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Abstract

In this paper ‘financiali or more strictly financial inflation. The paper examines some of the social, economic and political consequences of financial inflation for the activities of companies and the operations in debt markets of an increasingly financial middle class. Financial inflation alters the behaviour of individuals and firms, and hence the character and dynamics of the capitalist economy and society. The first section of the paper explains the Kalecki–Steindl theory of enforced company indebtedness in a middle-class society. The second section shows how financial inflation makes companies over-capitalised, resulting in a decline in the trend of long-term investment. The third section shows how forced company indebtedness is modified as the middle classes extend their consumption financed through inflating asset markets. A conclusion sketches out some of the consequences of this financialisation for politics, social policy, and moral and cultural attitudes.

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