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Housing and Water in Light of Financialisation and "Financialisation"

Ben Fine, Kate Bayliss, Mary Robertson

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Authors: Ben Fine, Kate Bayliss, Mary Robertson

Affiliations of authors: School of Oriental and African Studies (Ben Fine, Kate Bayliss) Leeds University (Mary Robertson)

Abstract: This paper addresses the impact of financialisation on the systems of provision (SoPs) drawing on a series of case studies in housing and water – both non-financial sectors. In order to understand this more fully, the paper first considers some of the theoretical constructs connecting money, commodities and finance, exploring the theories of money, the extension of that theory to finance and the specification of the processes attaching finance to the non-financial. The paper shows that both case-study sectors have increasingly been subject to market forms with, for example, land markets in housing and cost recovery practices in water provision. However there are different forms of monetary relations across the case studies. Simply to equate financialisation with commodification would be misleading. The diversity of arrangements across sectors and locations is addressed in the paper by making the distinction between commodification (production for private profits), the commodity form (periodic payments for a good or service in the absence of a profit motive) and commodity calculation (application of a monetary logic without money changing hands). Each of these is associated with different forms of marketization and "market forces" but they are underpinned by different economic and social structures.

The paper then goes on to tie these insights to financialisation and contemporary capitalism more generally with reference to the case studies. For housing there is variegation in the extent to which the expansion of finance coincides with expansion

of material provision, as shown with for example the different outcomes from expanding lending for house production as opposed to mortgage lending for consumption. In water, there is diversity in the extent and nature of privatisation and this has led to differences in the extent and depth of financial intervention across the case studies. England and Wales lies at one extreme with heavily entrenched financialisation while this is considerably less significant in the case studies with less privatisation. The final section of this paper considers the implication of the different forms of financialisation for economic and social reproduction including gender.

Key words: financialisation, neoliberalism, housing, water, privatisation

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Contact details: bf@soas.ac.uk

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1. Introduction

This paper is one of three thematic papers based on a collection of case studies which examined the systems of provision (SoP) for water and housing in five selected locations: UK, Poland, Portugal, South Africa and Istanbul. This paper also draws on findings presented in the sectoral synthesis papers.[1] These three thematic papers reflect on how the empirical findings from the case studies relate to some of the broader themes of the FESSUD research programme. This thematic paper addresses the theme of financialisation in the context of the five country case studies of housing and water. The case studies provide detailed analyses of the role of finance in the SoPs which demonstrate how financialisation works in practice in these two non-financial sectors. In this paper, we attempt to tease out the implications of these accounts for our understanding of financialisation, both as real economic phenomenon (financialisation) and as area of scholarship ("financialisation").

Beginning with the latter, we argue that much existing literature on financialisation lacks a coherent theoretical foundation. While theory is not absent from the large and expanding literature on financialisation, it is often imputed from elsewhere, implicitly and without reflection. We have elsewhere advocated the SoP approach, which investigates financialisation by looking at the role and impact of finance on the concrete chain of activities that underpin production and consumption, Bayliss et al (2013). The case studies demonstrate the merits of the approach - by analysing financialisation through SoPs the case studies are able to grasp the commodity- and location-specific forms taken by processes of financialisation. In this paper we turn to a more abstract level of analysis, in order, on the one hand, to draw on the case study results to deepen our understanding of financialisation in general and, on the other, to give those case studies a deeper theoretical foundation.

The case studies show that financialisation has been associated with the increasing presence of the "market" or "market forces" in the provision of housing and water. In short, as finance is underpinned by money and commodity relations, so financialisation is underpinned by commodification. A deeper theorisation of financialisation must therefore begin with a relatively abstract understanding of the relationships between money, commodities, and finance, requiring a theory of money, the extension of that theory to finance, and the specification of the processes attaching finance to the non-financial.

A closer look, however, reveals the nature of the "markets" for housing and water to be highly differentiated, with respect to both each other and across the different case studies. Further, that differentiation has significant implications for how those sectors relate to financialisation, and for how we understand the latter. We suggest that the differentiated market forms identified in the case studies can be grasped by distinguishing between commodification as such (production for private profit), the commodity form (periodic payments for a good or service, in the absence of the profit motive) and commodity calculation (application of a monetary logic, though without money changing hands). Each of these categories is then shown to vary in terms of how far they facilitate financialisation. We suggest that the application of these categories to housing and water can be used to illustrate and explain variegated outcomes across countries and sectors, and discuss their multiple and complex relations to financialisation.

Our approach to money and commodification serves as the basis for a more general discussion of financialisation, which traces the emergence of new opportunities for financial profit. In particular, we argue that the proliferation of assets and asset trading has led to dramatic restructuring of social and economic life. Consequently,

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many distinguishing features and effects of financialisation – including the encroachment of finance into more areas of social and economic life and the expansion of fictitious capital at the expense of the real economy – can be understood in these terms.

We begin in the next section by discussing theoretical characteristics of the existing literature on financialisation, drawing attention to a lack of coherence and self-reflection. In the following section we argue that an abstract understanding of financialisation, given the latter's systemic properties, needs to be rooted in a universal theory of money, and outline our categories for the different forms of monetised interactions. In section four we look at the role of money in generating new forms of profit-making though the financial sector, and the consequent expansion of that sector at the expense of the real economy. Section five explains how this leads to financialisation's encroachment on social and economic reproduction, and section six discusses the implications of this for gender. Section seven concludes.

2. A New Term is Borne and Born

Over the course of the financial crisis (or crises) and subsequent global recession, the term "financialisation" has experienced a considerable growth in usage, one that seems set to continue for the foreseeable future. This is to be contrasted with its negligible presence previously. Although deployed for slightly longer within political economy, Arrighi (1994) most notably, Goldstein (2009) views the idea as having a significant presence only over the last decade.[2] Within the discipline of economics, its origins and continuing trajectory remain confined to the heavily marginalised fields of heterodox economics. Otherwise, if not quite a scholarly "buzzword",[3] it has found some purchase across the social sciences more generally, and is possibly in

danger of attaining the status of a "fuzzword".[4] 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.[5]

Three fundamental features, then, mark this rise of financialisation across the social sciences. One is the frequent observation of **neglect** of finance in the past.[6] Typical, for example, is Pike and Pollard (2010, p. 29), for whom there are, "long-standing concerns about the relatively marginal location of finance in economic geography".[7] Similarly, Moran and Payne (2014, p. 335) observe the limited attention to (the power of) finance in political science due to its primary concern with the state:

In sum, with economics asserting a monopoly in the study of economic life and international political economy largely content with overarching analyses of global trends, political science was able, on the whole successfully, to assert and claim its own monopoly, so to speak, of the study of the state, and to do it, as we have seen, in its own distinctive way.

Notwithstanding diversity of foci within the field (see, for example, Kemeny and Lowe (1998), the same is true of housing studies, where an exponential increase in literature on mortgage markets is a relatively new phenomenon. Similarly with water, and infrastructure more generally, finance attracted little attention until the last decade when deficiencies in provision began to be increasingly depicted in terms of a "financing gap".

A second feature of the privatisation literature, possibly in an understandable reaction against an unavoidable sense of neglect in the wake of recent events, has

been the wide variety of approaches taken to financialisation, from pointing to the neo-liberal subject variously as worker, consumer, entrepreneur, investor as in Langley (2007) and similarly within the "state of the art" of van der Zwan (2014), who sees financialisation as straddling approaches to the nature of contemporary capitalism, shareholder value and everyday life. This breadth is reproduced in relation to housing, which has been implicated in both macroeconomic restructuring and the reconstitution of individual subjectivities, Crouch (2009) and Van Gent (2010). In water, financialisation has often been related to enclosing the commons and financial involvement in natural resources (see for example, Friends of the Earth (2013). The political economy of the financial sector in the provision of water has only recently been the subject of academic scholarship, Bayliss (2013) and Allen and Pryke (2013). Third, closely related but distinct, is the equally wide variety of **subject matter** covered by financialisation, dealing in everything from the nature of the relationship between financialisation and neoliberalism in characterising contemporary capitalism to the eponymous influence of financialisation on everyday life, let alone as a generic term for finance itself, Sawyer (2014). Housing and water appear in this context as two examples among many areas whose subjection to financialisation has been the subject of investigation.

No doubt, much of this is a consequence of the, now acknowledged, increasing **pervasiveness** and **diversity** of finance in general, however it is understood, with an equally compelling **fluidity** and **innovation** attached to financialisation (as with other 'grand' concepts). Quoting at length for completeness, 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. financialisation

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", emphasis added.

Both housing and water offer up their own array of phenomena attached to financialisation. Following Robertson (2015), most conspicuous for housing is a vast expansion of mortgage lending, which has ensnared households in financial markets. Concomitant on this has been, on the one hand, the growth of secondary mortgage markets trading assets underpinned by mortgage repayments and, on the other, attempts to reconstitute individuals as neoliberal saver-investors (with partial success). More generally, housing provision has been increasingly governed by a commitment to market forms, which is not to say that states have not intervened, only that their interventions are constrained by a presumption against state provision and in favour of at times elusive market forms. This commitment is reflected, for example, in land markets. While states continue to intervene heavily in these markets via planning regulations, their interventions are increasingly dictated by allocating land to its highest value – in monetary terms – use. This shift has coincided with a growth in the importance of real estate investment in the broader economy, itself a facet of the ascendance of speculative over real investment.

Water, as a natural resource, seems to be far removed from the financial sector. Certainly the scope and nature of financialisation is more opaque than in housing. In most countries, water is provided by the state, and financial interventions are limited

to bond issues with some hedging of interest rate and currency fluctuations. State water providers have increasingly been required to restructure themselves as independent water companies and to adopt private sector style financial management but privatisation has not been widespread in the case studies. Where water has been privatised, this is usually in the form of long-term concession contracts. The exception is E&W where privatisation has taken the form of divestiture. Here, the financial sector has taken root and many of the above-mentioned features of financialisation are evident. The different forms of providing water found across the case studies have implications for the way in which financialisation has emerged in varying forms in the sector.

Each of the many features of financialisation can be demonstrated empirically and theoretically from a variety of points of view. This is even so, despite some temporary and mild setbacks from the global crisis, of those of a neo-liberal bent who can offer explanations in terms of responses to random shocks in otherwise perfectly working markets (for the Chicago school of thought), or as a result of the uncertainties that inevitably accompany innovation and change (or too much state interference in this, for neo-Austrians). What is more at stake is how theory and empirical evidence is ordered within and across the various factors involved, something that is our purpose to take up later in some detail in the context of case studies around housing and water.

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 newly emerging and discovered empirical developments (however well identified, understood and incorporated) and the application and promotion of prior methodological, conceptual and theoretical stances. This does, however, allow the theory of financialisation to range 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.

It is striking, for example, that financialisation does not appear within mainstream economics at all. This is to be expected given how it has treated money and finance in the most recent past, with the former primarily seen as belonging to macroeconomics and subject to state control over its supply, and the latter confined to microeconomics and the more or less efficient mobilisation and allocation of resources. In practice, this has involved an absence of systemic and dynamic determinants in their historical and social context that are essential factors in specifying financialisation. In other words, necessarily hypothetically, if mainstream economics had been genuinely drawn into seeking to conceptualise 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 its application to the pre-financialisation period).[8] Whether in its efficient market hypothesis form, or what might be termed its inefficient market hypothesis form, mainstream approaches to finance have been seriously deficient in understanding its systemic effects. This is not accidental but a direct consequence of its undue reliance upon what has been termed its technical apparatus and technical architecture.[9]

At the other extreme, most of the other social sciences are familiar and comfortable with dealing with the systemic and the dynamic so that it is far less irksome for them, including political economy, to engage with financialisation. As a result, as seen, analyses of financialisation have blossomed across the social sciences (outside of economics) displaying a variety of conceptualisation, methods and

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applications with a corresponding collective lack of coherences and self-examinations.

Not surprisingly, then, Erturk et al (eds) (2008) are able to identify a number of different approaches to financialisation, including their own synthesis that focuses upon the contemporary period as one of what they call "coupon pool" capitalism.[10] Their synthesis is explicitly 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, in their somewhat obscure terms, 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 – financialisation as a veritable "bricolage" as their favoured descriptive term to accommodate varieties of determinants and their interactions.[11]

What would appear to be at issue is whether financialisation can be grounded in a multi-purpose, if more abstract, theory that could serve to engender coherence, underpinnings and/or clarity in the forward march of "financialisation" within scholarship . Inevitably, this will appear to prove impossible if relying upon general methodological stances (around the systemic and dynamic – financialisation as culture or as agency for example), at one extreme, and the immediately empirical, at the other. For the latter, paying a water bill or taking out a mortgage have a greater or lesser attachment to financialisation without necessarily being, as it were,

financialisation itself. To tease out the relations involved, it is seems imperative then to locate financialisation in relation to both the monetary system as a whole, of which it is but a part, and the non-monetary relations with which financialisation either directly or indirectly interacts.

Theories of money and finance, as illustrated most obviously by the financialisation literature itself, necessarily range over a huge landscape from accounts of the forms and meanings of money, through the macroeconomics of the money supply, to the more general interaction between putatively separate but intertwined monetary and real economies in generating employment, investment, inflation, crises and much else besides. And this is even before the global nature of money has been considered at one extreme, and everyday life (of the household) at the other. These are all crucial to a greater or lesser extent for how money and its effects are experienced and understood and so also for the material culture of financialisation. And, in particular, simple cultures involving money, in purchasing for consumption, deploying a credit card, avoiding or negotiating indebtedness, have deep, and possibly elusive and distant, connections to a financial, and productive, system that heavily influences in practice how financialisation engenders meanings for those who are often unaware of how and how deeply they are embroiled within it. A complete survey of theories of finance and theories of money is beyond the scope of this paper.[12] Instead our focus (in the next section) is limited to money as it relates to commodities and commodification.

3. From Money through Commodification and beyond (CCFCC …)[13]

In short, and ideally, analysing financialisation involves three components: a theory of money, its extension to finance, and specification of the processes attaching finance to the non-financial, with a corresponding account of the causes and

consequences of the related outcomes. In this light, some elementary points are worthy of observation. For, whilst elementary, they provide the basis for addressing the complexity and diversity of the forms taken by, and impacts of, financialisation and how it is conceived. First is that money never exists in isolation but involves a close association with commodities. Equally, the domain of money is delimited, at least in part, by the domain of commodities although their common domain is far from fixed across time, place and character – all money-commodity relations are not the same, even if they share common elements by virtue of being depositories of exchangeable value despite the diversity of commodities themselves. The shifting domain of money is acknowledged in the notion of commodification (or, indeed, decommodification and recommodification) whereby what was previously outside the domain (for example, water) is incorporated within it (or excluded or reincorporated, respectively). As is already apparent, then, insofar as finance takes monetary/commodity relations as its starting point, so financialisation is readily associated with commodification.[14] This is most obvious, for example, in the commercialisation and privatisation of state provision which opens up opportunities for the intervention of finance and financialisation in varieties of ways.

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. This involves all sorts of credit relations to which financialisation can attach itself, as well as currency trading and state finance. But, in addition, in part if not primarily because of these roles, monetisation is embroiled in interactions beyond market exchange as with the payment of bribes, taxes, interfamilial transfers and so on.

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Commodification is widely used to denote the process of moving goods or services into monetised spheres of existence but there are different elements to this process and each has significance for the nature and impact of financialisation. Here we can distinguish between commodification of production 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. More or less nominal user charges for a state-owned health service certainly involve the commodity form but not commodities as such. And arrangements of this type vary by degree of penetration of the commodity form, their influence (is payment token or not) and, equally important, their dynamic. While the commodity form may not be for profitable purposes this might, for example, be transitional to further commercialisation and privatisation (and even intended as such) or be a means of financially sustaining state provision against or simply in absence of privatisation, with the state potentially subsidising provision over partially covered costs. So commodity form, cf, can occur without commodification, c, but there cannot in general be c without cf (but see below on the peculiar commodity form taken by commodified water).

Further, the realm of monetisation/commodification extends beyond the activities attached to commodities and commodity forms themselves to their application in calculation or even qualitative reasoning in which neither commodities nor money are themselves necessarily present, i.e. for which money does not actually exchange hands, even as a matter of settling of accounts.[15] 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 certain "commodities" beyond the cash nexus as

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it were.[16] 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" are actually exchanged (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 – I saved (how much, an unknowable amount) by walking rather than catching a bus or going by car. Cc can take place without cf or c. Whilst, cf can be a token payment or can be based on a more detailed cc, c generally requires both cc and cf (although these can take on peculiar characteristics in case of water, for example, as unit prices do not always prevail).

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 it concerns how money and, hence, its derivative, financialisation, is to be understood systemically and, accordingly, enters into our daily lives. For Zelizer (1994, 1996, 1998 and 2000),[17] 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).[18] As a result, each acquisition and/or use of money is potentially differentiated from others according to the motives, actions, indeed the cultures, of those who engage with it, whether it be the differences between how men and women engage in monetary relations, for example, or the rationalities associated with gambling or luxury display as opposed saving for a rainy day.

By contrast, Fine and Lapavitsas (2000), Fine (2002) and Lapavitsas (2003), whilst recognising the presence of such **multiple** monies as they are termed, 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 as multiple monies and incorporate mixes of practices and motivations (across ccfcc). As French et al (2011, p. 809) observe, however accurately, referencing Zelizer for support:

Even accounts of financialization that have sought to think about money more as a mutable network still implicitly cleave to an understanding of money as necessarily disembedding and alienating, an agent that acts on social relations, rather than being constituted by social relations.

Admittedly, for example, banks and other financial agents have provided an increase in mortgage-lending due to a growing culture of homeownership. The growth of this culture has in turn affected the practices, even the creation, of financial agents (sub-prime traders) but the culture itself could not have emerged without the lending practices. An expression of a preference for home ownership as the tenure of choice is only possible because of the availability of mortgage finance. Accordingly, social relations both shape and are shaped by interactions with finance. But that those engaging in monetary relations both act upon (make finance available for whatever, for example) and are constituted by (take savings from whomsoever) social relations (and, indeed, constitute them, the worlds of financial elites or payday loans for example) is as much an argument for, as against, a universal theory of money.[19]

For although money takes on a range of forms and provides a range of functions, reflecting the diverse social relations in which it is embedded, the multiple roles played by money are structured in part by common systemic factors, which, through

interaction with financial agents, have efficacy in shaping monetary relations. To give an example, taking out a mortgage does not make the culture of owner-occupation what it is, nor is owner-occupation, as an integral part of the housing system, possible in the absence of mortgages. And, by the same token, paying a water bill does not lead to the culture of derivative trading by providers but remains essential to it. However, that these are both entirely distinct applications of money and finance, with determinants that are not self-contained, does not mean they are disconnected from one another and do not have common systemic influences, appropriately addressed through an underlying, universal theory of multiple monies, as it were.

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).[20] 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 and nature of the ccfccs to which it is attached in practice and/or thought. Just give me the money (or assess monetary value) in exchange (possibly in thought alone) for whatever is at hand, 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 exclusively 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 with 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 might seem that the distinction between a theory of many monies and one of universal money with contingent and diverse outcomes is merely academic. However, it is at least symbolic of much deeper issues that go the heart of methodological differences. The multiple monies approach is mindful both of avoiding undue (economic) determinism, whether derived from homo economicus or some form of structuralism, and of allowing for individual cultures and subjectivities. By contrast, the universal approach tends to be committed to systemic analysis and to emphasise how such individual subjectivities are constrained by both the nature of money and the social structures to which it is attached. A resolution of these differences is important not so much for the theory of money as such (and its various uses in day-to-day expenditure as is the preferred territory of the multiple monies approach) as for how such a theory underpins the more general and developed theory of finance in which money (as capital) is embroiled in unavoidable systemic effects, not least through financialisation as will be addressed in what follows. The virtue of the universal approach is that it attends to both systemic and specific roles of money as well as the pathways through which financialisation has both direct and indirect effects. And, for the indirect effects, "finance" as such can be directly involved but not financialisation itself (the taking out of a mortgage or the paying of a water bill, for example) or it can even be detached from exchange relations as in the exercise of power or influence . This is, however, contingent on how financialisation is defined (as it is always involved if its definition is taken wide enough to incorporate the presence of money and/or monied interests).

In this light, observe that, although the nature of the commodity remains controversial within Marxist value theory (where it probably attracts the closest and most detailed attention in contrast to a more general tendency to depend upon a simple market/non-market dualism), it is imperative to draw the logical distinctions between commodities, commodity form and commodity calculation. Each also has different implications for financialisation. In reverse order, commodity calculation

can at most facilitate financialisation as it does not itself involve monetary flows as such. Commodity form can be the basis for financialisation insofar as regular flows of money, not necessarily involving commodity production, are securitised, thereby creating an asset that can be traded.[21] Only with commodities, and their integration into the circuits of production and exchange, is the potential for financialisation fully released, allowing for whatever both cf and cc have to offer, as well as the range of financial processes underpinning production and sale.

It also follows that these distinctions bear upon the processes as well as the presence of financialisation by which is meant at least the increasing weight of finance in economic and social life. For, the process of commodification itself (and so shifts from cc to cf and from cf to c) strengthens the potential for financialisation. In a slightly more refined way, this says little more than that expanding the realm of the market underpins the potential realm of financialisation. But it follows that financialisation is attached to a wide range of economic and social processes that are subject both to varying degrees of, and potential for, financialisation as they are themselves reproduced and/or transformed (for example, through commercialisation or privatisation).

So financialisation feeds on money (in ways as yet to be more fully specified), and money feeds on commodities and vice-versa, allowing for the more generalised formation of commodity forms and calculation. Such are the consequences of a universal theory of money, which allows for differentiation across the different processes to which it is attached, with a corresponding obligation to investigate the substance of the economic and social relations, structures, processes and agencies to which it is attached.[22] Wherever activities fall across the ccfcc divides, their monetary forms of expression are this and no more, innocent of why and how they belong where they do. This does not mean that money is a passive reflection of the activities to which it is attached, something that is forcibly realised in crises, but nor

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does it have a uniform let alone an independent existence from the highly varied worlds of ccfcc.

That financialisation is associated with the encroachment of monetary relations is evidenced in the case studies, which document a marked increase in the presence and influence of market forces in the provision of housing and water across the countries considered. Yet the case studies also show that simply to equate financialisation with commodification would be misleading. The provision of housing and water is highly variegated across the countries considered, and this variegation is underpinned by a range of market forms. We suggest that the ccfcc triad can help to explicate this variegation by unpicking the diversity of arrangements concealed under the spread of a more amorphous notion of market forces.

The most striking feature of housing provision in the era of financialisation has been the rise of owner-occupation as the favoured tenure form (that is, the favoured set of arrangements for accessing housing).[23] Owner-occupation involves households purchasing and inhabiting their own dwelling, in contrast with the most common alternative tenures, private and social rental, whereby households rent their dwelling from a private or social landlord, respectively, with the latter usually involving some sort of rental subsidy. One of the merits of the SoP approach is that it looks beyond the allocation arrangements that are typically the focus of neoclassical economics, opening up the black boxes of production and consumption in order to investigate the entire chain of provision. In this context, the degree of commodification of owner-occupation becomes a question, not simply of whether houses are bought and sold in a market, but also of the nature of the rules governing land use and the character of housing producers. While owner-occupation can be fully commodified - if land is accessed through the market and the homes concerned are built and sold for profit - it is notable that it is not necessarily so. At the other extreme to production and sale for profit, it is possible for owner-occupied homes to

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be built and allocated without the profit motive playing a role at all – if, for example, the state were to requisition land, build housing and transfer ownership to inhabitants administratively.

In practice, owner-occupation in the case study countries has exhibited varying degrees and types of commodification along the chain of provision. Before discussing them in more detail, it should be noted that all of the case study countries had a significant commodified owner-occupation sector that preceded the period looked at in the case studies, with the exception of Poland, where housing was decommodified under socialism. We therefore follow the case studies in focusing on areas of transition in the housing sector.

Beginning with consumption, in Portugal owner-occupation expanded at the expense of the private rented sector and informal shanty towns in response to increased availability of mortgages. Housing provision therefore underwent a shift from one form of commodified relations (rental) to another (purchase), with the aid of mortgage subsidies and state investment in infrastructure. In the UK and Poland, commodification of housing was given a big push by the privatisation of social housing from the 1980s and 1990s, respectively. However, the character of this shift is complex. On the one hand, prior to privatisation, social housing was characterised by the commodity form, in that occupants paid monthly rents to state providers, albeit at subsidised rates. On the other hand, the sale of this housing did not in itself transform that housing into commodities because the profit motive played no role. The privatised housing had been built by the state and was sold at a heavy discount to sitting tenants, hence, is better understood as an alternative commodity form. The push given to commodification of housing by privatisation came from the way in which ownership of state-built housing facilitated entry into private housing markets. In the UK, this has been fully realised as there have been high rates of sale of

privatised housing, allowing agents to enter secondary housing markets. In Poland this process has been impeded by the poor quality of the privatised housing stock.

The South African government has sought to spread homeownership to the poor black population by subsidising investment in basic housing units, which are allocated through an application process among those meeting income requirements. Access to housing for this section of the population relies on the commodity form only in so far as a small payment is involved in the bureaucratic process through which basic housing units are allocated. As in the UK and Poland, it was hoped that giving poorer households ownership rights over subsidised properties would facilitate entry of those households – and the subsidised properties - into the secondary housing market. However, the generally poor quality of the subsidised housing has prevented this from happening. The Turkish case study, which focuses on Istanbul, describes the way in with the Mass Housing Administration (TOKI) has collaborated with private developers to displace squatting communities and free up land for the development of middle- and upper-income housing. This process has seen one set of commodified relations (within squatting communities) replacing another (middle- and upper-class flats). The lower-income residents displaced in the process have been rehoused in state-provided housing, for which they pay the state under arrangements captured by the commodity form.

Turning to production, irrespective of the range of acquisition arrangements, commodified relations dominated housing production in all case studies, with housebuilding carried out by capitalist agents for profit. This is the case even for production that is state-led, as for low-income housing in Turkey and South Africa. Here, investment comes from the state but private firms are contracted to carry out construction. The same is true of the small amount of state-subsidised housing that exists in the UK, Portugal and Poland. The only exceptions are those parts of the housing stock that were built by producers directly employed by the state and then

privatised, in the UK and Poland, and self-build, which accounts for a significant part of supply in both Poland and Portugal. While self-build is decommodified, in the sense that households build for their own use rather than for profit, it is nonetheless embedded in a series of commodified relationships effecting land acquisition, materials and, in many cases, the employment of a contract builder to manage delivery.

Land is a central component of housing production, and arrangements governing access and use shape housing systems in important ways. Though not strictly a commodity, because not produced, land can be commodified in the sense that access is determined through private property rights exchanged on a market. A trend reported across the case studies was that land use is increasingly governed by the logic of the market or 'best (monetary) value' use. However, within this trend, commodification across the case studies once again took varying forms. In Portugal, land is largely commodified, subject to land use regulations administered by the state. The case study documents, in addition, the incorporation of slum-cleared areas into formal land markets. In the UK, land is similarly largely commodified, and planning authorities' decisions over land use have become increasingly determined by monetary value, leading to the squeezing of social housing in desirable areas and growing investment in real estate assets. An unwillingness to intervene in land markets has also shaped the housing SoP in South Africa. In particular, it has confined subsidised low-income housing to areas remote from employment centres and lacking infrastructure. A similar relegation of the poor to low value land was evident in Turkey, though there we have seen a more active process of removal, with lower income communities compulsory relocated, often offering violent resistance. Land was rapidly commodified following Poland's transition from socialism, under which land was allocated administratively. Poland's "shock therapy" put in place lax land use regulations, giving rise to chaotic patterns of development.

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It is clear from this discussion that the promotion of owner-occupation in the era of financialisation cannot be reduced to commodification *per se*. Housing provision occurs through a series of arrangements embodying varying forms and degrees of commodification. This is compounded by the observation that owner-occupation is not the only way of commodifying housing provision. Private rental is also a commodified form of housing provision, especially if both the production and the rental of housing are carried out for the purpose of profit-making. What distinguishes owner-occupation – and makes it the quintessential form of financialised housing provision – is that the cost of housing relative to incomes entails that house purchase is dependent on credit for most households. Owner-occupation thus serves to incorporate households into financial markets, expanding the scope for financial profit, through both interest on mortgage payments and trading rights to those payments on secondary mortgage markets.

Indirectly, owner-occupation has also been associated with the spread of commodity calculation by reconstituting individuals as neoliberal agents. The idea here is that, by providing individuals with an asset that can be borrowed against and used to accumulate wealth through capital gains and climbing the housing ladder, owner-occupation serves to inculcate rational economic behaviour in individuals, expanding the scope of commodity calculation in to more areas of daily life, Payne (2012). In the extreme, owner-occupation has been seen as the lynchpin of an 'asset-based welfare system', in which widespread homeownership "serves as a tool or lever for governments to institute welfare reform" thus allowing "governments to pursue restructuring programmes that downsize other welfare services, notably social care and pensions, or allocate them to a local level" Van Gent (2010, p. 376).

To sum up, the financialisation of housing has fed off the extension of the scope of monetary relations within housing provision, with the particular form of debt-based form of monetary relations associated with owner-occupation being most prominent.

Yet beneath this general trend lies a wide variety of forms of commodification and methods through which they have been extended, giving rise to variegated forms of financialisation across the housing systems considered.

Before we move on to water, this discussion of owner-occupation and the ways in which it provides a vehicle for financialisation requires some caveats. First, while the promotion of owner-occupation and incorporation of households into mortgage markets has been a clear goal of governments, it has not always been achieved and, when it has, has often proved dysfunctional. As mentioned, despite hopes that state subsidies would provide a launching pad for poor black households to climb up the housing ladder, South Africa's low income housing market remains segregated from the secondary housing market, and low income households largely excluded from mortgage markets. Even in the UK and Portugal, countries in which owner-occupation is widespread and mortgage markets mature, a recent revival of the private rented sector suggests that the owner-occupation tenure form is reaching its limits.

Second, the tying of owner-occupation to the encroachment of commodity calculation on individual rationality is arguably more a facet of scholarship and policy than it is reality. The idea appears in academic literature more often as an analysis of the rationale governing policy than of the extent to which that policy agenda has been successful (see, for example, Payne (2012), Van Gent (2010), Crouch (2009), Finlayson (2009), and Watson (2009). Where the latter question has been asked it has been met with scepticism. For example, Touissant and Elsinger (2009) distinguish between 'old' and 'new' asset-based welfare systems. In the former, associated with Southern Europe, housing plays a role in supporting welfare provision as a result of its being embedded in familial support structures. Only in the latter – associated with Anglo-American countries – is housing asset-based welfare linked to financialisation and commodity calculation. Even here, we should be wary of

assuming that individuals are passively reformed in response to shifting forms of provision, as the imperative to treat housing as an asset runs into other meanings and uses that people attach to housing, most notably as a place of comfort, security and shelter, Robertson (2014a). What these caveats tell us is that variegation is not only a product of the different means through which commodification has been extended in different social and economic contexts, but also of the dysfunctions, contradictions, and resistances to which commodification gives rise.

The provision of water has also undergone something of a transformation since the 1980s in each of the case studies. As with housing, the case studies show varying forms and degrees of commodification. For most of the last century water was provided as a strategic resource to support what Bakker (2005) terms a "state hydraulic" paradigm of water management characterised by centrally planned investments to provide for economic growth and social development. The high capital costs and long infrastructure lifetimes meant that public financing was crucial for the development of water supply across the world. Water was provided by the state with a focus on supply-side interventions following the cholera and typhoid epidemics of the cities in the nineteenth century. These aspects of water – the high cost and long-term nature of investment, combined with the public health elements of provision – meant that the system of water provision did not appear to easily lend itself to commodification.

Changes in the sector came in the 1980s with the rise of neoliberalism (see other thematic papers for this Deliverable, D.8.27) and increasing attention to state failure and environmental concerns. Water consumption had begun to tail off in many countries. In E&W the system of centralised water planning failed to anticipate a dramatic decline in industrial water demand as the country's economic structure shifted from manufacturing to services. Ten regional water authorities were created in E&W in the 1970s. Their operations were financially ring-fenced from the local

authority and they were obliged to operate on a cost recovery basis. From the early 1980s they were able to borrow from private capital. The same pattern can be observed to varying degrees across all of the case studies, although this transformation came a decade or so later outside E&W, with corporatisation of water companies becoming core sector policy. Cost recovery pricing was introduced across all locations, although still in E&W the majority of households are charged on the basis of the rateable value of their property rather than their water consumption. In most other countries water consumption is now metered.

England and Wales were among the first in the world to introduce water privatisation. This took the form of listing the water companies on the London Stock Exchange (LSE) in 1989. The perception at this stage was that private financing could be substituted for public borrowing in a benign swap that had the advantage of appearing to reduce public borrowing. Elsewhere privatisation was introduced in different ways. In South Africa, water remains the responsibility of the municipality but private investors have been sought to undertake management contracts (eg in Johannesburg) or long-term concession contracts with municipalities. These were introduced in the late 1990s and just two remain. In Portugal also municipalities could enter into private concession contracts from 1993. These are skewed to the more wealthy areas with just 29 private concessions for retail water out of 380 managing entities. However, these cover 13% of the population. In Poland the sector was restructured in the early 1990s with water providers established at arm's length from the municipality with diverse ownership structures. Water was privatised in Gdansk in 1993. This then brought the production of water into the realm of commodity production but still a strong role for the state remained, often as provider and even with privatised water, the state continues to govern pricing and production standards. The process of commodification of water has generally stopped short of water trading[24] (except in a few locations, Grafton et al 2010).

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There are ways in which the case of E&W differs from the other case studies and these have shaped the processes of commodification and financialisation. First, in this case the transition is permanent. Listing the water companies on the LSE sent a clear signal of commitment to commodification in perpetuity. For firms and financiers, this provides a more secure framework for long-term financing decisions than fixed term contracts. Second, water companies are regulated by the central economic regulator, Ofwat, which sets policy and answers to the central government. This is in contrast to the other concessions which are answerable to local municipalities. In Portugal there is a sector regulator, ERSAR, but it was only in 2014 that ERSAR took over water pricing from the municipalities. Third, this is a national programme where all water and sewerage companies were privatised (albeit at considerable discount to ensure interest from investors) and not just water but also energy, telecoms and the rail network were all privatised around the same time. In this country, then, privatisation was part of a national shift towards commodification of infrastructure. In contrast, privatisation accounts for only a small element of provision in the other case study countries. The result is that the transition is deeper and more far-reaching and attached to a bigger political project than privatisation in the other countries.

The case of E&W has also seen some changes over time as privatisation has matured. From the mid-1990s, firms were targets for takeovers with their large cash balances, low levels of debts and high and secure revenues. Initially the incomers were European and American infrastructure companies. Now, out of ten water and sewerage companies that were listed on the LSE in 1989, three remain listed, two have been delisted and are owned by Asian conglomerates, one is a not-for-profit company and four are owned by financial sector companies. In the other case studies, Portugal has had the most privatisation. Here too there has been some consolidation as the global and domestic environment has changed. The initial investors were local Portuguese and Spanish construction companies. More

recently, the last couple of years have seen the entry of Asian investors in the sector with Japanese conglomerate, Marubeni, taking over AGS in 2014 and Beijing Enterprises Water Group buying a group of water companies from Veolia in 2013.[25] In South Africa, many initial attempts at privatisation were short-lived and only two long-term contracts remain. Both of these have been consolidated and since 2012 have been owned by the Singapore-based company, Sembcorp (which is also the owner of an English water-only company in Bournemouth).

The process of privatisation connects water consumers with circuits of global financial capital, of which they are largely unaware. The two largest investors in water privatisation contracts over the past ten years, Veolia Environnement and Suez, have been operating in each of the case study countries at various times since the early 1990s. These companies are linked to financial markets far removed from water consumption, via financial intermediaries, for example, with water-targeted investment funds which are traded on the New York Stock Exchange. Owners of shares in some of these financial products, such as Exchange Traded Funds (ETFs), include investment funds operating on behalf of high net worth individuals. In this way, stakes in water infrastructure have become an asset class and households are connected with the world's richest individuals via finance (see Bayliss (2013) for more on this). In addition, some of these water-related financial products also include stakes in some of the LSE-listed English water companies, Severn Trent, Pennon and United Utilities. So a water consumer in the south-west of England paying their water bill contributes to the same pool of funds as the bill payment from a customer of Veolia in South Africa or Portugal (at least, until recently as Veolia sold its stakes in each of these in 2012 and 2013, respectively) which trickles up to the high net worths at the top of the financial food chain. Eventually returns from ETFs are paid out, via asset fund managers, to the world's richest as well as to pension funds (although only the identity of five largest stakeholders are disclosed so the ultimate beneficiaries from these company dividends are unknown).

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Since the emergence of Asian investors on the scene, there has been further consolidation with finance in other parts of the world. For example, Sembcorp from Singapore which now owns the two South African water companies as well as Bournemouth Water, in England, is owned by the Government of Singapore (with 49.5%) and the balance of shares is listed on the Singapore Stock Exchange. As with E&W, financialisation processes have connected water consumers in English and South African towns to investors on the Singapore exchange.

Commodification via privatisation therefore unwittingly connects some households to the world's financial capitals through their consumption of water. However, the range is limited in the case study countries as privatisation was not widespread and was usually only implemented in the more affluent and profitable locations. There is a growing divide, with water consumers in the same country paying into global financial chains while others pay to the local municipality. Some are more directly part of financialisation processes than other.

4. ... And Financialisation ...

Having outlined the analytical categories captured by ccfcc and discussed them in relation to housing and water, it remains to tie these categories to financialisation and contemporary capitalism more generally. We do this by considering another commonly observed function of money – that of store of value (however economic "value" might be understood and determined). This function of money attains greater significance in the era of financialisation due to the proliferation of asset trading. Indeed, the role of money as store of value has underpinned the new forms and scales of profit-making that have emerged through the financial system over the last few decades. As we show in this section, the nature of these new forms and scales,

and how they have played out in relation to both economic and social reproduction, can in turn be understood in part by drawing the distinction between capital extended in circulation for consumption and that extended for production.

As store of value, money, or the idea of monetary value, is represented symbolically as an asset. This symbolic representation can circulate independently of the purported value that it represents, as 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 monetary values over time together with a redistribution of the values concerned (with later payment usually commanding greater value depending on interest effectively charged and in the absence of default). To give a housing-related example, claims to mortgage repayments, secured on the values of the houses to which those mortgages are attached, are traded as assets on financial markets in the form of residential mortgage-backed securities (RMBSs). In addition, the value of these RMBSs may fluctuate in response to supply and demand for such securities on financial markets, even if the value of the asset underpinning the security – directly, mortgages, indirectly, house prices – does not change. Certainly, in principle, the different values involved, and the relationship between them, can diverge as is sharply revealed in bubbles and crashes.

Accordingly, 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, only that represented value is intended to expand for fictitious capital).

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In other words, the fictitious nature of the paper does not make it capital 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.[26] In particular, for Marx, underpinning this distinction is a separation between different types of capital operating within exchange, namely, that facilitating consumption and that facilitating production. For the former, most readily associated with buying and selling commodities, especially on credit, as a function of commodity circulation, such capitals tend to earn a normal rate of profit similar to industrial capital. For the latter, 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 at their own expense. 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 does not tend to provide the financial means to compete with itself, only for competition in other sectors).

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 or transfer to fund consumption (pensions, for example, spent on food) may promote profitable provision (for food enterprises) 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.

This last point is illustrated by both housing and water. For housing, the distinction between monetary relations based on credit and those dependent on continuing expansion corresponds to that between mortgage lending for house purchase and lending to housing developers. Across the case studies, financialisation is associated with expanded mortgage lending, notwithstanding variation in the size and cover of mortgage markets in the countries considered. There has thus been a reorganisation of housing provision that has served to expand finance's claim on incomes. In some cases – predominantly the USA and Britain, and to a lesser extent elsewhere - secondary mortgage markets have emerged on which these claims have been traded. Increased mortgage lending has served to expand financial sector profits, which, as mentioned above, arise from fluctuations in the value of RMBSs away from the value of the income stream underpinning the asset, as well as from the value of that income stream itself. Expanded mortgage lending has also tended to drive up house prices, but whether or not this is translated into expanded material provision is dependent on patterns of development finance as well as the way in which the housebuilding industry operates.

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In general, the expansion of finance for production has been more limited than that of house purchase finance. Among the case study countries, only Portugal saw a significant increase in lending for house building. There, the construction and real estate sectors increased their share in total business lending from 10% in 1992 to 40% in 2008, and this created a housebuilding boom corresponding to the house price boom. Both Turkey and South Africa also experienced a boom in building, but this relied on the state providing land and investment finance, respectively. In the UK, by contrast, constraints on supply have been two-fold. First, mortgage lending expanded at a much faster rate than lending for development, meaning that finance inflated demand more than supply. Second, the structure of the housebuilding industry in Britain – most notably, the dominance of speculative housebuilders and a restrictive planning system – has channelled a large portion of the development finance that is available into land, hindering production volumes and inflating speculative land and house price bubbles prone to collapse when finance is withdrawn.

In water financialisation has deepened in E&W with the arrival of a new type of investor in the water sector in the 2000s. Initial takeovers by American and European investors were sold out to Asian and private equity owners of water companies. The case study research indicates that the type of owner had an impact on the nature and extent of financialisation practices in the provision of water. Notably, the four water companies owned by private equity firms in E&W have introduced predatory financial practices to increase shareholder earnings. Mostly these companies are owned by special purpose vehicles (SPVs) put together by a group of financial investors, and their headquarters are registered offshore. The rise of the SPV is increasingly significant for infrastructure finance and has been widespread in public-private partnerships (PPPs). The project structure is attractive because there is no recourse to the assets of the investors, and finance is raised on the strength of the project or investment itself. The project assets are isolated from the rest of the other assets of

the SPV shareholders. PPPs that are financed in this way tend to be highly-leveraged. Investors in these water SPVs are asset managers, investment banks, pension funds and similar financial entities, and they receive the residual from the project or the operations of the water utility.

The water companies owned by SPVs have the most complex and least transparent of ownership structures. These four companies, Thames, Anglian, Yorkshire and Southern Water, all have a similar corporate group structure. The regulated water company is situated in a chain of companies, some of which are based in tax havens. Funds are transferred up and down the ownership chain in a dense sequence of dividends and interest payments on inter-group loans. Several holding companies with similar names in the chain of ownership do nothing apart from receive interest and/or dividends and then pay these out to other group companies with the SPV as the ultimate owner. Each of these has a group company in the Cayman Islands. This is to enable the buyer of the water company to add the debt incurred to buy the water company to the water company itself ("acquisition debt"), something not allowed by UK company law. This use of debt to buy the company, where the debt is raised on the strength of the company being bought, is a kind of leveraged buyout, popular with private equity firms and described by Investopedia as "an especially ruthless predatory tactic".

While such financial practices were not documented in the other case studies, in Portugal the purchase of the utility, CGEP, when it was acquired by Beijing Enterprises Water Group (BEWG) Ltd[27] from Veolia in 2013,[28] was in part financed by loans from the new shareholders to the water utility. The shareholder loan will be paid interest annually by CGEP to its parent holding company. So, the utility pays interest to the owners of the company on funds used to buy the company. Interest, where it is paid on loans from shareholders, is another form of shareholder distribution along with dividends. And the interest is tax deductible.[29]

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In E&W, the SPV-owned water companies have also carried out a complex corporate restructuring known as "Whole Business Securitisation" (WBS) which has enabled them to raise the debts of the water company which are secured against the expected revenue from future bill payments which are securitised. The process of WBS is only possible in restricted circumstances where firms have a stable and predictable revenue stream, so a privatised water utility is ideal. One of the conditions of the water company licence, set by the regulator, is that the water company has to have a credit rating which is "investment grade". Increasing debt levels puts this rating at risk. The WBS process, however, enables a higher level of debt within the limits of the credit rating.

The WBS process was originally devised to enable a not-for-profit company to take over Welsh Water using high levels of debt. This financing structure was subsequently replicated by the private equity-owned companies. Welsh Water now has one of the lowest levels of gearing and highest credit ratings in the sector while the private equity owned firms have the highest gearing levels and lowest credit ratings. This shows that it is not the financial structures or mechanisms as such that necessarily create financial extraction but the commodity production.

Across the sector, levels of gearing have increased substantially since privatisation. To some extent, this has fed a significant increase in investment but firms have used also used these debts to finance shareholder distributions. In common with wider experiences of financialisation, the sector has seen a large increase in rentier payments. The yearly charge for net interest payable for the nine England WaSCs increased from £288m to over £2,000m in the twenty years from 1993 to 2012 (in 2012 prices).[30] Where the interest paid is to shareholders on loans to the company,

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sometimes at 18% rate of interest, there are even greater benefits for the owners of water companies.

The financialisation of the sector is evident in the significant structural transformation that has taken place since privatisation with the shift in resource allocation away from wage labour towards rentier provisions (interest and dividends). Also in keeping with wider patterns, this has been accompanied by a significant increase in remuneration of directors as reward for meeting shareholder interests. This permeates the whole sector. The Chief Executive of the regulator Ofwat, Jonson Cox was awarded £10m when he left his former position as CEO of Anglian Water in recognition of the substantial increase in the share price that had occurred under his leadership.

This reflects the wider pattern of financialisation where the enrichment of shareholders and company managers has been at the expense of workers' wages and benefits (Van der Zwan 2014). In water companies, workers have faced downward pressure on wages and conditions both from dividend-focused shareholders as well as regulator pressure to improve "productivity". In E&W there was some evidence of companies reporting they would need to lay off staff to meet the conditions set in the regulatory price review.

This financialised outcome is overseen by the state. The sector is regulated according to a structure of price controls established at the time of privatisation in 1989, but the current nature and practices of the company owners have changed dramatically since then. Within this regulatory framework, company debt and dividends are considered to be "market outcomes" and are not subject to any control (as long as the company retains a credit rating which is "investment grade"). In response to suggestions that Ofwat should specify a gap on gearing levels or set

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specific liquidity ratios, the regulator sees disadvantages to bringing such measures into the companies' licences mainly because Ofwat is no better able to assess what would be appropriate than the markets themselves or the credit ratings agencies: "We are unlikely to be in a better position than the credit rating agencies or the markets themselves to determine appropriate constraints on financial ratios and capital structure" Ofwat (2011) cited in Bayliss (2014).

In this section, we have sought to take further the theoretical, or framing, perspectives previously developed in which the notion of "financialisation" as the eponymous presence of finance is unpicked into various categories around ccfcc, the presence of fictitious capital or not and the way in which these impinge upon the SoPs for water and housing across our case studies. It should be added that, as items of final consumption, both housing and water (which is also a commercial input) have peculiar characteristics as use values. For water, whilst in principle it could be charged for by the unit like many other commodities especially with metering, in practice the pricing to which it is attached tends to be subject to more complicated forms of charging reflecting infrastructural or other costs and criteria in more or less arbitrary ways. For example, in E&W households cannot be disconnected for non-payment. This shapes credit relations in the sector as households are advised that water is not a priority debt, compared to electricity for example or even credit card "abuse". In South Africa some water is provided for free for some households. Paradoxically, this means to some degree that water is produced as a commodity but, in some instances, the commodity form to which it is attached is suspended. After all, getting water for free in these circumstances is not the same in anyway whatsoever as the free provision of water. It is simply the exception of the rule for water not being free in some ways as if the water had been stolen, signifying not the absence of commodity or other relations but breaches with them. And, more generally, just because water is regulated, this does not mean that

it is not produced as a commodity but merely, and paradoxically, not in an "ideal" commodity form.

In other words, even our disaggregation into ccfcc as the basis for addressing the scope for financialisation cannot tell the full story of provision, not least because these are fluid categories in practice both in and of themselves and in relation to one another. What can be discerned, however, is how financialisation is associated with the pressures to ease and draw upon transitions from cc to cf and from cf to cc in systems of provision, although such processes are influenced both by the material forms taken by what is provided and contestation over provision (as with free or subsidised water, regulation, etc). And, of course, similar considerations apply to the specificities of housing provision given its diverse forms of supply, tenure and financing. Most striking is that the financialisation of housing has advanced on the back of private homeownership, to which commodified housing production and access has been secondary, as evidenced by the state's role in building the privatised housing stock in the UK and Poland and in allocating low income housing in South Africa. This reflects the opportunities for mortgage lending and secondary mortgage trading created by private homeownership – forms of financialisation that can develop with relative independence from commodified housing production.

5. From Economic to Social Reproduction

Such observations lead to three 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 alongside and, arguably, 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.[31]

Second, and as already noted in relation to housing, a standard mechanism for such effects is for finance to be drawn into the sale and resale of assets that have claims to incomes. This can lead to speculative bubbles and to pressures to sustain the processes involved through short-term profit-making and/or -taking. Such may be realised through cost-cutting at the expense of wages, working conditions, long-term investment and so on. The important point here is the greater pressure for short-term profit-making at the expense of longer-term and broader considerations, not least since wage-cutting, etc, are hardly unique to the era of financialisation and otherwise absented from the rationale of capitalist production and reproduction. The presumption is that financialisation induces poorer economic and social performance at many levels, if not for everyone all of the time. From this, it follows that the consequences of financialisation are differentiated by the sources of income upon which it depends and how it depends upon them, i.e. how these incomes are generated, and this cannot be derived from the presence of financialisation as such.

We can see this by contrasting the consequences of financialisation in housing and water. In the former, the financialisation of income streams arising from mortgage repayments has fed mortgage markets and speculative house price bubbles. This has in turn fuelled inequality by expanding the housing wealth of some while driving up housing costs of others. In other instances, financialisation can be associated with longer-term investments not least when these can themselves be bundled into more liquid forms of commercial assets for resale and/or access to enhanced levels of credit. For water, companies are able to issue bonds on the basis of identifiable cash flows from the operating revenues of a segment of a business. Loans are taken

out on the basis of these future revenue streams. These are used to finance large-scale, long-term investments, contrary to some degree to the notion that financialisation involves short-termism at the expense of long-term investment. But the promise of secure revenues does allow water companies to raise short-term finance, and there is also evidence that debts have been raised to finance shareholder distributions, thereby expanding financial profits at the expense of real investment. The proximate effect is a transfer from the water consumers of the future to the shareholders of today.

Of course, the financial mechanisms for delivering financial rewards have themselves become extremely diverse, encompassing huge salaries and bonuses within the financial sector, as well as returns on various kinds of asset ownership. These have generated greater levels of inequality, with implications for levels and composition of demand. In addition, and third, 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 not previously subject to incorporation into financialised circuits (futures markets for commodities, for example, following those of currencies are notable examples). Housing is illustrative of both, as we have seen intensive expansion in the form of the growth of secondary mortgage markets attached to already existing mortgage markets, and extensive expansion through the incorporation into mortgage markets of sections of the population previously excluded, most notably through subprime and reverse redlining in the USA. 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 economic reproduction, an early insight in the context of financialisation 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. In general, emphasis on corporate financialisation preceded more general accounts (i.e. of credit, the household and everyday life) by a short if distinct lag.[32] Significantly, though, the literature tends to be very Anglo-American in focus, to some extent reflecting that the processes of financialisation are themselves more advanced in the USA and the UK, itself an index of the relative strengths of (global and domestic) financial interests and their political representation through the state, Engelen et al (2008). New public management has also been observed, with Skaerbaek and Melander (2004) pointing to new principles of accounting associated with financialisation and privatisation, and the corresponding emergence of new actors and interests.

For social, as opposed to narrowly-conceived economic, reproduction, financialisation has in part 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. In the lead in this respect has been Lapavitsas' notion of exploitation (of us all) through financialisation.[33] Whatever its merits otherwise, this is, however, a misleading account in a number of respects. On the one hand, it unduly focuses upon the "impoverished", as it were, for the incidence and even the drive behind financialisation (of the household), whereas whether in use of credit and access to financial(ised) assets, the process has arguably been led by, and has greater incidence with, those on higher incomes (and not driven by low income, unemployment, limited access to privatised welfare, etc).[34] Mortgage lending, for example, is correlated with income, Santos and Teles (2013) and extending mortgage lending to less well-off households has proved an on-going problem, Robertson (2015). On the other hand, as already suggested, not least by reference to ccfcc, the financialisation of social reproduction is highly contingent upon how finance is

integrated with provisioning with implications for health, housing and education, let alone credit card (ab)use, liable to be extremely varied across different households and (national) locations.[35] So the US subprime market was predatory and can plausibly be regarded as colloquially exploitative due to its punitive and often outright deceptive repayment structures. But access to a mortgage in the UK is more associated with access to large capital gains and the accumulation of housing wealth than it is with default, negative equity, or unmanageable repayments.

Further, social reproduction involves much more than immediate household access to provisioning. Prominent in the literature has been the reproduction of the spatial environment. This is reflected through a wide range of studies across different applications and at different levels of empirical detail, such as Gruffydd Jones (2012) on third world slums, Baud and Durand (2012) for global retailing, Christophers (2010, p. 105) for the financialisation of land as "the trend towards treatment of property as a pure financial asset" rather than for its use,[36] Sassen (2010) for sub-prime as primitive accumulation, Torrance (2009) for urban infrastructure, Robertson (2012) for ecosystem services, and Amin (2010) for agriculture, the Third World and primitive accumulation. Financialisation has also been closely linked to the inadequacies of responses to climate change, Fieldman (2014), Layfield (2013), Robertson (2012), Sullivan (2013) and Lohmann (2011).

Housing and water are, of course, heavily implicated in the reproduction of the built environment. Ivanova (2010, p. 398), like many, follows David Harvey, in arguing that, "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".[37] In brief, Harvey's "capital switching" thesis distinguishes between primary (commodities), secondary (fixed capital and the built environment) and

tertiary (science and technology and social goods) circuits of capital, and argues that over-accumulation in the first will lead to the channelling of investment into the second, and so on. That the state is an active agent in this process is borne out by recent efforts to increase private finance in infrastructure. For example, the European Investment Plan for Europe includes the European Fund for Strategic Investments which aims to overcome the current "investment gap" in the European Union by mobilising private finance for strategic investments in infrastructure.[38] In developing countries the World Bank's Global Infrastructure Facility has emerged to match private finance to infrastructure investments.

However, the housing case studies belie the idea of temporary "switching" in response to over-accumulation in the primary circuit, by paying witness to long-term economic restructuring characterised by the foregrounding of real estate as a site of value creation and appropriation (the relative balance between the two being a moot and contentious point) and the reshaping of the built environment in response to this restructuring. The reasons for this restructuring are complex, but Haila (1988) usefully dissects them, starting with the relocation of industrial production to urban peripheries and emerging economies and consequent restructuring of urban environments around the service sector. This, in turn, is associated with the transformation of urban areas into consumption spaces, to which are attached symbolic meanings. In the context of a growing number of footloose firms and expanded international capital flows, these processes have served to increase the ground rents up for grabs in urban centres.

Another idea of Harvey's is useful in helping to understand these processes. This is that, in the course of capitalist development, land comes to behave like a financial asset which is underpinned by rent: "interest-bearing capital circulates through land markets perpetually in search of enhanced future ground rents", Harvey (1982, p. 368). It is not just mortgages, then, that are being financialised, but also ground

rents themselves, as evidenced by the emergence of a number of specialised institutions for investing in real estate directly. But the relevance of Harvey's thesis goes beyond the creation of new financial assets underpinned by rent. Haila also points to "the spread of a calculating attitude" (1988, p. 91) with respect to land – cc, if we may – among non-financial agents. For Haila, these include non-financial firms, who "have begun to require maximum profitability also from their real property which has until now served as a framework for activity" (p. 92), and the state, who "[i]n their role as landowners ... have recently begun to pursue a new kind of rationality" (p. 92). The case studies suggest a third such property owner, as households are also being encouraged to employ a calculating attitude towards their housing by using it as a basis from which to accumulate and extract value. While we have stressed that financialisation's effect on individual subjectivities is complex and contradictory, a shift towards households treating their housing like a financial asset is evident across the case studies.

Harvey's notion of land coming to be treated more like a financial asset more powerfully captures the structural transformations associated with financialisation than does capital switching. Nonetheless, the point stands that the channelling of finance to real estate has had dramatic consequences for both the built environment and broader economic functioning, and that states have played a substantial role in this. A good illustration of the latter aspect is given by the active role of the state in displacing lower income communities from high value land. This was observed in central urban areas in the UK and Turkey and, in the form of slum clearances, in Portugal and South Africa and, in all cases, can be understood as serving to enhance rents and aid their capture.

6. ... and Gender

But reference to social reproduction inevitably raises the issue of gender relations and how these have interacted with financialisation. To a large extent, as with many other fields of study, the gender implications of a new concept and new material developments have been subject to neglect. This does not, however, appear to be primarily the consequence of gender blindness or oppression as such. Rather, it is the sheer complexity of what is involved that discourages grand theorising and generalisation.

Consider, for example, the careful empirical study of the US labour market by Arestis et al (2014, p. 171/2):

the empirical analysis of this study supports the notion that a growing wage premium exists for individuals working in managerial and financial occupations over the period 1983– 2009, and that this growing wage premium is not equally distributed among all gender and race groups present in the US labor market. For each ethnic group, men have taken an increasing share of the wage premium. More generally, white and Hispanic men have enjoyed a disproportionate share of this wage premium at the expense of black men, white women, and Hispanic women.

Putting it boldly, the theoretical and empirical analyses suggest that financialization has been neither race nor gender neutral. It has in fact exacerbated gender and ethnic stratification in the US labor market. From this perspective, the gender and race stratification effects of the Great Recession are at least in part the long-run outcome of structural processes generated by the financialization process.

It will surely come as no surprise that they conclude that financialisation has been associated with, primarily, white male rewards in the wake of growing inequality. But

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how far does this generalise beyond the USA, to other outcomes deriving from financialisation and to non-economic reproduction?

Such issues are addressed by Adkins and Dever (2014) who, given women's role in social reproduction, acknowledge the multiple sources of impact upon gender relations through financialisation, not least implicitly differentiated by ccfcc as laid out here and, for them, in conditions of (the crisis of) postfordism. It is far from clear that the notion of postfordism helps in capturing this complexity, not least as it has long since gone out of fashion and, unlike the original conception of Fordism (and regulation) by Aglietta, postfordism has been relatively aloof from the role of finance. This does raise the issue of whether financialisation is distinctive in its implications for gender and, if so, in what way. This is equally brought out by Allon (2014, p. 17) in drawing contrast with a stylised account of an earlier era for which, "The Fordist/Keynesian welfare state was underpinned by a series of gender, sexual and racial norms, including a gendered division of labour premised on the free gift of women's unpaid domestic work." By contrast post-Fordist financialisation is perceived to break down these norms if not the household itself, p. 20:

This entanglement of financial markets with spaces and activities not previously associated with processes of calculation, measurement and economic value suggests a considerable challenge to received understandings of the relationships between gender and economy, production and reproduction, and life and labour. But perhaps the greatest challenge is to the traditional identity of the home. Long represented as a realm of freedom beyond the market and state, and therefore a site beyond economic calculation, the home's identity has frequently been defined in opposition to the economy ... Rather than existing as a refuge from accumulation, the home has actually been well and truly reconfigured as a new frontier of accumulation.

This idea is prominent in the literature on housing asset-based welfare systems. It views growing homeownership and access to mortgage products as underpinning a shift towards individualised welfare provision in which asset ownership in general, and homeownership in particular, are central. Arguably, however, this is an idea that has more purchase in scholarship, or "financialisation", and political rhetoric than it does in reality, Robertson (2014a).

Such an approach parallels the notion that the household has itself become a financial enterprise, a notion popularised by Bryan and Rafferty (2014). It is certainly worth questioning whether other developments, even in the earlier period, such as welfare provision and women's greater labour market participation, might not be at least as powerful in transforming the nature of the household, gender relations and social reproduction (and whether gendered norms within the household both persist and/or are transformed in conjunction with financialisation). In short, possibly uncontroversially, the relationships between gender and financialisation and economic and social reproduction need to be disentangled through close attention to the different aspects and processes involved. To the extent that financialisation is associated with increasing debts, a feature of both housing and water in several of the case studies, this is more prevalent in single parent households and these are predominantly headed by women.

More generally, there is, then, drawing upon the discussion so far, a recognisable tension in commitment to a universal theory of money, suitably developed to incorporate ccfcc, and, whether through financialisation or otherwise, acknowledgement that monetary and financial relations are extremely diverse or, as a preferred terminology, "variegated".[39] Choice of this term reflects a wish to avoid reliance upon ideal types, as for example with the terminologically close but distinct

notion of varieties of capitalism.[40] The need is to be able both to identify general underlying determinants – whether as structures, processes, agents and/or relations – and to attach them to diverse outcomes. Accordingly, financialisation is uneven in its nature, incidence and impact,[41] and unsurprisingly, much the same will be true, if not more so, of its associated provisions and cultures.

7. Concluding Remarks

This paper has sought to engage with both the array of trends and phenomena that constitute financialisation, and how they have been reckoned with through scholarship on "financialisation", in light of case studies on financialisation of housing and water. The core of our theoretical analysis is that as finance is underpinned by money, which is itself constituted by commodified relations, so financialisation is underpinned by transformations of provisioning across the categories abbreviated as ccfcc. These transformations have opened up new income streams to financial capital, which has in turn transformed these income streams into financial assets to be traded. This gives rise to many of the phenomena associated with financialisation – most notably, the intensive and extensive expansion of finance into economic and social reproduction, and the expansion of the financial at the expense of the real economy. But the examples drawn from housing and water caution against excessive generalisation in drawing conclusions from our analyses. The nature of ccfcc, its relationship to finance, and the extent to which it has facilitated financialisation all exhibit wide variation across both housing and water and the different case studies. The implications for social and economic reproduction and for real investment similarly vary. All of this emphasises the need to couple the theoretical precepts drawn from our discussion of money and ccfcc with attention to the variegated forms taken, and influences exerted, by financialisation in practice.

Elsewhere, in addition, it has been argued that financialisation lies at the heart of neoliberalism and explains its longevity, Bayliss et al (2015). But, of course, the material culture of neoliberalism extends far beyond that of mere money. Or does it? In his classic novel of the Great Depression_*The Grapes of Wrath*, Steinbeck observes, "this *tractor* does two things - it *turns the land* and *turns* us off the *land*", and his novel charts the material cultures of those dispossessed, not only their heroic attempts to survive and prosper but also the material support they receive on occasion as well as the violence and stigma attached to their plight. But the author also makes clear that behind the tractor and the land lies the banker whose bottom line must be met irrespective of the economic and social costs.

To some extent, *The Grapes of Wrath* might be taken as a metaphor for the imperatives of financialisation. But like all metaphors, it has its strengths and weaknesses. As we have sought to indicate, financialisation proceeds both directly and indirectly through many channels attached to ccfcc and through the making and application of fictitious capital in economic and social reproduction. But such abstract considerations akin to a set of impersonal forces are realised concretely in the diverse outcomes attached to housing and water which, by necessity, cannot be taken as the equivalent of the tractor and the land in Great Depression America. What has been mercilessly exposed through our own and others' study of "financialisation" is that it is much easier to point to the grave dysfunctions of financialisation in practice, and to propose remedies for them, than it is to build the political support for policy alternatives.

[1] For the Case Study reports (D8.25), see Bayliss (2014 and 2015a); Çelik, Topal and Yalman (2015); Isaacs (2015); Lis (2015a; 2015b); Robertson (2014b); Santos, Serra and Teles (2015); Teles (2015); Yilmaz and Çelik (2015). For synthesis papers (D8.26) see Bayliss (2015b) and Robertson (2015).

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

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

[4] For Michell and Toporowski (2014, p. 80), seeking deeper explanations for the increased role of finance and its relationship to capitalist enterprises:

> Without identifying and explaining those key relationships, "financialization" cannot provide any insight beyond the evidence adduced for its existence. The challenge for users of that term is to provide analysis that reveals more than just what is already known. Lacking a clear account of the market processes of banking and finance (credit, credit innovation, and hedging), and banking and financial policy, financialization joins "neoliberalism" and "globalization" as a predicament that disempowers us. It disempowers us by distracting us from a necessary intellectual enquiry with an unformed and shadowy conclusion.

Unsurprisingly, they conclude, "For this reason, the understanding of finance requires the abandonment of financialization as a project of intellectual inquiry", p. 80.

[5] If not the third, as social capital has studiously avoided what are possibly its most obvious application, national and international elites in general, and those attached to finance in particular. See Fine (2010a) and Vitali et al (2011). See also Sawyer (2014, p. 13) who observes in quoting Epstein (2005, p. 3), "In short, this changing landscape has been characterized by the rise of *neoliberalism, globalization* and *financialization*".

[6] See Michell and Toporowski (2014) who see "financialisation" as a neologism, reflecting over-reaction to the greater presence of finance but its neglect in the past. See also Christophers (2013).

[7] Significantly, in light of our next two points, they continue:

> we emphasize the integral role of finance in connecting the entangled geographies of the economic to the social, the cultural, and the political. In the wake of various "turns" in the discipline, we develop this integrationist approach to finance in ways that retain political economies of states, markets, and social power in our interpretations of geographically uneven development. In this article, we discuss the plural nature of emergent work on financialization and develop three analytical themes to shape our discussion of financialization. Next, we elaborate our analytical approach by warning against functional, political, and spatial disconnections traced in the literature on the geographies of money. we develop this integrationist approach to finance in ways that retain political economies of states, markets, and social power in our interpretations of geographically uneven development ... we discuss the plural nature of emergent work on financialization and develop three analytical themes to shape our discussion of financialization. Next, we

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elaborate our analytical approach by warning against functional, political, and spatial disconnections traced in the literature on the geographies of money. We then explore how financialization is broadening and deepening the array of agents, relations, and sites that require consideration in economic geography and is generating tensions between territorial and relational spatialities of geographic differentiation.

[8] The breakdown of the previously complacent New Consensus Macroeconomics without replacement in sight other than to appeal to greater realism, to more and more severe market imperfections, and to behavioural economics is indicative of the inadequacy of the mainstream both before and after the crisis. See Deliverables for Work Package 12, in preparation.

[9] Or TA^2, see Fine (2015) most recently for example, with emphasis upon orthodoxy's undue reliance upon use of production and utility functions, and preoccupation with optimisation, efficiency and equilibrium, respectively, for apparatus and architecture.

[10] 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.

[11] See also Johal et al (2014) for use of bricolage in the context of the building and exercise of the power of finance.

[12] Our 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) and especially Fine (2014). For other views from within political economy, see the contributions to the symposium in the same issue as the latter.

[13] Commodity, commodity form and commodity calculation.

[14] Thus, as Botta et al (2015, p. 2) implicitly observe, financialisation involves the "*commodification* of financial relationships", p. 2, but this necessarily requires previous commodification of non-financial relationships. Hence, as suggested by Callaghan (2015, pp. 333/4), citing (Apeldoorn and Horn, 2007, p. 215), "financialization depends on marketization, defined as the creation of regulatory preconditions for markets to arise and develop, thereby extending the market mechanism to new areas of social life". On the latter, see below.

[15] 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 below and also Gronow (1997) and discussion in Fine (2002).

[16] See Fine (2013, 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)].

[17] Note that the origins of Zelizer's approach lie in the transition from the valued to the invaluable child, although valuing (quality of) life and limb has inevitably become standard in cost-benefit analysis and compensation claims.

[18] For a, possibly unwitting update of Zelizer from within a performativity perspective, see Langley (2008, p. 6) 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".

[19] Thus, the rigid separation between form and content (and so the making of social relations) is a false one, as was acknowledged long ago in Marx's theory of commodity fetishism.

[20] 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.

[21] See Leyshon and Thrift (2007) for emphasis upon securitisation as the new driving force of capitalism, and Pike and Pollard (2010) for securitisation of brands and even the weather. And for corresponding financialisation of the university, see Engelen et al (2014) and Morrish and Sauntson (2013).

[22] 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.

[23] The following discussion is based on the case study reports, Robertson (2014b), Santos et al (2015), Issacs (2015), Lis (2015) and Celik et al (2015), as well as the sectoral synthesis report, Robertson (2015).

[24] This is the buying and selling of water access entitlements and allocations.

[25] Indaqua is owned by Portuguese shareholders Mota Engil, Soares da Costa and Hidrante; Aquapor, formerly part of the state-owned utility AdP, was sold in 2007 to a consortium of Portuguese investors, DST and ABB. A third significant investor in the sector, AGS, was owned by Somague, a Spanish subsidiary of Sacyr Valleheremoso but in 2014 was sold to Marubeni.

[26] For Marx, this is the basis of interest bearing capital for which see Fine (2014), Fine and Saad-Filho (2010) and Fine (1985/6 and 1988) for exposition and for what follows.

[27] "BEWG successfully acquired Portugal assets of Veolia Water" Press Release, Beijing Enterprises Water Group Ltd, Hong Kong, 25 March 2013.

[28] Incorporated in Bermuda as an exempted company with limited liability and the shares are listed on the Hong Kong Stock Exchange.

[29] "BEWG successfully acquired Portugal assets of Veolia Water" Press Release, Beijing Enterprises Water Group Ltd, Hong Kong, 25 March 2013.

[30] Author's calculation based on data from company reports.

[31] 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".

[32] 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).

[33] Although, for Lapavitsas, financialisation also ranges over new roles for banks and non-financial enterprises as well as households. For a critique, see Fine (2010b). See also Soederberg (2013) for an account of the "debtfare state and the credit card industry".

[34] See Beaverstock et al (2013) for the rise of the super rich and their access to financial products. See also Lysandrou (2011 and 2011/12) and Goda and Lysandrou (2013).

[35] With an increasing financialisation of micro-credit, see Bateman (2010), Weber (2014) and Mader (2014).

[36] See also Robertson (2015) and, for the heavy presence of financialisation in the "land grab literature", see Isakson and Ryan (2014), Dixon (2014), Fairbairn et al (2014), Fairbairn (2014) and McMichael (2012), itself indicative of how financialisation is a hot issue for hot issues!

[37] And the list could go on, in respect of the spatial and otherwise (although integral to one another even if finance and financialisation are in some sense disembodied whilst also needing to come down to earth). See Locke (2014) for differences between German and US financialisation, with differential impacts upon income distribution and education, Kaika and Ruggeiro (2013) for the transformation of a Milanese industrial district, Theurillat et al (2010) for differential impact of pension funds on property development, and Weber (2010) for Chicago's securitisation of tax revenue to fund urban development. See later for financialisation of agriculture more generally.

[38] http://ec.europa.eu/priorities/jobs-growth-investment/plan/efsi/index_en.htm

[39] See Jessop (2014) for example. Early use of the notion of variegated capitalism is to be found in Peck and Theodore (2007), and see also Brenner et al (2010) for variegated neoliberalism.

[40] For a critique of which, with application to South Africa, especially in the context of financialisation, see Ashman and Fine (2013).

[41] The uneven and diverse nature of financialisation is more observed, the more analysis is extended beyond its Anglo-Saxon origins. See, for example, Lapavitsas and Powell (2013), Becker et al (2010), Becker (2014), Erturk (2010), Garcia-Arias (2014), Levy-Orlik (2014), Datz (2014) in context of pensions, Zhang (2014) for East Asia in context of political influences, Carroll and Jarvis (2014) for Asia, Rethel and Sinclair (2014) for financialisation as an avenue for the developmental to become an entrepreneurial state in Asia, and Bonizzi (2014) for an overview in the context of development.

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THE ABSTRACT OF THE PROJECT IS:

The research programme will integrate diverse levels, methods and disciplinary traditions with the aim of developing a comprehensive policy agenda for changing the role of the financial system to help achieve a future which is sustainable in environmental, social and economic terms. The programme involves an integrated and balanced consortium involving partners from 14 countries that has unsurpassed experience of deploying diverse perspectives both within economics and across disciplines inclusive of economics. The programme is distinctively pluralistic, and aims to forge alliances across the social sciences, so as to understand how finance can better serve economic, social and environmental needs. The central issues addressed are the ways in which the growth and performance of economies in the last 30 years have been dependent on the characteristics of the processes of financialisation; how has financialisation impacted on the achievement of specific economic, social, and environmental objectives?; the nature of the relationship between financialisation and the sustainability of the financial system, economic development and the environment?; the lessons to be drawn from the crisis about the nature and impacts of financialisation? ; what are the requisites of a financial system able to support a process of sustainable development, broadly conceived?'

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5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
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