

A MODERN POLITICAL AND CLASS APPROACH TO FINANCE CAPITAL

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Summary

- From Finance Capital to Finance Capitalism
- The 'Middle Class' as a social formation
- The financial operations of the Middle Class
- The Middle Class and the Political Economy of the Euro Crisis

From Finance Capital to Finance Capitalism

- Hilferding/Lenin/Sweezy 'finance capital': allows centralisation of capitalism, (equalisation of rates of profit?); corporate finance manages markets to extract surplus from production.
- Modern finance capitalism: household finance drives corporate finance

The 'Middle Class' as a social formation

- Rise of salaried 'middle class' due to:
- Bureaucratisation of big business & finance;
- Expansion of public administration;
- Public services: welfare, health, education;
- + 'liberal' professions (law, medicine, journalism, clergy);
- SMEs?

The financial operations of the Middle Class

- Middle class as 'asset' owners vs. capitalists (own means of production) & proletariat (workers with no assets but labour).
- Credit inflows into asset markets create asset price inflation.
- Assets price inflation generates cash flow from asset markets: less dependence on wages.
- 'Housing market as welfare state of the middle classes'

The Middle Class and the Political Economy of the Euro Crisis

- 'Fascist spectre looms over stagnant Europe'
The Observer 27 September 1992:
deflationary EU rules create nationalist/fascist backlash;
- Situation more complex with €, with EMU reinforcing deflation;
- Middle class attachment to common currency;

Policies for Revival

- Loose monetary policies regenerate asset inflation;
- Middle class inconstant ally for working class struggle against austerity;
- Exit from € is step towards nationalist reaction in working class struggle against austerity: absence of 'conscious' national capitalist classes in Europe (exc. Germany);
- Parliamentary majorities for left require middle class support.