

Neo-Liberalism in Retrospect? – It's Financialisation, Stupid¹

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1 Introduction

The current crisis, and the responses to it, seem to have delivered a death blow to neo-liberalism. The extent of state intervention, even if primarily to rescue the financial system (and the economy more broadly) from further collapse are simply astonishing. I can do no better to indicate both the scale and the priorities involved than by quoting Hall (2008, p. 6):²

- the total value of the renationalisations of banks and insurance companies in the USA, UK and the rest of Europe is approximately equivalent to reversing about half of all the privatisations in the entire world over the last 30 years.
- the USA renationalisation of the insurance company AIG is by itself equivalent to reversing all the privatisations that have taken place in the former communist states of central and eastern Europe since the collapse of communism.
- the UK government liability for the debts of Northern Rock alone is greater than the combined total value of all the private finance provided through PFI and PPP schemes in the UK and the rest of the EU over the last 17 years.

Another way of seeing the scale of the rescue is to note that the total cost of constructing sewers and water systems throughout the world's cities, to provide household connections for water and sewerage for over ¾ of the urban population in developing countries, would require only about €280billion – about 5% of the guarantees already given to the banks.

It should also be added, of course, that these measures were initiated in the closing days of Bush's presidency. How could the world's leading neo-liberal, as it were, be so interventionist or, as some have put it, introduce socialism for the bankers and capitalism for the rest of us?

No doubt neo-liberalism has been delivered a resounding blow in both ideological and material terms. If there are any neo-liberals left, they are liable to be keeping a low profile,³ just as China now has no Maoists, South Africa no racists, and Britain no Thatcherites.⁴ But, significantly, questions over the nature of neo-liberalism, even whether it is a legitimate category of analysis, had already been raised prior to the current crisis. As Noel Castree (2006, p. 6), a leading Marxist geographer, concludes, “I suspect ‘neoliberalism’ will remain a necessary illusion for those on the ... left: something we know does not exist as such, but the idea of whose existence allows our ‘local’ research finding to connect to a much bigger and apparently important conversation”. One major reason for the scepticism over neo-liberalism concerns its diversity and complexity across time, place and issue, with a corresponding lack of distinctiveness as far as the neo-liberal component is concerned in the local application – Bush is surely neo-liberal but he nationalises banks and

insurance companies! This problem has been explicitly addressed by Ferguson (2007) in the context of social policy, for he appropriately charts the extent to which the rationale for a Basic Income Grant (BIG) in South Africa has often been provided by progressives in deploying arguments that are borrowed from the neo-liberal portfolio. He reasonably asks, p. 83/4:

When activists, trade unionists, and others opt to seek concrete economic improvements for the poor by adapting to the reality of neoliberalism and speaking its language, are they simply falling into a trap by allowing issues of power and policy to be framed within a grotesque liberal vision of society that reduces all human activity to the pursuit of capital by (more and less impoverished) “entrepreneurs”? Or are they using the space that democratization has opened up to create new and potentially promising forms of political struggle - not acquiescing in an overarching (and anti-poor) neoliberal design for society, but rather taking up and creatively redeploying neoliberal concepts and discursive moves in the service of a fundamentally different political end?

He concludes that, “We will also need a fresh analytic approach that is not trapped within the tired ‘neoliberalism versus welfare state’ frame that has until now obscured many of the key issues from view”, p. 84.⁵

There are two separate issues involved here although they are closely related. One is whether neo-liberalism is too heterogeneous to allow let alone warrant an acceptable characterisation. No one can doubt the diversity to which it is attached and, yet, it also seems to capture the grander, possibly illusory, character of the past thirty years or more, not least by comparison with the putative Keynesian era that preceded it.⁶ Are we in danger of throwing out the neo-liberal baby (even as it has grown-up) with its mucky and murky bathwater? Second, though, is the strategic purchase to be made of neo-liberalism. Should it be contested as a descriptor of our reality or rejected, not least in the attempts to replace it with something else?

These conundrums can be addressed, even resolved, by appeal to three aspects of neo-liberalism that do render it a reality and one that must be strategically contested. First, and brought sharply into relief by the current crisis and the responses to it, neo-liberalism, and its counterpart in globalisation, are heavily underpinned by an extraordinary expansion and promotion of financial activity. This will be discussed in Section 2, where it will be argued that the nature of neo-liberalism, its persistence and its legitimacy as a descriptor of the last few decades, is a consequence of financialisation. Indeed, with resonances with Lenin’s shorthand depiction of imperialism as the monopoly stage of capitalism, we can dub neo-liberalism as its financialised stage!

This is, however, not to reduce neo-liberalism to finance and, as argued in Section 3, as for any other society, neo-liberalism offers a complex, shifting and contradictory amalgam of ideology, scholarship and policy in practice. That such contradictions exist should scarcely surprise, and addressing them offers an opportunity to explore the diversity associated with neo-liberalism rather than to reject the notion altogether as its consequence. Further, this diversity is itself variously distributed across time, place and issue. In particular, neo-liberalism will be

argued to have gone through two broadly delineated phases, with the passage from one to the other explaining the illusion that neo-liberalism is ephemeral. Instead, the second phase has primarily been associated with sustaining financialisation, the key characteristic of neo-liberalism. In the concluding remarks, some strategic implications are drawn for the coming period.

2 Financialisation ...

Financialisation is a relatively new term and has its roots primarily in heterodox economics and Marxist political economy, Fine (2007), although it is liable to be increasingly adopted by orthodoxy. It has also been understood in a number of different ways. First, at the most casual level, it refers to the astonishing expansion and proliferation of financial markets over the past thirty years, during which the ratio of global financial assets to global GDP has risen three times, from 1.5 to 4.5, Palma (2009).⁷ That this might be indicative of dysfunction – why do you need three times as many financial services proportionately to oil the economy than previously – has previously been much overlooked precisely because of the market success of financialisation in terms of growth and rewards. As the variously infamous former US Treasury Secretary, Chief Economist at the World Bank, Head of Harvard, and currently Obama's chief economic advisor, Larry Summers, has described the Efficient Market Hypothesis, cited in Davidson (2008a):

The ultimate social functions are spreading risks, guiding investment of scarce capital, and processing and dissemination the information possessed by diverse traders ... *prices always reflect fundamental values* ... The logic of efficient markets is compelling.

The logic today is less compelling, not least to the bankers themselves who had previously deployed it to rationalise what is now being revealed to be a reality of inefficient, dysfunctional and parasitical markets, with a rather different meaning materialising in the crisis to the notion of “spreading risks” than the intended reduction!

Second, financialisation has been associated with the expansion of speculative assets at the expense of mobilising and allocating investment for real activity. This is most notable in the ex post recognition of the lax regulation of the financial sector, and corresponding calls to put the speculative milch cow back in the barn and reduce the contamination between speculative and real investments. That real investment itself is speculative, being contingent upon uncertain future returns, and that competition in financing depends upon expanding systemic risk by potential contagion at a greater rate than individual risk, are not necessarily overlooked. But greater restraint is called for between barn and field.

Third, this is because financialisation has been understood as both the expansion and the proliferation of financial instruments and services. These have given birth to a whole range of financial institutions and markets, and corresponding acronyms that are simply bewildering, quite apart from futures markets for trading in commodities yet to be produced (for which carbon is the most fetishised) and, most infamously of all, sub-prime mortgages.

Fourth, at a systemic level, financialisation has been located in terms of the dominance of finance over industry. Empirically, this is not a matter of finance telling industry what to do as recent trends have witnessed corporations relying less rather than more upon the financial system to fund its operations. Yet, especially in the United States, even non-financial corporations have necessarily been caught up in the process of financialisation as they have increasingly derived profitability from their financial as opposed to their productive activities. Indeed, as the *Financial Times* journalist, Martin Wolf has put it:⁸

The US itself looks almost like a giant hedge fund. The profits of financial companies jumped from below 5 per cent of total corporate profits, after tax, in 1982 to 41 per cent in 2007.

The corresponding implications for the level, pace and efficacy of productive activity have been highlighted by Rossman and Greenfield (2006: 2) from a labour movement perspective:

What is new is the drive for profit through the elimination of productive capacity and employment ... This reflects the way in which financialization has driven the management of non-financial companies to “act more like financial market players”.

More generally, Stockhammer (2004) has been at the forefront in arguing that financialisation has been at the expense of real investment.

Fifth, for some, not least as a defining characteristic of neo-liberalism itself, financialisation is perceived to be a strategy for redistributing income to a class of rentiers, Palma (2009) but Lapavitsas (2009) for a contrary view. Certainly, as is only too well-known, the rewards to finance systemically and individually have been astonishing not least, once more, in the United States, where real incomes for the vast majority of the population have stagnated over the last thirty years and any productivity gains have accrued to the top 1% of earners whose share in GDP had risen from less than 10% to more or less double this.

Sixth, though, again with the United States in the lead, consumption has been sustained by the extension of credit, not least through the use of capital gains in housing as collateral. For some, this has been part and parcel of the leading role played by financialisation in exploiting workers through provision of financial services at abnormally high levels of banking profits, Lapavitsas (2009) and dos Santos (2009) but Fine (2009c) for a critique. This is, however, a single element in the much broader system of financial arrangements at the global level that has witnessed huge balance of trade and payments deficits for the United States, matched by a corresponding holding of US dollars as reserves by other countries (with dramatic increases for China in particular). This is a consequence of neo-liberal policies to relax if not eliminate exchange controls, opening economies to vulnerability to capital movements and, thereby, requiring high levels of reserves as a safeguard. The paradox is that with all its deficits and minimal interest rates, the US dollar has not suffered a collapse despite failing to follow the neo-liberal policy advice on such matters that it has sought to impose on other countries through the World Bank and IMF when similarly inflicted by deficits of lesser magnitudes. Previous crises

elsewhere have been used to facilitate financialisation by opening up financial markets to international, and especially US, participation.

However financialisation is defined and used, it points to a complex amalgam of developments within global finance and in its interactions with, and consequences for, economic and social life more generally. Further, it is not merely the expansion and proliferation of financial markets that are striking but also the penetration of such financing into a widening range of both economic and social reproduction – housing, pensions, health, and so on. Whilst different approaches, and contributions, to financialisation may offer different emphases, there is equally a need to locate it within a theory of finance itself. My own approach is to deploy and develop both logically and historically Marx's theory of accumulation and base this upon the categories of analysis offered by him throughout the three Volumes of *Capital*.⁹ More specifically, Marx's theory addresses accumulation as the quantitative expansion of productive capital through its restructuring – generally into larger units variously organised in the modern world through multinational corporations for example. Crucially, though, the pace and rhythm of the restructuring of capital is dependent upon agencies other than industrial capitalists themselves, and the restructuring of other forms of capital, in markets and finance, as well as through more general restructuring, or reproduction and transformation, of economic and social life. Each of these elements may be more or less conducive to accumulation by restructuring as well as uneven in effects; their impact is contingent upon configurations of economic, political and ideological interests and conflicts within the bounds set by their location with the global system of accumulation as a whole. And, in particular, the role of the state as agent of restructuring is paramount across all of the constituent factors involved, including the exercise of force and legitimisation through other means of the dysfunction, inequities and iniquities of contemporary capitalism.

For financialisation itself, the role of finance in economic and social restructuring has become paramount both directly (financial restructuring) and indirectly through other agencies, such as the state, and other mechanisms such as consultancies, policy influence and so on. In addition, Marx's theory of finance draws the distinction between capital in exchange functioning at a rate of return tending to equalise with the rate of profit on enterprise and interest bearing capital which is advanced to promote and/or appropriate surplus value through competitive accumulation and, as such, is neither free of competition nor subject to equalised rate of return as it is itself a major agent of competition (as means of access to capital). Moreover, the accumulation of interest bearing capital corresponds to the accumulation of fictitious capital, paper claims to surplus value which circulate at prices that are at least nominally independent of the accumulation of productive capital and can float entirely free of it as in speculative booms of shorter or longer duration and spread of assets. Further, as the process of financialisation has gathered strength, it has witnessed the corresponding shift of the command of productive and other commercial capital to the imperatives of interest bearing capital at a systemic level.

To put it pithily, the expansion of markets in general (for which read private capital) under neo-liberalism (as with all aspects of privatisation and commodification) has underpinned the expansion of finance in particular. Further, financialisation, as the key distinguishing feature of the neo-liberal era, is what

justifies the latter term both in itself and in its effects by marking the contrast with, and even the reversal of, the previous Keynesian period. This is not simply a matter of macroeconomic policy but the heavy subordination of economic and social policy more generally to the dictates of the promotion of markets in general and especially of finance. Irrespective of the theory of finance to which it is tied, the critical literature reveals from a variety of perspectives that financialisation:

1. Reduces overall levels of accumulation of real capital as financial instruments and activities expand at its expense.
2. Prioritises shareholder value, or financial worth, over other economic and social values.
3. Pushes policies towards conservatism and commercialisation in all respects.
4. Extends influence more broadly, both directly and indirectly, over economic and social policy.
5. Places more aspects of economic and social life at the risk of volatility from financial instability and, conversely, places the economy at risk of crisis from triggers within particular markets.¹⁰

Thus, first and foremost, neo-liberalism is underpinned by financialisation as the key defining characteristic of the world economy over the past thirty years, this both explaining and, to some degree, concealing its significance as such through appeal to a state-market dualism that does not fit the neo-liberal age comfortably as the concept's critics correctly observe.

3 ... as Neo-Liberalism

Thus, the extreme nature and extent of state intervention in the current crisis should not blind us to the extent to which the state has continued to intervene over the entire period of neo-liberalism, albeit under the ideology of non-intervention or, paradoxically, as intervention to free the market or to make it work. Of course, what marks out the current crisis is both its depth and its origins – especially from within the most financialised and developed economies, with the United States in the lead closely followed by the United Kingdom. But it is not as if there has been a previous absence of (financial) crises. Significantly, for the IMF, Laeven and Valencia (2008, p. 5) are able to “identify 124 systemic banking crises over the period 1970 to 2007”. They further report on “the data collected on crisis containment and resolution policies for a subset of 42 systemic banking crises. The list of crisis countries consists of: Argentina (four times), Bolivia, Brazil (two times), Bulgaria, Chile, Colombia (two times), Cote d'Ivoire, Croatia, Czech Republic, Dominican Republic, Ecuador, Estonia, Finland, Ghana, Indonesia, Jamaica, Japan, Korea, Latvia, Lithuania, Malaysia, Mexico, Nicaragua, Norway, Paraguay, Philippines, Russia, Sri Lanka, Sweden, Thailand, Turkey, Ukraine, United Kingdom, United States, Uruguay, Venezuela, and Vietnam”. They go on to add, as if only a matter of time is involved, “that the financial crisis in the United Kingdom and United States is still ongoing at the time of writing of this paper, so the analysis of crisis containment and resolution policies for these two countries is preliminary and incomplete”, p. 18.¹¹ In other words, despite the severity of the crisis, it looks very much like (abnormal) business as usual without any sense that the world economy, and global order, might be undergoing a major transformation.

What is striking in this list of countries (Scandinavian and the Uniteds apart) is that they are developing or transitional. Their own hundred or more crises in the past do not appear to have precipitated a loss of legitimacy of neo-liberalism. Indeed, policy responses to financial crises over the period from 1970, the more so as we move towards the present, have been dominated by neo-liberals prescriptions, with the IMF to the fore. Significantly, and totally unreasonably, at least in some respects, Laeven and Valencia draw the conclusion that, “Future research should also review and draw lessons going forward from policy responses to the current financial turmoil in the US and UK. Our preliminary assessment is that these policy responses have much in common which those employed in previous crisis episodes, though it is too early to draw any conclusions on the effectiveness of these responses given that the crisis is still ongoing.”, p. 31. This is a total rewriting of the history of financial crises and the responses to them. It is as if the extremes of intervention now being deployed to shore up the financial system of the developed world, and its corresponding breach with neo-liberalism, especially as it was previously espoused by the IMF both as ideology and in policy practice, had been the common response in the past. In more detail, to quote at length, we find neo-liberal prescriptions proposed in parallel with the ones that are now being deployed in response to the current financial crisis, p. 30:

Policy responses to financial crises normally depend on the nature of the crises and some unsettled issues remain. First, fiscal tightening may be needed when unsustainable fiscal policies are the trigger of the crises, though crises are typically attacked with expansionary fiscal policies. Second, tight monetary policy could help contain financial market pressures. However, in crisis characterized by liquidity and solvency problems, the central bank should stand ready to provide liquidity support to illiquid banks. In the event of systemic bank runs, liquidity support may need to be complemented with depositor protection (including through a blanket government guarantee) to restore depositor confidence, although such accommodative policies tend to be very costly and need not necessarily speed up economic recovery. All too often, intervention is delayed because regulatory capital forbearance and liquidity support are used for too long to deal with insolvent financial institutions in the hope that they will recover, ultimately increasing the stress on the financial system and the real economy. Our preliminary analysis based on partial correlations indicates that some resolution measures are more effective than others in restoring the banking system to health and containing the fallout on the real economy. Above all, speed appears of the essence. As soon as a large part of the financial system is deemed insolvent and has reached systemic crisis proportions, bank losses should be recognized, the scale of the problem should be established, and steps should be taken to ensure that financial institutions are adequately capitalized.

In short, it is as if the interventions now being undertaken are perceived to be consistent, at least contingent on outcomes yet to be realised in the USA and the UK, with the best practice that can be gleaned from the past. It is to be suspected that there are a large numbers of bankers with experience of those earlier crises who will find little comfort or realism in the more interventionist interpretation of their treatment at the hands of the IMF. As always, one rule for the rich and powerful, another for the poor and dependent.

But the purpose here is less to mount a polemical assault upon the IMF as it is expansively endowed and reinvented (or not), in order to assume a more prominent role in the world of global finance. Rather, it is to emphasise: first, just how much intervention there has been in the past to keep the financial system going with some degree of success, at least in terms of containment, in the past; and, second, how such measures have now failed despite their weight and, as previously observed, a significant degree of solidarity with the dollar.

This is, in turn, suggestive of a periodisation of neo-liberalism into two phases, however roughly they will need to be delineated across different aspects. The first might be dubbed the phase of shock therapy and runs to the early 1990s. But it originates much earlier and much more widely than for the transition economies of eastern Europe. It is concerned to release the role of financial markets to the fullest extent and, with it, goes the release of “market forces” or conditions conducive to private capital accumulation more generally, as with privatisation and deregulation in all of their forms and across a widening range of activities. For wherever there are markets, and payments, there is the opportunity for finance to prosper whether directly or indirectly.

The second phase of neo-liberalism, running to the present day, has two aspects. On the one hand is the need to respond to the dysfunction and conflict that has resulted from the first phase, most dramatic in the case of eastern Europe, for example.¹² On the other hand, as most dramatically revealed by the current financial crisis, is the imperative of sustaining and not just ameliorating the process of financialisation. Symbolic of this is the level of state funding that is being made available to sustain the financial system in circumstances of extreme crisis when, in better times, such funding could not be made available for health, education and welfare. In other words, the second phase of neo-liberalism has been more overtly and extensively interventionist in order to sustain the process of financialisation both, and primarily, on its own terms and through soliciting a modicum of acceptability given the extreme inequalities and iniquities to which it has given rise. Paradoxically and ironically, it is precisely the interventionism associated with the second phase of neo-liberalism that has sewn academic doubts about whether it does exist and is a legitimate category of analysis whilst, within the political arena, those associated with Third Wayism and the social market, for example, present themselves as critics of, and departing from, neo-liberalism.

This is all indicative of dissonance between the ideology and the policy of neo-liberalism, although the nature of that dissonance is different across the two phases. First and foremost, as Panitch and Konings (2009) have effectively argued, the process of financialisation has been the consequence of the role of the state, not due to its withdrawal. Second, in addition, this has been reflected in corresponding contradictions across ideology, policy and scholarship with economics to the fore in this respect. The first phase of neo-liberalism was marked by the extraordinary rise to prominence of the New Classical Economics, based on the notion that markets work perfectly and the state is ineffective other than in potentially distorting efficient microeconomic outcomes. Significantly, it has been taken as point of departure for the new micro-foundations of everything, the economic as well as the non-economic, with market and institutional imperfections to be corrected on a piecemeal basis. As Stiglitz (2008: 2) puts it, defining the “left” precisely in these terms:

The left now understands markets, and the role they can and should play in the economy ... the new left is trying to make markets work.

But where we see “markets”, we should read “capital in general”, and where we see “capital in general” we should read “finance in particular”.

Thus, for all the rhetoric and scholarship in favour of re-introducing the state into a greater role that preceded as well being accelerated with the current crisis, policies in practice often reflect a greater commitment to using the state to support the role of the private sector in general and that of finance in particular. This is true, for example, of supposed rethinks over privatisation and pension reform, the more so now that the crisis has struck.¹³ As it were, the shock therapy got as much privatisation and private financial participation as possible, and now the state must both pick up the debris and push the process much more fully through its own support.

4 Concluding Remarks

One of the remarkable features of the current crisis is that no one is blaming the poor, etc, for the crash and its aftermath. Far from it, unlike other instances of economic malfunction in my own life-time and beyond, excessive wages (money or social), have not been targeted as causal as has occurred in the past not least in legitimising the shift and shifting of the burden of adjustment upon working people and the poor. Instead, finance and its excesses are to blame but it must be rescued in order to prevent an even worse impact upon the rest of us which is, thereby, legitimised. Not your fault but the milk is spilt, the pitcher is bust, and so we have to work together to fix it with less to go around in the meantime.

In addition, despite its severity, unprecedented as such since the end of the post-war boom and, by some accounts, worse than the thirties, the current crisis marks the closing phase of a longer thirty-year period of slowdown in accumulation, certainly relative to the “Keynesian” period that preceded it. Whatever the rhythm of short-term volatility over the past decade or more, the crash and its severity are not the simple result of some manic, overstretched phase of accumulation whose contradictions, tensions and conflicts have induced a corresponding reaction in the opposite direction. Indeed, conditions would appear to have been as favourable as they could be to capital accumulation in light of low levels of economic and social wages, weakness of labour and progressive movements at national and international levels, expansion and “flexibility” of the workforce through China and female participation in the workforce, and neo-liberal hegemony in policy, politics and ideology. In this paper, I have essentially suggested that financialisation has been a major factor in the slowdown under neo-liberalism, given its direct and indirect impact on the economic and social restructuring of capitalism, and that this also holds the key to understanding the current crisis and responses to it as well.

For, of course, it is precisely the relative weakness of progressive movements that means that neo-liberalism has both lost its legitimacy and that the insertion of alternatives, other than more or less diluted forms of a return to Keynesianism, have at most limited support and momentum behind them. This raises the question of how to locate the role of class struggle in these circumstances when it seems both weak and

removed from its classic location at the point of production. Of course, one of the mantras of neo-liberalism is “flexibility” in labour markets, and that flexibility in practice is imposed through state intervention on behalf of capital through legislation and, where possible and necessary, authoritarianism. These have served as complements to the declining strength of working class organisation and activism, whilst the presence and interests of organised labour in social reproduction have also been considerably weakened through depoliticisation, privatisation and so on. This all poses both an analytical and a strategic challenge and, well before the crisis, these have been variously addressed in terms of the emergence and salience of new social movements and the demise of the working class and capitalism as we know them.

How are we to respond in such circumstances, acknowledging that there will not be an absence of struggles but that these are liable to be fragmented and dispersed, not least because of the effects of neo-liberalism itself as an economic and social form of governance? In addition, it is important to recognise the extent to which, in the broadest sense, the institutional ethos and capacity to deliver alternative policies have been eroded in the passage from the era of Keynesian, interventionist and welfarist modernisation. Today’s bureaucrats have been trained and have become accustomed to function in the wake of thirty years of neo-liberalism.

Much insight in these respects can be derived by drawing upon, and developing critically, the following quote from Sir Josiah Stamp, reputedly the second richest man in the UK in the 1930s, a manager for Nobel industries, head of the British chemical company, ICI, a member of the board of the Bank of England, and even head of the British Inland Revenue Service:¹⁴

Banking was conceived in iniquity and was born in sin. The bankers own the earth. Take it away from them, but leave them the power to create money, and with the flick of the pen they will create enough deposits to buy it back again. However, take it away from them, and all the great fortunes like mine will disappear and they ought to disappear, for this would be a happier and better world to live in. But, if you wish to remain the slaves of bankers and pay the cost of your own slavery, let them continue to create money.

This is a most wonderful exposé of the power and ethos of money, how it can and must be overcome.¹⁵

But it is also limited in a number of ways. First, it focuses exclusively on distributional issues – who gets what rather than how much there is to get – and without specifying the mechanisms by which this is done other than through the flick of a pen. Indeed, as suggested here, financialisation not only draws upon ever greater rewards, it does so by reducing those that are available to others. Second, Stamp only structures power and privilege by reference to the bankers versus the rest of us. This is by no means either central, given finance’s dependence upon industry, nor sufficiently refined in terms of differentiation within classes of slaves and enslaved, as well as by race and gender and so on. Third, as observed, how and whether the flick of the pen or some other mechanism reproduces inequalities, that go beyond fortunes at one extreme and slavery at the other, is itself highly differentiated from the restructuring of the economy and labour markets through to the separate elements of economic and social provision across housing, health, education and so on. Such differentiation in

practice both by process and constituency (employed/unemployed and so on) is itself a source of fragmentation to be acknowledged and overcome in order to sustain progressive advance, both to secure and make secure alternative policies and outcomes.

In this light, if more by way of analogy, consider a different context of how to galvanise progressive change across fragmented constituencies and issues and, in a sense, the dialectical antithesis of finance, commodity consumption and the role of the consumer and consumer politics. Elsewhere, Fine (2005), I have argued that the latter is self-limiting for the following reasons. First, as we are all consumers, consumer politics is caught in the contradiction of presenting particular interests as if they were general, and this cannot be sustained the more effective the politics becomes and particular interests are promoted or defended. Of course, this is not unique to consumer politics as the same is true of citizenship, human rights, and, within borders, nationality, and so on. Thus, the most basic consumer politics of campaigning against higher prices tends to identify manufacturers, retailers, even government as purveyor of taxes and subsidies, as “the other”. But to be defined as opposition is equally to fragment the universal category of the consumer and to open up the need for a unity of organisation and purpose that includes some and excludes others.

Second, consumer politics is not only about price and quality but also concerns the ethics of consumption itself, ranging from sustainability of the environment to the working conditions and wages of sweatshops and child labour. This implies, once again, not only that the consumer’s politics are differentiated by issue and constituency but, even if not recognised as such, the consumer is also prised away from the market and attached to social issues more generally. The consumer becomes a citizen and, correspondingly, the politics becomes broader and different, not least attaching itself to a discourse of rights and needs as opposed to equality (and inequality) before the market alone.

Third, as consumer politics evolves, it inevitably traces its concerns not only across the broader terrain of citizenship but also backwards to the origins of products in the systems of production, distribution and exchange. This can lead to, or even be inspired by, antipathy to private provision, with demand for public provision instead as with health, education, and so on. It can depart the narrow focus on the product and its terms of availability to address, as mentioned, conditions of work and concern for the environment. The result is to reinforce the tensions across the consumer/citizen and universal/particular interests and divides and to transform consumer politics into something else that further reinforces those tensions and divides. For, in case of public consumption (notably absent from postmodernist, discursive accounts of private consumption), the issue becomes one of the welfare state (and, not surprisingly, commercialisation of public services is concerned to present citizens as consumers and not vice-versa). Otherwise, it is a matter of, for example, trade unionism and the environmental movement. Consumer politics is limited in practice not only in what it does but in its very existence because it becomes different and something else the more it is collectively pursued and succeeds.

Much the same must be true of the struggles and conflicts that will arise in the wake of the current crisis of neo-liberalism with these not necessarily originating with, but ranging beyond and dominating, consumer concerns to address employment,

wages, social provision, and so on. Of necessity, progress requires framing the way in which strategic alliances might be formed that strengthen, broaden, unify and transform such individualised, often financialised, struggles not only for more provision and but also for different modes of provision that reach beyond finance to the conscious, collective and social control of production itself.

Footnote

¹ This paper draws from across many of those listed in references.

² See also Naudé (2009) on the G-20 Summit:

Many have already remarked on the fact that huge amounts of money have been found at short notice to bail out banks, but that money to bail out the world's bottom billion can never be mobilized. Contrast for instance the \$50 billion agreed on for developing countries at the summit with the estimated \$8.4 trillion for bailing out banks. As Oxfam recently remarked, the latter amount is sufficient to end extreme poverty worldwide for 50 years.

³ With the immediate exception of opposition to Obama's health care plans!

⁴ The leader of the conservative Tory Party condemned a leading member of the Party for entering the US health care debate by way of criticism of the UK's National Health Service.

⁵ Nor is Ferguson alone in questioning the liberal use of neo-liberalism in addressing social policy. For Molyneux (2008, p. 775):

The term neoliberal is widely used as shorthand to describe the policy environment of the last three decades. Yet the experience of the Latin American region suggests that it is too broad a descriptor for what is in fact a sequenced, fragmented and politically indeterminate process.

See Fine (2009a) for a discussion of social policy in the age of neo-liberalism.

⁶ For a sophisticated account, with case studies from South Africa, of the association of neo-liberalism with diversity and specificity as opposed to reductionism, see Hart (2002 and 2008). And, for my own account, see Fine (2009b)

⁷ In absolute terms, global financial assets rose from \$12 to somewhere between \$196 and \$241 trillion from 1980 to 2007, Blankenberg and Palma (2009, p. 531).

⁸ 'Why It Is so Hard to Keep the Financial Sector Caged', Financial Times, February 6, 2008, cited in Michael Perelman, "How to Think about the Crisis", <http://www.monthlyreview.org/mrzine/perelman131008.html>

⁹ For some account of how this approach emerged and its application with references, see Fine (2008). See also Fine and Saad-Filho (2010).

¹⁰ As eloquently observed by dos Santos (2009, p. 180/1), the crisis has not derived from a tulip bulb, South Sea Island or dot.com bubble, or even stock market or commodity crash, although these have witnessed considerable speculative turmoil in the period leading to the crisis:

By many historical measures the current financial crisis is without precedent. It originated from neither an industrial crisis nor an equity market crash. It was precipitated by the simple fact that increasing numbers of largely black, Latino

and working-class white families in the US have been defaulting on their mortgages.

¹¹ They do concede that, “The data show that fiscal costs associated with banking crises can be substantial and that output losses are large”, p. 30. The text here draws upon Fine (2009g).

¹² Apart from collapse in levels of (industrial) production, Stuckler et al (2009), for example, find that the mass privatisation programmes in eastern Europe increased the short-term adult male mortality rate by a staggering 12.8%.

¹³ See Bayliss and Fine (eds) (2008) on privatisation and Fine (2009a and b) on social policy.

¹⁴ See http://en.wikipedia.org/wiki/Josiah_Stamp,_1st_Baron_Stamp

¹⁵ It is neatly complemented by the following, cited in Wade (2009, p. 539):

Two executives sit at a conference table studying documents, and one says to the other, “These new regulations will fundamentally change the way we get around them”, New Yorker, cartoon, 9 March 2009.

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