Commentary on Financialisation Theme Issue Papers

Abstract:

This commentary offers some observations on and around aspects of the Financialisation Theme Issue Papers

Each of the three pieces in this special section has the virtue of situating detailed case studies in wider context, both material and academic. Understandably, though, the world has moved on since they were drafted. None mentions the pandemic which offers a prism through which to understand its broader determinants and their consequences. And, as a buzz and fuzz word in its adolescence, the literatures on financialisation, and scholarly attention to its economic, social and cultural aspects, have moved on considerably in depth and breadth, see especially Mader et al (eds) (2020) and Fine (2021a) for my most recent take.

From my own perspective, it is unsurprising that I should find these contributions consistent, if not supportive, of my own approach to financialisation. In breathtaking brevity, spanning many aspects, first, financialisation as such, or in a narrowly defined sense, has been too readily associated with presence of money, commodity or even commercial calculation in the absence commerce itself (the cash nexus). This leads to the conclusion both that financialisation is everywhere whilst also inspiring doubters along the lines that it is too ill-defined and far from historically novel. In contrast, each of the papers demonstrates the connection of these broadly cast aspects of financialisation as deriving from the formation of, and trading in, financial assets irrespective of the impact upon the creation of the profits upon which they draw. Streams of revenue from house rentals – private for Fields (2019) in the USA or social for Byrne and Norris (2019) in Ireland – and for social care in UK care homes for Horton (2019) can be securitised and speculated upon.

Second, even though the papers only cover two sectors, housing and social care, this is sufficient to demonstrate powerfully the variegated incidences and impacts of financialisation (Ward et al., 2018). Thus, for example, the technologies drawn into deployment for the financialisation of private rentals in the USA (Fields, 2019) would need to be amended for Ireland given the presence of social housing (Byrne and Norris, 2019) and more generally across Europe where such state subsidies to rental streams have been highly contingent upon vastly increased housing benefits, essentially an indirect subsidy to landlords, and not tenants, favouring buy-to-let at every scale, with government expenditure correspondingly diverted out of construction of social housing – which itself has become contingent upon securitising rental streams to fund renovation and new provision (National Housing Federation, 2017). Within social care, as with housing more generally, especially in the UK context where construction has not responded to price nor availability of land (Christophers, 2018), capital gains accruing from property ownership can even dominate private rental streams (to which can be added the Airbnb phenomenon).

Third, such variegation can be situated in the more general context of social reproduction, neoliberalisation and globalisation (the latter less present across these papers, being highly focused on intra-national case studies) to which intersectionality – also absent subject to the female burden of paid care (Horton, 2019) – is liable to be appended. These broad conceptualisations need to be carefully unpicked across countries and case studies as has increasingly been the focus of much of my own recent work (Bayliss and Fine, 2021; Fine, 2020 and 2021b).

For care in particular, let me indulge myself by focusing on the UK care sector not least in light of my personal experience as a carer for what is now a 23-year old son with severe special needs and medical conditions (although most personal experiences are of aging parents with shorter and, occasionally, more acute levels of exposure). Over the neoliberal period, the care sector has been subject to what is generally taken to be the consequences of austerity, commercialisation and worsening levels of provision and wages and working conditions. There has been distinct but uneven slippage from gatekeeping and cutting, through confinement to meeting minimal legal requirements, to breaching these and laying down the challenge to see you in court (with the better-off, who can afford lawyers, inevitably gaining relatively irrespective of their priority of need). Or make your way through the Ombudsman maze – the latter's own report on care from the few cases it gets to review is astonishing, https://www.ombudsman.org.uk/publications/continuing-healthcare-getting-it-right-first-time. Indeed, staff cuts in social and health care are such that not only is it impossible to meet legal requirements in provision, but there is an equally severe lack of capacity to administer access – the good news is you just got funding, the bad news is you just died and so no longer need it. In short, increasingly, closed doors without gatekeepers.

None of this can be attributed to financialisation as such. This is often the case across other economic and social dysfunctions with what has been called the political economy of excess to the fore (Bayliss and Fine, 2021), most notable in finance itself as well as climate change and the environmental crises and the global epidemic of obesity (much more acknowledged in the wake of the pandemic due to the effects on severity of symptoms if not death). As just emphasised, these do not originate with financialisation. But it is at least complicit and intensifies whilst adding twists of its own – as demonstrated in how care is provided and, in some cases, is directly financialised as amply uncovered in Horton's (2019) case study – we must ask, leaving aside the validity of counterfactuals, would this all have happened in the same way in a world without financialisation and all that makes it possible?

In the UK, the pandemic has exposed how the politics of centralised, authoritarian, financialised governance, subject to the whims of mass media and populism (Boffo et al., 2019), has further intensified the marginalisation of care and special needs, devolving responsibility without resources to lower levels of governance, whether local or health authorities, see Dowling (2021) for the care crisis. Unsurprisingly, especially to those with connections within and to the care sector, the lack of reach to, let alone knowledge of, care deriving from central government gave rise to disastrous policies in the first phase of the pandemic (a third of all deaths in care homes). The disease was spread, not least through pushing patients without social care out of hospitals to create capacity for covid emergencies, into care homes without capacity let alone protection. The future prospects of the care sector, with employment having been heavily dependent upon EU sources, has been heavily hit by both Brexit and the experience of furlough and the wish not to return to work as it was previously experienced and looks set to continue. At time of drafting, Boris Johnson announced plans to raise national insurance to pay for care but, even if covering funding gaps, it does nothing to address the inadequacies in provision as such, merely shifting marginally who pays for what there is. Illustrative, and paradoxical, across both public and private providers, there is an increasing imperative to avoid taking on those with the greatest care needs, underpinned by the difficulty of recruiting suitably qualified and committed staff even where funding for provision is not a problem as such.

Yet, have we seen the end of neoliberalism, if not financialisation, with levels of state expenditure governed by the principle of "whatever it takes"? Far from it. For, fourth, the current phase of neoliberalism is in large part being built upon a resurgence of finance through overt reliance upon state expenditure and policy. This predates but has been intensified by the financial crisis of 2008, with further scale and scope in the wake of the pandemic. It is particularly marked in, but far from confined to, the renewal of (economic and social) infrastructure, with neoliberalism never having lived up to its ideology of non-intervention as opposed to intervention on behalf of capital in general and finance in particular. As it were, the new, and bizarre, neoliberal ideology is that, because markets work best, the state must use its resources to fund the subsidising and private financing of private enterprise to undertake what were erstwhile state functions and provisions in the past, but now at costs that far exceed those attached to direct public provision. With such transparently incoherent logic, it is hardly surprising that it is accompanied by any and every form of revolving doors, sleaze and corruption as common characteristics of contemporary neoliberalism.

Significantly, as exemplified by these three papers, contributions to exposing such financialisation and its implications have often been pioneered through economic geography, not least because of detailed attention to how the state is complicit, even taking a leading role, in the reconstruction of public (and private) space through financialised infrastructural provision. The literature on financialisation has been a little tardy in keeping pace with its incidence and impact in the real world, especially where the role of the state is concerned. It needs to move far beyond study of the demands from finance for macroeconomic austerity and financial deregulation or, more exactly, confined reregulation. Attention must also be focused on how the state has itself engaged financialisation, creating and serving asset markets, as well as providing opportunities for financialisation through each and every aspect of its policymaking, often deliberately and/or directly promoting in detail the role and interests of finance through the policies it adopts and how they are implemented. This has been made obvious in case studies covering water, health and rail (Bayliss, 2016; Haines-Doran, 2019) and, selectively, more generally across other countries, contexts and issues (Davis and Walsh, 2016; Fastenrath et al, 2017; Lai and Daniels, 2015; Masso, 2019; Trampusch, 2019; Santos and Teles, 2020; Gideon and Unterhalter, 2021). In this, and other respects, the challenge remains how to expose the tortuous logics involved, and the interests served in failing to put people before profits, with the added twist of needing to excise the associated barriers raised by the role of private finance in staking out and taking its share of those profits.

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