joining Goethe University, he taught at the universities of Konstanz, Leipzig, Amsterdam and Utrecht. He has published in journals such as the *Review of International Political Economy, World Politics, Business and Politics*, the *European Journal of International Relations*, the *Review of African Political Economy*, the *Socio-Economic Review* and the *Journal of Common Market Studies*.

Stefano Pagliari is a Senior Lecturer in the International Politics Department at City, University of London. His research covers a number of themes related to international political economy and comparative political economy, with a particular focus on the political economy of financial regulation. He has edited together with Eric Helleiner and Irene Spagna the volume *Governing the World’s Biggest Market. The Politics of Derivatives Regulation After the 2008 Crisis* (Oxford University Press).

Johannes Petry is an ESRC Doctoral Research Fellow and PhD Candidate in International Political Economy in the Department of Politics and International Studies at the University of Warwick. His work focuses on the political economy of securities exchanges and their role in capital market development. In his current research project, he analyses the development of capital markets in China, their internationalization and integration into global capital markets, and the role of exchanges in these processes. His research interests include the comparative and
List of contributors

interdisciplinary analysis of financial markets, systems and crises as well as the political economy of emerging markets.

Jeff Powell is Senior Lecturer in Economics at the University of Greenwich, with research interests in finance and development, financialization and monetary economics. He is a member of the Institute of Political Economy, Governance, Finance and Accountability (PEGFA). Jeff is a founding member of the UK network of pluralist economists, Rетеaching Economics.

Signe Predmore is a PhD Candidate in Political Science at University of Massachusetts Amherst. She is an interdisciplinary scholar with a background in anthropology and interest in feminist and critical race approaches to political economy. Her research concerns the contentious politics around trade policy, and the post-2008 gender diversity agenda in finance.

Sunanda Sen was Professor of Economics Jawaharlal Nehru University in New Delhi. She has also been a visiting professor at several universities in Europe, USA and UK. Her publications include a large number of books and articles in reputed journals. Her most recently published books include The Changing Face of Imperialism: Colonies to Contemporary Capitalism (Routledge, 2018) and Dominant Finance and Stagnant Economies (Oxford University Press, 2014). A former National Fellow of the Indian Council of Social Science, she was also a Joan Robinson Memorial Lecturer at Faculty of Economics, Cambridge. She is a Life member at Clare Hall, Cambridge, UK, and Research Associate at the Levy Institute of Economics, USA.

Dimitris P. Sotiropoulos is a Senior Lecturer in Finance at The Open University Business School. Prior to that he worked as lecturer and researcher in academic institutions in the United Kingdom, Germany, and Greece. His research interests are focused on the political economy of finance, the social aspects of risk management and the history of financial innovation. He has published three books, the most recent one being The Political Economy of Contemporary Capitalism and Its Crisis: Demystifying Finance (Routledge, 2013). His papers in journals and edited volumes cover research areas in business history, history of economic thought, and political economy.

Engelbert Stockhammer is professor of International Political Economy at King’s College London. His research areas include macroeconomics, financialization, distribution and growth, and economic policy in Europe. He has published more than 60 articles in peer-refereed journals and is ranked among the top five percent of economists worldwide by REPEC. Recent books include Wage-Led Growth. An Equitable Strategy for Economic Recovery (Palgrave Macmillan, 2013).

Dennis Stolz obtained his PhD degree in Geography at the National University of Singapore. His thesis “Philanthro-capitalism and the production of space” cross-fertilises his interests in the geographies of money and finance with works in the Marxist political economy tradition. His interest in capitalist development in Asia stems from earlier work experience in the region; after completing his masters in economic geography at the Goethe-University in Frankfurt am Main, he worked at the German Society for International Cooperation in New Delhi, India. He has also held positions at the Deutsche Börse Group and the Financial Times Deutschland. Currently, he works for an economic development agency in Düsseldorf.

Matthias Thiemann is Assistant Professor at Sciences Po Centre d’Etudes Européennes. He is also an external fellow at the Research Center SAFE (Sustainable Architecture for Finance in
Europe), Goethe University Frankfurt. His work focuses on the regulation of financial markets pre- and post-crisis, its structural settings and the constrained agency of regulators in these circumstances. His work has appeared, inter alia in the *American Journal of Sociology*, the *Review of International Political Economy* and the *Journal of European Public Policy* and most recently in the book *The Growth of Shadow Banking: A Comparative Institutional Analysis* (Cambridge University Press, 2018).

**Paul Thompson** is Professor of Employment Studies in the School of Management at the University of Stirling, Scotland. He researches on the links between financialized business models and work and employment outcomes, and more generally on the changing nature of capitalism, managerial regimes and worker resistance. His extensive work has been published in seven languages and he is Convener of the International Labour Process Conference.

**Eric Toussaint** is a historian and political scientist with a PhD from the universities of Paris VIII and Liège. He is spokesperson for the CADTM (Committee for the abolition of illegitimate debt) international network. He is the author of a dozen of books, including *The Debt System: A History of Sovereign Debts and their Repudiation* (Haymarket, 2019) and *Bankocracy* (Resistance Books, 2015). Several of his books have been published in a dozen languages and have become reference works: *Debt, the IMF, and the World Bank: Sixty Questions, Sixty Answers* (Monthly Review, New York, 2010) and *The World Bank: A Critical Primer* (Pluto, 2008). He has taken part in producing two manuals for conducting citizens’ audits and was a member of the Hellenic Parliament’s Debt Audit Commission and the Ecuadorian Debt Audit Commission.

**Arjen van der Heide** is postdoctoral research fellow at the Max Planck Institute for the Study of Societies. He obtained his PhD from the University of Edinburgh, studying the emergence of new modes of risk management in contemporary British life insurance. His current research focuses on the evolution of trading in European sovereign debt.

**Natascha van der Zwan** is Assistant Professor in Public Administration at Leiden University. She does comparative and historical research on financialization and pension systems, investment rules and regulations, and pension fund capitalism. Her article “Making sense of financialization” (*Socio-Economic Review*, 2014) has become a key article in scholarship on financialization and is widely used in university courses. Dr. Van der Zwan holds a PhD in Political Science from the New School for Social Research.

**Yingyao Wang** is Assistant Professor of Sociology at the University of Virginia. Her research interests include the sociology of bureaucracy, state–market relations, public finance, development, and sociological analysis of the elites. She is currently working on projects related to the Chinese statecraft, political corruption, street-level taxation, and the subnational logic of global investment. Besides her empirical work, she also writes about social and organizational theory.

**Beat Weber** is an economist and political scientist at Oesterreichische Nationalbank, the central bank of Austria. He lives in Vienna. In studying the political economy of money and finance, he recently focused on monetary theory. His book *Democratizing Money? Debating Legitimacy in Monetary Reform Proposals* (Cambridge University Press, 2018) contains a critical examination of various monetary reform proposals.
List of contributors

**Hadas Weiss** is Tomás y Valiente Fellow at the Madrid Institute for Advanced Study, researching social aspects of contemporary capitalism in Israel, Germany and Spain. She has published in various anthropology and cross-disciplinary journals, and is the author of *We Have Never Been Middle Class: How Social Mobility Misleads Us* (Verso, 2019).

**Gertjan Wijburg** is assistant professor of Urban Planning and Economic Geography at Utrecht University, the Netherlands. Previously, he was a PhD Candidate and teaching assistant at the KU Leuven/University of Leuven (Belgium). He has published on real estate, financialization, (urban) political economy and modern architecture.

**Kevin L. Young** is Associate Professor in the Department of Political Science at the University of Massachusetts Amherst. His work focuses on international political economy, especially the operation of interest group coalitions and elite networks. He is the author (with Thomas Hale and David Held) of *Gridlock: Why Global Cooperation is Failing When it is Most Needed* (Polity Press, 2013), and has published work in *Review of International Political Economy, Public Administration, Regulation and Governance, Socio-Economic Review* and *International Studies Quarterly*. 
1

FINANCIALIZATION: AN INTRODUCTION

Philip Mader, Daniel Mertens and Natascha van der Zwan

Introduction

In countries across Asia, variations on a parable are told. A group of blind men encounter an elephant and, having never “seen” one before, one boldly reaches out, feels the elephant’s leg, and tells the others that it is very much like a tree. A second touches its side, and reports that the elephant is, in fact, quite like a wall; a third touches the trunk and finds it is a big snake; another touches the tail (a rope); another its tusk (a spear); and so on. Depending on the variant, the parable ends either with the blind men disagreeing about the nature of the beast, perhaps even coming to blows over it, or with them wisely conferring on what they have learned, understanding that each was only partially correct, and recognizing that only together could they fully comprehend the beast.

At times, in the financialization literature, one might have been reminded of this parable; certainly not in the sense of scholars being blind or ignorant of others’ perspectives, but in the sense of very different approaches having led them to divergent claims about the nature of financialization. This has involved tendencies to regard financialization as primarily, or essentially, one particular thing: as the increasing power of financial interests over politics, as the growing dominance of financial logics or “shareholder value,” as changes in the spatial organization of the global economy, as the reconfiguration of society and the class system, or as the mutation of culture and how we relate to ourselves. Yet these are not mutually exclusive, and only together give the whole picture.

Arguably, the existence of many different approaches within financialization scholarship has also been central to the term’s wide reception and uptake in recent years, particularly since the 2007–2008 Great Financial Crisis. Financialization has become the go-to term among a growing field of scholarship that studies the vastly expanded role played by finance in contemporary politics, economy and society. The concept of financialization itself has also expanded, evolving from a rather niche term used by critical scholars into one that increasingly informs research across and beyond the social sciences and humanities. We aim for this book to advance financialization studies, whose constitution as a field this volume documents, by bringing into conversation a wide range of perspectives from across disciplines and schools, in order to better understand the nature of the beast – and, to an extent, to make sure we are still talking about the same beast. As the contributions to this Handbook make clear, to work in a transdisciplinary way first requires an understanding of the specific contributions that particular (other) disciplines can make.
For this book, we have sought to reflect the breadth and depth of the financialization field, not just by including contributions from a wide range of disciplines (see especially Parts A and B) – except, alas, mainstream economics, which remains as ignorant of financialization as it remains at a loss for convincing explanations of financial crises2 – but also by distinguishing different sets of perspectives on financialization. These include more structural and spatial ones (Part C), more agency-oriented and political ones (Part D), and more technological and cultural ones (Part E). With this, the Handbook invites readers to look over and across established horizons. And, in a world in which finance is often, by the public as well as some scholars, still largely equated with Anglo-America and with the financial system narrowly defined, we endeavor for the Handbook to reflect the highly spatially and segmentally variegated financializations that different institutions, people and societies are entangled with. Participants in financialization include not just bankers, investors and wealth managers in “high finance” and on Wall Street, but also microcredit borrowers and welfare recipients in the global South, mid-sized cities’ municipal authorities, state-owned enterprises, multinational corporations and philanthropic organizations, which are all connected through a branching web of financial claims.

While aiming to broaden horizons, we also hope for this volume to help more clearly situate and delineate financialization and define its boundaries. This means to check a potentially harmful tendency toward the term being applied loosely, with “financialization” increasingly – to exaggerate only somewhat – being seen anywhere and everywhere there has lately been social, economic, political or cultural change. Simply to diagnose ever-more “financializations of” particular things and “financializations in” particular places risks devaluing the core conceptual currency of financialization studies. This is why we must take up the challenge brought by Brett Christophers (2015), to articulate more clearly “the limits to financialization.” We would argue that to maintain its value, financialization studies must more clearly than ever distinguish – connect yet contrast clearly – its objects of interest from the other “elephants in the room,” which include but are not limited to: commodification, marketization, globalization, neoliberalization, privatization, digitalization and precarization. In other words, financialization scholars must recognize and highlight financialization as but one “tendency among tendencies” in the transformation of capitalist societies,3 which has both causes and effects in other contemporaneous processes (see e.g. Davis and Walsh 2017).

Our aim for this introduction is to offer a broad map on which financialization studies can be plotted across the academic disciplines that have contributed to it, showing its emergence and growth (Section 1), and then providing an overview of the commonly proposed definitions of financialization and clarifying our own position on them (Section 2). Our chapter ends with an outline of the various contributions to this volume (Section 3), followed by a brief outlook for the field (Section 4).

Financialization: a brief history of the field

The enormous popularity of the concept of financialization has led to an outpouring of publications over the past decade. Since 2010, the number of annually published journal articles on financialization has more than quadrupled, to almost 400 (Web of Science 2019; see also Figure 1.1). Book publications, while smaller in number, have followed a similar trend: while only a handful of books existed in the early years of the 21st century, now more than a dozen books on financialization are published each year (WorldCat 2019).4 Financialization has also entered public discourse through the works of people like academic-turned-politician Yanis Varoufakis (2011) and journalists Rana Faroohar (2016) and Nicholas Shaxson (2018). They have taken the social-scientific concept and placed it center stage in their own popular narratives of “finance capitalism.” Should these trends continue, financialization – that “wonky but apt moniker picked up by academics” (Faroohar 2016: 6) – could very well enter mainstream vocabularies.
The speed and scale at which financialization scholarship has grown over the past decade invites us to take stock of its development. According to John Bellamy Foster, the origins of the term, which first appeared in the early 1990s, are “obscure” (Foster 2007: 1). Many diagnoses of financialization in this period drew parallels to an earlier period of economic and political domination by “finance capital” and rentier classes around the turn of the 20th century, written about by Lenin, Rudolf Hilferding, Michal Kalecki and John Maynard Keynes. They also sought to highlight the differences and explain why the end of the post-war “Golden Age” of capitalism had given rise to financial expansion. The earliest figurations of the research enterprise, such as in the works of Harry Magdoff and Paul Sweezy (1987), explained the increasingly central role of finance and particularly debt as a response to the stagnation that ended the post-World War II American boom, and argued that America was becoming a “casino society.” However, contrary to what many of their contemporary Keynesians thought, Magdoff and Sweezy’s Marxian perspective suggested that the growth of financial markets was not undermining or replacing the production of goods and (non-financial) services, and rather increasingly becoming a prerequisite for it.

Exemplary for the subsequent manifestations of financialization scholarship is the collection *Financialization at Work* by Ismail Erturk and co-editors (2008), whose selection of contributions reveals the grounding of the concept in the history of economic thought. Erturk et al. took cues from John Maynard Keynes, early 20th century economic historian and philosopher R.H. Tawney, and corporate governance theorists (and F.D. Roosevelt advisors) Adolph Berle and Gardiner Means, as well as their agency-theoretical critics Michael Jensen and Eugene Fama, whose works fueled the neoliberal counterrevolution in economics. The contributions of financialization scholars leading into the mid-2000s reflected the different perspectives on financialization that characterized the scholarship from its very beginning: the critical accounting approach of the Manchester School, represented for instance by Julie Froud and collaborators (2000); the Regulationist approach exemplified by Robert Boyer’s (2000) work; the heterodox economics of Engelbert Stockhammer...
(2004) and Gerald Epstein (2005); the corporate governance perspectives of William Lazonick and Mary O’Sullivan (2000); and the cultural economy approaches of Randy Martin (2002) and Paul Langley (2004), to give some examples. Some of the most influential conceptualizations of the term originated in this early scholarship, including the widely-employed definitions offered by Epstein (2005), Krippner (2005) and Stockhammer (2004; see also the next section of this chapter).

The scholarship on financialization entered a new phase in the years following the Great Financial Crisis, as the events of 2007–2008 served as a wake-up call, or reminder of the destructive scale and power of financial systems, prompting a much wider scholarly reckoning with finance and an increased usage of the term financialization. Moving away from public corporations and “financial markets” in the abstract, scholars scrutinized a host of financial actors – including but not limited to institutional investors and investment vehicles – and a host of different markets – bond markets, commodity markets, housing markets, welfare markets, and so on (see e.g. Aalbers 2008; Dixon and Sorsa 2009; Finlayson 2009; Montgomerie 2009; Fichtner 2013; Gospel et al. 2014). Finally, scholars also became more attuned to the variegated nature of the financialization process, focusing on places beyond Anglo-America (e.g. Engelen and Konings 2010; French et al. 2011). This led to the now-commonplace understanding that financialization cannot be reduced simpliciter to a global isomorphism towards Anglo-American finance capitalism but needs to be understood in relation to national/local contexts on the one hand and the global capitalist system on the other, even as the latter undeniably bears the historical legacy of US hegemony (Konings 2011). Illustrative in this regard are the works by Daniela Gabor (2010) on Eastern Europe, Lena Rethel (2010), Iain Hardie (2012) and Bruno Bonizzi (2013) on emerging economies, and the wide geographical reach of the FESSUD project (see FESSUD Studies in Financial Systems 2013).

This trend of broadening the scope of financialization studies has continued into the contemporary period, in which scholars have had to deal with the resilience of finance and financialization post-crisis; what one might call the “strange non-death” of financialization (cf. Crouch 2011). In recent years, we have gained a more thorough understanding of the driving forces of continued financialization, not least thanks to a growing scholarship on the role of the state and other “non-financial” actors (e.g. Nölke et al. 2013; Van der Zwan 2017). The scholarship has highlighted the inflections of finance with areas such as the food system (Clapp and Isakson 2018), the environment (Bayliss 2014; Ouma, Johnson and Bigger 2018), national treasuries (Lagna 2016; Fastenrath, Schwan and Trampusch 2017) and international development (Mader 2015; Mawdsley 2018; Storm 2018): often not merely as an intrusion, but also as a tool wielded by some players within these arenas. Noteworthy are also the ways in which scholars are exploring the boundaries of the concept by tackling theoretically and empirically complex manifestations, such as offshore finance, shadow banking and other frontlines of financial engineering (Ban and Gabor 2016; Botzem and Dobusch 2017).

The growth of the financialization scholarship coincided with its diffusion across academic disciplines. While (heterodox) economics and geography together account for the largest share of published articles on financialization, other fields – such as anthropology, accounting studies, development studies, political science and sociology – also have a clear presence in the scholarship (see Figure 1.2). The broad appeal of the concept might be explained by the subject’s sheer complexity: each approach highlights aspects of financialization that other disciplines are less inclined or able to grasp. At the same time, the importance of interdisciplinary journals such as Competition & Change or Socio-Economic Review for this scholarship also signals how financialization defies disciplinary boundaries.

Over time, however, we can also observe a growing concern for the continued usefulness, or value, of the concept, driven by diagnoses of the dilution of the term as a result of its diffusion (cf. Christophers 2015; Aalbers 2020). In other words, the spread of the financialization concept
across disciplinary boundaries brings risks. One such risk is *conceptual dilution*: if the adoption of the concept in different academic fields requires a more generic understanding of what financialization means, then the concept could atrophy to become a meme (an object passed on by mere imitation) without meaning. Another, opposite, risk is that of *solidification*: if one standardized definition becomes the norm for scholarship on financialization in a particular sub-field or school of thought, and a too rigid understanding of financialization leads to the blind-men problem and failure to recognize or account for new mutations of finance.

Ultimately, the growth of financialization studies reflects the need for an analytical vocabulary that captures key empirical developments in contemporary capitalism. Yet, the growth of financialization studies simultaneously warrants a more critical question: if rooted in such disparate academic fields and approaches, what unites this body of scholarship? While impossible to do justice to the variety within the scholarship, we can identify three shared affinities. First, financialization scholars depart from an understanding of finance as not subservient to the productive economy but as an autonomous realm that increasingly influences and even dominates other realms of society. Financialization scholars recognize and seek to understand and explain this emancipation of finance. Second, they almost uniformly assess this development as a negative one. Their point of departure is critique, not acceptance, of the empirical developments they analyze, which they often link to other socio-economic and political developments, such as rising inequality, macroeconomic instability, social precarity, and loss of democratic accountability. Third and finally, financialization scholars study finance not only, or even primarily, as an economic issue. Unlike those who work in mainstream finance traditions, financialization scholars, including those departing from (heterodox) economics, connect changes in finance with other shifts in politics, economics, social relations and
culture, and articulate these as causes and consequences. It is precisely this recognition of finance as part of a socially created world that has enabled financialization scholarship to proceed in “explicit opposition to the Panglossian view of modern mainstream economics that financial markets, warts and all, provide the best possible mode of social regulation” (Storm 2018: 304). The embedding of finance within society, epistemologically as well as politically, is cardinal to financialization studies’ power of critique.

Defining financialization

Defining what financialization actually is has been a key concern for both proponents and critics of the term. Repeatedly designated as “too broad” or “too vague,” definitional issues have followed the financialization concept from its inception. What has contributed to this concern is the very success of definitions that have proven to be sufficiently encompassing to allow different approaches to tie in. This is particularly true for Gerald Epstein’s seminal and deliberately broad notion that “financialization means the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies” (Epstein 2005: 3). Arguably, some of its building blocks raise definitional issues themselves, but Epstein’s formulation certainly facilitated the consolidation of the field by providing a definitional handle that suited a wide range of research endeavors. In comparison, the similarly oft-quoted definition of financialization as “a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production” provided by Greta Krippner (2005: 174), was much more specific and attuned to particular empirical material. It triggered a debate over the relative weight of financial profits – or “profit financialization” – in the economy and within non-financial firms (see e.g. Nölke and Perry 2007; Van Treeck 2009; Christophers 2018). Other definitions also signal specific theoretical traditions, as for instance with a Marxist understanding of financialization as the “increasing incorporation of IBC [interest-bearing capital] into the circuits of capital” (Fine 2013: 62; contra Lapavitsas 2011).

Table 1.1 summarizes the definitions given in the most-frequently referenced contributions to financialization studies. One way to map this landscape of definitions is to distinguish roughly between three levels of analysis (Van der Zwan 2014): macro-level approaches, which usually focus on the transformation of capitalist accumulation or changes in macroeconomic aggregates and often engage with a state/market-dichotomy in processes of financialization; meso-level analyses, which put (mostly non-financial) corporations center stage and examine issues of ownership and control as well as changing corporate relations with financial markets; and micro-level approaches, which highlight how (mostly) non-elite actors are implicated in a “financialization of daily life,” zooming in on financial practices and rationalities in, for instance, saving and borrowing. This threefold heuristic helps to organize definitional issues and approaches, even though the borders between the levels of analysis are not always rigid.

Concerns about the definitional trade-off between breadth and depth – producing either a vague notion of financialization or a plethora of fine-tuned definitions – are evident in three types of critiques. The first is prominently articulated by Ewald Engelen’s (2008) warning of conceptual stretching (Sartori 1970), which enabled scholarship to produce a vast amount of “financialization of” accounts, albeit through frequently neglecting the conceptual value added as well as questions of historical specificity. The second point of critique emerges from scholars’ distinct treatment of financialization, sometimes as explanandum (what is to be explained), sometimes as explanans (the explanation) and sometimes as intervening mechanism between cause and effect – a point most forcefully made by Manuel Aalbers. According to Aalbers (2020: 2), the imprecision of concepts like financialization stems from the very empirical complexities they
<table>
<thead>
<tr>
<th>Author (Year)</th>
<th>Definition of financialization</th>
<th>Main level of analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Epstein (2005: 3)</td>
<td>“the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies”</td>
<td>Macro</td>
</tr>
<tr>
<td>Krippner (2005: 174)</td>
<td>“a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production”</td>
<td>Macro</td>
</tr>
<tr>
<td>Boyer (2000: 121)*</td>
<td>process by which “all the elements of national demand bear the consequences of the dominance of finance”</td>
<td>Macro</td>
</tr>
<tr>
<td>Tang &amp; Xiong (2010: 3)</td>
<td>“process […] through which commodity prices became more correlated with prices of financial assets and with each other”</td>
<td>Macro</td>
</tr>
<tr>
<td>Martin (2002: 43)</td>
<td>“insinuates an orientation toward accounting and risk management into all domains of life”</td>
<td>Micro</td>
</tr>
<tr>
<td>Stockhammer (2004: 720)</td>
<td>“increased activity of non-financial businesses on financial markets, [...] measured by the corresponding income streams”</td>
<td>Meso</td>
</tr>
<tr>
<td>Palley (2008: 29)</td>
<td>“(1) elevate the significance of the financial sector relative to the real sector; (2) transfer income from the real sector to the financial sector; and (3) contribute to increased income inequality and wage stagnation”</td>
<td>Macro</td>
</tr>
<tr>
<td>Froud et al. (2006: 4)</td>
<td>“changes induced by the rhetoric of shareholder value [which] sets firms and households utopian objectives such as value creation by management intervention for giant firms or security through stock-market saving for households”</td>
<td>Meso-Micro</td>
</tr>
<tr>
<td>Froud et al. (2000: 104)</td>
<td>“a new form of competition which involves a change in orientation towards financial results but also a kind of speed up in management work”</td>
<td>Meso</td>
</tr>
<tr>
<td>Aalbers (2008: 149)</td>
<td>“capital switching from the primary, secondary or tertiary circuit to the quaternary circuit of capital […]; that is, the rise of financial markets not for the facilitation of other markets but for the trade in money, credit, securities, etc.”</td>
<td>Macro</td>
</tr>
<tr>
<td>Orhangazi (2008: 864)</td>
<td>“designate[s] the changes that have taken place in the relationship between the non-financial corporate sector and financial markets”</td>
<td>Meso</td>
</tr>
</tbody>
</table>

Notes: Selection based on articles carrying “financialization” or “financialisation” in title, and Google Scholar citations > 500, last accessed Feb. 14, 2019; *derived, no explicit definition of financialization given and does not carry “financialization” in title.
aim to analytically make sense of: “While this may initially create more confusion, it also reflects an, often implicit, acknowledgement that we do not live in a closed system in which causations are linear, one-dimensional, and single-scalar.” A third set of critiques takes issue with the simplistic transfer of conceptualizations based on Anglo-American capitalism to other parts of the world. While few would deny the power of the Anglosphere, expressed in part through the location of dominant financial centers, the universalization of the Anglophone trajectory towards financialization simply does not do justice to empirical developments elsewhere. This concern for contextualization mainly informs scholarship aimed at identifying variegated trajectories of financialization among both advanced and emerging or developing economies (e.g. Engelen and Konings 2010; Lapavitsas and Powell 2013; Karwowski and Stockhammer 2017; Mertens 2017).

Reflecting these critiques, we refrain from offering yet another novel definition or conceptualization of financialization. Instead, we argue that to be most valuable, definitions or conceptualizations of financialization that are adopted or proposed by scholars should follow particular principles. They should be: 1) limiting, in the sense of helping us recognize what is financialization and what is not; 2) mechanism-oriented, in the sense of clarifying the linkage of cause and effect; and 3) contextual, in the sense of making clear what contexts they claim validity for. Limiting conceptualizations will make explicit how the empirical phenomena under study relate to, but are not the same as, those already covered by other terms in our conceptual vocabulary, such as marketization or commodification, which is important for counteracting the risk of conceptual stretching and dilution. Mechanism-oriented articulations of financialization link effects to causes, bearing in mind Aalbers’ (2019) injunction to recognize causation as often non-linear, multi-dimensional, and multi-scalar. An orientation to mechanisms produces research that moves beyond description, association or correlation, and instead counteracts unfounded assertions that certain things (places, sectors, domains of life, and so on) are, or have become, “more financialized,” by forcing a clarification of how and why this happened. Finally, contextualization means more than just to acknowledge the fact that financialization takes different forms in different places, and that what is true for Anglo-America is not true everywhere. Insightful research compares the “apples and oranges” (Locke and Thelen 1995) of financialization, thus accounting for the difference in meaning that financialization may have across time and space, while clarifying what roots disparate financial phenomena have in common.

Lastly, moving beyond concepts and definitions, we argue that financialization researchers must work with an eye to clarifying the significance of their findings, from an academic perspective as well as, above all, from a wider societal perspective. This means to answer clearly the “so what?” question: what does it mean, in the bigger picture, to recognize and understand a particular facet of financialization? How is it significant, also for those outside the academy, including policymakers? It means to be clear about what part of the whole – the elephant, as it were – one’s own research comprises, and what it says about the whole.

Organization of the Handbook
The 40 contributions to this Handbook are individual pieces of the multifaceted whole of financialization studies. As parts of a pluralistic endeavor to grapple with financialization, the contributions to this volume differ in terms of their conceptualization of finance and money, the nature of state–economy relations, and even the ontological and epistemological foundations of the subject matter. As outlined above, this plurality is both a blessing and a challenge for financialization scholarship – and this is especially true for any effort to give orientation to those approaching financialization studies from the outside, as scholars or students entering the field.
The six sections of the Handbook thus articulate different “ways of seeing” financialization, beginning with Part (A), foundational questions about finance and financialization; (B) different methodological and epistemological approaches; (C) perspectives that emphasize the structural and spatial dimensions; (D) perspectives that emphasize agency, actors and politics; (E) perspectives that examine the technological and cultural manifestations of financialization; and, finally, (F) questioning how stable or unstable financialized societies and financialization itself are.

Part A takes the questions raised by this introduction forward and shows how scholarly understandings of finance and financialization have evolved over time in different disciplinary traditions. Brett Christophers and Ben Fine (2) shed light on the useful and problematic parts of financialization-as-concept, with a conversation focused on a key theme of classical and Marxist political economy – value, and how it is created – in the historical transformation of capitalism. They foreground the accumulation dimension, whereas Christoph Deutschmann (3) discusses the sociological underpinnings of where value comes from. He asks about the tensions between financialization and the entrepreneurship that capitalism needs in order to sustain, which raises the question: is finance more “parasitic” than constitutive, in its relationship with capitalist societies? The complex interactions between the “financial” and the “real” economy also figure in critical business studies, which adopted the concept of financialization early. Ismail Erturk (4) introduces the “primacy of shareholder value” as a linchpin of this debate, focusing on the factors that shape non-financial corporations in contemporary capitalism. Shareholder value was welcomed by many in the economics profession as a potential driver of greater efficiency among firms; but as Sheila Dow (5) reminds readers, the promised benefits of shareholder value require a naively benign, liberal, view of how the financial sector works. From a Post-Keynesian perspective, the fundamental uncertainties and instabilities that finance produces need to be the starting points for any economic story of financialization. Wrapping up Part A, Paul Langley (6) focuses on the reworking of life itself by finance, revealing the power relations that emerge when financial logics and techniques reshape cultures and subjectivities, pushing us to consider the transformative impact of finance on everyday human lives and even “more-than-human life.”

How can one study such a thing as financialization? The contributions to Part B showcase the methodological diversity of the scholarship and the types of findings that particular analytical tools can generate. To some extent, these chapters also reveal the difficulties of accurately taxonomizing the beast as rooted in different tools, conceptual lenses and empirical-analytical strategies. Eve Chiapello (7), for instance, illustrates the strengths of “a socio-technical angle,” directing our view toward the sociological study of the instruments and dispositifs at work in finance. This “means looking into the actual operations performed by the ‘workers’ of financialization,” which comprise a wide variety of organizational actors (p. 85). Similarly, Hadas Weiss (8) introduction to the anthropological study of financialization emphasizes the agents and agencies that ground finance in lived human lives, highlighting how ethnographic fieldwork helps illuminate the contribution of professional and non-professional financial practices to financialization. It is often through such lenses that feminist and gender studies reveal, as Signe Predmore (9) shows, how financialization not only reflects masculine hegemony but also produces distinctly gendered (and colored) distributional effects. Yet seminal progress in the study of financialization here also stems from analyses that link micro- and macro-level dynamics through a focus on the interstices of production and reproduction. This is equally true for approaches in political science that analyze the politics of financial regulation, the financial industry’s power and the diffusion of pro-finance sentiments among both elite and non-elite actors. Stefano Pagliari and Kevin Young (10) highlight these political mechanisms, making the case for financialization studies to open itself up to large-n empirical tests that also move beyond the Anglo-American focus of much of the literature. Dimitris Sotiropoulos and Ariane Hillig (11)
introduce heterodox economic approaches to financialization, and, juxtaposing Post-Keynesian and Marxist approaches, advocate for a more historical approach to financialization, in contrast with the partial analyses that (even non-mainstream) economists have traditionally foregrounded. Mareike Beck and Samuel Knaf (12) conclude Part B with a complementary argument: that historiography has proven an important tool in coming to terms with the processes we now recognize as financialization, but that a more radical approach is needed to adequately historicize the social practices of finance. Their illustrative analysis of the emergence of liability management in the United States closes the loop with the “actual operations” of finance that Chiapello foregrounded.

Both Part A and Part B thus set the stage by introducing the lenses and tools that the contributions to the subsequent sections apply. Part C – Structures, Spaces and Sites of Financialization – centers on, broadly speaking, structural views of financialization, with chapters that highlight the macro–economic and –political drivers; they map and explain the commonalities and differences produced through a finance that is increasingly global, but still far from amorphous or placeless. Part C begins with contributions from Post-Keynesian and critical macroeconomics that present evidence on how financialization is not only spatially refracted, but also fundamentally shaped by the imbalances of global economic and political structure. Engelbert Stockhammer and Karsten Kohler (13) employ the concept of macroeconomic demand regimes to examine how different economies have been shaped by uneven processes of financialization, above all distinguishing the emergence of export-driven and debt-driven demand regimes in advanced capitalist countries. Ewa Karwowska (14), meanwhile, examines the variegated character of financialization in emerging economies, analyzing different scales of financial activity from international capital flows to the presence of financial centers, and critically engages with policy prescriptions to “deepen” finance for economic development. In the same vein, Bruno Bonizzi, Amina Kaltenbrunner and Jeff Powell (15) highlight the “subordinate” mode in which emerging capitalist countries have integrated into the world economy. The hierarchical nature of both global monetary and production relations, they argue, makes for a specific form of financialization that differs from the dynamics observable in advanced capitalist economies. These findings inherently raise questions about the role of the state and varying state capacity in shaping processes of financialization. As Yingyao Wang (16) demonstrates with reference to original evidence from the Chinese case, an emerging scholarship is exposing how states have actively provided the institutional infrastructure that undergirds processes of financialization. State transformations, legal reforms and jurisdictional specificities also loom large in three critical domains, analyzed in economic geography, that give more insight into the structural and spatial dimensions of financialization. Firstly, exposing the key importance of residential and commercial real estate in different stages of financialization, Manuel Aalbers, Rodrigo Fernandez and Gertjan Wijburg (17) shed light onto the urban underpinnings of debt-driven accumulation regimes. Secondly, Sarah Bracking (18) reflects on the role played by finance in changing nature–society relations and, incidentally, examining a range of issues from carbon policies to weather management, offers conceptual clarity to distinguish financialization from commodification. Thirdly, Rodrigo Fernandez and Reijer Hendriks (19) examine offshore financial circuits, where “the world’s dominant capital stocks and flows are today habitually routed and deposited” (p. 224), which showcase the intricate interweaving of territoriality and state sovereignty with financial power.

The complementary counterpart to these structurally–spatially focused contributions follows, in Part D, with chapters that foreground the actors, power relations and political processes at work in the “rise of finance.” To begin, Benjamin Braun and Daniela Gabor (20) zoom in on the role of central banks, examining their infrastructural power and increasing “infrastructural entanglement” with shadow banking and shadow money markets, as they govern financial systems. These feedback loops between public and private power in the transformation of
finance and society feature throughout the subsequent chapters. As Johannes Petry (21) for instance shows, securities exchanges, which are commonly understood as “mere” public marketplaces, have in fact become global corporations that organize, govern, and shape capital markets, making them both drivers of financialization and actors who are forced to respond to it. Jan Fichtner (22) examines the power relations at play in corporate financialization, by reviewing how corporations are reshaped by institutional investors, such as private equity funds, hedge funds, mutual funds, and the (highly concentrated) passive index fund industry. An intimate understanding of financial investors also is offered by Brooke Harrington’s (23) examination of trusts, which, she explains, have been instrumental to the internationalization of capital and the creation of the secrecy-based offshore finance system. Trusts also often serve as vehicles for philanthropic investment, which channels a growing share of capital flows into developing countries, as Dennis Stolz and Karen Lai (24) discuss. They examine the “philanthropy-finance-development complex” that links (public and private) financial institutions and foreign aid with private foundations for impact investing, thus deepening global financial integration. At the other end of these financial flows, often, are households that, over the past decades, have become increasingly dependent on the financial services of different forms, as Felipe González (25) reflects with the case of micro-credit among poorer households. His chapter revisits the interactions between these and consumer financial service providers, which include payday lenders, microfinance institutions and department stores. As Lena Lavinas’ chapter (26) shows, this financialization of poorer households in the Global South has been intimately linked with a continuing transformation of welfare systems that has effectively “collateralized” social policy as the basis for new credit relationships.

In debates over actors and power, however, the agency of labor, both organized in trade unions and more widely, as a social class, has remained notably absent. Only a few contributions on the impact of financialization on labor in the firm context (see e.g. Appelbaum and Batt 2014; Gospel, Pendleton and Vitols 2014) have sought to move beyond workers as mere passive victims of financialization, driven into financial traps and subordinated power positions. We sought to deepen and further encourage financialization research to fill this gap by studying the much more complex and multifaceted role of labor, via the Essay Forum, which features contributions from Paul Thompson and Jean Cashen, Kavita Datta and Vincent Guermond, Lisa Adkins, and Michael McCarthy (27). They conclude Part D with four short essays that discuss wage stagnation, migrant labor, workers’ savings and the household as a site of financialization.

As these contributions already imply, financialization studies has nuts to crack that transcend structure and agency, and to make sense of a wide range of cultural and technological changes. The contributions to Part E, therefore, ask about the meanings and technologies that underlie financial practices and the imaginarium involved in processes of becoming “financialized.” Part E begins with a wide-ranging contribution by Max Haiven (28) that outlines the relationship of financialization with culture, looking across four dimensions, from the workplace culture of the financial sector to the production of contemporary visual art. If one will, Nathan Coombs and Arjen van der Heide (29) add a fifth dimension, focused on valuation cultures, which arise from the valuation (and valuing) of risk through developments in quantitative risk management techniques, culminating in the elevation of macroprudential regulation as a core societal concern. The notion of risk also lies at the heart of Rob Aitken’s chapter (30) on the cultural economy of financial subjectivity, which examines how financialization redefines how the self is governed. By pointing to two procedural logics – configuration and selection – he maintains that financial subjectivity is not uniform, but fundamentally heterogenous and uncertain. A core node in these processes of financialization in the everyday life sphere is the “household,” as Johnna Montgomerie (31) shows in her examination of household debt. In mortgage markets, for instance, an indebted landlord does
not assume the same position in the hierarchical financial system as a middle-class homeowner or a subprime borrower; different households are required to work and manage their respective positions in the financial system. As Jeanne Lazarus (32) explains, financial literacy education, as one of the most common policy responses to financialization, has also served financialization by individualizing financial problems and seeking to re-make households and individuals as financial subjects who can behave and perform adequately. Neither are policymakers free from having to adapt their behaviors to financialized reality: as Laura Denyutter and Sebastian Möller (33) show, in producing public policy, local authorities engage in increasingly financialized practices as they manage municipal debts in accordance with the precepts of ever-more sophisticated financial norms and instruments.

Despite many differences in approach, one commonality among many contributions is an implicit search for political contestation or pushback against the expansion of finance. Financialization scholars generally agree that the processes examined here are unstable and have harmful distributional consequences; but it is less obvious where counter-movements or countervailing policies exist or where they should come from. Part F therefore is devoted to exploring the instabilities, discontents and possibilities of challenging and undoing financialization. First, Olivier Godechot (34) opens with a discussion of the link between financialization and rising inequality. The exploding incomes of financial professionals and the rise of within-firm inequality, he argues, are the key drivers of growing inequality; and inequality, in turn, has also reinforced financialization. Andreas Nölke (35) illuminates how financialization has posed challenges to the legitimacy and viability of democratic rule: “too big to fail” financial institutions, the increasingly networked character of finance, and its growing technical complexity have negatively affected the input and output dimensions of democratic legitimacy, contributing to the slow-burning crisis of Western democracies. In a similar vein, Gerald Epstein (36) argues that finance, particularly in the Anglo-American context, has gained power over modern societies in inverse proportion to how much it contributes to their well-being; these societies are, he alleges, dominated by a “Bankers’ Club” that holds a commanding position within the polity. With recourse to Keynes and Minsky, and using examples from India, Sunanda Sen (37) highlights the ingrained economic instabilities that financialization produces, especially through corporate investment decisions and commodity speculation, and hitting small producers and consumers the most. Opening the discussion on the possibility of reforms and pushback, Beat Weber’s chapter (38) critiques monetary reform strategies as a means of undoing financialization. Critically engaging with models such as Bitcoin and proposals based on Modern Monetary Theory, Weber argues that effective policies seeking to definancialize must rather focus on fiscal policy and financial regulation. This, however, does also not appear straightforward: as Matthias Thiemann (39) shows, post-crisis regulatory efforts have not aimed at tackling financialization; rather, macro-prudential regulation aims to stabilize and revive finance-led growth. In contrast, finally, to the generally pessimistic tone of these chapters, the last chapter explores collective strategies of resistance. Christina Laskaridis, Nathan Legrand and Eric Toussaint (40) review a long history of struggles against illegitimate debts, using this to highlight strategies for effectively challenging the power of creditors. With history thus in support, financialization appears less inevitable, and possible futures open.

Conclusion

The possible futures for financialization will also determine the future directions of financialization studies. The tendency of capital to find spatial-temporal fixes (Harvey 2007[1982]) will most likely feed back on the phenomenon under scrutiny and on the extent to which scholars will have to adjust the concepts and tools displayed in this Handbook. And if financialization has
effects that are social causes for resisting it, as some of the final chapters suggest, financialization studies will study these. For now, the need to push the geographical borders of financialization studies is undiminished, with more countries integrating ever more deeply into the global financial system. This will provide a further test for how well established concepts, often developed to capture the realities of Anglo-America or the wider global North, travel across time and institutional contexts. We would expect to see a greater emphasis on the role of both ideas and interests in shaping the politics of (de)financialization, moving beyond the simple dichotomy of expansion or reversal, and exposing the contradictions and uncertainties inherent in the evolution of contemporary finance.

Certainly, we can contend that the financialization literature has grown more attuned to the many complexities and ambivalences, thereby not any longer seeing a nail everywhere because of the hammer that financialization-as-concept is. This is even more important as scholarship approaches the technical issues arising within rapidly evolving financial markets, clustering around new tendencies such as digital monies or fintech innovations. The key challenges for the field, however, ultimately do not look so different from those over a decade ago when Ewald Engelen (2008: 118) noted:

[i]f the financialization community […] embarked upon a constructive conversation between the different research communities that have crystallized around different empirical concepts and different causal mechanisms, the future may well hold great successes in store for the concept of financialization.

This book, we hope, has significantly furthered that conversation. The evolution of real-world events, to which the academic community and scholarly trends usually react, will continue to shape it. As for how much future financialization, as well as the study of it has, the next financial crisis will tell.

Notes

1 We would like to thank Bruno Bonizzi, Deborah Mabbett, Johannes Petry and Michael Schwan for helpful comments on this chapter as well as Marlene Willimek for her untiring editorial assistance. All contributors and the team at Routledge deserve thanks for making this project possible.

2 For possible beginnings, see Lagoarde-Segot (2017).

3 We owe this notion to a long-past conversation with a contributor to this Handbook, Dimitris Sotiropoulos.

4 A search on Worldcat.org for books with either "financialization" or "financialisation" in their title results in 775 hits. After filtering out double entries and other erroneous results, 145 titles remain.

5 Foster traces the early usage of the term to the near-simultaneous writing of Italian political economist and historian Giovanni Arrighi (1994) and the Republican-leaning American political commentator Kevin Phillips.

6 For the simultaneously thriving “social studies of finance” see e.g. Knorr Cetina and Preda (2005) as well as Callon et al. (2007).

7 We thank Bruno Bonizzi for suggesting we add this important element.

8 See also Bezemer and Hudson (2016) and Sotiropoulos et al. (2013) on this tension.

Bibliography


Financialization: An Introduction


Web of Science, 2019. *Social Science Citation Index*. Philadelphia, PA: Clarivate Analytics.
NOTES

Chapter 1

1 We would like to thank Bruno Bonizzi, Deborah Mabbett, Johannes Petry and Michael Schwan for helpful comments on this chapter as well as Marlene Willimek for her untiring editorial assistance. All contributors and the team at Routledge deserve thanks for making this project possible.
2 For possible beginnings, see Lagoarde-Segot (2017).
3 We owe this notion to a long-past conversation with a contributor to this Handbook, Dimitris Sotiropoulos.
4 A search on Worldcat.org for books with either “financialization” or “financialisation” in their title results in 775 hits. After filtering out double entries and other erroneous results, 145 titles remain.
5 Foster traces the early usage of the term to the near-simultaneous writing of Italian political economist and historian Giovanni Arrighi (1994) and the Republican-leaning American political commentator Kevin Phillips.
6 For the simultaneously thriving “social studies of finance” see e.g. Knorr Cetina and Preda (2005) as well as Callon et al. (2007).
7 We thank Bruno Bonizzi for suggesting we add this important element.
8 See also Bezemer and Hudson (2016) and Sotiropoulos et al. (2013) on this tension.

Chapter 2

1 It should be stated at the outset that this chapter is focused squarely on political-economic rather than sociological or normative understandings of value.
2 See, for example, the debate over whether bees (as representative of the environment and/or nature) produce value or not in Kallis and Swyngedouw (2018).
3 Although tracing profitability, and its proximate numerical causes, has raised a number of measurement conundrums within Marxism over what is (un)productive and how it should be treated.
4 See the section on “Productive and unproductive labour” in the manuscript “Results of the immediate process of production” (the originally planned but ultimately discarded Part Seven of volume one of Capital, usually included today as an appendix thereof); and chapter 4 of Theories of Surplus Value (Marx 1863), the “fourth volume” of Capital.
5 All quotations from Marx in this paragraph and the following two are from chapter 4 of Marx (1863).

Chapter 3

1 I am greatly indebted to Phil Mader and Felipe Gonzalez for helpful comments to this article.
2 As John Lanchester explains, everybody who bought such titles knew it was crazy. However, he/she could count on meeting an even “greater fool” to whom the titles could be sold with a profit (Lanchester 2012: 129).
3 In 2012, the level of financial depth amounted to 4.6 in the US, 4.5 in Japan and 3.7 in Western Europe. By contrast, it amounted to 2.3 in China, 1.5 in the Middle East, 1.5 in other emerging Asia countries and India (McKinsey Global Institute 2013: 19).

4 Global per capita real output fell from an annual average growth rate of 2.5 percent between 1950 and 1980 to 1.7 percent between 1981 and 2012. In Europe it fell from 3.4 percent to 1.8 percent in the same periods, in America from 2.0 percent to 1.3 percent (Piketty 2014: 94).

5 Though nascent entrepreneurs show a comparatively high percentage of university graduates in Europe (ca. 5 percent), there are more than 3 percent nascent entrepreneurs among the low skilled too; in Germany nascent entrepreneurship is even higher among the low skilled than among university graduates (OECD 2013: 50).

6 An actual example is Uber, whose innovative business model is confronted with accusations of violating legal standards of safety and social security.

Chapter 5

1 Post Keynesians share with the Sovereign-Money approach a broader role for the monetary authorities, and also the view that the money supply is endogenously determined by the banks. But otherwise the analysis of the financial sector is very different (see e.g. Fontana and Sawyer 2016).

Chapter 7

1 Michel Foucault uses the word dispositif that is often translated as “apparatus”, “Device” or “arrangement” may also be used.
2 Golka (2019) gives a detailed description of the action frame that legitimized the rise of Social Impact Investing in the UK. One of narratives is chronic under-investment in social services, leading to a need that cannot be met solely by the state or charities.

Chapter 10


Chapter 11

1 We would like to thank Paul Auerbach, Ewa Karwowski and Philip Mader for their comments on an earlier version of this chapter. The responsibility of any remaining errors or omissions is ours alone.
2 Quite influential has also been the intervention by Lazonick and O’Sullivan (2000) outlining the negative effects of shareholder value maximization. As we shall see below, this idea has become central in the post-Keynesian literature (see, for instance Dallery 2009; Cordonnier and Van de Velde 2015).
3 For a similar line of research, see Arestis, Gonzalez and Dejuan (2012), De Souza and Epstein (2014).
4 For a further criticism see Lyandrou (2011, 2016) who has stressed that it is both the demand and the supply of financial securities that is important in contemporary capitalism, thus, offering a somewhat different approach to understanding the role of financial innovation.
6 For an excellent analysis of the history of SFC modelling see Smith (2018).
8 It is quite striking that most of the abovementioned Marxist and post-Keynesian approaches rely on the concept of asset bubbles. This concept is from mainstream financial economics and indicates a situation in which the market price of an asset is much higher than its “fundamental value.” The notion of fundamental or intrinsic value is however problematic because it is not theoretically neutral.
9 See also Brenner (2006), McNally (2009), Harvey (2010), Lazzarato (2012).
10 The discussed themes in this section do not fully reflect the analytical wealth of all relevant approaches. For instance, Arrighi (1999) argues that the modern neoliberal organization of capitalism is a reflection of the changing hegemonic position of the USA. Faced with declining profit opportunities in commodity markets, financial capital flows elsewhere in search for profits.
11 For an interesting attempt to rethink alternatives to contemporary capitalism see Auerbach (2016).
Chapter 12

1 Banks involved on capital markets historically focused on issuing securities which, while risky, involved a one-off moment that could be better controlled by banks at the time.

Chapter 13

1 We would like to thank Daniel Mertens, Brigitte Young and Natascha van der Zwan for helpful comments. All remaining errors are the authors’. 
2 While household debt in advanced economies also includes consumer credit, student loans, and loans for medical bills, mortgage debt typically constitutes the lion’s share (Zabai 2017: Table 1).
3 Hein (2013) classifies Portugal and Italy as domestic demand-led demand regimes.

Chapter 14

1 Notable exceptions are Becker et al. (2010) studying the financialization of Brazil, Chile, Serbia and Slovakia as well as Karwowski & Stockhammer (2017) analysing the phenomenon across 17 EMEs.
2 A broad definition of the Global South is used here which encompasses all emerging economies and developing countries. EMEs also include countries in Central Eastern Europe which are generally regarded to be peripheral to the centres of global finance even if not always included in the term Global South.
3 More than half of the emerging economies in the sample have now adopted inflation targeting.
4 The author’s intention was to also include the Baltic state and the Philippines but, since no BIS data was available, measures capturing financialization on the state level could not be compiled.
5 Admittedly, MENA is interpreted rather broadly.
6 If fewer than five years of data are available, the measure is not included. A shorter historical series allows less assessment of volatility using the coefficient of variation.

Chapter 19

1 We foreground 32 established OFCs who jointly cover the principal share of global offshore capital stocks and flows. We have left out the US and the UK from our analysis, as we are interested in unpacking the central offshore grid connecting London and New York with the rest of the world. Most empirical studies focus on FDI. By adding FPI and banking statistics we seek to boost the validity of our study (see Fichtner 2015 for a comparable analysis).
2 For reasons of clarity, Table 19.1 does not show outward FDI data, nor its ranking, and Table 19.2 omits the liabilities of the banking statistics, and its ranking. Both data sources, however, are included in the final OFC ranking in Table 19.3. In all tables, BVI stands for British Virgin Islands, whereas the figures for Curacao include the island of Sint Maarten.
3 As indicated, not all data for the BVI are available, although the BVI represents a key destination for investment funds, FDI flows, hedge funds and shell companies owning real estate worldwide. We therefore believe the BVI belong to our core group of OFCs.
4 See the Swiss Leaks dossier compiled by the International Consortium of Investigative Journalists (ICIJ): [https://projects.icij.org/swiss-leaks/].
5 See Panama Papers dossier compiled by the ICIJ: [https://panamapapers.icij.org].
6 See the Lux Leaks dossier compiled by the ICIJ: [https://www.icij.org/investigations/luxembourg-leaks/].

Chapter 20

1 We would like to thank Sahil Dutta, Rodrigo Fernandez, Philip Mader, and Daniel Mertens for their comments on earlier versions of this chapter.

Chapter 21

1 This sample (n=44) is comprised of the largest stock and derivatives exchanges globally as well as the largest exchanges for each world region (e.g. Johannesburg Stock Exchange for Africa).
Chapter 22

1 Calculations by the author based on Lazonick (2015) and FactSet (2016).
2 Gross equity issuance minus retirements (stock repurchases as well as mergers and acquisitions); author’s calculations based on Federal Reserve (2017).

Chapter 23

1 This chapter is an abridged version of an article originally published under the same title in Socio-Economic Review 15 (1).
2 Here, “person” can refer either to a natural person (a human being) or a legal person, such as a corporation.
3 A body of law has arisen to protect the interest of beneficiaries to trusts. Trustees are legally bound to manage the assets in the best interests of the beneficiaries, and to distribute any proceeds of those assets according to the instructions set out when the trust was founded. Trustees are forbidden from using or benefitting from the assets in any way.
4 Beneficiaries are liable to pay tax on the distributions they receive from trusts, but there are many ways to make those distributions tax-free – for example, by labelling them as “loan repayments” to the beneficiaries.
5 This power to move the situs of the trust must be specifically stated in the trust instrument – the document that sets out the blueprint for the trust. This power, known as a “flee clause,” is commonly included in contemporary trust instruments, particularly for offshore use.
6 Those familiar with American history may find this confusing, since in the late nineteenth and early twentieth centuries, much public policy was focused on “trust busting.” However, this term was a misnomer in that it actually referred to corporate monopolies, some of which – like Standard Oil – used trusts as part of their structure. Despite the terminology, the policy agenda was not set against trusts per se, but rather against the monopolies (Dudden 1957).
7 See note 3.
8 Specifically, this involves using Wolff’s (2012) findings on the percentage of assets held in trust by the top 10 percent of US households, then combining them with estimates from Saez and Zucman (2016) on the total number of those households in the top 10 percent, and the average wealth of those households, excluding their primary residences (this is standard for estimations of net worth). Saez and Zucman draw from the same data source as Wolff (the US Survey of Consumer Finances), but add data from the Forbes 400 survey of America’s wealthiest families. Since the Survey of Consumer Finances is known to under-represent those wealthy families (Kennickell 2009), this additional dataset enables Saez and Zucman to create a more accurate estimate of household wealth at the top of the spectrum. However, their findings must still be combined with those of Wolff in order to estimate the total amount of private wealth held in trust by Americans, since only Wolff calculates the percentage of household wealth that is actually held in trust. While Saez and Zucman acknowledge the significance of trusts as a source of wealth, they do not split out household assets in sufficient detail to estimate what percentage of that wealth is held in trust.
Chapter 24

1 Our terminology is inspired by Gabor & Brooks (2017), but while they refer to a “fintech–philanthropy–development complex” and focus on a technological aspect of impact investing, we refer to philanthropy–finance–development complex as an institutional frame.

2 Our analysis is based on 30 in-depth qualitative interviews with elite practitioners (such as social entrepreneurs, consultants, impact fund managers, and impact investors) in New York, Singapore, Mumbai and New Delhi conducted in 2016 and 2017.

3 Although the intersections of Islamic banking and finance with Western neoliberal market structures are creating more complex product characteristics and market features (see Pollard & Samers 2007; Lai & Samers 2017).

4 The subsequent scale of social change is dependent on specific historical trajectories, which define how new monetary activities are negotiated and hybridize with already existing cultural practices and traditional values.

Chapter 25

1 Compartamos Banco in Mexico, for example, began as an NGO following charitable principles, but became one of the most profitable banks in the country (Hummel 2014).

2 The fiado is not openly offered to customers, but rather a selective strategy used by small merchants that relies on a social framing of customers that includes economic and moral reputation.

Chapter 26

1 I am thankful to Alfredo Saad Filho and Deborah James for their critical comments on a previous draft.

2 A total of 124 countries are in the sample.

3 Estimated data for seven countries that account for 75% of the region’s population.


5 Bankarization here is understood as “the establishment of stable and broad relationships between financial institutions and their users as regards a range of available services” (Morales and Yañez 2006).

6 As underlined by Sena (2008: 18), under full information about the borrower, financial institutions prefer not to secure a loan with collateral for “collateral is costly to liquidate in case of default.”

7 Ever since microcredit and microfinance have become the spearhead of the neoliberal onslaught (Bateman 2017), as an alternative to social policies, a lack of physical collateral has produced new collateral schemes, such as social collateral, especially in asset-poor areas. A borrowing group acts as a guarantor for each other member’s loans, screening and monitoring each other and ensuring that the loan is used in income-generating activities and will be repaid in order to avoid penalties for the group (see also Postelniciu, Hermes and Szafrarz 2013). According to Duvendack and Mader (2017: 43), social collateral is the most disciplining device whose power “lies not so much in [its] capacity to punish as in [its] normalizing of individuals’ behavior.” Shiller (2012) emphasizes that a variety of collateral agreements, allied with information technology, constitute financial innovations that facilitate access to financial markets.

8 According to the US Federal Reserve, the debt-to-income ratio with regard to consumer loans (no ties attached) should not exceed 30%.

Chapter 27C

1 This has been made especially clear in regard to housing in Anglo-Saxon economies where house price and rent to income ratios have risen dramatically. This has created an affordability crisis with specific generational dynamics (Ryan–Collins 2018).

2 While such analyses show how the rise of precarity is linked to changing class formations, they tend not to consider how the transformations to work and labor that they describe may relate to the expansion of finance.
Chapter 30

1 “Everyday” is a slippery category. In this chapter, I do not want to invoke any predetermined or fixed sense of what constitutes the “everyday” but I use the term in a nominal sense to refer to the diverse array of attempts by financial institutions, experts, professionals and advisors to appeal to those populations they conceive as outside or not sufficiently engaged by private financial markets and arrangements (see Aitken 2007; also Langley 2008).

2 My reference here to “bare danger” is a refraction of Agamben’s notion of bare life (see Agamben 2005). Maintaining circulation in global finance entails “the ‘sifting’ of the ‘good form the bad, ensuring that things are always in movement, constantly moving around, continually going from one point to another” (Foucault 2007: 65, quoted in Langley 2014: 62; Langley 2013: 109).

3 FICO is Fair Isaac and Company, a key global financial data analysis firm.

4 This inverts a language common to the critical political economy tradition which conceives of critique as a practice that consists of “standing back” from the world in order to inquire into the ways in which that world is historically constituted (see, for example, Cox 1981).

Chapter 32

1 Since 2011, the improvement of financial literacy is one of the G20 “High-level principles.”

Chapter 34

1 I would like to thank Philip Mader, Natascha van der Zwan and Allison Rovny for their useful comments, advices and corrections which helped me to considerably improve this chapter. Remaining errors and limitations are mine.

2 I used the following countries: Australia, Canada, Denmark, Finland, France, Germany, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Portugal, Spain, Sweden, Switzerland, the United Kingdom, and the United States. The top 0.1% share is not defined for Finland, nor is the top 0.01% share for Finland, Ireland, New Zealand or Norway.

3 Cf. http://topincomes.parisschoolofeconomics.eu/

4 Access to the DADS data was obtained through the CASD (Centre d’Accès Sécurisé aux Données) dedicated to researchers authorized by the French Comité du secret statistique.

Chapter 35

1 This chapter is a revised version of Nölke 2016. For highly useful comments on a previous version I’m heavily indebted to Daniel Mertens, Natascha van der Zwan and Reijer Hendrikse.

Chapter 36

1 There is a wealth of literature on business influence on government and regulatory agencies. Much of this goes under the name of “capture”. For a very useful survey of some of this literature, see Carpenter and Moss (2014). In terms of banking specifically in the US, see, for example, Wilmarth 2013.


Chapter 37


Chapter 38

1 Views expressed in this text are those of the author and not necessarily those of his employer.

2 The bank receives a long-term credit claim against a debtor. In exchange, the debtor receives a short-term claim on the bank. In line with the credit purpose, the debtor can use this claim on the bank immediately to make payments to other deposit owners or to withdraw cash.
3 In the Euro area for instance, the main counterpart to money creation are claims on the private sector like corporate bonds. In both the US and the Euro area, the central bank is not allowed to buy government bonds directly from government (instead, they must be acquired from private market participants on the secondary market, in order to signal that government finance will not be easily given priority over price stability whenever a conflict between the two arises).

Chapter 39

1 A financial cycle as a macroeconomic phenomenon, based on credit expansion and asset price appreciation, followed by asset price declines and credit reduction lasts between 8–30 years, moving into bust when tail events, the unexpected realization of systemic risks occur (see Borio and Drehmann 2009).
2 This view, however, must contend with the much-reduced power of private actors in the immediate aftermath of the crisis (Young 2014).
3 See e.g. Tucker’s contribution to a panel on macro-prudential policy, September 23, 2016, https://www.youtube.com/watch?v=R8XFULU5114 (accessed January 11, 2019).

Chapter 40

1 Ecuador (2007–2009) and Iceland (2008–2009) will be covered later in this chapter.
2 The International Citizen Audit Network was launched in 2012 and provided the space for sharing information on the types of audit or other types of debt struggles pursued (see ICAN 2012).
3 Debt snowballing describes the changes in debt to GDP ratios which arise, not from government expenditures being greater than revenues, but a positive interest rate-growth rate differential.
4 Full title is Independent Expert on the effects of foreign debt and other related international financial obligations of States on the full enjoyment of all human rights, particularly economic, social and cultural rights.
5 Scientific Coordination of its work was given to Eric Toussaint.
6 The 15M movement, also known as the Indignados movement, was named so because of its initial meeting day of 15th May 2011. It was a broad movement associated with calls for real democracy and anti-austerity.
7 The movement against illegitimate debts in Spain was furthered with the Oviedo Manifesto in October 2016 which called for debt audits of local administrations with citizen participation, leading to the municipal network against illegitimate debts and fiscal cuts (Red Municipalista contra la Deuda Ilegítima y los Recortes) (Duval and Martín 2017).
BIBLIOGRAPHY


Redden, S., 2016. What’s on the line?: Exploring the significance of gendered everyday resistance within the transnational call center workplace, Globalizations, 13(6), 846–860.


Fichtner, J., 2013b. Hedge Funds: Agents of Change for Financialization.欲しいです。


Brazilian Central Bank, 2014. Relatório de Inclusão Financeira. Brasília DF.
Morales, L. and Yañez, A., 2006. La Bancarización en Chile, Concepto y Medición. Série Técnica de Estudios de la Superintendencia de Bancos e Instituciones Financieras. Santiago, Chile.


South Africa National Treasury, 2015. Database.


Horton, A., 2017. Financialization of care: Investment and organising in the UK and US. PhD thesis submitted to the School of Geography, Queen Mary University of London.


Reserve Bank of India Bulletins, Mumbai, various issues.


Constâncio, V., 2016a. Principles of Macroprudential Policy. Speech by Vitor Constâncio, Vice-President of the ECB, at the ECB-IMF Conference on Macroprudential Policy, Frankfurt am Main, April 26, 2016.

Constâncio, V., 2016b. Margins and haircuts as a macro-prudential tool. Remarks by Vitor Constâncio, Vice-President of the ECB, at the ESRB international conference on the macro-prudential use of margins and haircuts, Frankfurt am Main, June 6, 2016.


