

Finance and the Financialization of Capitalism

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Abstract:

A thorough critique of contemporary capitalism must include a critique financial capitalism. Observers agree that, over the past fifty years, financial markets, mechanisms, and institutions have become an increasingly prevalent, and in some places hegemonic, feature of capitalist societies. Yet agreement ends when it comes to both the causes of financialization and its implications for the democratic critique of capitalism. While the question of finance came to the fore of public debates after the 2008 financial crisis, that crisis reflected deeper trends in capitalist economies: the rise of new modes of capitalist accumulation, new structures of public and private debt, new financial technologies and political rationalities, and new forms of individual subjectivity and collective futures. This chapter provides an overview of these recent debates about the financialization of capitalism with a focus on implications for critical theory, broadly construed. In addition to discussing the phenomenon of financialization itself, the following examines the ramifications of financialization in a range of domains: for the politics of race, gender, and welfare; for democracy and the state; for subjectivity and culture; and for global environmental crises.

We begin with a discussion of the financialization of capitalism, examining the debate about the nature of the phenomenon and its causes (Section II). We then turn to explore the ramifications of financialization, examining how the predominance of finance within capitalism alters social and political relationships throughout society. Section III discusses the financialization of the household and the rise of an asset-based welfare system, which reveal the disparate gendered implications of financialization. Section IV examines the historical role of race in structuring the development of finance and the racialized implications of financialization, especially in the context of the United States. Both of these discussions reveal that financialization is as much a social and cultural as an economic phenomenon. Section V examines financialization from the perspective of theories of culture and subjectivity. Sections VI and VII turn to two arenas of the political consequences of finance: first, for democracy and the state (VI) and then for ecological politics and the possibilities of averting catastrophic climate change (VII). In both cases, the financialization of capitalism accelerates the forces hollowing out contemporary democracy and generating ecological crises. We conclude with a brief discussion of political alternatives to the current organization of financialized capitalism as well as directions for future research.