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Towards a Material Culture of Financialisation

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Abstract

The purpose of this paper is threefold. First is to comment upon the nature of financialisation. Second is to frame how this leads financialisation to be understood whether consciously or otherwise. And, third, is to draw out implications for surveying households as their experiences and understandings of, and reactions to, financialisation without specifically designing a questionnaire itself for this purpose. As should already be apparent, underpinning this contribution is the presumption that financialisation is a characteristic of contemporary capitalism (and that the term is also an appropriate category for representing this characteristic). The material culture of financialisation is addressed by drawing upon the 10 Cs approach that was developed for the study of consumption, highlighting how it is Constructed, Construed, Commodified, Conforming, Contextual, Contradictory, Closed, Contested, Collective, and Chaotic.

Key words: Financialisation, material culture, household finance

Journal of Economic Literature classification D14, G10, G20, R2, Z1

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1 Introduction

The purpose of this paper is threefold. First is to comment upon the nature of financialisation. Second is to frame how this leads financialisation to be understood whether consciously or otherwise. And, third, is to draw out implications for surveying households as their experiences and understandings of, and reactions to, financialisation without specifically designing a questionnaire itself for this purpose. As should already be apparent, underpinning this contribution is the presumption that financialisation is a characteristic of contemporary capitalism (and that the term is also an appropriate category for representing this characteristic).

Yet financialisation is a relatively new concept even if rapidly evolving in substance and influence, with an added impetus arising out of the current crisis.[1] Although present as such for slightly longer within political economy, Arrighi (1994), Goldstein (2009) views the idea as having a significant presence only over the last decade.[2] Even so, Erturk et al (eds) (2008) are able to offer a number of different approaches to financialisation, including their own synthesis that focuses upon the contemporary period as coupon pool capitalism.[3] Their synthesis is made up out of a triangulation of four framings, each deriving from different intellectual traditions and different time periods in terms of origins and influence. These are 1930s liberal collectivism, 1980s agency theory, the political economy of quantities (that is more longstanding across heterodox and Marxist schools of economics) and cultural political economy which, in its application to finance, primarily belongs to the new millennium. They are surely correct both to suggest that these framings are mutually incompatible **and** that each has something to offer. More questionable, though, is the assertion that these insights cannot be incorporated into a single frame, if taking each as critical point of departure, something that they seem to dismiss on the grounds of the fluid nature of finance itself, and the equally fluid and variable nature of its causes and consequences.

Set against this challenge, this paper begins with a discussion of the nature of financialisation, arguing for a general theory of monetary forms as the basis on

which very diverse financial activities can evolve that need to be understood in relation to the material practices to which they are or are not attached (ranging over money as capital or credit, promoting commodification or not, and so on). Further around the various financial forms, and the practices to which they are attached, is generated a material culture of financialisation. This is itself addressed in terms of being subject to 10 Cs, tentatively drawn from the "system of provision" approach, as Constructed, Construed, Commodified, Conforming, Contextual, Contradictory, Closed, Contested, Collective and Chaotic. This is followed, by way of conclusion, by some preliminary remarks on implications for studying the culture surrounding household responses to financialisation.

2 From Financialisation to "Financialisation" or Is It Vice-Versa?

Over the course of the financial crisis (or crises) and subsequent recession, the term financialisation has experienced a considerable growth in usage. This is to be set against its negligible presence previously. If not quite a scholarly "buzzword",[4] because of its origins within, and confinement to, the heavily marginalised heterodox economics, it has found some purchase across the social sciences more generally, and is possibly in danger of attaining the status of a "fuzzword". Specifically, it has been deployed with different meanings and with different methods and theories. In this respect, it carries a similar burden as more longstanding concepts such as globalisation, neoliberalism, and social capital, and has, significantly, overlapped with at least the first two of these.

No doubt this is a consequence of the pervasiveness and diversity of finance in general, however it is understood, with an equally compelling fluidity and innovation attached to financialisation (as with the other 'grand' concepts). Elsewhere, drawing upon the literature, I have in broad brush terms suggested different ways of both defining financialisation and specifying its effects. Quoting at length, Ashman and Fine (2013, pp. 156/7):

In brief, financialisation has involved: the phenomenal expansion of financial assets relative to real activity (by three times over the last thirty years); the proliferation of types of assets, from derivatives through to futures markets with a corresponding explosion of acronyms; the absolute and relative expansion of speculative as opposed to or at the expense of real investment; a shift in the balance of productive to financial imperatives within the private sector whether financial or not; increasing inequality in income arising out of weight of financial rewards; consumer-led booms based on credit; the penetration of finance into ever more areas of economic and social life such as pensions, education, health, and provision of economic and social infrastructure; the emergence of a neo-liberal culture of reliance upon markets and private capital and corresponding anti-statism despite the extent to which the rewards to private finance have in part derived from state finance itself. Financialisation is also associated with the continued role of the US dollar as world money despite, at least in the global crisis of the noughties, its deficits in trade, capital account, the fiscus, and consumer spending, and minimal rates of interest.

And, however financialisation is defined, its consequences have been perceived to be: reductions in overall levels and efficacy of real investment as financial instruments and activities expand at its expense even if excessive investment does take place in particular sectors at particular times (as with the dotcom bubble of a decade ago); prioritising shareholder value, or financial worth, over other economic and social values; pushing of policies towards conservatism and commercialisation in all respects; extending influence of finance more broadly, both directly and indirectly, over economic and social policy; placing more aspects of economic and social life at the risk of volatility from financial instability and, conversely, places the economy and social life at risk of crisis from triggers within particular markets (as with the food and energy crises that preceded the financial crisis). Whilst, then,

> financialisation is a single word, it is attached to a wide variety of different forms and effects of finance with the USA and the UK to the fore. And, even if exposed in acute form by the crisis, its expansion over the last few decades has been at the expense of the real economy despite otherwise extraordinarily favourable "fundamentals" for capitalism in terms of availability of new technologies, expansion and weakening of global and national labour forces, and the triumph of neoliberalism in political and policy arenas.

Significantly, then, as proposed by Lee et al (2009, p. 727-8), in locating it geographically, "financialisation is hardly a new phenomenon in circuits of capital. What is perhaps relatively new is the extent to which finance has found its way into most, if not all, of the nooks and crannies of social life. To illustrate, it is easily possible to identify at least 17 notions of financialisation". And this is without incorporating many of the insights derived from the broader four-way horizon of Erturk et al (eds) (2008).

Yet one, possibly unsurprising, feature of the financialisation literature is the extent to which it is not explicitly theoretically innovative in addressing its object of study. One reason for this is that the literature has been sandwiched, if not squeezed, between the unavoidable weight of empirical developments (however well identified, understood and incorporated) and the application and promotion of prior methodological stances – as brought out by Erturk et al, with theory ranging from post-Keynesianism to performativity and beyond. So, it is not so much that theories of finance are absent as that they remain at most and at best implicit and, generally, unquestioned despite their presumed suitability for new or newly-recognised empirical developments. To make the point polemically and hypothetically, if mainstream economics had been genuinely drawn into conceptualising financialisation, it might reasonably be expected to have found its theoretical foundations in both microeconomics and macroeconomics to be seriously unfit for purpose (as, of course, might also be argued for the pre-financialisation period). To what extent might the same be true of other theories of finance?

This is, however, hardly the place to survey theories of finance, and theories of money from which they inevitably derive, in order to assess how they do or do not adequately underpin different definitions of, and approaches to, financialisation.[5] But some points are worthy of observation, for reasons of relevance to purpose at hand in what follows subsequently. First is the close association between money and commodification (or, indeed, decommodification and recommodification). In its universally recognised roles as means of payment and unit of account, money is embroiled in a sphere or, more exactly, spheres of application that incorporate a wide range of economic **and** social activities. Most obviously, of course, is within the world of markets where commodities are bought and sold through the medium of money. But, in addition, in part if not primarily because of this role, monetisation is embroiled in interactions beyond the markets as with the payment of bribes, taxes, interfamilial transfers and so on.

Here can be distinguished between commodification as such (reduced on a narrow definition to the production of commodities for the purpose of profitability) and the adoption of the commodity form (without commodification) where "payments" of a more or less casual and periodic nature are made for whatever reason. Further, the realm of monetisation/commodification extends beyond these activities themselves to their application in calculation or even qualititative reasoning in which they are themselves not necessarily present.[6] Money enters our consciousness even where it does not enter our practices. This tends to move to quantification – how much is something worth in monetary terms but it can remain at the abstract level of whether we can evaluate something in such terms in principle irrespective of whether it is done in practice. Equally, whether it be virtue or otherwise, we may eschew such evaluations in placing them beyond the cash nexus as it were.[7] In short, the extent and scope of commodification, and commodity forms and calculation, have long since become sufficiently widespread and ingrained, that we are enabled to deploy them in the abstract, both individually and collectively, irrespective of whether money and commodity actually exchange hands (or other activity occurs for

monetary reward). Such is the nature of cost-benefit analysis in theory and practice, as well as decisions in our daily lives as we choose to save money or not by self-provisioning rather than purchasing.

Significantly, the troika of commodification, commodity form and commodity calculation (ccfcc) has given rise to a debate over the nature of money itself which is worth rehearsing. For Zelizer (1994, 1996, 1998 and 2000), drawing upon different examples of the uses of money and the motivations for them, there can be no general, or universal, theory of money since it (even one currency note as opposed to another) carries different meanings contingent upon its origins (how it is obtained) and its destinations (how it is spent).[8] For Fine and Lapavitsas (2000), Fine (2002) and Lapavitsas (2003), whilst recognising the presence of such multiple monies, suggest that this needs to be rooted in a universal theory of money (and equivalents). Indeed, it precisely because money is (almost literally) a blank sheet of paper (apart from numerical denominations) that it is able to perform its diverse roles and incorporate a mix of motivations (across ccfcc).

In other words, it is the homogenising nature of money that allows it to be so diverse in application in both practice and thought (and calculation and, as it were, knowing the price of everything and the value of nothing).[9] By the same token, however, such a universal approach to the nature of money carries the implication that it is otherwise silent, even ignorant, around the origins of the ccfcc to which it is attached in practice and/or thought and from which it does or does not depart. Just give me the money (or assess monetary value), it might be said. With the commodity, for example, the duality between use value and exchange value is one that is not simply comprised of useful properties and their evaluation at the point of sale. For use value, the physically and socially determined nature of the commodity will depend upon how it has been produced, distributed and sold as well as how it is subsequently used for further economic activity and/or consumption. Further, in case of cf and cc, these too have social origins and continuing effects although they are not necessarily (exclusively or primarily) rooted in the imperatives of the market

mechanism (bribery is not [re]produced as a commodity nor is the payment of taxes and pocket money, although "market forces" may exert an influence).

It follows that a universal theory of money carries with it the obligation to investigate the substance of the economic and social relations, structures, processes and agencies to which it is attached.[10] However, the commentary so far has made no reference to another commonly observed function of money, as store of value (with here, as elsewhere, however value might be understood and determined). Nor has the role of money been attached to (contemporary) capitalism beyond the analytical purchase provided by commodities (or ccfcc more generally). This is despite the underpinning role played by money in financialisation, from which derives new forms and scales of profit-making through the financial system over the last few decades.

As store of value, money is enabled to be represented symbolically as an asset. This itself can circulate independently of the value that it represents. Such is the case with trade credit or a generalised system of IOUs. What these share in common is both a redistribution of payment and receipt of moneys over time together with a redistribution of the values concerned (with later payment usually commanding greater value depending on interest effectively charged). Paper claims on expanded value were termed fictitious capital by Marx, not because the value on which they depend does not exist (other than by way of exception), but precisely because the paper claims involved can take on a value distinct from whatever value-generating process (or not) that is supposedly underpinning them (just as paper money is more or less worthless relative to the value it represents).

But the fictitious nature of the paper does not make it <u>capital</u> as such. For this, the paper claim is contingent upon value that has yet to be produced and realised, or is in process. For Marx, and equally for Minsky if on a different basis drawing on the accounting and borrowing practices of firms, the distinction between monetary relations based on credit as such and those contingent upon continuing expansion (production and realisation of surplus value for Marx, and hedge, speculative and Ponzi borrowing for Minsky) is crucial.[11] In particular, for Marx, underpinning this

distinction is a separation between different types of capital operating within exchange. For one, most readily associated with buying and selling as a function of commodity circulation, such capitals tend to earn a normal rate of profit similar to industrial capital. On the other hand, capital in exchange providing for the expansion of production by mobilising financial resources for that purpose is not necessarily subject to the same form of competition and attracts interest, and a deduction from surplus generated before it is distributed to other capitals.

Consider, for example, a bank that borrows (takes deposits) and lends without the need to use any capital of its own. Whatever return it makes by differences between rates of interest for borrowing and lending (and to cover expenses) will yield an infinite rate of profit. This could, of course, be reduced by competitive presence or entry of others into the sector but if there is, indeed, some minimum scale of capital required to enter and compete (let alone state regulation), then incumbents are not likely to make such capital available to potential rivals.

This is not to say that banks (or financial institutions more generally) can charge whatever they like for (some of) their services, only that the competitive process for them is different than for other capitals (since it provides the financial means to compete with itself). In addition, it cannot be predetermined, even if intentions are solid, whether financial services individually designed to promote a return by expanding provision do achieve this return in practice especially for the economy as a whole. An enterprise may fail and, vice versa, a simple credit to fund consumption may promote profitable provision for what would otherwise be an unsuccessful loan for the capitalist providing for that consumption. In short, the extent to which expansion of financial services coincides with expansion of material provision, whether as output or profitability, is of necessity highly variable as is sharply revealed in case of sectoral or economy-wide bubbles and collapses.

Such observations lead to two important implications concerning financialisation. The first is that the prodigious expansion and proliferation of financial markets over the past three decades is indicative of a secular, if irregular, trend of expansion of

fictitious capital at the net expense of the real economy. How else are we to describe, let alone explain, the disproportionate growth and spread of both financial markets and rewards (and corresponding inequalities). Slow growth relative to the post-war boom as well as the crisis and recession that have followed it have, after all, occurred despite this prodigious expansion of finance and otherwise extraordinarily favourable conditions for both growth and productivity increase.[12] Second, the expansion of finance has been both intensive (within existing or traditional spheres of operation) as well as extensive, that is by incorporating activities either where they were previously absent or where they were subject to normal conditions of profitability and competition. Within the literature, this expanding and increasing reach has been marked by reference to the increasing presence of financialisation in both **economic** and **social** reproduction. For the former, an early insight was provided by reference to the rise of shareholder value, the increasing engagement of (industrial) corporations in targeting short-term financial as opposed to long-term productivity gains, and the increasing reliance of corporations upon profits drawn from financial dealing as opposed to producing things.[13] For social reproduction, financialisation has been seen to be a consequence of attempts to sustain (norms of) consumption through increasing borrowing in face of stagnating real wages (or unemployment), cuts in welfare provision, privatisation of social services (pensions, housing, health and education) and the interaction between these and the processes of financialisation. More generally, all agents are perceived to be increasingly embroiled within the financial system whether in pursuit of profitability or within their daily or longer-term lives.[14]

3 The Material and Culture of Financialisation

The previous section offers to some degree what Erturk et al (eds) (2008) would dub a political economy of financialisation. The purpose of this section is to embed this within a material culture of financialisation. In our (post)postmodern world, what this means, let alone how to do it, is extremely controversial and open. I will be

concerned with what (often unacknowledged and unrecognised as such) financialisation means to its subjects (or objects) and how those meanings are liable to be generated. Necessarily, this involves differentiating between subjects – the futures trader as opposed to the unemployed, let alone the incidence of other individual and social characteristics – and how these subjects both interact with, and reflect upon, the various dimensions of financialisation as they experience them.

To traverse this potentially contested and, to a large extent, unchartered terrain other than at the level of method, I will draw upon an approach developed to study the material culture of consumption, the system of provision or sop approach.[15] This is done with some hesitation because, although financial services can and have been perceived as a consumption good (as well as a productive input), see below, they are clearly something much more and different than this (unless deploying an approach wedded to the notion of consumer sovereignty and everything market-wise conforms to this purpose subject to imperfections).[16] On the other hand, especially in the light of financialisation and much other literature that has both addressed and preceded it, the notion of the presence of a financial **system** is pervasive from many different perspectives and, of necessity, this involves the presence of material processes, structures, relations and agents (or agencies) and the systems of meanings with which they are formed and interact with one another.

The sop approach to the material culture of consumption can be interpreted by taking Haug's (1986) notion of "aesthetic illusion" as critical point of departure. This suggests that capitalist production degrades commodities as a means of cheapening them, and they can only be successfully sold by compensating for this degradation (and adulteration) by endowing them with meanings (and hence enhanced use value and appeal) through advertising that, in particular, deploys the persuasive powers of sexuality.[17] This approach, however, suffers a number of deficiencies, that; production may become of higher not lower quality (due to changes in processes, products, as well as ingredients); advertising (and sexuality) is not the only determinant in bridging the aesthetic illusion if accepted as such; and, possibly most

important, how are the two sides of the aesthetic illusion (commodity as is relative to commodity as perceived) generated, reproduced and/or transformed let alone bridged as far as the consumer is concerned. In this respect, the aesthetic illusion can itself be seen to be illusory as it dissolves into investigating the meanings of consumption directly through its constituent determinants rather than indirectly through how it was previously and subsequently understood (and experienced) in light of provisioning change. In other words, no bridging the shifting gap without knowing where are the two shifting sides, and how they are (re)formed, so the commodity as is and as understood might just as well be addressed directly whether independently or in relation to one another.

The question is how. And, here at least, the aesthetic illusion offers some guidance in having pointed, if in a limited way, to the ensemble of factors (since not just product degradation and sexualised advertising) that comprise the material practices and experiences that underpin the meaning of the consumed to the consumer. Furthermore, and this is characteristic of commodity consumption,[18] those experiences and meanings are of two types – those that precede purchase (from which the consumer is essentially absented with minor, possibly exaggerated, exceptions in case of "custom built", relevant for personal financial plans, or the more general notion of trickle effects of consumer sovereignty) and those that follow it (although there are cycles of consumption and production). Significantly, there might well be a case to be made for the (amended) aesthetic illusion attached to finance as, especially with mis-selling, financial products are presented as other than they are, together with varieties of powers of persuasion (if not, generally, sexuality as opposed to less risky markers of security and reward, around the home, family and life choices such as fertility and retirement, for example).[19]

More specifically, the sop approach to the material culture (of consumption) then proceeds by reference to what are dubbed the 10 Cs. And these will be deployed here to the financial system (and financialisation) by way of comparison. First, the financial system is Constructed (and reconstructed) through its material practices.[20]

By this is not simply or primarily intended the meanings created or adopted by the financial subject but, rather, the dependence of those meanings upon the workings of the financial system itself as these evolve and impact. Even such a simple proposition has, however, been challenged, not least by extreme forms of the performativity approach for which agents (even economists)[21] make markets rather than vice versa. Such an approach is questionable because of the presumption (significantly, denied by performativity) that capitalism (and its associated financial system and financialisation) incorporate relations, structures and processes, within or against which agents must themselves react. This is not to suggest absence of independent agency only to situate it systemically, with different approaches displaying differences of emphasis, methods and theories around corresponding modes of interaction.[22]

Second, though, the financial systems are Construed. Just as the consumer can be cynical about the sexuality deployed to promote (degraded) goods, so those engaging with the financial system do not necessarily accept the wisdoms or otherwise that it conveys deliberately or otherwise. Whatever the sources of experience and knowledge, these are reflected upon to a greater or lesser extent, and reacted to, or against, rather than simply received passively (which would also beg the question of who created the meanings that are being conveyed alongside financial dealings).[23]

This conditioned construction of financialisation can be taken further and, once again, comparisons with consumer (or, more exactly food) culture is telling not least by reference to Fischer's omnivore's paradox as critical point of departure. For this, it is suggested that, because we can eat anything, we run the risk of poisoning contingent upon our knowledge of food. But, so it is argued, our knowledge, and its attachment to potential harm or distaste (think horse meat), has been increasingly undermined by distance from its production, itself a consequence of commodification in general and globalisation in particular bringing physical as well knowledge distance from the origins of our diets in the processes of production and distribution. As argued by Fine (1993 and 1998) however, by reference to what he

terms the diet paradox, our knowledge of the food we consume is, insofar as these things can be quantified, of a considerably greater magnitude in many respects than of our directly producing and consuming peasant ancestors if such they were. This is because direct knowledge and experience of production (and processing, wholesaling and retailing) is not the only sources of knowledge in general and of these elements in particular. Indeed, our current common knowledge of nutritional properties of foods did not exist as such in olden times however nostalgically viewed. This does not mean that we organise our eating habits around such knowledge in the sense that we have a healthy diet that we target. Such is the rationale for posing a diet paradox in place of the omnivore's paradox since, whilst everyone does have a diet ex post, it is not necessarily determined as such by ex ante intentions. And, by the same token, it does not make sense to understand the determinants of diet by more or less deviation from what is constructed and construed to be ideal. Further, how our knowledge and meanings of food are generated remains to be explored (as descriptors like fair trade, organic, natural, etc, are themselves constructed and construed as much by factors other than the physical properties of the foods themselves and how they are provided).

In case of financialisation, however, we are endowed with an, as yet, unnamed third paradox concerning our knowledges of finance. Despite the limited presence of physical properties as such in monetary relations (as they are performed by a paper or even electronic service in many instances), there is the presence of both omnivore's (displaced ignorance) and diet (multiple sources of knowledge) paradoxes with finance. To a large extent, other than in a token way with the minor resurgence of behavioural economics in the wake of the crisis, such absence of knowledge has been overlooked by mainstream economics (and much heterodoxy) or reduced to imperfect information. This follows from the presumption of the rational, optimising individual, subject only to budget and informational constraints, or otherwise deviant from rationality as exception rather than the norm. The omnivore's paradox simply dissolves into optimal use of information subject to costs

of gaining it, and deviancy is perceived as inexplicable other than, whether functional or dysfunctional, as a hype-form of collective, path dependent rationality underpinned by responses to market or other imperfections.

However, outside of the confines of orthodox economics, and in more or less explicit response to financialisation, the literature has pointed to the limits in knowledge that are attached to finance. In a sense, the omnivore's paradox applies much more to finance than to food and much more than the diet paradox applies to food. Finlayson (2009, p. 402) observes that, "there has been a reduction of the distance between high finance and everyday life, a lowering of the barriers between global banking and household finance". Even so, our distance in knowledge of finance, despite what may or may not be its physical proximity on a daily basis, is considerable, far more distant that our knowledge of agriculture, etc, if such comparisons are meaningful. As Langley (2008, p. 3), who also emphasises the everyday life of finance,[24] puts it, "the majority of mortgagors, credit card holders, and other borrowers seem unaware that claims on their future repayments, and the risks on their non-payment, are presently packaged and traded in the capital markets."[25]

Further, as suggested above, the diet paradox's denial of a healthy diet around which consumers organise their eating habits applies equally to finance, not least by analogy with the (household) budget constraint. The latter is in a sense unavoidable (especially if we conceive of bankruptcy as an asset). But this does not imply that households organise their finances around their budget constraint, consciously or otherwise, just as consumers do not target a healthy diet (and, if they do, the evidence is that they have failed miserably given rising levels of obesity to epidemic proportions). This is not to say that a healthy budget (like a healthy diet) plays no role in financial affairs (what we eat), only that it is not the only nor necessarily the primary consideration. Nonetheless, of course, that the budget constraint (or dietary norms) does exist and that, as a matter of tautology, behaviour revolves around some ideal optimal financial arrangements to a greater or lesser extent, can lead to

the delusion that targeting such optimality is how behaviour is determined and why this might or might not be accomplished taken to be what has to be explained (and as abnormal and irrational, even deviant and pathological, if excessive). Such is the analytical take on campaigns to improve behaviour, financial or dietary, by improving knowledge as with campaigns for the promotion of financial literacy and healthy eating, respectively.[26]

As is apparent, then, there are limits to knowledge in and of itself and as an explanatory variable at the level of the household itself. But such limitations are far more wide-ranging in terms of different levels and aspects of knowledge which may or may not incorporated to a greater or lesser extent into household knowledge in whatever form and with whatever content. In other words, given their distant systemic origins, what financial services are fit for purpose in household thinking and behaviour (a conundrum brought sharply into relief by collapsing asset values let alone deliberate mis-selling)? The grandest example of such distant knowledge is the workings of the financial system itself. This is more than negotiating the dichotomy between risk (knowable if stochastic) and uncertainty (the unknowable) and does concern, literally, how the distant unknown (unknowable?) impinges, most notably through US sub-prime (and bubbles with contagion throughout history). Of necessity, the nature, severity and impact of such knowledge limitations are historically specific depending upon the (global) financial system(s) in place and how they interact with economic and social reproduction. And, especially in the wake of the crisis, the financial system is currently perceived to be at its extreme in terms of lack of knowledge.

This has been most forcibly put by Engelen et al (2012, p. 366). For them:[27]

> Our first claim is that finance is now technically ungovernable, so that any attempt to restore finance to some kind of equilibrium or balance is futile because instability is written into its DNA. We make this case by arguing that financial innovation takes the form of bricolage which has had four key consequences - the growth of volume, complexity, opacity and

> interconnectedness. With bricolage, restorative regulation ceases to be an external constraint and becomes an input for future financial improvisation by creative bricoleurs.

The corresponding complexity and diversity of knowledge within the financial system is equally emphasised by Dorn (2012), with a corresponding swamp of regulatory interventions, see below.[28] And for Thompson (2010, p. 90):[29]

> If the characteristics of the FS are so thoroughly 'irrational' after a certain level of activity is reached—they are driven by 'excessive exuberances', 'animal spirits', 'bandwagon effects', 'bubbles', Ponzi schemes, exotic calculative technologies, and the like - then we should prepare ourselves in quite a different manner than so far for the next crisis, because there will be one.

Further, in the context of the limitations on the knowledge to govern, Haldane has proven a significant, and particularly well-placed commentator.[30] He reports that Basel I at 30 pages in 1998, went to 347 pages in Basel II in 2004, and stood at 616 pages with Basel III in 2010. For the USA, the Glass-Steagall Act in 1993 took just 37 pages compared to the 848 pages of the Dodd-Frank Act of 2010 (with 400 bits of detailed rules for regulatory agencies), with a further 8,843 pages for the rulebook in covering just one third of the rules involved. Even more striking is the (employment) burden of financial regulation with one UK regulator for 11,000 financial sector employees in 1980 compared to one for every 300 today, with less than 100 to over 3000 regulatory employees involved. By the same token, in the USA, with 18,500 regulatory employees for finance, this suffices to provide three regulators for each US bank. On the other hand, demands on UK banks to meet reporting requirements have gone from 150 entries in regulatory returns to 7,500 items of data, with new European rules possibly requiring a total of over 30,000 entries over 60 different forms. Just to meet Basel III compliance over 350 European banks is estimated to support 70,000 new jobs.

Three points emerge from these observations. One is that the knowledge displayed by Haldane is almost certainly a cause for shock, even disbelief, against the presumption that finance has been too loosely regulated and is in need of more and tighter regulation. Second, Haldane is suggesting that finance is, indeed, more or less unknowable, and regulation should be designed accordingly, unless the wood be missed for the trees.[31] Third is the sheer weight of resources being dedicated to regulation that might, alongside those used to support the ailing financial system as well as those lost due to its crisis, equally come as a profound shock to those supporting let alone opposing what is supposedly a laissez-faire source of market efficiency.

It is worth speculating what would be the reaction of households to such knowledge, if it were made available to them on a sustained basis, bearing in mind just how quickly if not completely the antipathy to finance rose and dissipated with the crisis (with its own fortunes, and rewards, following a parallel trajectory only more sharply). It is also important to tease out why such knowledge remains distant. Here, the treatment of the crisis in the media is crucial but is beyond the scope of this paper. The media, though, will have been informed by two other major sources of, or limitations upon, knowledge – what is received and how it is interpreted. One is scholarship within which the place of economics, including its neoliberal versions, remains prominent despite an early if uneven rush to blame for not anticipating the crisis, for not acknowledging it as a possibility, and for failing to remedy it quickly and fully.

Here, Davies and McGoey (2012, p. 67) pinpoint, also with an emphasis on the role of ignorance, the dual, if contradictory, role played by laissez-faire research, for "Hayek attributed ultimate scientific authority to markets, whereas the Chicago School attributed it to economics". They are worth quoting at length. For them, pp. 70-71:

> To tease out this paradox - to examine how Hayek's insight on the partial nature of economic knowledge mutated into an insistence that all knowledge claims, including economic ones, must be expert and rationalist - we need to

> examine two interconnected ways in which neo-liberal epistemology and political philosophy mutate between the work of Hayek and the later work of the Chicago School. One is on competition, for which Hayek anti-monopolist as opposed to Chicago School's tolerance for better authority than the state, Where Hayek had questioned the possibility of any authoritative economic knowledge claims on a priori grounds, the Chicago School opened up the possibility that concentrations of bureaucratic and calculative capacity within the market might be a basis for better and more efficient decision-making. Powerful and intelligent firms are treated as a good thing.
>
> Second, the Chicago School invested unprecedented confidence in neoclassical economics, especially in expanding it beyond the limits of 'economic' territory … If Hayek was fundamentally committed to the legal-political institution of the price mechanism, one might argue that the Chicago School was by contrast committed to the scientific method of price theory as a mode of representation.

Further, they observe, p. 73:

> What we want to stress is that epistemological ambivalence and the contradictions of neo-liberalism - the ways that the fallibility of expert knowledge are alternately highlighted and downplayed - are marshalled as a vital defence mechanism against unwanted governmental intervention.
>
> One way of framing the crisis would be that many of the central actors were able to shift from a Chicagoan neo-liberalism (i.e. of self-confident empirical modelling) to a Hayekian neo-liberalism (i.e. of chronic epistemological scepticism) just as it suited them. They were always able to claim just enough knowledge to retain power within the system, but just enough ignorance to evade responsibility.

In short, neoliberal scholarship has all the bases covered, potentially blaming individuals for not making best use of knowledge should the (financial) system fail or

for the impossibility of avoiding failures of the system given imperfections in the nature of gaining and using knowledge itself.

By contrast, economic orthodoxy not of a neoliberal persuasion has been inclined to support Keynesian policies, to emphasise the narrowness of policy perspectives through the Great Moderation and New Consensus Macroeconomics prism, and to seek to reregulate finance in particular and to intervene as necessary to temper other market and institutional imperfections (together with some deference to realism not least with incorporation of a behavioural economics broader than reliance upon self-interested optimisation).[32]

More heterodox, post-Keynesian, approaches shining in and deflecting the light of the Minsky moment (with more emphasis on consumer than investor bubbles) emphasise how financialisation has thrived by interrogating how effective demand has depended upon income distribution, and asset and credit bubbles feeding consumption, Cynamon and Fazzari (2010). Thus, for Onaran et al (2011, p. 657):[33]

> The results suggest that the changes in functional income distribution and wealth effects in the era of financialisation have had an overall neutral effect on aggregate demand. But without the wealth effects, the overall effect on consumption and investment would have been negative ... The effects of financialisation regarding income distribution at the expense of wage earners, the consequent reliance on debt fuelled by the housing bubble to maintain consumption and growth based on low physical investment has led to a risky and fragile economy. This is exactly the mechanism that underlies the financial crisis of 2007–09. The coming years will show the negative consequences of debt repayments and the bust of the housing bubble on consumption. Indeed, over the longer term, if the negative wealth effects of the bust phase are also incorporated, the overall consequences of financialisation for growth may prove to be significantly negative. An alternative scenario with an improving wage share and declining rentier

> income share would provide a sounder and more sustainable basis for growth.

Such analyses position the material culture of financialisation between systemic understanding of the financial system and the situation of self within such a system, potentially in contradictory ways. Systemic understanding may lead to individual fatalism, for example, with failure to conform to self-interest in financial matters or to determination to confine to self-interest.

Of necessity, then, these different scholarly takes, that themselves may or may not contribute to (household) knowledge and practice in whatever diluted or distorted form, have different implications for policy. But what of government itself (and politics) as a source of, or limits on, knowledge? Broadly, as with the two faces of neoliberal scholarship, knowledge of government tends to be situated, and for government to situate itself, between two extremes; either as responsible for what has happened and to put it right or to be the victim of forces beyond its control which, nonetheless, must be managed. In particular, especially in reducing deficits, whilst citizens/voters are not necessarily to blame, they have lived beyond their means and must take the hit to restore financial credibility, leading to a TINA ideology. This is highlighted by the discussion of the UK's General Election of 2010 by Brassett et al (2009, pp. 378/9):

> One is thus struck with the intriguing possibility that each of the main political parties might approach voters in the upcoming general election campaign with reform programmes in which competence is measured - somewhat oddly perhaps - by how swiftly they can recreate the generic socioeconomic conditions out of which the sub-prime crisis arose in the first place ...The assertion of competence can be politically defined to suit just about any coherent set of policy proposals, but New Labour chose not to redefine the core features of the prevailing economic settlement. Its understanding of competence therefore matched that of its Conservative predecessor. To pass oneself off as credible in these terms meant to emphasise the benefits of

> light-touch regulation as a means of ensuring that credit creation took place within a structure of private property rights. To make the case for controlling the content of banks' decisions to activate credit flows was entirely antithetical to maintaining the impression of macroeconomic competence. This is the impression that all parties will likely attempt to convey in the upcoming general election, but it is itself a highly contestable aspect of the way in which the political economy of Thatcherism informed the governing programme of New Labour.

Significantly, then, within the political sphere, financialisation and crisis can lead to reduced knowledge[34] and political choice, not least as a result of unelected technocratic governments introduced to ride the crisis.[35]

Such relations between government/politics and knowledge limitations have clear and profound implications for the democratisation and governance of finance, see below. But, so obvious that it might be overlooked as, indeed, does often occur for commodity consumption, is that the material culture of finance is Commodified. Of course, money and financial assets are themselves commodities, unavoidably so unlike items of consumption in general, and they have their own particular properties, or use values, as such. Here, though, the concern is with those properties from the perspective of the household as part and parcel of the (capitalist) commodity system.

As argued earlier, how this is itself approached is contingent upon whether a universal theory of money is adopted (as favoured here) or not (with, instead, a theory of specific and differentiated monies). Precisely because money (and financial assets) are universal (although not necessarily infinitely liquid), they have the capacity to derive from, or to be applied to, more or less any economic and social activity (although some are more or less "sacred"). Indeed, financialisation draws upon the fluidity of money by incorporating ever more economic and social activity into its circuits – as (interest bearing) capital. An immediate implication is that the material culture of money (and finance) is not and cannot be useful beyond

appreciation of, and response to, experience of, and reflection upon, its universal properties. Rather, the variegated meanings of money derive from its location in more or less fluid if structured circular flows – from kindly or grasping banker through acquisition of fashion items, to payment of rent to slum landlord. In other words, the material culture of finance derives from the cacophony of economic and social relations within which it is embroiled as universal equivalent.

This involves a number of further implications. First, it turns upside down the multiple monies approach. For the universality of finance endows its use with multiple meanings, not vice versa for a lack of universality. Second, in particular, as there are many activities that lie outside the domain of money/commodification in principle (social as opposed to economic reproduction through the market), and the boundaries between these shift in practice as well as whether monetisation/commodification is viewed as appropriate, the use of money to purchase, or even to evaluate, is as varied in meaning as the uses themselves. In other words, it is economic and social activity that drives the use of money, not vice versa. Third, then, this all reinforces the earlier argument concerning the budget constraint as form of financial management. Individual expenditures, and earnings, are liable to incorporate a material culture and logic of their own which is rarely subject to a narrowly defined rational economic logic as opposed to one cog in a wheel of determinants.

To some degree, these observations resonate with the received Polanyian view of the world in which a commercial (or financialised) logic is contested, in the context of labour, land and, especially, finance.[36] But they also both suggest an enrichment, generalisation and even break with the Polanyian double movement, not least with the following insights to be highlighted, at least in principle, with the need:

1. to disaggregate and widen the sphere of application to commodities more generally than just land, labour and finance, with health, education and welfare, etc, as also potentially subject to reaction against the logic of the (capitalist) market.

2. to refine the double (or should it be multi-dimensional) movements by tracing them along the material practices attached to, and determinants of, those movements.
3. to see the "movements" in the context of both capital and commodity forms and calculation, not just in relation to homogenised forms of in and out of the market (although this can be the case for elementary forms of commodification as with introduction of user charges for example).
4. to locate these movements in relation to the material culture of household attachment to financialisation to account for contemporary outcomes.

Such considerations necessarily and appropriately locate the material culture of financialisation in relation to commodification or, more accurately, to ccfcc. It follows that the material culture of financialisation is Conforming to such commodification even if by way of (Polanyian) breach, see below in light of other Cs. This is not to suggest that, in Marx's terms, everyone suffers from commodity fetishism in an unknowing and inescapable way. Nonetheless, Marx's definition of commodity fetishism is salient: that commodities appear, **as they really are**, as relations between things (as opposed to the products of human labour in definite social relations). By the same token, and more specifically, financialisation carries with it the logic of expanding the scope of ccfcc, with a corresponding (neoliberal) culture of individual, or individualised, as opposed to collective responsibility across an ever-expanding terrain of economic and social life, a consequence of a further step beyond Simmelian (practical and conceptual) monetisation of economic and social life and to its atomisation.

In broad terms, this is how Crouch's (2009) appeal to privatised Keynesianism can be understood - the manipulation of effective demand through the financial system and (consumer) credit as opposed to government expenditure. But it goes far beyond this as brought out by Finlayson (2009) who, in the context of UK's New Labour, is worth quoting at length. With housing in the lead and as a

symbolic marker, individual responsibility for provision is embroiled with the expanding scope of the financial systems, p. 400:

> Under New Labour the encouragement not only of home ownership but of houses bought as sources of profit and guarantees of future financial security has been part of a wider attempt to create an asset-owning society composed of responsible yet risk-taking, financially independent yet economically ambitious individuals. This has not been confined to housing but has involved a range of policies in areas such as health and education (as well as the economy) and also specific policy mechanisms intended to encourage savings, investment and financial planning.

Consequently, p. 403:

> Here financialisation is understood as forging a new 'technology of the self', a way in which persons relate to themselves and plan and evaluate their actions. Such technologies are numerous: new kinds of investment or credit that set new frameworks for decision-making; advertising and media promotions of ideal ways of thinking and deciding. But government is also a key instrument. Financialisation is intimately related to the reconfiguration of welfare states, their retrenchment and the transfer of risk and responsibility from the collective to the individual, engendering changes in those individuals' general experiences - in the problems they must resolve and the structures within which they take decisions. At the same time government opens up routes through which a variety of forces can act on individuals' choices. This is not simply a matter of how national governments are complicit with 'global capital', securing its ideological legitimacy at the level of the subject. It is also how government reinvents and establishes new roles for itself, in the context of the reallocation of risk from collective to individual and the delegitimisation of interventionism.

From social rights and provision for social democracy within a framework of capital and labour (accepted or not depending upon depth of socialism), New

> Labour constructed a wider terrain of social justice on weaker foundations to enable or to protect, or to penalise, those marginalised by market citizenship.

This leads to a strategy in which, "Housing policy has become a branch of social policy, justified not in terms of absolute right or simple inequality but as a contribution to the equalisation of life chances ... and, beyond this, as an asset that will enable individuals to take responsibility for their own financial future", p. 407.This is seen as "autonomisation and responsibilisation", and is equally "evident in education, healthcare, pensions and training".

Nevertheless, Polanyian or otherwise, the logic of increasingly conforming to commodification is no rollercoaster with unstoppable momentum and, as already apparent, has to be put into place, or reproduced, by a transformation in material culture that has its own historical logics and traditions. Thus, the material culture of financialisation is Contextual across time, place, financial form and even individual household itself as far as detail is concerned. Such is obvious as soon as we attend to health, education, housing and pensions, in and of themselves and in terms of how they are financed whether by free public provision, user charges, insurance, credit card or bank loan. Material culture can, in these respects, be complex, stubborn to change or rapidly turned over (especially in relation to norms of avoiding indebtedness when confronted by equally powerful norms of household provision in face of reduced real and social wages, Karacimen (2013)).[37]

Yet such stabilities and volatilities, at individual and collective levels, are indicative of the Contradictory nature of the material culture of financialisation. By this is meant not inconsistency, but see Chaotic below, as opposed to the dependence of material culture on underlying social forces and tendencies. Here, once again, an analogy with diet is compelling. As argued in case of eating disorders, the compulsions to eat **and** to diet are pervasive in contemporary capitalism, and each consumer has to negotiate these in thought and deed, with outcomes along a spectrum from anorexia and bulimia to obesity, Fine (1995 and 1998). Remarkably, the food industries have managed to square the circle by simultaneously promoting what would otherwise

appear to be mutually exclusive spheres (but bear in mind that dieting has primarily become about eating more and different over shifting cycles of behaviour). The analogy with financialisation is striking once it is forged in terms of the imperatives both to save and to spend (on credit).[38] Both of these activities are heavily promoted as financial services, and they mutually reinforce one another. As Cook et al (2009, p. 136) put it:[39]

> With a flexible mortgage at the interface, housing wealth may be *saved and spent*: linking debts secured against the home to a wider range of long and short-term household transactions.

Moreover, this once more adds to the understanding of financialisation in terms of the diet paradox, addressing why households both save and spend simultaneously. And, at a systemic level, the representation of finance as obese is not only apt but also commonplace if stretching beyond the reasons of marking fat cat salaries out of control of themselves and the system that feeds them whilst equally careless of the wasted forms of impoverishment generated.

Less polemically, and drawing upon previous discussion, it is hardly surprising that particular monies or financial forms should prevail in case of saving, spending on credit or both together. For the latter, the role of mortgage finance is telling, not least with an appreciating asset serving both as a form of saving and as access to credit for consumption (or even other purposes) whilst also, of course, being a home not a house except for those who suspend the distinction (but many do not, otherwise in a world of housing capital gains, all who could would buy to let).

Yet, in the world of saving and spending (and financialisation), all are equal but some are more equal than others. In this respect, the material culture of financialisation is Closed, if not absolutely so, in that, as with finance itself, some participate in its formation more fully and with more influence than others. Such is already apparent from the earlier discussion of knowledge/ignorance and what is known let alone knowable. And, as Montgomerie and Williams (2009) observe, whilst there may have been mass participation in financialisation and, in that sense alone, democratic

participation in free markets, interventionism has been increasingly for and by, if not confined to, an increasingly powerful (financial) elite, something that goes far beyond the too big to fail (TBTF) syndrome as symbol of loss of democratic accountability. This all operates at a number of levels that have not always been filled out, and may not be able to be, at least readily. For as Mittelman (2010, p. 158) suggests, in quoting Bourdieu:

> The most successful ideological effects are the ones that have no need of words, but only of laissez faire and complicitous silence. It follows . . . that any analysis of "legitimizing discourses" which fails to include an analysis of the corresponding institutional mechanisms is liable to be no more than a contribution to the efficacy of these ideologies.

In other words, we know that financialisation has, until suspended not abandoned during the crisis, involved an ideological commitment to free markets but this raises two questions – how has it purveyed that ideology and, especially, how has it done so whilst not observing it, not least as the promotion of financialisation (and neoliberalism itself) has been highly interventionist in practice, Panitch and Gindin (2012) for a full account in case of the USA and its global reach and influence.

In this light, systemic analyses of the role of finance are suggestive if far from complete. We do, for example, have a huge weight of scholarship, and debate, over the nature of the post-war boom and its Keynesian/welfarist institutions and influences, ranging over corporatism to varieties of capitalism. By contrast, its neoliberal successor seems to be more an account of the absence of such factors, the dog that did not bark as opposed to the ones that used to, even if the winners and losers are able to be identified. Thus, correlations are found between financialisation and the rise of shareholder value, van Treeck (2009),[40] with labour market flexibility and inequality, Tridico (2012), between financialisation and rentier income, Duenhaupt (2012), Toporowski (2009) for privatised assets that fund consumption on capital gains as the welfare state is withdrawn, and Park and Mah (2011) for increasing inequality through financialisation and impact of foreign direct

investment. This is indicative of the closing out of labour and the poorer. Similar perspectives are to be found within mainstream economics, or its version of political economy, in which rent-seeking by interest groups (treated as representative individuals or with democratic outcomes determined by the median voter) leads to more or less reliance upon financialisation, not least through more or less regulation of finance and provision of public as opposed to privatised pensions.[41] This all involves a collapse of the political and other processes to the immediate, simple, single and homogeneous interests of broadly defined constituencies. Somewhat more concretely, the closure of policymaking has been indicated by CRESC (2009, p. 5)[42] which finds that those UK bodies reporting on the financial system, and how better to regulate it, drew upon a membership of "662 years of work experience and 75% of those years were spent in City [the London financial centre] occupations or servicing City needs". Further, "90% of its witnesses came from finance or consultancy with revenue links to finance".[43] Indeed, "Membership contained no non-financial businesses and their trade associations, no trade unions despite the unionisation of retail finance workers, no NGOs to represent consumers or press social justice agendas, no mainstream economists or heterodox intellectuals, very few politicians or civil servants" (CRESC 2009, 23). Significantly, even as witnesses, the representation of the public sector was notable for its absence.[44]

What is both striking and disturbing in these respects is the extent to which different constituencies other than those attached to finance have been marginalised or subordinated, almost as second nature, within both the institutions and processes of government. This is no doubt part and parcel of the politics of neoliberalism more generally. Nonetheless, any closure in the material culture of financialisation cannot be self-contained and totally exclusionary, and it is necessarily Contested, if only on conditions not necessarily made by the contestants. What is striking of such contestation, however, especially in the wake of the crisis, is how much it is not only muted but also transformed not least in view of the commodification and closure attached to financialisation. To some degree, this can once again be understood by

parallel with consumption, and the distinction drawn between the consumer and the citizen. As argued in Fine (2005 and 2013a), both these categories are limited in expressing conflicts of interest as we are all both consumers and citizens. Nonetheless, the reduction of citizenship to financialised consumerism tends both to depoliticise and to disempower as will tend to occur with financialisation and individual responsibilisation.[45] Or contestation can be driven to extremes or out of the ordinary as with street protests, the Occupy Movement (and its telling symbol of 99% versus 1%).

Yet, contestation is inevitably Collective, especially if it is to be successful, whether collectivities promote financialisation (as with the newly emerged and/or strengthened financial elites) or resist it, however indirectly or effectively in street protests or through opposition to commercialisation. Of course, it might be argued that irrationally breaching a budget constraint is a form of dissent, a strike against Foucauldian governance, a material counter-culture. However, irrespective of its longevity and impact, it does in its own way conform to the material culture of financialisation rather than transform it. Nor are collective interests necessarily formally organised and pursued, or denied. As Watson (2009, pp. 422-3) observes of UK mortgages, drawing contrast with pension/endowment shortfalls:[46]

> The government offered temporary guarantees on housing market loans of up to £400,000, using public money to ensure that mortgage lenders continued to receive their payments while simultaneously allowing cash-strapped households to defer their repayments without fear of having their homes repossessed. This figure was high enough to provide complete coverage for 90 per cent of British households ... In general, the government ignored issues of housing affordability and the constrained access into private homeownership for first-time buyers. Instead, it concentrated on trying to protect wealth already accumulated on the housing market. In this way it reacted very much in line with the prevailing construction of middle-class interests.

And last, and by no means least, the material culture of financialisation is Chaotic in the sense of drawing together (or not) a multiplicity of practices and influences across a multiplicity of dimensions, with those being reflected upon by households themselves as they go about their daily lives, provisioning for life prospects and beyond. To impose a simple, or even complex, logic on the material culture of financialisation (the optimising or even behaviourally enriched punter) does seem inappropriate not least if reference is made to the telling examples of those experts, regulators, traders and scholars of the financial system itself let alone its humble customers. Yet, the material culture of financialisation ranges far beyond knowledge to the totalities of economic and social reproduction, on which financialisation has exerted an impact whether directly or indirectly. Indeed, finance has become so pervasive that it is marked by its own absence, especially for those who wish to place the "sacred" beyond its reach let alone address more directly how provision might otherwise be organised if so put beyond its reach.

4 Households and Financialisation

What are the implications of the preceding analysis for interrogating households over how they experience financialisation and what corresponding impact it has or could have on their well-being, itself to be understood as some combination of, and relationship between, material conditions and how they are perceived? For preliminary and superficial purposes, prior to inputs from all of us working on this, consider the following themes suggested by 10Cs by way of examples:

- Constructed - to what extent are households directly and indirectly impacted upon, and conscious of, structures, agents, relations and processes of financialisation as opposed to being merely the customers of financial products (and which of these)
- Construed – whilst embroiled within financialisation in particular ways, to what extent is it close in this sense but equally extremely distant in terms of

the knowing of finance in the broadest senses of more or less informed understandings of the financial system and its workings and implications

- Commodified – to what extent has financialisation been a consequence of changing forms and levels of provision which are themselves linked to broader shifts in economy and society
- Conforming – this might revolve around financial literacy and the ways in which it both conveys and conceals knowledge of the financial system and both misinterprets the nature of the material culture of financialisation and potentially reinforces the "deviancy" it is intended to temper (not least by intensifying competitive pressures around credit markets for those with limited access
- Contextual – this might tease out differentiated responses to financialisation according to circumstances of the household
- Contradictory – explore attitudes to saving and spending
- Closed – powerlessness
- Contested - democratisation of finance as mythology of market
- Collective – consumer, citizen, organisations and national responsibilities. Ethics of finance and inequality
- Chaotic – all of the above but possibly learning to highlight these on the ground

From her own research, Karacimen (2013) is justifiably convinced of the need for both qualitative and quantitative surveys in understanding the diverse ways in which households respond to, and understand, financialisation. I would add another consideration, although uncertain how standardised this is within household survey methodologies. This is a consequence of the (lack of) knowledge associated with financialisation and would involve, at the end of the questionnaire (or beginning), not only soliciting the qualitative but engaging interviewee with knowledge of the financial system (let alone its products and how to relate to them) that they are not liable to hold and seeing if and how this changes their views and/or how it makes a

difference in views relative to those who are not so informed. A rather fanciful illustration of this idea is provided by the suggestion that if Cypriot citizens had been properly informed of the dire straits in which their banking system finds itself, they would have been more, not less, willing to have accepted loss of their bank deposits![47]

There may also be themes arising specifically out of case studies of particular elements attached to financial provision, as with pensions and housing. In this respect, it is important to acknowledge that financialisation impacts upon different households in different ways, and solicits differential responses, not least in light of the varieties of financial products involved and how they are provided and deployed, both separately and in relation to one another (if not as budget constraint). Accordingly, from mortgages to pensions (or other financial assets), and from payday loans to credit cards, the material culture of financialisation will exhibit its own diverse and specific norms and meanings across households.

Footnotes

[1] Note though that Beck (2010) denies that financialisation is anything other than a temporary, and normal, rise of speculative, more versatile interests and activities during volatile times, and Wood and Wright (2010) also see it as other than novel and potentially positive-sum.

[2] But see Magdoff and Sweezy (1987).

[3] For them, this involves the conjunctural specificity of mass (40%) participation of households in financial dealings of various sorts, the proliferation of financial intermediation, and the increasing distance between financial and productive assets, leading it to be "certainly helpful to distinguish between intermediary elite groups and financialized masses", pp. 26-7.

[4] See Cornwall and Eade (eds) (2010).

[5] My own approach draws upon Marxist political economy and its complex theory of forms of capital in exchange. For a simple exposition, see Fine and Saad-Filho (2010) but also Fine (1985/6 and 1988).

[6] As Dodd (1994) observes of Simmel (1900), the latter's argument around money is not that money homogenises everything. Rather, the idea that money can do so is extremely powerful and very much enters our understanding of capitalist society. See also Gronow (1997) and discussion in Fine (2002).

[7] See Fine (2013b, p. 16):

> For Margaret Radin (1996), in her book, Contested Commodities, the argument is put forward that the treatment in the field of economics and law, inspired by economics imperialism, has the effect of producing attitudes to sexual assault as if it were reducible to a violation of property with correspondingly damaging effects on incidence. A rather different but classic example of collective ethics is the Gift Relationship of Richard Titmuss (1970), and the free donation of blood in the UK that is more effective in soliciting supply than if it were paid for. I am an example myself. I would not have given blood if I were paid for it just as I will not submit to journals that charge for

submission nor referee for those that pay for review since I consider these to be a collective intellectual responsibility. Of course, there are those who hold different views, especially those academics who receive huge fees for promoting the liberalisation of financial markets, secure in the certainty that if someone is willing to pay so much for this knowledge, that is what it must be worth with the added comfort that Gresham's law of the bad driving out the good money from circulation does not apply to knowledge any more than it does to efficient markets. The ethics of such plutonomy within the economics profession has been cruelly exposed, especially within the United States [Epstein and Carrick-Hagenbarth (2010 and 2012), Fullbrook (2012), Ferguson (2010) and Mirowski (2010)]. It is complemented by an ethics of agnotology, the more or less deliberate spread of ignorance about matters economic [Mirowski (2010) and Mirowski and Nik-Khah (2012)].

[8] For a, possibly unwitting update of Zelizer from within a performativity perspective, see Langley (2008) for whom it is denied that finance is spaceless and timeless, with its being de-territorialised and dematerialised particularly in relation to globalisation. Instead, a corrective is provided by, "Distinct cultural rituals, rules and symbols; relationships of trust, friendship, and cooperation; the acceptance of models, formulas, and calculations; and trading floors of computer screens, interlinked by high-technology communication channels".

[9] Note also that the universal nature of money leads to the illusion that barter is simply commodity exchange without money and, vice versa, that commodity exchange is a more sophisticated, extensive and efficient form of barter. It is more appropriate to see barter and commodity exchange as simply different from each other, Lapavitsas (2003), rather than either as an evolutionary sequence or as a less or a more advanced version of the other.

[10] Note that for Beckert (2011, p. 759), this leads to the idea that prices derive from social relations so that "the outcome of struggles between market actors taking place within market fields is the sociological vantage point from which to analyse

price formation" with the consequence that more or less everything is price-forming including networks, just norms, power (of cartels), trust, status, institutions, legitimacy, meaning, preferences, expectations, and so on. Indeed, Bourdieu is quoted to the effect that, "It is not prices that determine everything, but everything that determines prices". Ironically, there is nothing in this to bother the mainstream neoclassical economist. In contrast here, the position is that these elements attached to systems of provision are formative of the material culture underpinning use, as opposed to, exchange values, see below.

[11] For Marx, this is the basis of interest bearing capital for which see Fine and Saad-Filho (2010) and Fine (1985/6 and 1988) for exposition and for what follows.

[12] Ashman and Fine (2013, p. 157) refer to favourable "'fundamentals' for capitalism in terms of availability of new technologies, expansion and weakening of global and national labour forces, and the triumph of neoliberalism in political and policy arenas'.

[13] Emphasis on corporate financialisation preceded more general accounts by a short if significant lag. For this and a sample of continuing literature, see special issue of Economy and Society, vol 29, no 1, 2000, Kadtler and Sperling (2002), Perotti and Gelfer (2001), Krippner (2011), O'Sullivan (2008), Muellerleile (2009), Engelen and Grote (2009), Zademach (2009), Buhlmann et al (2012). Note, though, that the process is both uneven, reflecting the relative strengths of (global and domestic) economic interests and their political representation through the state, Engelen et al (2008). New public management is also of significance, with Skaerbaek and Melander (2004) pointing to new principles of accounting with financialisation and privatisation, and the corresponding emergence of new actors and interests.

[14] This is reflected in the literature through a wide range of studies across different applications and at different levels of empirical detail, such as Jones (2012) on third world slums, Baud and Durand (2012) for global retailing, Christophers (2012, p. 105) for the financialisation of land as "the trend towards treatment of property as a pure financial asset" rather than for its use, Sassen (2010) for sub-prime as primitive

accumulation, Morag (2009) for urban infrastructure, Robertson (2012) for ecosystem services, Amin (2010) for agriculture, the Third World and primitive accumulation, and for Ivanova (2010, p. 398), following David Harvey, "The state can temporarily alleviate the tendency to overaccumulation in the primary circuit of capital by facilitating the switch of resources from industry and manufacturing into construction and real estate through a variety of public policies, such as the provision of long-term financing and the willingness to guarantee large-scale projects".

[15] See Fine (2013a) for the most recent account of this, its origins and evolution and various contributions. See also Bayliss, Fine and Robertson (2013).

[16] See Fine (2002 and 2013a) but note that the approach has also been applied in various published and unpublished pieces to industrial policy, ethics, identity and to economics as a discipline, Fine (2009 and 2013a and b).

[17] This being drafted during the height of the horse meat scandal!

[18] Although the sop approach has also been applied to public provision, or public sector systems of provision, pssop.

[19] For an idiosyncratic appeal for an aesthetics of financialisation (in the context of international political economy), see Belfrage (2011).

[20] See Langley (2008, p. 143) for whom:

> instrumental rationality cannot be assumed to be an inherent feature of all modern monetary relations and all manner of financial networks. Rather, what we see are multiple monetary and financial networks in which the appearance of scientific rationality has to be secured and remade in specific forms, and remains contingent, contested, and open to (re)politicization.

From his perspective of financialisation as everyday (performative) life, there are resonances with the 10Cs approach as he ranges across financial inclusion and exclusion, inequality and networks, power, identity and dissent.

[21] See Bryan et al (2012, p. 306) for whom:

> However, we would make two points about the common limits around this disparate body of work. First, knowledge limits, breakdown and failure are generally not theorized but too often either treated in terms of observed discrepancy or folded back into the primary knowledge-based explanation. Second, on the forms and types of knowledge, Michel Callon has encouraged an unreasonable preoccupation with, and privileging of, (mainstream) economic theory.

[22] Note that, even in its dream application, Svetlova (2012, p. 420) identifies the weakness of performativity in this respect, agents are situated and the situation has to be addressed by agents themselves, let alone theorists, for:

> Even Black-Scholes model is only performative in part because it is always embedded in modified calculations ... The volatility of the underlying asset is assumed by the model to be constant for all contracts. This is unrealistic. Traders know that volatility is not stable and apply so-called 'volatility fudging'.

So, what determines volatility, or is this merely a performativity construct and so on for whatever constructed that?

[23] See Cook et al (2009, p. 151) who ask homeowners to construe mortgaging in terms of animal-types:

> The findings suggest that mortgages are not inherently "tame" or "domesticated"; nor are they intrinsically "wild" or "unhomely." They are made the way they are by the institutions of the mortgage market, but they are also shaped by the practical acts and normative expectations of quite ordinary mortgage holders, as they interact with the demands of home culture and the vagaries of financial markets. This engagement does not automatically decrease against escalating debts, and such acts add up – they may be small, but they can make a world of difference to the options people now have to roll home equity into their thinking on savings, spend and debt.

For Payne (2012), the right to buy a home is seen as an attempt to induce the culture of neoliberal consumer.

[24] "I have sought to signal an ontological move that elevates the status of everyday life. For me, everyday life has to come first," p. viii.

[25] See also Wainwright (2012) for the significance of demutualisation of building societies in dissolving regional embeddedness of financial institutions as they become subordinate to policies and interests of global financial elites (not least institutional investors).

[26] Note, whatever the purchase of Black-Scholes on the creation and nature of financial markets, there is a distinct failure of performativity in making for sound financial behaviour and healthy diets of both those providing and those receiving. On financial literacy, see Santos and Costa (2013).

[27] See also Engelen et al (2010) and Dixon and Ville-Pekka (2009) for pension provision as bricolage.

[28] Such proliferation of the demands of and upon knowledge and knowledge policing is also acknowledged by Dorn in recognising how it leads to the moving, for example, of riskier assets off balance sheets in promoting credit ratings. All of this is perhaps best summarised by the New Yorker cartoon in which two bankers are scrutinising a huge volume of new regulations and commenting that it will fundamentally transform the way they get around them!

[29] Indeed, p. 100:

> What are the consequences for global regulatory initiatives of conceiving the financial system as thoroughly irrational?

[30] As Executive Director for Financial Stability at the Bank of England. See also Haldane (2009 and 2010) and Cornford (2012).

[31] This is implicit in his use of metaphors to paint his picture, not only dogs catching frisbees but also sudoku, SARS, and so on. See also Davies and McGoy (2012).

[32] See, for example, a number of contributions to Blanchard et al (eds) (2012).

[33] For this in the context of shareholder value, see van Treeck (2009). See also Stockhammer (2013) for evidence that financialisation worsens the distribution of income between wages and profits, Onaran and Galanis (2013) for lower growth with lower wage share, and ILO (2013) for putting these two propositions together.
[34] And see Mirowski (2012) and Mirowski and Nik-Khah (2012) for the more or less deliberate spread of ignorance of the economy and economics, or agnotology.
[35] See Hardie (2011) for one explanation for this through evidence that the more financialised an economy, the higher the cost of government borrowing.
[36] For financialisation and the Polanyian pendulum, or not, in the context of financialisation, see Watson (2009) and Konings (2009).
[37] For diversity of pension provision in the UK and Netherlands in response to financialisation, globalisation and neoliberalism, see Dixon and Monk (2009).
[38] See also Hay (2009) who observes a different tension between good (housing) and bad inflation.
[39] They continue:

> ... this is not only a matter of propping up domestic consumption, but as neo-liberalist states and home-owners look increasingly to the equity stored in homes as the key to securing their economic futures, housing equity may be the key to long-term social and economic well-being across the life course ... All in all, the new fungibility of housing wealth has the potential to revolutionize the way home assets fit into a household's financial management. Nonetheless, relying on housing wealth as a resource to draw on throughout the life-course can be a risky strategy ...

[40] See also Dallery and van Treeck (2011, p. 189) whose:

> analysis unifies history and equilibrium in the sense that the nature of final equilibrium position and the adjustment to it depend on the objectives of the dominant social groups. We distinguish a "Fordist regime" and a "financialisation regime" and produce simulation results within a simple

stock-flow consistent model that are broadly consistent with the stylised facts of these distinct historical phases of capitalism.

[41] See, for example, Roe (2012) and Mueller (2012) and Perotti and von Thadden (2006), and for Perotti and Schwienbacker (2017) for pensions. See also Weber and Schmitz (2011) for the idea that banks are more likely to be rescued in the presence of greater inequality (indicative of financialisation and neoliberalism) but with the attachment of more stringent lending requirements. This is to allow for the substitution of credit for wage growth (privatised Keynesianism) but tempered by control in response to the neoliberal guilt for intervening so extensively.

[42] As reported in Fine and Hall (2012)

[43] For the Bischoff and Wigley Reports, respectively.

[44] As is sarcastically remarked by CRESC (2009, 25) of Wigley: "Of the 71 witnesses, some 49 came directly from finance and a further 15 came from consultancy activities which generally have revenue connections to finance. Quite remarkably, the public sector provided just one witness: presumably the knowledge and expertise of HM Treasury or Department of Business Enterprise Regulatory Reform were irrelevant to the story that Wigley told about the importance of defending this valuable activity." For a more mundane, typically American pork-barrel politics analysis of financial influence, see Gropper et al (2013).

[45] For Cook et al (2009, p. 137), "the growing flexibility of mortgages may "tempt" consumers to spend from their housing wealth sooner. This has been the subject of moral panic around credit-fuelled consumption, and it also resonates with that longstanding belief: 'the more consumer, the less citizen'", on which see especially Trentmann (ed) (2005).

[46] Note that Langley (2008, p. 64) suggests, contrary to exuberance, "it is because investment is **represented**, in relative and highly positive terms, as the most rational form of saving that it has come to hold sway". It might also have had something to do with capital gains and tax breaks!

[47] See http://www.publicfinanceinternational.org/news/2013/03/citizens-role-in-cyprus-bailout-shows-need-for-accrual-accounting/?utm_source=Adestra&utm_medium=email&utm_term=

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SEVENTH FRAMEWORK PROGRAMME

THE PARTNERS IN THE CONSORTIUM ARE:

Participant Number	Participant organisation name	Country
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5	Pour la Solidarite, Brussels	Belgium
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