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Crisis and

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Abstract

The current crisis is one outcome of the financialisation of contemporary capitalism. It arose in the USA because of the enormous expansion of mortgage-lending, including to the poorest layers of the working class. It became general because of the trading of debt by financial institutions. These phenomena are integral to financialisation. During the last three decades, large enterprises have turned to open markets to obtain finance, forcing banks to seek alternative sources of profit. One avenue has been provision of financial services to individual workers. This trend has been facilitated by the retreat of public provision from housing, pensions, education, and so on. A further avenue has been to adopt investment-banking practices in open financial markets. The extraction of financial profits directly out of personal income constitutes financial expropriation. Combined with investment-banking, it has catalysed the current gigantic crisis. More broadly, financialisation has sustained the emergence of new layers of rentiers, defined primarily through their relation to the financial system rather than ownership of loanable capital. Finally, financialisation has posed important questions regarding finance-capital and imperialism.



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