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A Theory of Financial Expropriation: Exploitation in Financialised Economies 1975-2008

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This paper will discuss the Ideology-focused methodologies of Critical Theory, analyzing some of the key components of this method to doing Critical Theory. Analyzing two influential examples of the study of Ideology, in the works of Slavoj Zizek and Judith Butler, the paper seeks to isolate certain key components of this approach.

The paper contrasts the Financialization literature to this Ideology-based approaches. I discuss the key elements of Financialization and I focus on how the process changes Labour-Capital relations and work and thus consequently changed politics of labour. I discuss, in particular, how tendencies for surplus offer of Labour in Financialized economies, stagnant growth and weak investment has undermined the negotiating position from which Labour was able to claim wage and social welfare improvements in the post-war era. I claim that this change in the Labour-Capital power balance lead to a decline in the influence and leverage of Unions, while it also lead to significant changes in Social Democratic parties. Moreover, I discuss the important effects that a decline in public provision of basic services and goods - especially housing, education and welfare- has had in the public sphere. With many of the fundamental needs of households covered via credit and thanks to the mediation of the financial system citizens are now vulnerable to financial and banking crises and might be reluctant to support struggles or policies that might be hostile to the financial sector. I claim that these changes undermined Labour's leverage in public life. Tendencies in stagnant productivity growth as well as empirical evidence on Financial profit shows that new forms of Financial expropriation have become ever more important for Capital. This Financial expropriation differs from surplus value exploitation models, as presented in Marxist theory in that they don't require the creation of any fresh value or productive activity, but consists mainly of direct transfers from households to the Financial sector. These evidence shows that citizens in Financialized economies are in a veritable impasse, immobilized between their and the economy's dependence on the financial sector and the negative economic and social effects that the process of Financialization produces.