This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

FESSUD

FINANCIALISATION, ECONOMY, SOCIETY AND SUSTAINABLE DEVELOPMENT

Working Paper Series

No 176

Financialisation, social provisioning and well-being in five EU countries

Ana C. Santos

ISSN 2052-8035

This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

Financialisation, social provisioning and well-being in five EU countries

Author Ana C. Santos

Author affiliation Centre for Social Studies (CES), University of Coimbra, Portugal

Abstract

This paper aims at providing an overall assessment of the relation between financialisation and well-being in five EU countries and thereby contribute to broader theoretical and policy-related discussions. It seeks to contribute to the financialisation literature by examining the differentiated impacts of financialisation on individuals and households. And it does so by analysing four conduits through which financialisation processes have impacted on well-being. First, it assesses the differentiated involvement of individuals and households with financial markets through both their savings and borrowing behaviours, which are not homogenous across the various socioeconomic groups nor across countries. Second, it examines the impact of financialisation through its effects on the housing system of provision, exposing how financialisation interacts with corresponding systems of provision and how such interactions entail new forms and levels of inequality. Third, the impact of financialisation is examined through the broader effects of the financial crisis on employment, disposable income and welfare provision. Finally, the impact of financialisation is examined by taking into account the perspectives of those excluded from financial markets, further exposing the inequality-generating effects of financialisation processes. The paper offers a more nuanced account than that presently available in the financialisation literature. While the rise of finance in the more mature capitalist economies has generally occurred in tandem with systemic regressive structural transformations (e.g. sluggish real wage growth, corporate restructuring, weak corporate social responsibility, roll-back of public services, etc.), these changes were not uniformly felt across the household sector and countries.

Key words: financialisation, financial crisis, well-being, households, debt, financial assets, housing, Europe, inequality

Date of publication as FESSUD Working Paper: November 2016

Journal of Economic Literature classification: D14, G21, I31, P16, R21, R31

Contact details: anacsantos@ces.uc.pt

Acknowledgments: The research leading to these results has received funding from the European Union Seventh Framework Programme (FP7/2007-2013) under grant agreement n° 266800. Special thanks are due to all partners involved in Work Package 5 of the FESSUD project who contributed to this research, and to Andrew Brown, Ben Fine, João Rodrigues and Nuno Teles for comments on an earlier draft. I am also thankful to Cláudia Lopes for doing some of the data analysis presented in this paper. Usual disclaimers apply.

Website: www.fessud.eu

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Financialisation, social provisioning and well-being in five EU countries

Ana Cordeiro Santos (CES)

1. Introduction

This is one of four papers that contributes to the summary report on the impacts of financialisation and of the financial crisis on household well-being, which constitutes Deliverable D5.07 of Work Package 5 (WP5) of the EU-funded research programme *Financialisation, economy, society and sustainable development* (FESSUD).

Based on reports summarizing the results of previous tasks of WP5, and their discussion on various occasions, such as conferences and WP5 team meetings, as well as on work produced for other FESSUD Work Packages, especially WP8, this paper aims at providing an overall assessment of the relation between financialisation and well-being and thereby to contribute to broader theoretical and policy-related discussions. It seeks to contribute to the financialisation literature by examining the differentiated impacts of financialisation on individuals and households. And it does so by analysing four conduits through which financialisation processes have impacted on well-being. First, it assesses the differentiated involvement of individuals and households with financial markets through both their savings and borrowing behaviours, which are not homogenous across the various socioeconomic groups nor across countries. Second, it examines the impact of financialisation through its effects on the housing system of provision, exposing how financialisation interacts with corresponding systems of provision and how such interactions entail new forms and levels of inequality. It shows that housing is particularly relevant for understanding households' increasing involvement with financial markets as it has accounted for a large portion of households' financial activities through mortgage markets, and that in so doing it has contributed to the expansion of finance in adjacent areas, such as secondary mortgage markets or in the construction and the real estate sectors. Third, the impact of financialisation is examined through the broader effects of the financial crisis on employment, disposable income and welfare provision. Finally, the impact of financialisation is examined by taking into account the perspectives of those excluded from financial markets, further exposing the inequality-generating effects of financialisation processes.

The analysis of the four conduits through which financialisation impacts on household well-being offers a more nuanced account than that presently available in the financialisation literature. While the rise of finance in the more mature capitalist economies has generally occurred in tandem with systemic regressive structural transformations (e.g. sluggish real wage growth, corporate restructuring, weak corporate social responsibility, roll-back of public services, etc.), these changes were not uniformly felt across the household sector. Nor has the main result of these transformations been the rise of consumer debt in order to keep up with living standards in increasingly unequal societies marked by the growing privatisation of public provision (cf. Cynamon and Fazzari, 2008; Barba and Pivetti, 2009; Crouch, 2009, 2012), though some households have done so and from particularly disadvantaged positions (e.g. Montgomerie, 2009). Notwithstanding country differences, it will be shown that financialisation involves predominantly the higher socioeconomic strata, who are most embroiled with finance via mortgage and financial asset markets, and in particularly beneficial ways. For example, it will be shown that participation in mortgage markets has been not only a means of improving household living conditions, being associated with higher levels of reported satisfaction with accommodation, but also a means of accumulating wealth due to the spectacular valuation of residential property during the financialisation era, even if not uniformly so. At the same time, housing has become less affordable to the lower strata and a growing mechanism of marginalisation of those excluded from mortgage markets and the private rental sector. By further entangling the higher socioeconomic strata into highly segmented financial markets, while pushing the most vulnerable to the margins of a welfare model where provision has become more commodified, financialisation has generated new forms and levels of inequality.

The paper is organised as follows. Section 2 starts by critically discussing existing literature on financialisation and how it has addressed the relation between finance and the household sector. The paper then moves on to the analysis of the four conduits through which financialisation processes have impacted on well-being. Section 3 assesses the differentiated involvement of individuals and households with financial markets through both their savings and borrowing behaviours. Section 4 examines the impact of financialisation through its effects on the housing systems of provision. Section 5 evaluates the impact of the financial crisis on well-being. Section 6 looks at the impacts of financialisation from the perspective of those excluded from financial markets. Finally, Section 7 summarises the main conclusions of the paper.

2. On financialisation and well-being

On financialisation

Over the past four decades, we have witnessed the unprecedented expansion of the financial sector, in absolute and relative terms, in the most advanced capitalist countries, a trend that has been generally referred to as 'financialisation' within the heterodox political economy literature and across social science more generally. The most widely cited definition describes this trend broadly as the "increasing importance of financial markets, financial motives, financial institutions, and financial elites in the operations of the economy and its governing institutions, both at the national and international levels" (Epstein, 2005: 3).

Most visibly in the UK and USA, while also occurring in other Western industrialised countries at various paces, the financialisation of the economy is deemed to characterise the current stage of capitalism. Even if sharing continuing and accelerating aspects of previous periods, financialisation is taken to contain new aspects characteristic of the present neoliberal era, the most significant of which consists in changed relationships between the financial sector and the real sector resulting in "the growth of (financial) assets and liabilities in ways that are not related to economic growth" (Sawyer, 2013: 9).

Taking financialisation as the most salient feature of neo-liberalism, Fine (2011: 9) underlines "the ideology of non-intervention and efficacy of market forces as a rationale for considerable intervention by the state, especially to promote the interests of private capital in general and of finance (and financialisation) in particular". Two distinctive phases are identified. In the first phase, during the 1980s, state intervention to promote private capital consisted mainly in privatisation, deregulation and reregulation, commercialisation and fiscal austerity, aiming "to release the role of financial markets to the fullest extent". The second phase, located from the early 1990s onwards, has been devoted in part to the management of the consequences of these interventions, with "the imperative of sustaining and not just ameliorating the process of financialisation" (Fine, 2009: 8). In the aftermath of the crisis, this phase "has been more overtly extensively interventionist in order to sustain the process of financialisation both, and primarily, on its own terms and through soliciting a modicum of acceptability given the extreme inequalities and iniquities to which it has given rise" (Fine, 2009: 8). The most striking difference between the two phases is that "rather than the state withdrawing to allow for the expansion of private capital, it was increasingly required to intervene to promote private capital", diverting discourse from the old dichotomy between the state and market towards "the state making the market and globalisation work" (Fine, 2011: 9).

The large-scale expansion and proliferation of finance over the past four decades has been associated with specific features that are deemed to characterise financialisation, notwithstanding differences in nature and speed across a range of developed capitalist countries. These include: the extraordinary expansion of financial assets and financial activity relative to the rest of the economy; deregulation of the financial system and the economy more generally; the proliferation of different types financial assets and institutions; the absolute and relative expansion of speculative as opposed to or at the expense of real investment; the primacy of financial interests and imperatives in capital accumulation; increasing income inequality 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 culture of reliance upon markets and private capital and corresponding anti-statism (Fine, 2009, 2011).

Within the heterodox literature, there is thus a general sense that financialisation has had detrimental effects on the economy and society. Again, some general, even if not uniform across time and space, outcomes have been identified. These include: reductions in overall levels and efficacy of real investments, as financial instruments and activities expand at its expense; prioritising shareholder value, or financial worth, over other economic and social values; pushing 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, placing the economy and social life at risk of crisis from triggers within particular markets (Fine, 2009, 2011).

On Financialisation and households: a macro viewpoint

While referring to the growing importance of finance in the economy and society, most analyses have focused on major macroeconomic relations, mainly on aspects pertaining to the links between the financial sector and the spheres of investment and production. They are nonetheless valuable in shedding some light on the roots of the new financialised configurations of modern capitalism, and indirectly on their impact on the aggregate household sector.

Post-Keynesians, for example, have focused on the financial sphere itself and its inherent macroeconomic instability and enhanced volatility, seeing it mainly as the product of what Fine (2009, 2011) called the first-phase of neo-liberal policies, including: privatisation, which has led to the expansion of stock markets; liberalisation, which opened markets, especially to international players; deregulation and reregulation of the financial sphere enabling the emergence of new actors, products and markets. On this view, the growing weight of finance on the economy is deemed to have led to falling labour income shares and increasing inequality in the personal/household distribution of market incomes due to increasing shareholder value orientation and short-termism of management, increasing top management salaries, restructuring of production around financial as opposed to productivity imperatives, deregulation of the labour market and weakened trade union bargaining power, among other factors (Epstein, 2005; Krippner, 2005; 2011; Palley, 2007, 2013; van Treeck, 2009, 2014; Hein, 2009, 2015). Further excavating imbalances at the global level, these trends are deemed to have resulted in the emergence of two growth models, a debt-led and an export-led model, as a reaction to the contraction of domestic demand. The countries following the debt-led growth model are seen as having sustained their domestic demand mainly by debt-financed consumption and residential investment booms, as has been the case with the USA economy. The countries that have followed the export-led model growth are instead taken to have been sustained by export demand, as with Germany (Stockhammer, 2007, 2015). On this view, with regard to the household sector, financialisation is associated with the rise of household debt in debt-led countries that has contributed to maintaining aggregate demand and activity in both groups of countries. However, the process of substitution of loans for wages was unsustainable and doomed to end, as it did in the aftermath of the financial crisis of 2008-09 (Barba and Pivetti, 2009).

Similarly, the Regulation Approach has advanced the idea that the above mentioned transformations have resulted in a finance-led accumulation regime that replaced the former Fordist accumulation regime (Boyer, 2000a, 2000b).[1] In this view, internationalization of the economy and financial instability (due to the end of the Bretton Woods agreements) have created pressure on the wage-labour nexus of the Fordist regime, undermining collective arrangements and labour protection laws, increasingly perceived as "rigid". In contrast to the previous regime, the emergent finance-led accumulation regime is characterised by "labour-market flexibility, price stability, developing high tech sectors, booming stock market and credit to sustain the rapid growth of consumption, and permanent optimism of expectations in firms" (Boyer, 2000b: 116). An important mark of this model is that "household consumption is closely dependent on financial wealth, which allows access to credit even while real wages are stagnating for those whose qualifications no longer correspond to this new regime of growth" (Boyer, 2013: 99). Focusing on the USA case, Boyer also underlines the unsustainability of this process as "households sought to reduce their indebtedness, which put a

[1] The overly favourable depiction of Fordist Accumulation Regime has been criticised as such. See, for example, Van Treeck (2009).

brake on consumption in a context of falling house prices, evictions of families who could not meet their mortgage repayments and the stabilization of unemployment at a high level" (Boyer, 2013: 135).

Marxist approaches all tend to link finance to the wider processes of accumulation of capital albeit in very different respective ways. These include, for example, the Monthly Review's approach that has examined how post Second World War surplus absorption problems gave rise to financialisation, having also emphasised that, while financial speculation provides new avenues for accumulation, the structures that supported it are inexorably fragile (Sweezy, 1994; Foster, 2007). Viewing financialisation as a systemic transformation of mature capitalist economies, and underlining the growing financial autonomy of large non-financial corporations that do not rely as much on bank loans, other Marxist perspectives have emphasised the expansion of bank mediating activities in financial markets and lending to households. The rising involvement of households with finance through debt markets is seen as having constituted a new form of financial expropriation entailing exploitative aspects deriving from systemic relations between financial institutions and workers as profits have increasingly been generated out of wage income (dos Santos, 2009; Lapavitsas, 2009, 2013).[2]

Even if not wholly consistent, taken together, these accounts shed light on important structural transformations that have had very detrimental impacts on employment, wages and workers' rights. They consider the relations of individuals and households with the financial sector in a subsidiary way, through the impact of financialisation on labour relations (resulting in high unemployment, precarious work conditions) and on the dismantling of social provision (privatisation, regressive fiscal

[2] Fine (2010) has stressed instead that financialisation is marked by the expansion of interest-bearing capital, i.e. money capital that is advanced in the anticipation of a return based on the accumulation of productive capital, and by its extension into ever more areas of economic and social reproduction. Fine argues that this shift is made at the expense of restructuring of industrial capital, placing more aspects of economic and social life at the risk of volatility from financial instability. Thus, Fine emphasises the expansion of finance through greater involvement of aspects of economic and social reproduction in financial markets, for example, through securitisation of mortgages rather than the mere expansion of household indebtedness. On this view, then, "financialization is not a form of universal backward (household) usury, or exploitation of (wage) revenue but, in this respect, a peculiarly *modern* form of incorporating a variety of credit relations into the orbit of fictitious capital" (Fine, 2013a: 56, emphasis in original). Fine's view on the relation of financialisation and households is presented below in the 'Systems of provision and the material culture of finance' sub-section.

redistribution, etc.), resulting in stagnant wages and rising inequality, pushing households into further engagement with the financial sector. The main idea is that stagnant wage income, rising income and wealth inequality and the retrenchment of the welfare state have been important mechanisms driving low- and medium-income households into debt in order to provide for housing, education, health, or consumption in general (e.g. Cynamon and Fazzari, 2008; Barba and Pivetti, 2009; Montgomerie, 2009; Crouch, 2009, 2012).[3] The privatisation of public provision has also required individuals to be increasingly responsible for their future financial security through expanding demand for financial products and services that are to supplement or replace public provision, forging what has been referred to as an asset-based welfare society (e.g. Finlayson, 2009; Beggs et al., 2014). Thus, in general, this view takes financialisation as involving the rise of individual and household demand for financial products and services (the topic of Section 3). The growth of household engagements with finance is perceived to have stimulated financialisation processes via the expansion of secondary financial markets further entangling the household sector with finance (e.g. Aalbers, 2008; Fine, 2013a).

Endorsing a critical view of financialisation processes, and focusing on total household debt, in the context of declining shares of labour income and growing precariousness of work, these analyses, even if implicitly, tend to convey the idea that financialisation has been uniformly detrimental to the very heterogeneous household sector (with the exception of the extremely rich). The neglect of the asset side of the household balance sheet contributes to this incomplete and distorted view of financialisation regarding the household sector as merely substituting loans for previously higher wages and freely available public services. This is a distorted take magnified by the geographically limited scope of these analyses to the USA and the UK cases, where financialisation processes may have been more directly associated with a more generalised rise of household debt. Nonetheless, even in those contexts, the impact of individual and household engagements with finance on overall material and non-material well-being requires closer scrutiny, taking into account both sides of household financial balance sheets as well as the composition and meanings of debt and wealth across social strata.[4]

Financialisation of everyday life: a micro perspective

---

[3] See Karacimen (2013) for an overview.

[4] See, for example, Fligstein and Goldstein (2015) for such an account for the USA.

At the intersection of strategy, political economy and cultural theory, the social accounting approach to financialisation has focused on the financial euphoria of the 1990s, and on what has been then called the rise of 'shareholder value rhetoric' and its variable impacts on major corporations more intertwined with capital markets (e.g. Froud et al., 2006; Erturk et al., 2007). It has put forward the concept of 'coupon pool capitalism' to account for the role of capital markets in regulating both the behaviour of firms and households, including the household and its wealth into the analysis, namely the increasing diversion of long-term savings for retirement onto the stock market.

Drawing on Foucaldian accounts of governmentality, analyses of the impact of financialisation on people's everyday life have focused on the processes whereby the individual has been constituted as a neoliberal subject, embracing the risks and rewards of financial markets through entrepreneurial borrowing and investment, becoming increasingly responsible for their own security and autonomy through the market and at the expense of previously prevailing collective forms of provision (e.g. Langley, 2008). In contrast to the macroeconomic perspective, focusing on how households reacted defensively to preserve their lifestyles, these accounts posit a more active posture whereby individuals and households have gradually embraced the logic of the risk economy and developed a more aggressive attitude in managing their assets and debts. They thereby underline ongoing cultural transformations brought about by the dominance of finance, namely the entrepreneurial management of individual finances aiming at the realization of financial gains.

These transformations have been deliberately sponsored by national and transnational agencies, actively engaged in promoting particular understandings of the role of finance in the economy and society. They have been carried by the states through ongoing reconfigurations of the welfare states, increasingly transferring the responsibility and risk of present and future financial security to individuals (e.g. for the UK, see Finlayson, 2009). And they have been fostered by financial literacy campaigns inculcating the neoliberal values of self-reliance and individual responsibility, as citizens need to become borrowers, investors and insurers and culturally embrace the competitive search for risk and yield in increasingly financialised worlds (Beggs et al., 2014; Santos, 2013, 2016).

Similar to the macro-level approaches, the micro perspective also tends to unify what have been highly differentiated outcomes across the socioeconomic spectrum. Moreover, these cultural transformations are necessarily riddled with tensions and contradictions as meanings cannot be completely detached from the material processes, structures, relations and agents that generate them, nor from subjects' experiences with finance, which vary with individual characteristics and across the socioeconomic strata (Fine, 2013b; Bayliss et al., 2016; Fine, 2016). Not only does financialisation tend to produce greater instability in the everyday lives of households, these effects are highly differentiated, thereby consolidating and/or increasing segmentation in society.

Systems of provision and the material culture of finance

While financialisation has been associated with increasing inequalities and with insecurity in many aspects of economic and social life, the ways in which these inequalities have materialised across different social strata have not as yet been fully scrutinised. The "Systems of Provision" (SoP) approach to the social, material and cultural aspects of financialisation recommends closer attention to the means by which activities attached to the household relate to forms of provision and to underlying distributive effects (Bayliss et al., 2013, 2015a).

At a general level, the SoP approach sees the economy as constituted by overlapping, commodity specific systems of provision, each of which is defined in terms of structures, agents, processes and relations that characterise the entire chain of production, and is shaped by multiple social, political, economic, geographic and historical factors (Bayliss et al., 2013, 2015a). Taking the system of provision for a good as the integral unity of analysis, the SoP approach then builds on a vertical analytical framework that focuses on the whole chain of activity, bringing together production, distribution, access, and the context in which these occur, exposing the commodity-specific nature of each system of provision.

The application of the SoP approach to the investigation of the role and impact of finance and financialisation on particular systems of provision has brought to the fore the ways in which and with which impacts particular systems of provision have been restructured by the expanded presence of finance (Bayliss et al., 2015a). For example, in the case of housing, it has shown how finance and financialisation have contributed to expand homeownership through the use of mortgage loans, transforming housing into a mechanism of differentiation and inequality reproduction across different social strata (e.g. Robertson, 2014, 2015; Bayliss et al., 2015a; Santos et al., 2015). And by taking into account the role of the various social, political, economic, geographical and historical factors in shaping housing systems of provision, the SoP approach has helped to uncover the highly uneven and differentiated effects of finance within and across countries, as will be reviewed below.

The SoP approach also recognises that the multiple factors shaping each system of provision gives rise to distinct commodity-specific cultures of consumption, that is, distinct practices, ideas and meanings attached to associated patterns of consumption (Bayliss et al., 2013). However, it emphatically stands "against any tendency to exaggerate the extent of financialisation cultural hegemony by drawing attention to agents' capacities for reflection and resistance, as well as the multi-faceted influences on their subjectivities that derive from factors more distant than acts of financing, purchasing and consuming" (Bayliss et al., 2016: 14). Examining what financialisation means to its subjects and how those meanings are generated "involves differentiating between subjects – the futures trader as opposed to the unemployed, let alone the incidence of other individual and social characteristics – and how these subjects both interact with, and reflect upon, the various dimensions of financialisation as they experience them" (Fine, 2016: 1). The implications of the SoP approach are thus:

> First, that there are multiple, competing, and contradictory pressures on material practices and cultures across commodities. Second, that, reflecting distributional and other inequalities, different agents and groups are differentially affected by financialisation. And, finally, that both of these features give rise to limitations and, potentially, resistance to the financialisation of everyday life (Bayliss et al., 2016: 22).

This perspective thus suggests a different approach to the analyses of the relation between financialisation and well-being from those focusing on the rise of household debt of the lower and medium classes due to declining and stagnating income and rising inequality, or on the financialisation of everyday life for that matter. Household relations with the financial sector are widespread phenomena that acquire very heterogeneous forms and outcomes. These recommend looking to the financial engagements of the upper classes and to the composition of both material and financial wealth and liabilities across the socioeconomic strata. And it requires examining how finance has permeated relevant systems of social provision. Based on *The FESSUD Finance and Well-being Survey,* the next two sections do just that. Section 3 looks at household participation in both debt and financial assets markets, and their differentiated compositions across the various socioeconomic groups. Section 4 looks at the impact of finance and financialisation on households via its effects on housing provision.

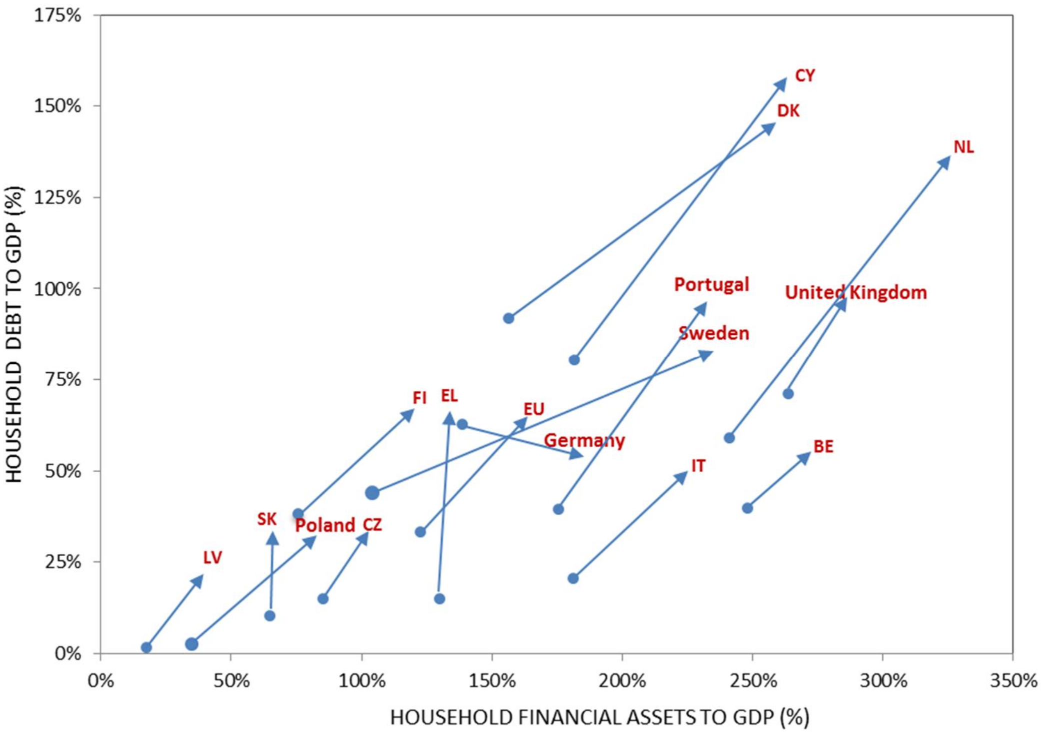
3. The impact of financialisation on well-being 1: Household engagements with finance[5]

The recent expansion of finance in the economy and society has meant the growing participation of households in both debt and financial assets markets as households have increasingly purchased financial products and services, such as mortgages, car loans, credit cards, investment funds, and private pension plans. And this has been a generalised trend.

As Figure 1 illustrates, over the last two decades, the percentage of total household debt and financial assets to GDP rose in all EU countries but Germany. Between 1995 and 2012, household financial wealth rose about 44 percentage points (pp.) and household debt rose about 34 pp. on average in the EU. These averages naturally hide variation across EU countries, which have undergone varied trajectories. Germany registered an increase in the relative weight of household financial wealth to GDP (47 pp.), but it was the only country to observe a (small) decline of household debt to GDP (-4 pp.) in the period. Denmark (107 pp. and 57 pp.), the Netherlands (90 pp. and 80 pp.) and Cyprus (89 pp. and 78 pp.) are the countries that have registered the most spectacular growths in the relative weights of household financial assets and liabilities. Countries from the Centre and Eastern Europe registered the smallest variations, namely Slovakia (4 pp. and 22 pp.), Czech Republic (19 pp. and 20 pp.), and Slovenia (26 pp. and 14 pp.). Within the countries of the study, household involvement with finance rose the most in Sweden (131 pp. and 44 pp.), followed by Portugal (59 pp. and 62 pp.), Poland (51 pp. and 31 pp.) and Germany (47 pp. and -4 pp.). Starting from already high levels of household debt and wealth, the UK observed the most moderate evolutions (26 pp. and 28 pp.) in the period.

[5] Except when mentioned otherwise, this and subsequent sections present a selection of results of *The FESSUD Finance and Well-being Survey* that collected micro-level data about financial engagements and the impact of these and of the financial crisis on individuals and households (Santos et al., 2016). The survey was carried out in Germany, Poland, Portugal, Sweden and the UK, which were selected to be representative of different types of financial system and welfare regime in the EU; and it consisted of telephone interviews carried out between 24 November and 19 December 2014. For each household, one resident (aged 18 or older) responsible for financial decisions living in the country was interviewed. The sample size in the countries ranged from 1300 for Portugal and 1501 for Poland and Sweden, bringing the total sample to 7009.

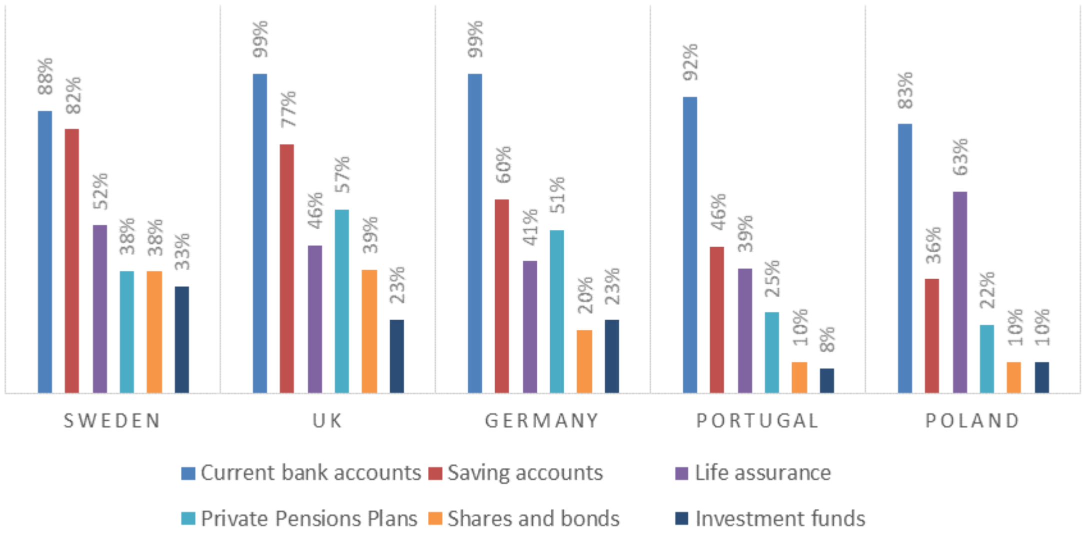
Figure 1. Household financial assets and debt to GDP (Eurostat, %)
1995 (blue dot) and 2012 (red country names)



In line with other Centre and Eastern European countries, in Poland households have a relatively low participation in financial markets with financial assets representing about 86% and household liabilities 35% of GDP, in 2012. In the UK households have more intense financial activity, as measured by the aggregate value of household financial assets and liabilities to GDP (290% and 99%, respectively). Closely following the UK, in Sweden household financial wealth represents about 235% and household liabilities about 88% of GDP in the same year. The Portuguese and the German households somewhat stand in reversed positions considering the countries' overall level of economic, financial and social development, with the former presenting a more substantial (234% and 101%) and the latter (185% and 59%) a more timid participation in financial markets than would be expected. However, in all countries of the study, at the aggregate level, financial balance sheets are positive, with assets more than covering household liabilities.

Country differences are less marked when considering the rate of household participation in financial markets, as measured by the percentage of households holding various types of financial products and services. Figure 2 shows that while household participation in financial asset markets is more significant in a wider range of markets in Sweden, the UK and Germany, and lower in Portugal and Poland, the composition of financial assets is similar across countries.

Figure 2. Percentage of households with selected financial products (%)

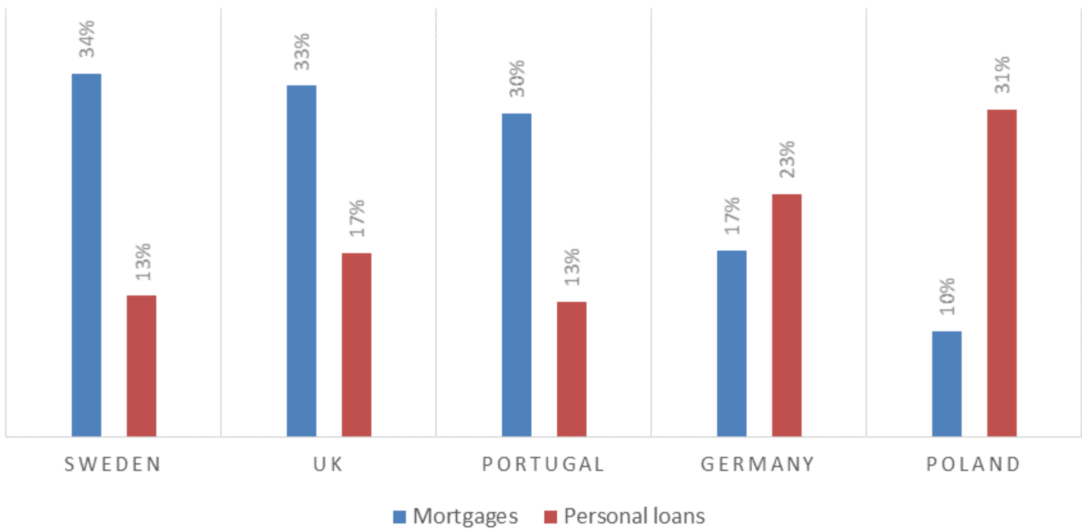


In all countries, current bank accounts and saving accounts are the most prevalent financial assets, while shares and bonds and investment funds are owned by a smaller fraction of households. Most significant differences are to be found in life assurance and the private pensions markets, where the Swedish, the UK and the German households have substantially more significant participation.[6] More pronounced differences emerge in debt markets. Figure 3 below shows that Sweden, the UK and Portugal present very similar rates of household participation in debt markets, where the rate of participation in mortgage markets ranges between 30-34%, and the rate of participation in personal loans markets ranges between 13-17%. Germany and Poland present the reverse pattern, with a higher prevalence of personal loans (31% in Poland and 23% in Germany) relative to mortgages (10% in Poland and 17% in Germany).[7]

[6] These differences betray differentiated forms of pension provisioning in the countries. See, for example, Churchill (2013) and Serap (2013).

[7] Personal loans include consumer loans, credit lines or an account with an overdraft facility, and instalment loans.

Figure 3. Percentage of households with loans



The distribution of financial products and services varies across the different socio-demographic groups. Both financial assets and liabilities are concentrated on the higher income groups, having more wealth to invest in a more diversified portfolio of financial products and facilitated access to debt markets. Taking mortgages and private pension plans as proxies for household engagement with finance on each side of household balance sheets, Figures 4 and 5 below show that, despite similar magnitudes and rates of participation in financial markets at the country level, the distribution of these by income groups introduces a new layer of differentiation across countries. They indicate the role of different levels of socioeconomic and financial development, marking a diving line between Poland and Portugal, on the one hand, and Germany, the UK and Sweden, on the other. They also show the importance of respective institutional settings to the financial engagement of households, determining, for example, the scope of private pension provision, which entails differentiated implications for individual and household well-being.[8]

[8] See Santos et al. (2016) for more detailed analysis of the distribution of other financial products and services across different types of households.

Figure 4. Households with mortgages by income group (%)

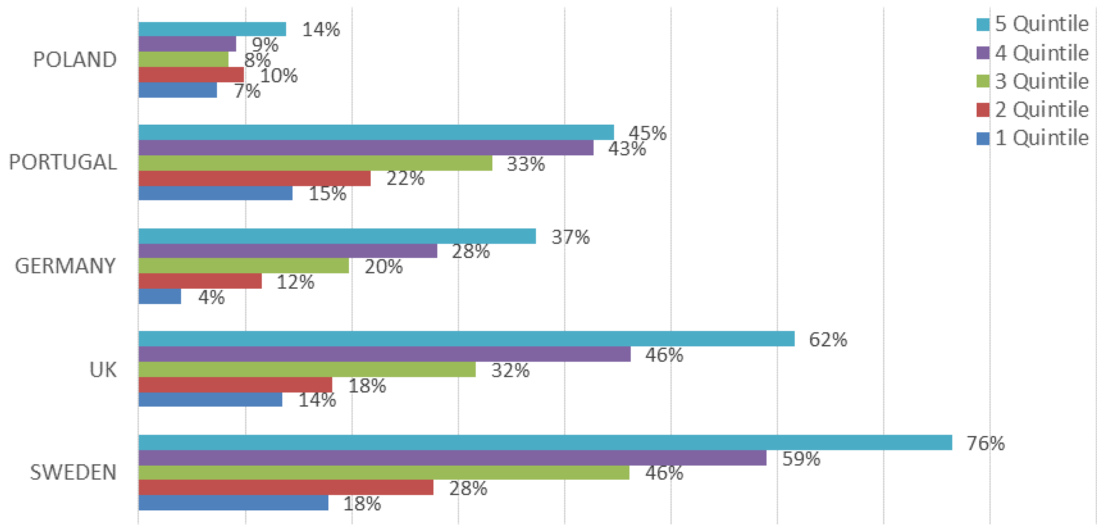
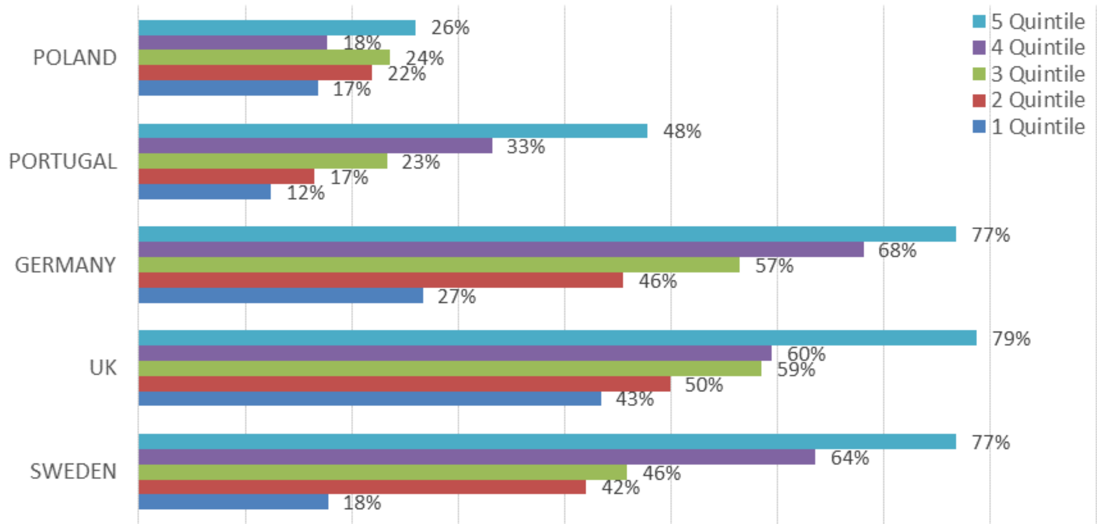


Figure 5. Households with private pension plans by income group (%)



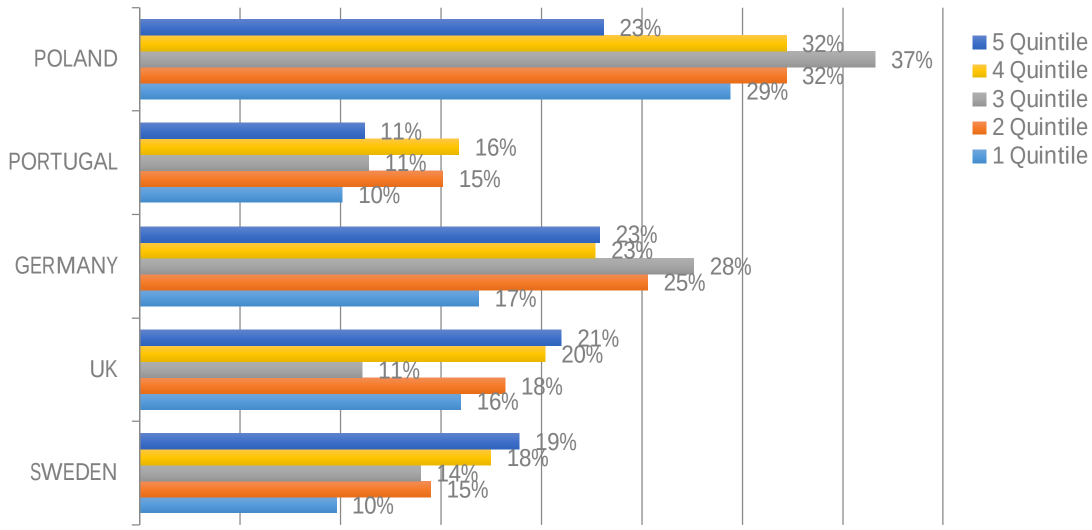
In conformity with aggregate levels of household debt and financial wealth, in Sweden and the UK households are deeply engaged with finance, with a high percentage of households holding both financial assets and liabilities. But while in Sweden there is a similar pattern in the distribution of private pension plans and mortgages, both being highly concentrated on the higher income households, in the UK private pension plans are significantly more evenly distributed across the population than mortgages. In line with its relative country position, in Germany household engagement with finance is mainly made through the assets side, whereas in Portugal it is through a more intense participation in debt markets.

In contrast, in Poland there is a low participation of households in financial markets, being relatively more evenly distributed across the various income groups.

As we have seen above, the rate of household participation in personal loans markets is relatively low in all countries but Poland, where it reaches almost one third of the households (Figure 3). However, in all countries, participation in personal loans market is fairly uniform across the socioeconomic strata, denoting the more active participation of the low-income groups in these markets, which are associated with loans for the purchase of consumption items with higher interest rates than those adopted in mortgage markets.

As Figure 6 shows, participation in personal loan markets is rather uniformly widespread across the income groups in all countries. Reflecting the more widespread use of personal loans (by 31% of households) and the relatively limited size of the mortgage market (involving 10% of households), in Poland, while relatively more prevalent across the population, personal loans are more concentrated on Quintile 3 and less prevalent in Quintile 5. In the other countries the differences across groups are more negligible (most of which with a difference of 5 per cent points, meaning that the difference is not statistically significant at the 5% level), indicating indeed a facilitated access to this type of loans by the low-income households. However, the bottom income group has still the lowest or second-lowest rate of participation in this type of debt market.

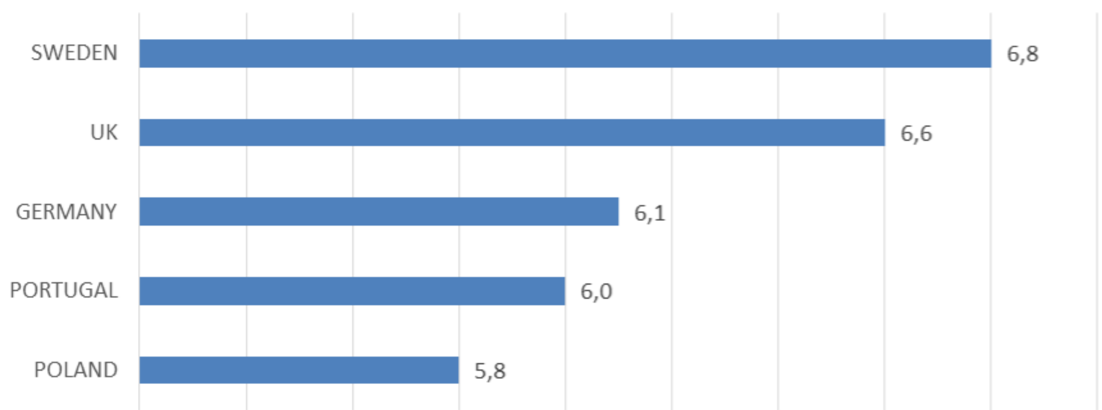
Figure 6. Households with personal loans by income group (%)



Taken together these results show that financialisation has mostly engaged the higher socio-economic strata. They also indicate that it is in the most mature economies (UK, Germany, and Sweden) where household participation in financial markets is most concentrated, with higher participation rates by the top income group. In contrast, in the least financialised country, Poland, participation rates are low and similar across the various income groups. While all households may have become more involved with finance over time, the very uneven distributions across the different income groups show that participation has risen most for the most advantageous groups, who have more resources to invest in capital markets. The evolution of mortgage debt over the last two decades and its very uneven distributions further support this view (to be further developed in the next section). The purchase of household residence through the mortgage markets has been first and foremost a privilege of the higher income groups. This casts doubts on the view that take household engagement with finance as mainly a defensive strategy to preserve an acquired lifestyle. The concentration of financial assets and mortgages on the higher strata instead points towards a more active attitude towards changed circumstances. Moreover, and in contrast to extant accounts of household dealings with finance, depicting these relations as uniformly harmful, the survey shows that households tend to appraise their dealings with finance positively and these positive assessments are associated with higher rates of participation in financial markets.

Indeed, Figure 7 shows that households' evaluations of their dealings with finance are more positive in Sweden (6.8) and the UK (6.6) and lower in Poland (5.8), Portugal (6.0) and Germany (6.1), suggesting that engagement of households with finance has been a positive experience and more so the more prevalent on either side of the balance sheet. Interestingly, household evaluations are less positive in Poland where household engagement with finance is the lowest of the five countries of the study.

Figure 7. Evaluation of household dealings with finance (scale 1-10)



Figures 8 and 9 below compare the evaluations of respondents whose households have a more intense relationships with finance, taking as proxies for a high level of intensity: 1) having a mortgage (Figure 8); and 2) having financial assets worth more than two years of household net income (Figure 9). In all countries, with the exception of Portugal, households with more intense relationships with finance, either as borrowers and savers/investors, make significantly more positive appraisals of their dealings with finance. And this is more clearly the case for households with mortgages than for financially wealthy households.

Figure 8. Percentage of positive evaluations of household dealings with finance (6-10) among households with and without mortgages

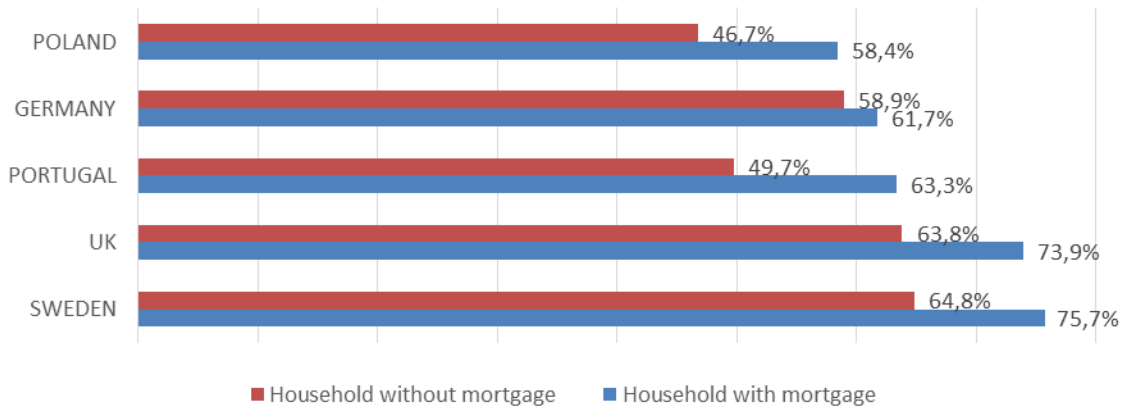
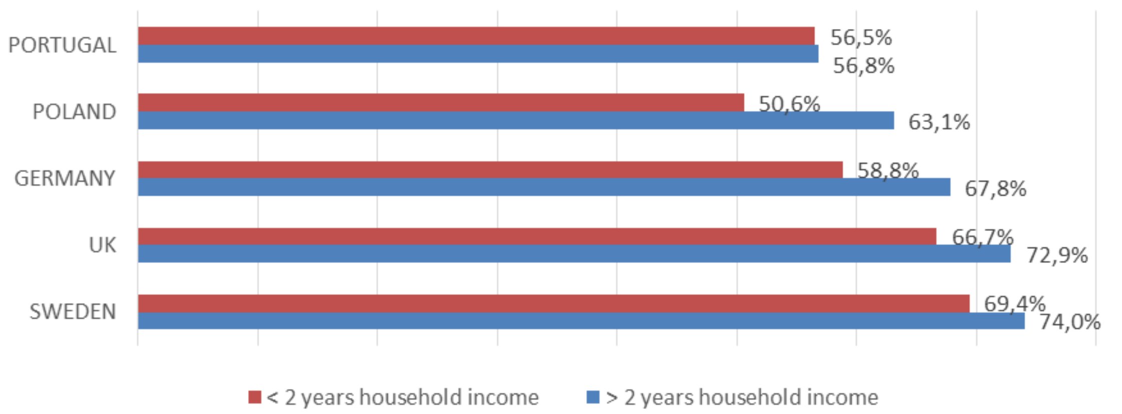


Figure 9. Percentage of positive evaluations of household dealings with finance (6-10) among financially wealthy households and others



To summarize, household debt and holdings of financial assets rose over the last decades in most EU countries (with the exception of Germany where only household financial wealth rose), reflecting the systemic nature of the influence of financial markets over more and more spheres of economic, political and social life. However, as we have seen, the magnitude and content of household debt and financial wealth varies across countries, reflecting countries' different social, economic and financial conditions. Consistent with aggregate data, household engagements with the financial sector are both more widespread and diversified in developed countries with more advanced financial systems, as is the case of the UK and Sweden, where a higher level of household debt is associated with a higher level of financial wealth, indicating that engagement with the financial sector is generally made on both sides of the household balance sheet. By the same token, this engagement is more incipient in EU Eastern European peripheral countries, as is the case with Poland. Reflecting their position in the world economy, namely its export-led model of economic growth (Detzer and Hein, 2014), as well as its specificity in housing provisioning (to be developed below), in Germany household engagement with finance has been mainly made through the asset side of the balance sheet. By the same token, betraying its semi-peripheral position within the EU, in Portugal household recent engagement with finance has been mainly made through the liabilities side, allowed by the unconstrained access of the Portuguese banking sector to foreign debt markets as a result of the country's participation in the EMU (Rodrigues et al., forthcoming).

The analysis of the rates of household participation in the various financial markets and its distribution by income groups indicates that the rise of household engagement with finance has been significantly driven by the better off. In all countries household participation in debt and financial asset markets is highly differentiated in extent and content according to socioeconomic strata. High-income households tend to have substantially higher rates of participation in financial markets. They tend to have higher rates of participation in mortgage markets, and to hold a higher fraction of financial assets, such as voluntary private pension plans. The concentration of specific financial liabilities, such as mortgage debt, and of financial assets, such as pension funds, in high-income households confirm that the latter have a more balanced and beneficial relation with finance. This is so not only because financial liabilities are contracted on debt that is obtained on more favourable terms and can be converted into real wealth, but also because these households have a large and more diversified and balanced set of financial assets. In contrast, low-income households tend to contract debt with higher interest rates for the purchase of consumer goods, having less means to deal with liquidity or solvency problems, being thus more vulnerable to personal and social contingencies that compromise the use of their wage income.[9] The impact of these differentiated engagements depends on differences in forms and structures of systems of provision and broader public welfare provisioning, namely those interacting with housing and pensions that are mostly directly associated with household borrowing and saving. This is the point to which I now turn, focusing in particular on housing provision.

4. The impact of financialisation on well-being 2: financialised housing

The role of housing in deepening the relation of households with finance has not been given due attention in the financialisation literature. This lack of interest is a reflection of the insufficient attention to housing within political economy, having been the exclusive preserve of social policy analysis, housing studies and mainstream economics (Aalbers and Christophers, 2014). This has meant the neglect of overall structures, relations, processes and agencies that determine the way housing is produced and provided, as well as underlying values and social norms. The Systems of Provision approach to housing, developed within the FESSUD project, and the emergent political economy approach to housing have started to fill this gap unveiling both the material processes and underlying norms informing the way housing is produced and provided (e.g. Bayliss et al., 2013; Aalbers and Christophers, 2014; Robertson, 2015, 2016), uncovering the more indirect means by which finance impacts on household wellbeing through its more pervasive presence in relevant systems of provision.

Housing is particularly relevant for understanding households' increasing involvement with financial markets as it accounts for a large portion of households' financial activities through mortgage markets. The evolution of household debt over the last two decades in the EU is by and large explained by mortgages that constitute the bulk of household indebtedness in Europe (Figures 10 and 11). In 2013, housing loans represented 60% of total credit to households in Poland, 70% in Germany, 81% in Sweden, 83% in Portugal, and 87% in the UK.[10] This has meant the growing importance of both housing assets and liabilities as household debt has grown in tandem with homeownership rates in many EU countries, at least until the financial crisis of 2007-08 (CECODHAS, 2011). The expansion of mortgages markets has thus been a most critical conduit through which households have been integrated 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 (Aalbers, 2008). Thus, even if to different degrees,

[9] See Santos et al. (2016) for disaggregated data for other financial products, and Santos and Teles (2014) for a different set of countries.

[10] Own calculations based on ECRI database.

and to a much lesser extent than in the USA, the expansion of mortgage markets in Europe has also contributed to the expansion of finance as increasing volumes of mortgage lending fed the growth of secondary mortgage markets (ECB, 2009).

Figure 10. Housing loans as a percentage of GDP, 1995-2013 (Source: ECRI)

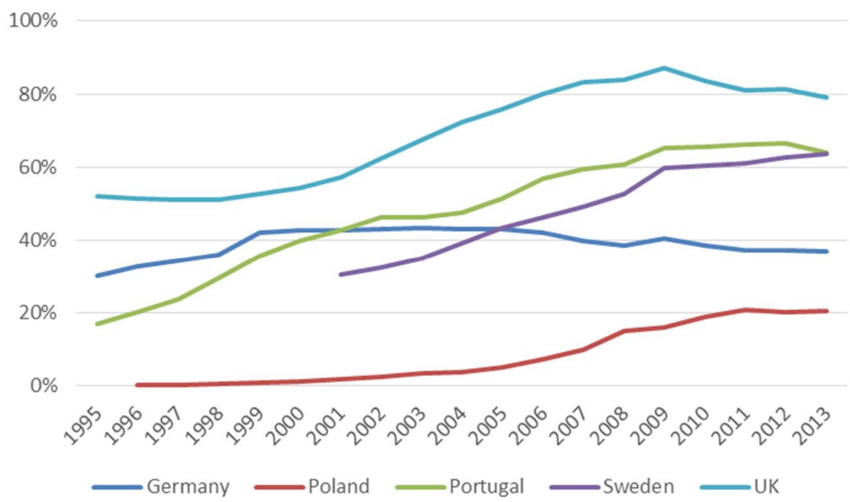
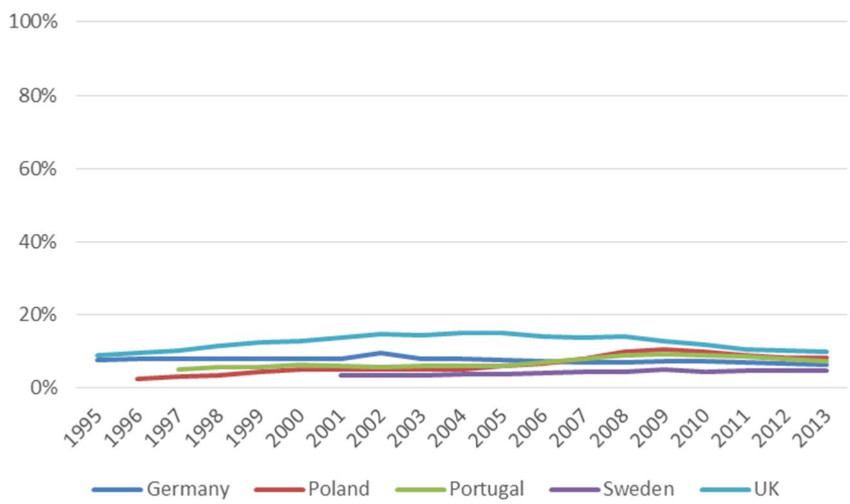


Figure 11. Consumer credit as a percentage of GDP, 1995-2013 (Source: ECRI)



The EU played a critical role in these processes, being a leading actor in the liberalisation of financial markets in the course of the construction of the single market, and later on of the monetary union, enabling national banks to access an increasing glut of savings in capital markets in order to fund their domestic lending. Regulatory changes in the banking sector at EU level, such as those implemented by the Basel Accords, were particularly beneficial to the mortgage markets, inducing a more favourable treatment of mortgage risk and promoting the securitisation of mortgage loans (Allen, 2004; Aalbers, 2008).

However, the relation between housing and households' financial activities depends on national financial systems, and on forms and structures of housing provision. That is, differences in the size and extension of mortgage (or other financial) markets reflect differences in the level of financial market development across countries (Santos and Teles, 2014), and the distinctive and commodity-specific nature of each housing system of provision, which is shaped by various social, political, economic, geographical and historical factors (Bayliss et al. 2013, 2015a).

Robertson's (2014) review of housing provision in Europe offers a glimpse of these differences, showing how patterns of household indebtedness depend on both the level of development of the financial system and the history and institutions of housing provision in each country. The presently high levels of mortgage debt in Centre and Northern European (e.g. in Sweden and the UK) are explained by the conjunction of welfare restructuring through privatisation and commodification of social housing, the liberalisation of mortgage markets and the traditionally low rates of owner-occupation. The extraordinary expansion of mortgage markets has then led to the rise of ownership rates that has been a relatively recent phenomenon in these countries. In the UK, this evolution is deemed to have resulted in particular from the combination of the gradual privatisation of the social housing stock through the discounted sale of local government-owned property to sitting tenants, the more recent implementation of fiscal incentives (e.g. help-to-buy measures) as well as state-led discourses promoting owner-occupation and contributing to its ascendency as the favourite tenure form (Robertson, 2015).

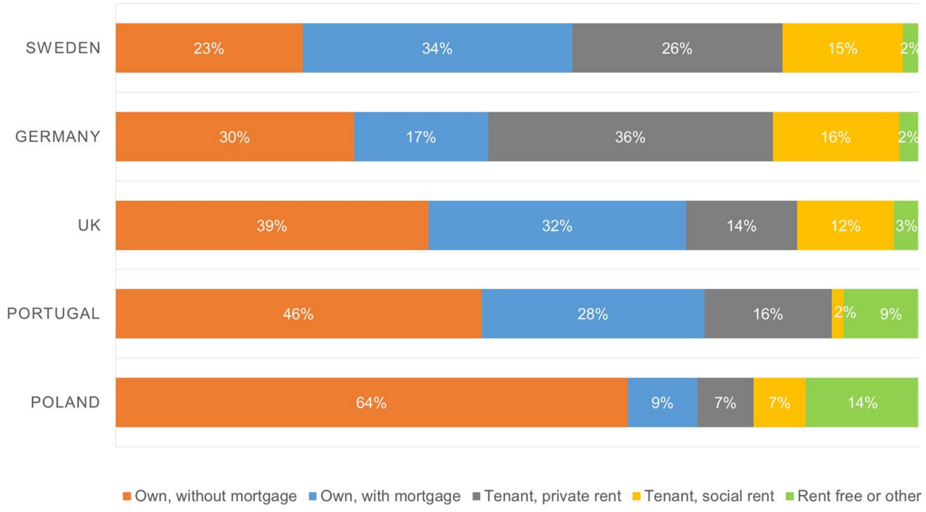
In Eastern European countries, low levels of mortgage-lending are instead explained by high ownership rates due to rapid privatization of state housing at significantly discounted rates in the 1990s, following the collapse of the Soviet Union, and the relative underdevelopment of their financial sector. In Poland, for instance, the rapid sale of dwellings to sitting tenants at discounted rates produced a sudden shift from a collectivised model characterised by heavy state subsidies and administered rents to a model of housing provision in which owner occupation became dominant (see also Lis, 2015).

In Southern European countries, the relatively high owner-occupancy rates are instead explained by debt-free ownership through intergenerational transfer of property and equity, and self-promotion and self-provision that are more prevalent in these countries. However, the recent explosion of mortgage lending has introduced a new financialised logic in the access to housing. In Portugal, in particular, the high levels of mortgage lending reflects the unprecedented access to external funding after the country's participation in the EMU, allowing the banking sector to expand lending to the household sector replacing traditional means of accessing home-ownership (Santos et al., 2015).

Taken together, these studies show that it is in countries with well-developed financial sectors that have or are transitioning from collective to more individualised forms of welfare, such as the UK and Sweden, where finance has been most relevant in housing provision, contributing to the expansion of homeownership rates. High homeownership rates in Eastern Europe curtailed the development of mortgage markets therein. Germany provides the exceptional case that proves the rule. Being the only country in the EU where mortgages did not expand in the last two decades, it has maintained a far more balanced structure of different forms of housing tenure.

It then constitutes no surprise that, within the countries of the study, the highest percentage of homeownership rates without mortgages is found in Poland (64%), which is explained by the rapid privatisation of accommodation in the early 1990s referred to above, and the lowest is found in Sweden (23%), where social housing and rented accommodation have historically been more prevalent. However, the situation is rapidly changing in that Sweden has the highest rate of 'owned' homes being paid for with a mortgage (34%), close to the UK (32%) and Portugal (28%). Nonetheless, social housing is still significant in Sweden (15%), (Figure 12). Predictably, Germany is the only country where rented accommodation is predominant, with 36% of respondents declaring that their households rent their accommodation on the private market and 16% of the respondents reporting that their households live in social or municipal housing. It is interesting to note that in Portugal and Poland non-market and non-state forms of housing provision have some relevance (9% and 14%, respectively), suggesting the still relevant role of informal networks in these countries (Figure 12).

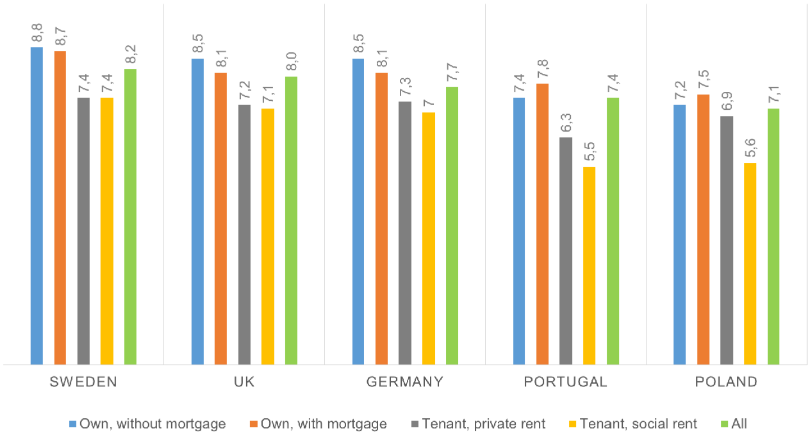
Figure 12. Housing Tenure Structure



The relative sizes of mortgage markets, measured by the percentage of 'owners' with mortgages, signals the growing role of finance in accessing housing, revealing a similar and large role in Sweden, the UK and Portugal (around 30%), a smaller role in Poland (9%), and a more intermediate position in Germany (17%). This, together with the very uneven distribution of mortgages across income groups (cf. Figure 4 above), indicates that financial market involvement is a characteristic of the relatively advantaged households, giving them an advantage in both accessing better housing and accumulating wealth through housing, reinforcing social inequality.

This is supported by the FESSUD survey data. Even though respondents are generally satisfied with their accommodation, with scores ranging from 7.1 in Poland to 8.2 in Sweden, satisfaction with accommodation varies considerably with tenure status (Figure 13). Respondents who are homeowners (with or without a mortgage) report significantly higher levels of satisfaction than respondents who rent their accommodation on the private market or in social/municipal housing. It is interesting to note that in most countries there is no (statistically significant) distinction between the scores of the owners with and without mortgages, on the one hand, and between tenants paying rent to a private landlord or paying rent in social/municipal housing, on the other, as far as satisfaction with accommodation is concerned (Santos et al., 2016). This suggests a high degree of homogeneity within the group of owners and within the group of tenants. The clear exception is Poland, with tenants of social housing (5.6) reporting significantly lower levels of satisfaction as compared with those of respondents with other tenure forms. This might be explained by the (low) quality of social housing in this country, resulting from the meagre resources local authorities were left with to meet responsibilities regarding residual housing needs after the retreat of the central state in housing provision (Lis, 2015).

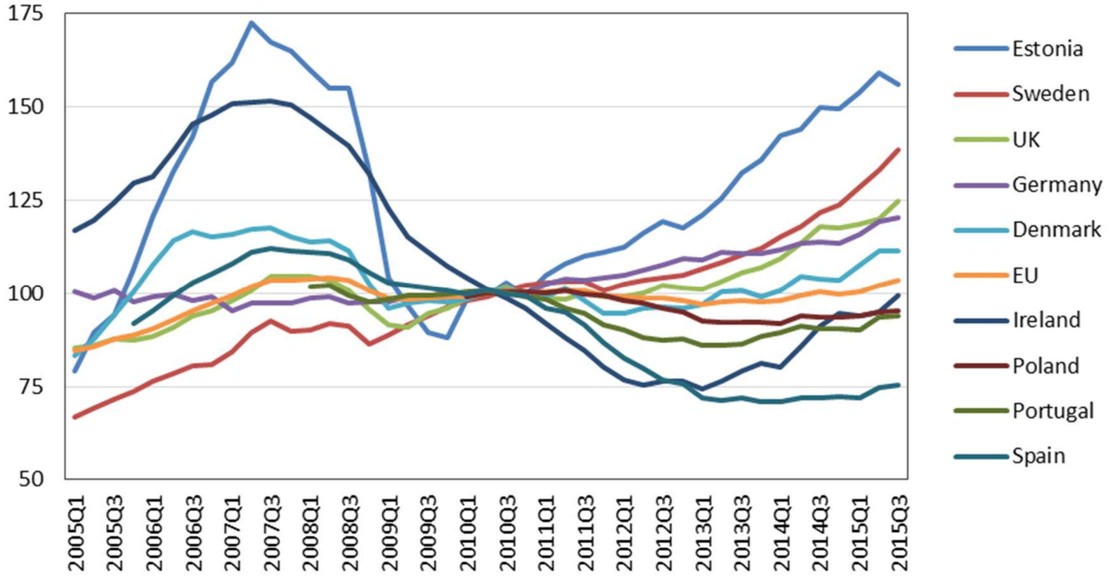
Figure 13. Satisfaction with accommodation by tenure status (scale 1-10)



The growth of mortgage markets has contributed to the general rise of house prices (Jordà et al., 2015). These have grown until the 2008-09 crisis, collapsing then only to reach again pre-crisis levels, except in the countries that experienced the most inflated house bubbles, such as Ireland and Spain (Figure 14). In merely three years, between 2005 and 2007, the average House Price Index for the EU rose nearly 20 percentage points (from 85 to 104), concealing very different evolutions at the country level. Most significant rises in this period occurred in countries where mortgage markets are bigger (e.g. in Ireland from 116 to 151) and/or grew at a faster pace (e.g. in Estonia from 79 to 172). Among the countries of the study for which there are data available, housing prices escalated most in Sweden (from 67 to 89) and the UK (from 85 to 111), having decreased in Germany (from 100 to 98).

Again, different factors contribute to the particular evolutions of house prices in each country. For example, in the UK the rise of house prices is attributed to the combination of both a restrictive planning system and the speculative character of housebuilding which has meant that credit has fed through into prices more than supply (Robertson, 2015). In Portugal, the evolution of house prices has been more moderate which is explained by the channelling of lending into both household debt and construction, resulting in a construction boom and an oversupply of dwellings curtailing the evolution of house prices during the 2000s (Santos et al., 2015).

Figure 14. Evolution of House Price Index in selected EU countries, 2005-2015 (2010=100, Eurostat)



The evolution of house prices has relevant distributive impacts, affecting both homeowners' wealth and tenants' housing costs. The generalised upward trend of house prices until 2007-08 has meant that homeowners have experienced a rise of wealth through the valuation of their houses, especially those who have bought their homes before or at earlier stages of the house market boom. As real house prices rose relative to income in most countries, this has also meant that housing has become less affordable, especially so in the countries that have experienced most significant price hikes. Those who have been able to access finance at particular times have benefited in two ways: by having accessed better housing and by accumulating wealth through housing. These trends are evident in the countries of the study, in particular in the most financialised countries where the mortgage markets are most widespread and have evolved most steadily or even accelerated in recent years, such as Sweden and the UK.

When asked (in November/December 2014) about whether the household would make a profit or a loss were it to sell the family residence, a large majority of UK (81%) and of Swedish respondents (83%) report that their households would make a profit with the sale of their homes, with a significant percentage of the households expecting a large profit (36%-39%), and a very small percentage of respondents (4-5%) considering the possibility of making a loss. In contrast, in Germany and Poland, there is almost a 50/50 split between respondents that declare they would make a profit and that they would make a loss were they to sell their homes at the time they answered the questionnaire, with a small proportion of

This project has received funding from the European Union's Seventh Framework Programme for research, technological development and demonstration under grant agreement no 266800

respondents declaring they would make a large profit (15%-17%) or large loss (10%). Portugal is the outlier. Even though it has a similar rate of household participation in the mortgage market to the UK and Sweden, its pattern is very distinct. Reflecting differences in the evolution of house prices, also stemming from a long period of economic stagnation since 2000 and the more severe impact of the crisis, 55% of the Portuguese respondents declared their households would make a loss with the sale of their home (Figure 15).

Figure 15. Potential profit or loss of selling household accommodation

Within the countries of the study, potential gains and losses are unevenly distributed between households with and without mortgages, and the year of purchase of the accommodation. In Sweden, in 2014, the majority of respondents who declared their households would make a (large and otherwise) profit on the sale of the house belong to households with mortgages. In the other countries, the potentially big gainers are households without mortgages. In all countries but the UK, households with mortgages are also those that concentrate the majority of potential losses. This is especially so for Poland (Santos et al., 2016).

In all countries, households that bought accommodation before 1990 are those that would make a large profit with the sale of the family home. This is especially the case in Portugal (50%), Germany (43%), Sweden (40%), and the UK (36%). And there is a more or less even distribution of profitable sale of houses bought after 1990. In more recent years, those who bought their homes in 2010-14 in Sweden and Germany, in 1995-2004 in the UK, after 2000 in Portugal, and in 2000-09 in Poland are among the owners who would benefit most were they to sell their homes (Santos et al., 2016).

These patterns reveal the high level of contingency attached to gains and losses of financialised housing, depending on many temporal, spatial and social circumstances. Not only do gains from housing depend on being able to access the mortgage market for most households, which depends on having sufficient wealth for a deposit and a stable income stream during working life, they also depend on the timing of market entry and exit, and house price evolution between these two moments, which is unpredictable and uncontrollable by the households. Focusing on the UK, Montgomerie and Büdenbender (2015) go so far as to argue that the financialisation of housing offers a unique set of political and economic circumstances that cannot be repeated noting that "current gains from residential housing are a one-off wealth windfall to particular (lucky) groups within society" (p. 389). Moreover, as Robertson (2014) reminds us, finance is but one aspect of the chain of housing provision, and thus mortgage lending intervenes in, and interacts with, other components of the housing system with unpredictable impacts on housing and household behaviour. At any rate, the financialisation of housing has meant that the workings of mortgage markets have been critical in the evolution of house prices, and this impact has been more intense in the countries with more mature mortgage markets, giving rise to deeper social impacts (Aalbers, 2009; López and Rodríguez, 2011, Jordà et al., 2015).

Even though capital gains or losses stemming from the evolution of house prices only accrue once to those that sell their houses, these are associated with non-negligible redistributive impacts. Because house price increases mean housing costs increases, there is inevitably a redistribution of wealth away from tenants and towards the lucky homeowners that manage to buy a house that experiences capital gains whilst benefitting from occupation at a cost lower than equivalent for private renting. This is a fundamental contradiction in financialised housing already observed by many scholars, quite apart from common experience and the corresponding and justifiable desire to gain access to the housing ladder. While mortgage credit make houses more accessible for those able to participate in these markets, it results in them being correspondingly less affordable for those excluded as they tend to increase their housing costs (Aalbers, 2008; van Gent, 2010).[11]

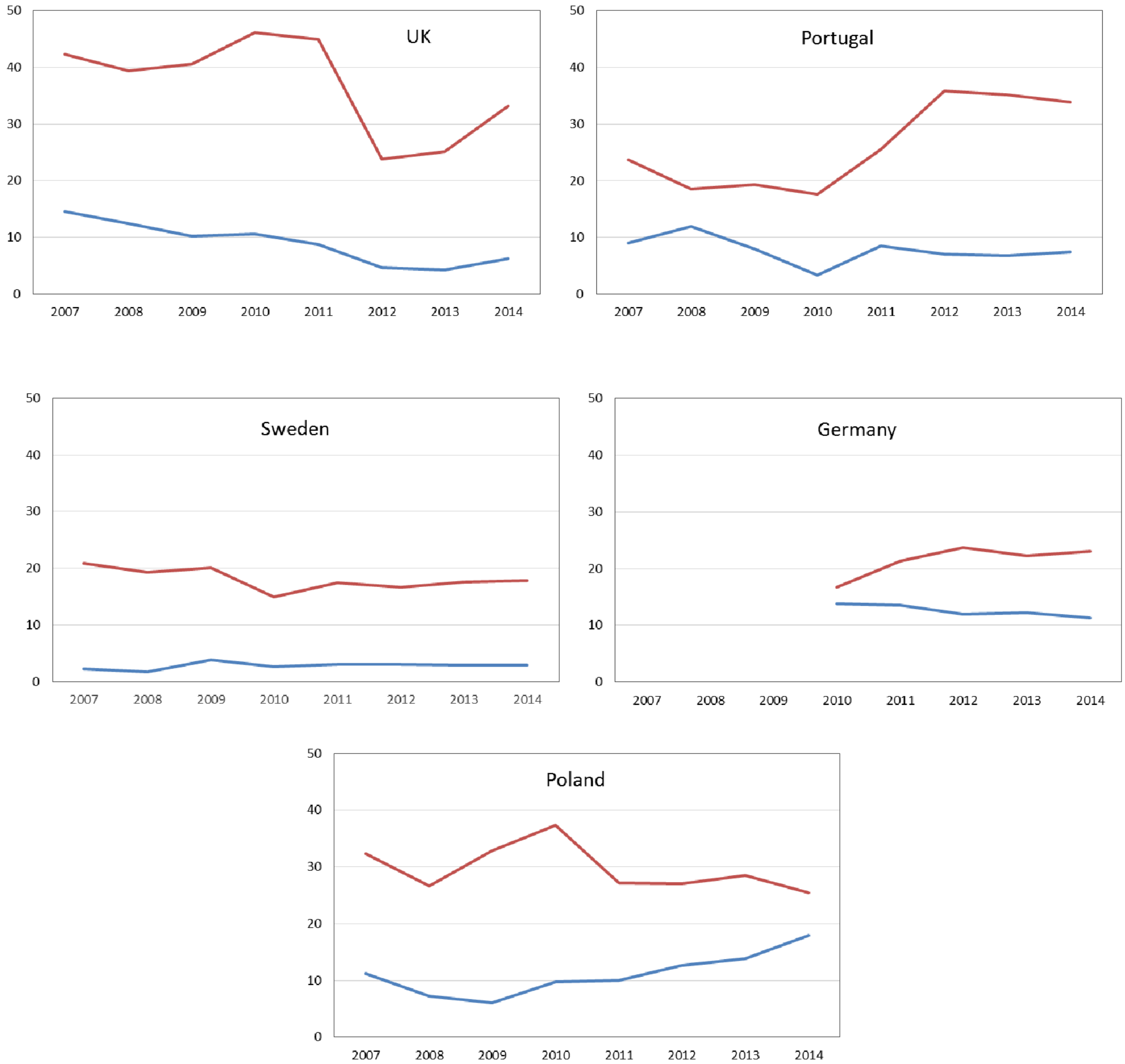
[11] There are other redistributive impacts of mortgage markets that favour homeowners to the detriment of tenants, such as eased access to credit through mortgage equity withdrawal, the storage of wealth that can be later used in case of need, and so forth. For reasons of space, this asset-based welfare role of housing is not addressed here. But see, for example, Toussaint and Elsinga (2009), Doling and Ronald (2010), and Lowe et al. (2011).

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

The difference between excessive housing expenditure (i.e. over 40% of the household available income) of tenants renting at market prices and of homeowners paying mortgages illustrate this tension well. Figure 16 below shows significant differences in housing costs incurred by different types of tenure, where the proportion of income spent on housing by private tenants is significantly higher than that spent by homeowners, and increased in recent years in the UK and Portugal, where mortgage markets have similar and large sizes. In 2014, for example, only 7% of Portuguese families with mortgages were bearing an excessive burden of expenditure on housing, whereas the figure was 34% for households who were renting. These values were 6% and 33%, respectively, for the UK. The differences of the costs between the two tenure forms are more balanced in other countries. This is the case for Sweden (3% vs.18%, respectively), that also has a large mortgage market. In Germany, where there is a more balanced composition of different forms of tenure, housing costs structures are also more alike (11% vs. 23%, respectively). In Poland, the similar weight of housing costs in the two groups in 2014 (18% vs. 26%, respectively) is explained by the recent rise in the cost of mortgages as a result of the devaluation of the national currency (zloty) in the aftermath of the financial crisis that increased the cost of debt contracted in foreign currencies (Figure 16). Nevertheless, in all countries, housing cost overburden is higher for tenants, reflecting the better position of homeowners, who not only tend to have higher incomes but are also more protected from the evolution of housing prices (except Poland as mentioned). Thus, in most countries homeownership has been a financially favourable option for meeting household accommodation needs. It has been an advantageous means of accessing better houses and of containing housing expenditure while serving as a form of asset investment, or of storing wealth.

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Figure 16. Housing cost overburden rate by tenure status, tenant paying market prices (red) vs owners with mortgages (blue) 2007- 2014 (Eurostat)



The material transformations induced by the growing penetration of finance into housing provision, namely the rise of home-ownership to the dominant tenure form in many countries, is also associated with recent cultural transformations. Focusing on the UK, Robertson (2016: 3) argues that the transformations that the British housing system underwent since the 1980s led to a "culture of owner-occupation", which "was rooted in the material benefits of homeownership in Britain", including financial incentives and increased availability and affordability of mortgage credit, and diminished availability of alternative tenure forms. This favoured the perception of housing as an investment vehicle for accumulating wealth and managing spending, as opposed to the previously dominant conception of housing as a form of shelter equipped to provide comfort and security. It follows from this that people have tended to relate to their homes "in a much more objective and calculating way, valuing financial value and tradability" rather than "constancy and attachment" (Robertson, 2016: 12). But Robertson emphasises that the culture of owner-occupation is inexorably riddled with tensions as the scope of commodity calculation competes with other meanings and uses that people attach to housing, such as a place of comfort, security and shelter.

This line of research also suggests a different picture of household financialisation than that attributing the rise of household debt to declining and stagnating income and evolving norms of consumption. While workers in many EU countries have experienced stagnant real wages, and inequality has risen over the last decades, it is still in the high income and in the more generous welfare states where household engagement with finance is more widespread and diversified, involving the housing system of provision that has been an important conduit of inequality production and reproduction. This is supported by the finding that owner-occupation, with or without mortgage debt, is a means of improving household housing conditions, being associated with higher levels of reported satisfaction with housing, and wealth accumulation in most financialised countries. In Germany, where household relations with finance pertain more to saving than borrowing, finance has not been a source of inequality through the promotion of homeownership to the same extent. In Portugal, where household engagement with finance has been mainly made through the mortgage market, finance has been a more significant mechanism of producing inequality between homeowners and tenants facing increasing housing costs.

But financialised housing is not merely a means of producing and reproducing existing inequalities, benefiting some segments of the population more than others. Even more significantly, perhaps, the growing permeability of housing to finance has rendered access more difficult to the excluded. By benefiting higher-income households, finance has promoted and reinforced (private and commodified) forms of provision that are increasingly detrimental to the most vulnerable segments of the population, including those with no engagement with finance. As we will see in section 6, the excluded from the mortgage markets have been affected alongside the state retreating from housing provision and creating further constraints on underfunded social housing.[12] The financial crisis is another relevant mechanism underpinning inequality that has had differentiated impacts on financialised and non-financialised households. This is the point to which I now turn.

[12] See also Aalbers' and Christophers' (2014) review of the various segmented forms of housing provision.

5. The impact of financialisation on well-being 3: the impact of the crisis

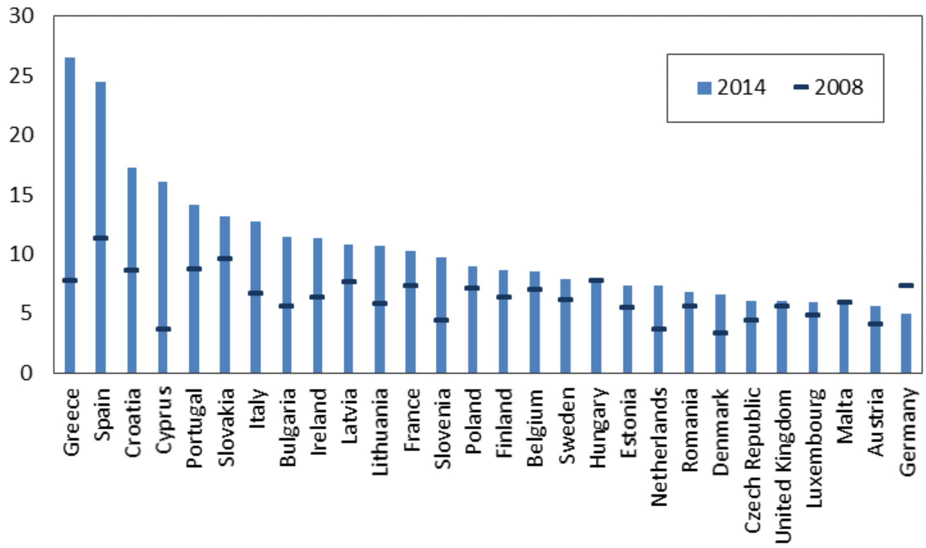
The 2007-08 financial crisis is in itself a manifestation of financialisation, and it has exerted devastating effects on many European households. The 2007-08 financial crisis is the outcome of the unsustainable growth of finance after decades of privatisation, deregulation, and liberalisation of the financial sector (Crotty, 2009). Starting in the USA, the crisis rapidly spread to Europe through financial markets and international trade with overall very detrimental effects on economic performance, producing, at first, rising unemployment and a deterioration of household disposable income and, at a later stage, a degradation of public services as a result of fiscal austerity used as the main remedy to tackle recession (Leahy et al., 2014).

Despite their relatively privileged position when compared to Eastern European countries, debt-led Southern European countries were the most severely hit by the crisis within the EU context. This is clearly conveyed by the evolution of unemployment rates and household disposable income after 2008 (Figures 17 and 18). Greece, Spain, Croatia, Cyprus and Portugal were most severely hit, suffering the most significant escalation of unemployment and deterioration of household disposable income. Countries from the Centre and North of Europe were the least affected. Germany again stands out as being the only country that has had a positive evolution on both accounts, i.e. on household disposable income and unemployment rate.

The economic and financial crisis has had not only an immediately negative effect, but it has also had a prolonged impact in most countries, as attested by the still high levels of unemployment rates in 2014. As Figure 17 shows, unemployment rose dramatically and continued to be very high in Greece, Spain, Croatia, Cyprus and Portugal, surpassing in all these countries an annual average of 14%, in 2014, reaching 24.5% in Spain and 26.5% in Greece.

The differentiated impact of the financial crisis across and within countries is also a consequence of financialisation processes, which put countries on the same financialising path from very different starting points, resulting in increased risk for the most vulnerable of the weakest economies that followed those paths. As mentioned above, the crisis has had a more severe impact on the debt-led Southern European countries and Ireland. Early participation in the Economic and Monetary Union allowed these countries to benefit from almost unlimited access to capital markets and at very low interest rates, thereby circumventing their less well-developed financial systems.[13] But the eased access to capital markets fuelled the biggest net external debts at the world level, culminating in the sovereign debt crises of 2010-11, forcing these countries to request financial bail-outs from official lenders. This was the case for Greece, Portugal and Ireland, which had to request financial assistance from the 'troika' made up of the European Central Bank, the International Monetary Fund and the European Commission, when borrowing on markets to refinance public debt became prohibitively expensive.[14]

Figure 17. Unemployment rate, 2008 and 2014 (Source: Eurostat, percentage)

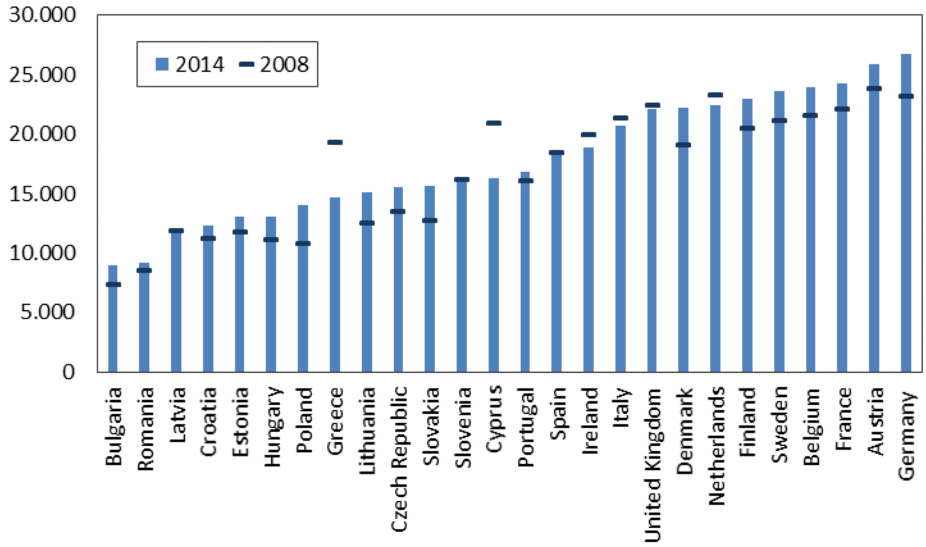


[13] Ireland, Portugal and Spain joined the Euro with the official launch on 1 January 1999. Greece soon followed on 1 January 2001. CEE countries adopted the Euro at a much later stage: Slovenia in 2007, Slovakia in 2009, Estonia in 2011, Latvia in 2014, and Lithuania in 2015.

[14] The EU Member States that have initiated bailout programmes since 2008 are: Hungary (2008), Latvia (2008), Romania (2009), Greece (2010), Ireland (2010), Portugal (2011), Cyprus (2011), and Spain (2012).

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Figure 18. Gross adjusted disposable income per inhabitant, 2008 and 2014 (Source: Eurostat, Euro PPS)

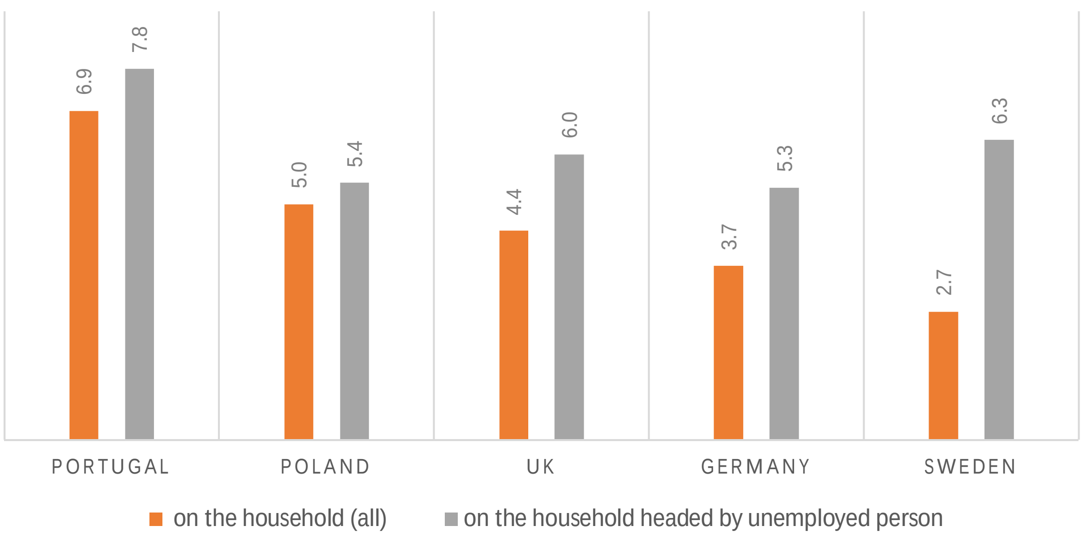


As members of the EMU, the situation of Southern European countries (Portugal, Greece and Spain) is distinct from that of Central and Eastern European countries that did not join the Euro zone (Rodrigues et al., forthcoming). The former countries did not have to hold high interest rates to attract foreign financial flows, nor did they have to hold a high amount of reserves as a condition to participate in the international financial markets, as many Eastern European countries did. Their participation in the Economic and Monetary Union, whose currency, the Euro, became a new form of reserve, allowed them to benefit from an almost unlimited access to capital markets and at a very low price. This meant, however, the equivalent of an overvalued currency detrimental to their weak economies, resulting in the erosion of external competitiveness and the accumulation of external deficits and debt. Cheap credit was further diverted away from real investment, exacerbating the countries structural deficiencies. Economic growth was driven by public spending (Greece), real estate bubble (Spain) or was simply non-existent (Portugal), (Lapavitsas et al., 2012).

As has always been the case, the troika loan arrangements implied the implementation of restrictive austerity measures, which have aggravated the situation of these countries. What was not as common was that the imposed structural adjustments were carried out without the traditional policy instruments, namely an exchange rate policy, that would normally have been used to alleviate the adjustment process. The austerity measures are thus deepening and prolonging recession, through their effects on income, as a result of the cuts to salaries, increasing unemployment and underemployment. And through their effects on indirect income via the contraction of public services, austerity measures have left increasing segments of the population at greater risk of vulnerability (Oxfam, 2013; Leahy et al., 2014). The financial and economic crisis has thus led to a growing divergence among EU countries, namely between the northern and western parts and those in southern and Eastern Europe.

Among the countries of the study, Germany and Portugal offer two contrasting examples, with the former remaining almost unaffected while the latter belongs to the group of the most severely hit by the crisis. Portugal, in the periphery within the EU, followed the same trajectory as the most developed and financialised economies. But it has a more fragile economy and weaker welfare system to withstand the impact of economic and financial shocks. These differentiated impacts of the crisis emerge in the survey. When asked to evaluate, using a scale of 1 to 10, where 1 means "not bad" and 10 means "extremely bad", how bad has the impact of the economic crisis been on the household, Portuguese respondents report they were severely hit, with an average score of 6.9, followed far behind by Polish respondents (5.0), UK respondents (4.4), the Germans (3.7) and the Swedish (2.7), (Figure 19). Respondents who are unemployed declare that their households have been most severely hit by the crisis, with scores higher than 5.0 in all the countries. This is interestingly the case of Sweden (6.3) and Germany (5.3), where households headed by an unemployed person present average negative scores, i.e. higher than 5.0 (Figure 19). This points to the importance of taking the individual and the household as the unit of analysis, as country averages may hide very unequal distributions.

Figure 19. Perceived negative impact of the crisis on the country and household (1-10)



To account for these differences, Table 1 below presents the results of a regression analysis that was performed to determine the main effects of socioeconomic factors on the impact of the economic and financial crisis on households. The coefficients show the estimated increase/decrease in the impact score compared with the baseline group shown in the header. For example, belonging to a household of the first quintile is associated with an increase of 0.33 points on the scale (1-10) of perceived negative impact compared with a household belonging to the highest fifth quintile in Germany, the UK and Poland, after controlling for respondent's gender, age, education, employment status and household type.

Overall, the regression analysis indicates that the listed socio-demographic indicators account differently for the impact of the economic and financial crisis on households in the various countries, explaining about 19% of variability of perceived impact in Poland, 14% in the UK, 13% in Germany, 7% in Sweden and 4% in Portugal (according to the coefficient of determination, adjusted R^2). The low level of explanatory power of the model in Portugal might be interpreted as indicating that the economic and financial crisis had a more widespread impact across the various socio-demographic groups in this country. The regression analysis then suggests that: household type has a more significant effect on respondents' perceived impact of the crisis on the household in Sweden (affecting more single parents and extended families than couples) and Germany (affecting more couples with than couples without children); employment status is more critical in Sweden, Germany and Portugal (e.g. affecting more the unemployed than the employed); and that, in all countries, household income has a significant effect on the perceived impact of the crisis on the household, with the lower income groups expected to have on average higher impact scores than the fifth quintile group.

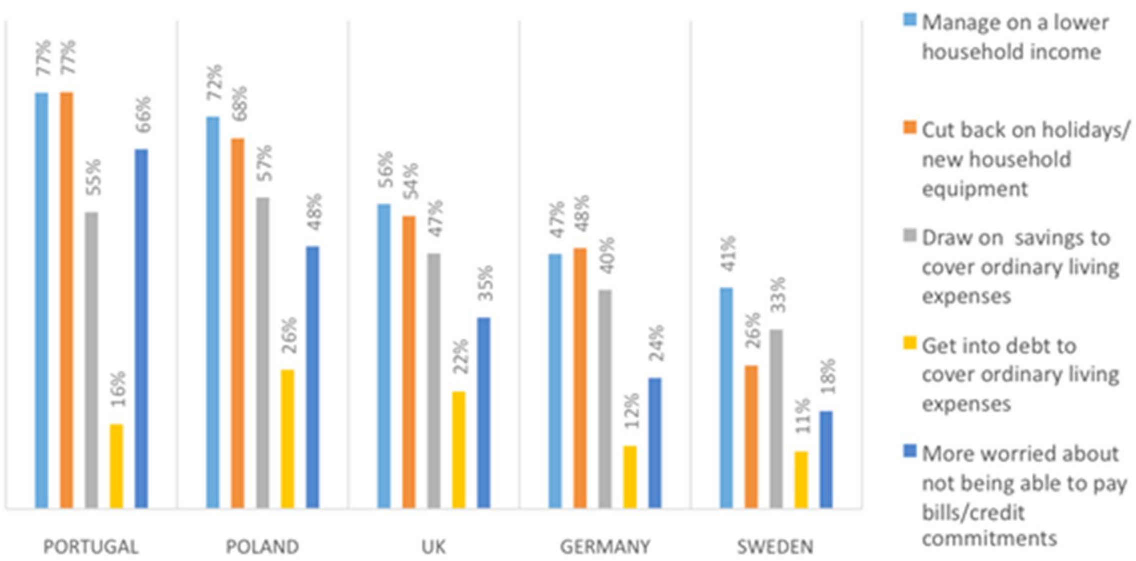
Table 1. Unstandardised regression coefficients for the socioeconomic determinants of perceived negative impact of the crisis on the household

	Sweden	Germany	UK	Poland	Portugal
Adjusted R^2	0,07	0,13	0,14	0,19	0,04
ref = male respondent					
Female	0.06*	0,05*	0.01	0,08*	0.00
ref = 40-54 years old respondent					
18-24	-0.04	-0.04	-0.04	-0,07*	-0.04
25-39	-0.03	-0.02	-0.04	-0.04	-0.04
55-64	-0,07*	0.03	-0,09*	0.06	-0.04
> 64	-0,17*	-0.06	-0,15*	0.02	-0.15*
ref = couple					
Single	-0,08*	-0.06	-0.04	0.01	0.00
Single parent	0,07*	0.04	0.05	-0.02	-0.02
Couple with children	0.00	0,11*	0.03	0.01	0.02
Extended family	0,07*	0.04	0.02	-0.02	0.04
ref = respondent with secondary education					
Primary education	-0.01	0.04	0.01	0,05*	0.05
Tertiary education	-0.04	-0,07*	0.00	-0,11*	0.04
ref = employed respondent					
Unemployed	0,16*	0,07*	0.01	0.02	0,09*
Self-employed	0.04	0.04	0.05	0.04	-0,07*
Retired	0.1	0.03	-0.08	-0.03	0.06
ref = 5th quintile					
First income quintile	0,21*	0,33*	0,33*	0,33*	0,16*
Second income quintile	0,10*	0,23*	0,22*	0,27*	0,08*
Third income quintile	0,08*	0,07*	0,10*	0,13*	0.04
Fourth income quintile	0,07*	0.02	0,08*	0,09*	-0.02

Note: OLS regression model, based on unweighted variables; * The estimated effect is significant at 0.05 level (Source: Santos et al., 2016).

Notwithstanding the different perceptions of the impact of the crisis on households, with Portuguese respondents declaring the most severe impact (cf. Figure 19 above), when asked about changes occurring over the past five years, country divergences are less pronounced, especially between Portugal and Poland. In these two countries, more than two-thirds of respondents declare that they 'had to manage on a lower household income' and 'cut back on holidays or new household equipment', and more than half admitted they 'had to draw on ... [household] savings to cover ordinary living expenses'. While in the other countries respondents declare they did not suffer as much, a high proportion of respondents still declare they had to manage a lower household income (56% in the UK, 47% in Germany and 41% in Sweden), had to change consumption patterns, cutting back on holidays or household equipment (54% in the UK and 48% in Germany), and had to resort to savings to cover ordinary expenses (47% in the UK and 40% in Germany). Reflecting country differences, respondents have 'become more worried about not being able to pay bills/credit commitments', ranging from 66% of respondents in Portugal to 18% of respondents in Sweden. Only a small fraction of respondents declared that they 'had to get into debt to cover ordinary living expenses', with the highest percentages observed in Poland (26%) and the UK (22%), which may include loans other than those provided by the financial sector (Figure 20).

Figure 20. Perceived changes in household financial situation



Country differences become even less marked when considering changes in employment over the past five years. In all countries, at least half of the respondents who are in work declare that they 'had to work more intensively at work' (ranging from 56% in Sweden to 77% in Portugal). But the deterioration in working conditions seems to have been more acute in Portugal, Poland and the UK, with a higher percentage of employees declaring that they 'had to work longer hours' (54% in the UK, 55% in Poland and 66% in Portugal), that they 'had less job security' (44% in the UK, 52% in Poland and 57% in Portugal), and that they 'had to take a reduction in pay' (31% in the UK, 35% in Poland and 69% in Portugal). Reflecting different labour market organisation, Poland stands out with 31% of respondents who declare that they 'had to take up a second job', where these values range between 5% in Sweden and 16% in Portugal (Figure 21).

This project has received funding from the European Union's Seventh Framework Programme
for research, technological development and demonstration under grant agreement no 266800

Figure 21. Perceived changes in employment

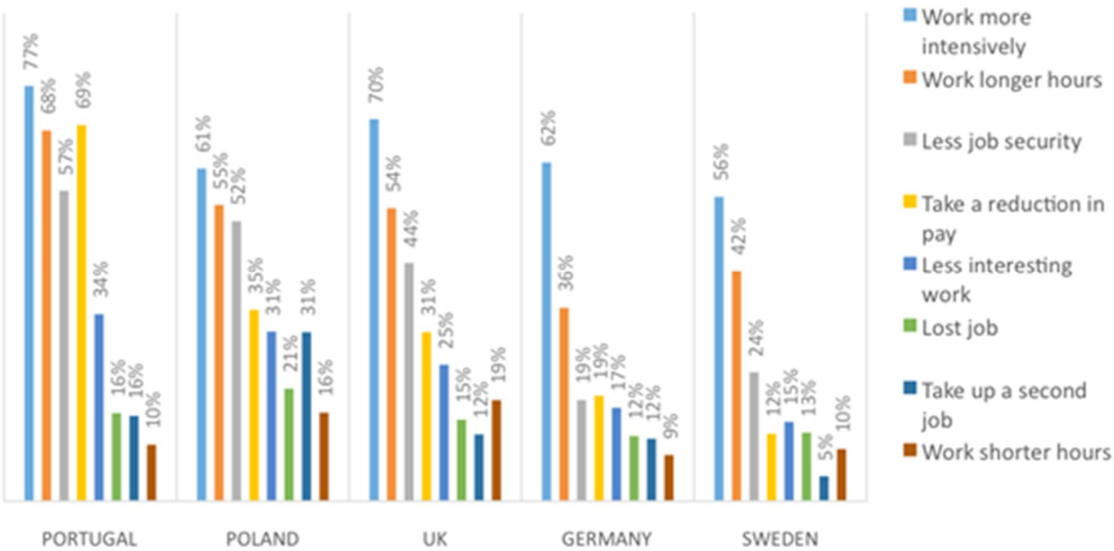


Table 2 presents the results of a multiple regressions that were performed to determine the effect of several factors on the likelihood (log-odds) of households with certain characteristics having to draw on savings to cover ordinary living expenses. In all countries, the likelihood of households having to draw on savings to cover ordinary living expenses decreases as income increases. For example in Germany, an increase of one quintile in the income group corresponds to a 20 per cent decrease in the odds of using savings to cover ordinary living expenses in Germany.[15] However, different factors affect the likelihood of experiencing financial difficulties in the five countries of the study. In Germany and Sweden financial strain, as conveyed by the use of savings to cover ordinary living expenses, seems to be more directly associated with becoming unemployed. In contrast, in Poland and the UK, financial stress is more directly associated with a reduction in wage income. In Portugal there is no clear association between financial difficulty and unemployment or wage income, signalling once again the more widespread impact of the crisis on different socioeconomic groups in this country. Providing yet one more indication that mortgages are by and large beneficial to those who contract them, having a

[15] These values are 14%, 17%, 14% and 16% for Poland, Portugal, Sweden and the UK, respectively. They were obtained by applying the formula 1-Exp(x) to the household income coefficient, in the case of Poland: 0.14 =1-Exp (-0.149).

mortgage does not seem to increase household vulnerability as it did not increase the likelihood of households having to draw on savings to cover ordinary living expenses between 2009 and 2014.

Table 2. Multiple regressions for use of savings to cover living expenses, 2009-14 (regression coefficients and standard errors)[16]

	Germany	Poland	Portugal	Sweden	UK
Lost job	0.132 (0.04)**	0.040 (0.045)	0.070 (0.048)	0.086 (0.043)*	0.013 (0.044)
Took a reduction in pay	0.085 (0.039)*	0.194 (0.045)***	0.061 (0.048)	0.013 (0.043)	0.242 (0.043)***
HH has a mortgage	-0.007 (0.039)	0.012 (0.042)	0.058 (0.050)	-0.004 (0.041)	0.064 (0.044)
HH has personal loans	0.081 (0.037)*	0.075 (0.042)	-0.022 (0.048)	0.034 (0.038)	0.049 (0.041)
Household Income	-0.224 (0.039)***	-0.149 (0.042)***	-0.192 (0.049)***	-0.155 (0.041)***	-0.177 (0.044)***

Note: * The estimated effect is significant at 0.05 level, ** The estimated effect is significant at 0.01 level, *** The estimated effect is significant at 0.001 level

To sum up, Portuguese respondents declare their households have been particularly affected by the crisis while Swedish respondents declare almost no effect on their households, with the reports of Polish, UK and German respondents standing somewhere in between these two extremes. And while the impact of the crisis has been more or less felt across the various socioeconomic groups in Portugal, this impact has been particularly felt by the households of respondents who are unemployed in the other countries. However, and even if to different degrees, overall living conditions have worsened for a significant number of households in the five countries of the study, as reflected in respondents' reports of declining household income, rising unemployment and deteriorated employment relations. This brings to the fore the centrality of work to well-being. This is so not only because unemployment is a crucial vehicle of transmission of the effects of financial and economic crises on individual and household material and subjective well-being, even in the least exposed countries, but also because financial and economic meltdown has detrimental impacts on workers through reductions of wage income, growing job insecurity, and increased work intensity. Moreover, because the institutional configuration of the labour markets are intrinsically and increasingly articulated with welfare provision,

[16] Cláudia Lopes carried out this data analysis, for which I am very thankful.

the position occupied in the labour market is influential not only on the present material and subjective well-being of workers, but also for workers' future well-being were they to be hit by social risks, such as unemployment and sickness, and in old age.[17]

6. The impact of financialisation on well-being 4: increased vulnerabilities

The previous sections analysed macro and micro data that provided evidence on the various mechanisms through which financialisation impacts on well-being. They consistently indicate that the low-income households and the unemployed are amongst the most vulnerable groups in every country. However, quantitative data gathered at the country level provide at best a very rough picture of the situation of the most vulnerable groups, such as those at the margins of mainstream financial markets who may nonetheless be severely, if not the most severely, hit by financialisation processes.

The participative methodology to elicit the views of marginalised groups on the financial sector, carried out for Task 6 of WP5, provides valuable information that can usefully complement the forgoing analysis (Gabor and Tancau, 2016). This consisted in workshops with different categories of marginalised groups – unemployed youth, people from migrant backgrounds, low income students, women at risk of poverty, small farmers, sex workers, dwellers of self-built neighbourhoods – that were organised in nine European countries (the five countries of the survey, Germany, Poland, Portugal, Sweden, and the UK, and also Belgium, Greece, Italy and Hungary), aiming at examining the perspectives of the economically disadvantaged on the financial system and on the reforms that these envisage in order to better tailor the financial sector to their needs (Gabor and Tancau, 2016).[18]

[17] For space reasons, this paper does not analyse the evolution of subjective well-being in the period. However, the survey results show that measures of subjective well-being reproduce the relative positions of the countries and of the most vulnerable groups within each country. For example, individual reports of life satisfaction are the lowest in Portugal and highest in Sweden, and Polish reported accounts of subjective well-being are closer to the Portuguese while those of the UK and German respondents are instead closer to the Swedish. In all countries, the unemployed have the lowest scores of subjective well-being (Santos et al., 2016). This also reinforces the importance of the situation of the economy and hence of employment conditions for individual and household well-being. See Boffo et al. (2013) for a critical discussion of the use of subjective well-being measures in the context of the crisis.
[18] This section does not aim at providing a complete presentation of the workshops, but only to underline some of the findings that more directly bear on the foregoing discussion. For the country reports and the more systematic analysis of the workshops see Gabor and Tancau (2016).

The qualitative nature of the research does not allow generalising the findings beyond the groups of the disadvantaged that participated in the study. Nonetheless, they offer valuable information about their views on their experience with, or their exclusion from, mainstream financial services, providing the viewpoint of those that have suffered the most in contraposition to those that have benefited the most, as discussed in the previous sections that focused on the financially included.

Indeed, this research clearly carves a dividing line between the included and the excluded from mainstream finance. A pervasive idea in many workshops was that finance, where by finance most groups think of bank institutions, is not a service that is provided for them. Finance is instead perceived as a service for the privileged who have eased access on particularly advantageous terms because they offer the guarantees that wealth and stable incomes can provide, being also more capable of standing in a more balanced position with financial institutions. In contrast, disadvantageous groups feel intimidated by bank clerks, revealing high levels of distrust in relation to them and financial institutions more generally. This means that finance is yet another sphere that contributes to feelings of being excluded and cast out from prevalent modes of living within society. Thus, finance can be a source of emotional stress to the disadvantageous groups (e.g. fear of not being treated respectfully), which may lead to negative outcomes (e.g. not turning to financial institutions even if they could offer an appropriate service, having instead recourse to predatory or even fraudulent forms of finance).

However, there is also a shared sense that these services are highly needed, especially bank loans. In every report participants mentioned that at times they need to have recourse to loans to fill the gap between low incomes from work or benefits and ordinary living expenses, such as the payment of the rent, or some unexpected expense, such a medical bill. Because they do not generally have access to bank loans, they often have recourse to more accessible but significantly more expensive forms of credit, such as credit cards or payday loans (the latter only mentioned in the UK and Poland). Unsurprisingly, these types of debt are perceived as highly problematic. While they are deemed necessary to deal with an urgent expense, there is a generally negative attitude towards the use of these types of debt due to the high risk of defaulting and of initiating an unmanageable cycle of debt. Various first-hand accounts were given in the workshops:

> *I have a Barclays credit card ... First, I got 500€, I paid. Later, I took another 3000€ loan, because it's a card, I can just ... activate the card and I get the money, that's it. But after I was dismissed... I don't know how to pay and they're constantly calling me and I got a letter from court... I took this 3000€ loan, interests kept rising because that card has high interests, 6€ rate each month, so it*

kept growing until it reached more than 7,000€ … As for my credit card, I don't need to sign a contract, that's why the interest is so high. I can just make a call, activate the card and get money, very easy. That's a very dangerous card, you got to be very careful! (Resident in Self-Built Neighborhood, Lisbon, in Silva et al., 2015: 30)

The only way I could pay my rent was to get one of those payday loans. You send them a list of when your student loan comes in next and they take it from that and they approve it through that. I just got into that trap. Every time I got my student loan and the maintenance grant, it was all gone because I'd already racked up enough debt (Student, London, in Martin, 2015: 22)

While credit can be seen as instrumental in dealing with a temporary shortage of income to cover an important expense, there is the shared perception that eased access to credit and on more favourable terms is not the solution envisaged to their problems, as these do not directly stem from a malfunctioning financial system. Their problems result instead from extremely low levels of income due to unemployment or low paid jobs, often from the informal sector, which prevent ensuring a sufficient and stable stream of income for leading a decent enough living, and from an ineffective welfare state to provide for those who cannot provide for themselves. While this view is most salient in the countries most hit by the crisis, participants in the workshops generally concur that effective solutions to their problems require transformations in domains other than finance:

The state to carry it out its fundamental functions would be important for this change . . . the fundamental functions are those related to health, related to education, related to securing that people who for some reason have any kind of difficulty in being autonomous,
(Woman at Risk of Poverty, Lisbon, in Silva et al., 2015: 24)

It does not make sense to work and be in debts; everything is getting more expensive: food and drinks. I know how it feels if you do not get an increase in your wages. When things get so expensive, they also make you feel poorer. If I have to save from the little income I earn and I am compelled to spend it later in bad times, then it is almost not worth it.
(Workshop IV, Berlin, moveGlobal Berlin, 2015: 22).

In most workshops there is a general sense of abandonment by the state, which does not provide sufficient assistance for those in need, and an overall level of distrust of finance, which serve other interests. In some, the state was not only blamed for not providing a decent living for the most needed, it was also accused of protecting financial interests, leaving citizens more exposed and vulnerable to financial actors:

> *The banks have very strong position in the state. The law works like that. The regulations. The risk is transferred to the costumer. And as a result, when you have a good salary, you are OK for them. But when you failed, you are lost. It's my experience. I used to earn good money. They loved me, but when my problems began, I became a pariah*.
> (Inmate, Bemowo Prison, Warsaw, in Cibor, 2015: 15).

In many workshops, housing emerged as a relevant area of provision with an important impact on household finances and household well-being. And it did so in different but related ways. First, having recourse to a mortgage emerged as a well-established social norm to access to housing, especially in countries with developed mortgage markets, as in the UK, Portugal and Sweden vis-à-vis Germany and Poland. In the former group of countries, participants referred to mortgages as something highly desirable, signalling also that homeownership has become the norm to which most would like to conform, even when recognising that it is beyond their reach.

Second, homeownership is associated with financial security and decent living, allowing people to avoid the uncertainty of social and private renting, namely of avoiding escalating rent costs and the need of having to leave for more affordable areas. This was particularly evident in the UK, where "[i]ncreasing rents means that ownership feels like the only viable option to secure a home, but this is not feasible in the current situation where big lump sums of capital are needed upfront for deposits and groups with irregular incomes are risky options for banks" (Martin, 2015: 17). The UK report underlines that "there is nothing about the product itself that appeals, but instead the outcomes that achieving home ownership might represent", as for example, "the fact that you will no longer be priced out of the area you call home and the sense of building up finances towards a more secure future" (Martin, 2015: 26).

Third, not only does housing acquire a special centrality among the most vulnerable because house rents absorb a significant part of their meagre incomes, but also because they tend to live in more degraded forms of tenancy, including overcrowded houses and pension bedrooms, being afraid of falling into the most extreme form of homelessness. This is why paying the rent is the most pressing bill, with participants expressing high levels of anxiety when reporting experiences of having extreme difficulty in doing so. This is particularly the case in Portugal, where housing is not perceived as part of the state's responsibility, like health and education (see quote above), but as an individual responsibility, with high levels of stigmatisation attached to the very extremely marginal provision of social housing (Silva et al., 2015).

In contrast, in Sweden, housing emerged mostly as a potential rather than an actual problem. Mortgages emerged in the conversations, but more as part of a more general discussion about the rise of housing loans in the country, and the underlying risk for many people of ending up in great debt traps they cannot handle, rather than as part of first- or second-hand accounts of housing-related experiences (Andersson and Bro, 2015: 28). Nonetheless, the Swedish report underlines that "[t]here is a big difference on attitudes from the bank and towards the bank between those who have houses and bank loans and the ones without" (Andersson and Bro, 2015: 27). The latter seemed to be more suspicious about finance, as the authors summarize:

> Some of them were afraid of being controlled by the bank, they were afraid of the bank being able to see their consumer patterns if it wanted. They also experienced a negative attitude from the bank if they were not native Swedish or did not have any values like houses as security for their applications for loans. They talked about the distrust from the bank staff not working for them, but for the bank itself. They talked a lot about the problems of having short-term loans from loaning institutes and problems to get a bank loan with a decent mortgage (Andersson and Bro, 2015: 27).

Also very interestingly, housing did not emerge as a relevant issue in the workshops held in Germany or Poland. The discussions in Poland seemed to have revolved more around the risks of non-banking loans, especially payday loans, and also on borrowing from family and friends, which emerged as a relevant alternative (Cibor, 2015: 22-4). In Germany, the workshops included discussions on the criteria to access social benefits (e.g. having no savings to become eligible for the social unemployment benefit) and on the low level of interest on savings, signalling the very different realities of identified disadvantageous groups across countries.

Participative methodology allowed for eliciting first-hand accounts of the contents and meanings of vulnerability for different disadvantaged groups in different countries. These groups generally do not have access to mortgage markets, nor have they access to the more favourable bank loans. They have instead recourse to costly forms of credit, such as credit cards and payday loans, to fill the gap between low incomes and important and urgent expenses. And they often fall in endless cycles of debt with no easy escape. While conditions of vulnerability vary across countries, affecting differently the young or the old, men or women, the employed and the unemployed, national or immigrant groups, vulnerability is highly associated with extremely low income levels and deficient welfare provision. Thus, the solution to their most immediate problems does not lie in fixing a malfunctioning financial system. It lies first and foremost on securing a job that provides a sufficient and stable wage income and on eased access to basic services, such as health and housing.[19]

7. The impact of financialisation on well-being: concluding remarks

Based on the work produced for WP5 of the FESSUD project, this paper aimed at providing an overall assessment of the relations between financialisation and well-being and thereby contribute to broader theoretical and policy-related discussions. It attempted to do so by analysing four conduits through which financialisation processes have impacted on well-being. First, it assessed the differentiated involvement of individuals and households with financial markets through both their saving and borrowing behaviours, which are not homogenous across the various socioeconomic groups or across countries. Second, it examined the impact of financialisation through its effects on the housing system of provision, exposing how financialisation interacts with relevant systems of provision and how this interaction entails new forms of inequality. Housing is particularly relevant for understanding households' increasing involvement with financial markets since it accounts for a large portion of households' financial activities through mortgage markets, having also become an ever more relevant mechanism of inequality production and social vulnerability. Third, the impact of financialisation was examined through the effects of the financial crisis on employment, disposable income and welfare provision more broadly. Finally, the impact of financialisation was examined by taking into account the perspectives of those excluded from financial markets, further exposing the inequality-generating effects of financialisation processes.

The analysis of the four conduits through which financialisation impacts on household well-being offers a more nuanced account than presently available in the financialisation literature. While the rise of finance in the more mature capitalist economies has generally occurred in tandem with systemic regressive structural transformations (e.g. sluggish real wage growth, corporate restructuring, weak corporate social responsibility, roll-back of public services, etc.), these changes were not uniformly felt across the household sector. Nor has the main result of these transformations been the rise of

[19] The participatory-action research also included a workshop with selected NGOs where alternative forms of finance were discussed. See Gabor and Tancau (2016) for a synthesis of the workshops' results in the nine countries.

consumer debt in order to keep up with living standards in increasingly unequal societies marked by the growing privatisation of public provision. As was shown, the percentage of total consumer debt to GDP has been relatively stable in the EU over the last two decades, even if the most vulnerable groups may have increasingly had recourse to consumer credit and in particularly unfavourable conditions, relying on credit products other than bank loans such as credit cards and payday loans, in seeking to meet well-being norms opening a corresponding gap between household income and expenditure. We observed instead the spectacular expansion of mortgage markets, which accounts for the recent evolution of household indebtedness in the EU.

The paper provided sufficient evidence to the effect that financialisation involved mostly the better off, extending well beyond the top 1%. For a significant part of the higher socioeconomic strata, financialisation has meant accumulation of material and financial wealth and the strengthening of their relative advantage, namely through mortgage loans and the rise of homeownership. It was shown that owner-occupation not only has been a means of improving household living conditions, being associated with higher levels of reported satisfaction with accommodation, but also a means of accumulating wealth due to the spectacular valuation of residential property during the financialisation era, even if not uniformly so depending on temporal, spatial and social contingency. By the same token, for a significant part of the lower strata financialisation has instead meant less affordable housing, rendering housing a more important mechanism of inequality production and of marginalisation of those excluded from financial (mortgage) markets and the private rental sector. This points to financialisation's dysfunctions and resulting vulnerabilities that push further the disadvantaged groups into the margins, and a shift in approaches to social policy (Fine, 2014; Bayliss et al., 2015b). The growing reliance on owner-occupation, with access secured through incorporation of households into mortgage markets, is part and parcel of the same process of residualisation of social housing in providing a safety net for the market excluded. This is because, on the one hand, housing provision has become increasingly a domain left to private provision, and on the other, housing is a basic good which compels states to intervene at least at the margins. But this is far from a redistributive housing policy. Based on the analysis of five case studies,[20] Bayliss et al. (2015b: 117) underline:

> Social housing is residualised in the sense that it is treated as the exception not the norm, and is not part of a broader commitment to collective housing provision. On the contrary, its provision is

[20] The countries are: Poland, Portugal, UK, South Africa and Turkey.

couched in a narrative of personal responsibility, which takes material form in under-resourcing of social housing. The result is that social housing tends to be of poor quality and in short supply, and hence does not reduce inequality beyond ensuring a minimum standard.

While these trends occurred at a faster pace in countries with more mature financial systems, the impacts of financialisation on well-being cannot be simply read off from the sizes of national financial systems or the extent of household engagements with finance. Systemic trends and their manifestation at the national level both underpin and reflect variegated outcomes, depending on how finance interacts with relevant systems of provision and broader welfare provisioning. Indeed, the countries most severely hit by the financial crisis were not the most financialised countries of the West and North of Europe where household dealings with finance are most widespread. Nor were the least financialised countries from East Europe the most protected from these impacts. The Southern European countries with the more fragile and more financially integrated economies were the most severely affected within the EU, especially those belonging to the Eurozone, which have become more vulnerable to external shocks. As the countries most negatively affected by financialisation and the financial crisis are also amongst those with the biggest gaps in their social protection systems, they have also endured the most severe social impacts. This has been particularly the case of the countries that have requested official financial assistance from the Troika made up of the International Monetary Fund (IMF), the European Central Bank (ECB) and the European Commission (EC), having been subjected to, and/or internalised, severe austerity measures in return, especially Greece and Portugal.

The paper thus concludes that the impact of financialisation and of the financial crisis on well-being depends on multiple factors and their interactions. It depends on overall levels of economic and financial development, affecting the weakest and financially integrated economies most exposed to financial turmoil. It depends on the particular ways relevant systems of provision have become increasingly financialised and more prone to reproduction and consolidation of social inequalities. And it depends on recent transformations on broader welfare provision, especially those that have pushed the most vulnerable to the margins of evolving welfare models and their corresponding systems of provision. From this it follows that the resolution of financialisation's dysfunctions and resulting vulnerabilities does not lie in small fixes to the financial sector. It requires instead de-financialising the economy and society, substantially changing the way production and social provision is organised. This will be the subject of Deliverable D5.08.

References

Aalbers, M.B. (2008), 'The Financialisation of Home and the Mortgage Market Crisis', *Competition & Change*, 12 (2), 148-66.

Aalbers, M.B. and Christophers, B. (2014), 'Centring Housing in Political Economy', *Housing, Theory and Society*, 31 (4), 373-94, DOI: 10.1080/14036096.2014.947082

Allen, L. (2004), 'The Basel Capital Accords and International Mortgage Markets: A Survey of the Literature', *Financial Markets, Institutions & Instruments*, 13 (2), 41-108.

Andersson, H. and Bro, A. (2015), 'Marginalisation, Exclusion and Alternatives in Sweden: An Introductory Perspective', Sweden Country Report prepared for FESSUD project, Deliverable D5.06.

Barba, A. and Pivetti, M. (2009), 'Rising Household Debt: Its Causes and Macroeconomic Implications—a Long-Period Analysis', *Cambridge Journal of Economics*, 33, 113-37.

Bayliss, K., Fine, B. and Robertson, M. (2013), 'From Financialisation to Consumption: The Systems of Provision Approach Applied to Housing and Water', *FESSUD Working Paper Series*, nº 2, http://fessud.eu/working-papers/#WP8

Bayliss, K., Fine, B. and Robertson, M. (2015a), 'Housing and Water in Light of Financialisation and "Financialisation"', mimeo, paper prepared for FESSUD project, Deliverable D8.27.

Bayliss, K., Fine, B. and Robertson, M. (2015b), 'The Role of the State in Financialised Systems of Provision: Social Compacting, Social Policy, and Privatisation', mimeo, paper prepared for Deliverable D8.27.

Bayliss, K., Fine, B. and Robertson, M. (2016), 'Introduction to Special Issue on the Material Cultures of Financialisation', mimeo, paper prepared for special issue of *New Political Economy*.

Beggs, M., Bryan, D. and Rafferty, M. (2014), 'Shoplifters of the World Unite! Law and Culture in Financialized Times', *Cultural Studies*, 28 (5), 976-96.

Boffo, M., Brown, A. and Spencer, D. (2013), 'Has the Financial Crisis Really Improved Well-Being? A Critique of "Happiness Economics" and Reassessment of the 2013 World Happiness Report', mimeo, paper prepared for FESSUD project, Deliverable D5.01.

Boyer, R. (2000a), 'The Political in the Era of Globalization and Finance: Focus on Some Régulation School Research', *International Journal of Urban and Regional Research*, 24 (2), 274-322.

Boyer, R. (2000b), 'Is a Finance-Led Growth Regime a Viable Alternative to Fordism? A Preliminary Analysis', *Economy and Society*, 29 (1), 111-45.

Boyer, R. (2013), 'The Global Financial Crisis in Historical Perspective: An Economic Analysis Combining Minsky, Hayek, Fisher, Keynes and the Regulation Approach', *AEL: A Convivium* 3(3), 93–139, doi 10.1515/ael-2013-0030.

CECODHAS (2011), *Housing Europe Review 2012: The Nuts and Bolts of European Social Housing Systems*, Brussels, Belgium: CECODHAS.

Churchill, J. (2013), 'Towards a Framework for Understanding the Recent Evolution of Pension Systems in the European Union', *FESSUD Working Paper Series*, nº 12, http://fessud.eu/working-papers/#WP5

Christophers, B. (2013), 'A Monstrous Hybrid: The Political Economy of Housing in Early Twenty-first Century Sweden', *New Political Economy*, 18 (6), 885-911, DOI: 10.1080/13563467.2012.753521

Cibor, K. (2015) 'Financialisation and Financial Exclusion as seen by the Members of Groups of the Underprivileged', Poland Country Report prepared for FESSUD project, Deliverable D5.06.

Crotty, J. (2009), 'Structural Causes of the Global Fnancial Crisis: A Critical Assessment of the New Financial Architecture', *Cambridge Journal of Economics*, 33, 563-80.

Crouch, C. (2009), 'Privatised Keynesianism: An Unacknowledged Policy Regime', *British Journal of Politics & International Relations*, 11(3), 382-399.

Crouch, C. (2012), 'Employment, Consumption, Debt, and European Industrial Relations Systems', *Industrial Relations*, 51(S1), 389-412.

Cynamon, B. and Fazzari, S. (2008), 'Household Debt in the Consumer Age – Source of Growth and Risk of Collapse', *Capitalism and Society*, 3, 1-30.

Detzer, D. and Hein, E. (2014), 'Finance-Dominated Capitalism in Germany – Deep Recession and Quick Recovery', *FESSUD Working Paper Series*, nº 54, file:///C:/Users/Ana%20Santos/Downloads/FESSUD-

Working-Paper-2014-Hein-Detzer-Finance-dominated-capitalism-in-Germany-deep-recession-and-quick-recovery-Working-paper-54%20(1).pdf

Doling, J. and Ronald, R. (2010), 'Home Ownership and Asset-Based Welfare', *Journal of Housing and the Built Environment,* 25 (2), 165–173.

Dos Santos, P. (2009), 'At the Heart of the Matter: Household Debt in Contemporary Banking and the International Crisis', *Research on Money and Finance Discussion Paper Series,* nº 11, http://www.researchonmoneyandfinance.org/media/papers/RMF-11-Dos-Santos.pdf

ECB (2009), 'Housing Finance in the Euro Area', *Occasional Paper Series*, nº 101, Frankfurt: European Central Bank.

Epstein, G. (Ed.) (2005), *Financialization and the World Economy*, Northampton: Edward Elgar Press.

Erturk, I., Froud, J., Johal, S., Leaver, A. and Williams, K. (2007), 'The Democratization of Finance? Promises, Outcomes and Conditions, *Review of International Political Economy*, 14, 553-75.

Fine, B. (2009), 'Neo-Liberalism in Retrospect? – It's Financialisation, Stupid', paper prepared for Conference on "Developmental Politics in the Neo-Liberal Era and Beyond", 22-24 October 2009, Center for Social Sciences, Seoul National University. http://eprints.soas.ac.uk/7993/

Fine, B. (2010), 'Locating Financialisation', *Historical Materialism*, 18 (2), 97-116.

Fine, B. (2011), 'Financialisation on the Rebound?', mimeo, http://eprints.soas.ac.uk/12102

Fine, B. (2013a) 'Financialization from a Marxist Perspective', *International Journal of Political Economy*, 42 (4), 47–66.

Fine, B. (2013b), 'Towards a Material Culture of Financialisation', *FESSUD Working Paper Series*, nº 15, http://fessud.eu/working-papers/#WP5

Fine, B. (2014), 'The Continuing Enigmas of Social Policy', *UNRISD Working Paper* 2014-10.

Fine, B. (2016), 'The Material Culture of Financialisation', mimeo, paper prepared for special issue of *New Political Economy*.

Finlayson, A. (2009), 'Financialisation, financial literacy and asset-based welfare', *British Journal of Politics & International Relations*, 11(3), 400–21.

Fligstein, N. and Goldstein, A. (2015), 'The Emergence of a Finance Culture in American Households, 1989–2007', *Socio-Economic Review*, 13 (3), 575-601.

Foster, J. (2007), 'The Financialization of Capitalism', *Monthly Review*, 58, 1-12.

Froud, J., Sukhdev, J. and Willimas, K. (2006), 'Financialisation and the Coupon Pool', *Capital and Class*, 78, 119-51.

Hein, E. (2009), 'A (Post-) Keynesian perspective on "financialisation"' *IMK Studies 01-2009*, IMK at the Hans Boeckler Foundation, Macroeconomic Policy Institute, http://www.boeckler.de/pdf/p_imk_studies_01_2009.pdf

Hein, E. (2015), 'Finance-dominated Capitalism and Re-distribution of Income: a Kaleckian Perspective', *Cambridge Journal of Economics, 39 (3), 907-34 doi:10.1093/cje/bet038*

Jordà, O., Schularick, M. and Taylor, A.M. (2015), 'Betting the House', *Journal of International Economics,* 96, S2-S18.

Karacimen, E. (2013), 'Dynamics Behind the Rise in Household Debt in Advanced Capitalist Countries: An Overview', *FESSUD Working Paper Series*, nº 9, http://fessud.eu/working-papers/#WP5

Krippner, G. (2005), 'The financialisation of the American Economy', *Socio-Economic Review*, 3 (2), 173-208.

Krippner, G. (2011), *Capitalizing on Crisis: The Political Origins of the Rise of Finance*, Cambridge, MA: Harvard University Press.

Lapavitsas, C. (2009), 'Financialised Capitalism: Crisis and Financial Expropriation', *Historical Materialism*, 17 (2), 114-48.

Lapavitsas, C. (2013), *Profiting Without Producing: How Finance Exploits Us All*, London: Verso.

Lapavitsas, C., Kaltenbrunner, A., Lambrinidis, G., Lindo, D., Meadway, J., Michell, J., Painceira, J, Pires, E., Powell, J., Stenfors, A., Teles, N. and Vatikiotis, L. (2012), *Eurozone in Crisis*, London: Verso Books.

Langley, P. (2008), *The Everyday Life of Global Finance*. Oxford: Oxford University Press.

Leahy, A., Healy, S. and Murphy, M. (2014), *Crisis Monitoring Report 2014 – The European Crisis and Its Human Cost: A Call for Fair Alternatives and Solutions; A Study of the Impact of the Crisis and Austerity on People, with a Special Focus on Cyprus, Greece, Ireland, Italy, Portugal, Romania and Spain,* Brussels: Caritas Europa.

Lis, P. (2015), 'Financialisation of the System of Provision Applied to Housing in Poland', *FESSUD Working Paper Series* Nº 100, February 2015, http://fessud.eu/wp-content/uploads/2015/01/2-LisP_FESSUD_WP8_housingPoland-working-paper-100.pdf

López, I. and Rodríguez, E. (2011), 'The Spanish Model', *New Left Review*, 69 (May-June), 5-29.

Lowe, S.G., Searle, B.A. and Smith, S. J. (2011), 'From Housing Wealth to Mortgage Debt: The emergence of Britain's Asset-Shaped welfare State', *Social Policy & Society*, 11 (1), 105-116.

Gabor, D. and Tancau, M. (2016), 'Research Report Synthesizing the Results of the National Workshops', mimeo, paper prepared for FESSUD project, Deliverable D5.06.

Martin, A. (2015), 'Finance for All, but on Whose Terms?', UK Country Report prepared for FESSUD project, Deliverable D5.06.

Montgomerie, J. (2009), 'The Pursuit of (Past) Happiness? Middle-class Indebtedness and American Financialisation', *New Political Economy*, 14(1), 1-24.

Montgomerie, J. and Büdenbender, M. (2015), 'Round Houses: Homeownership and Failures of Asset-Based Welfare in the United Kingdom', *New Political Economy*, 20 (3), 386-405.

moveGLOBAL (2015), 'Financialization of the marginalized in Germany', Germany Country Report prepared for FESSUD project, Deliverable D5.06.

Oxfam (2013), 'A cautionary Tale: The true cost of austerity and inequality in Europe', *Oxfam Briefing Paper 174*, September 2013, Oxford, UK: Oxfam.

Palley, T.I. (2007), 'Financialization: What It Is and Why It Matters', *PERI Working Paper Series*, nº 153, http://www.peri.umass.edu/fileadmin/pdf/working_papers/working_papers_151-200/WP153.pdf

Palley, T.I. (2013), *Financialization: The Economics of Finance Capital Domination,* Palgrave Macmillan.

Robertson, M. (2014), 'Housing Provision, Finance, and Well-being in Europe', *FESSUD Working Paper Series*, nº 14, http://fessud.eu/working-papers/#WP5

Robertson, M. (2015), 'Synthesis Report: The system of provision for housing in selected case study countries', mimeo, paper prepared for FESSUD project, Deliverable D8.26.

Robertson, M. (2016), '(De)constructing the Financialised Culture of Owner-Occupation in the UK, with the aid of the 10Cs', mimeo.

Rodrigues, J., Santos, A.C. and Teles, N. (forthcoming), "Semi-peripheral Financialisation: the Case of Portugal", *Review of International Political Economy*.

Santos, A.C. (2013), 'Financial Literacy, Financialisation and Neoliberalism', *FESSUD Working Paper Series* No. 11, http://fessud.eu/working-papers/#WP5

Santos, A.C. (2016), 'Cultivating the self-reliant and responsible individual: the material culture of financial literacy', mimeo.

Santos, A.C. and Teles, N. (2014), 'Recent Trends in Household Financial Behaviour', mimeo, paper prepared for FESSUD project, Deliverable D5.03.

Santos, A.C., Serra, N., and Teles, N. (2015), 'Finance and Housing Provision in Portugal', *FESSUD Working Paper Series* No. 79, January 2015, http://fessud.eu/working-papers/#WP8

Santos, A.C., Lopes, C. and Costa, V. (2016), 'FESSUD Finance and well-being survey 2014: Report', *FESSUD Working Paper Series* nº 130, January 2016, http://fessud.eu/wp-content/uploads/2015/03/FESSUD-Finance-and-Well-being-Survey-Report-working-paper-130_ana.pdf

Sawyer, M. (2013), 'What Is Financialization?', *International Journal of Political Economy*, 42:4, 5-18.

Serap, S. (2013), 'Review of pension provision across the European Union countries', *FESSUD Working Paper Series*, nº 13, http://fessud.eu/working-papers/#WP5

Silva, R., Fernandes, L., Pedro, S., Gonçalves, M. J., Gonçalves, R. and Farinha, G. (2015) 'Financial sector and well-being: a participatory reflection', Portugal Report prepared for FESSUD project, Deliverable D5.06.

Stockhammer, E. (2007), 'Some Stylized Facts on Finance-Dominated Accumulation Regime', *PERI Working Paper Series*, nº 142, http://scholarworks.umass.edu/cgi/viewcontent.cgi?article=1114&context=peri_workingpapers

Stockhammer, E. (2015), 'Rising inequality as a Cause of the Present Crisis', *Cambridge Journal of Economics*, 39 (3), 935-58 doi:10.1093/cje/bet052

Sweezy, P. (1994), 'The Triumph of Financial Capital', *Monthly Review*, 46 (2), June, 1-11.

Toussaint, J., and Elsinga, M. (2009), 'Exploring housing and asset-based welfare: Can the UK be held up as an example for Europe?', *Housing Studies*, 24 (5), 669–92.

Van Gent, W.P.C. (2010), 'Housing Policy as a lever for Change? The Politics of Welfare, Assets and Tenure', *Housing Studies*, 25 (5), 735-53.

Van Treeck, T. (2009), 'The Political Economy Debate on 'Financialisation' – A Macroeconomic Perspective', *Review of International Political Economy*, 16 (5), 907–44.

Van Treeck, T. (2014), 'Did Inequality Cause U.S. Financial Crisis?', *Journal of Economic Surveys*, 28 (3), 421–48.

Financialisation, Economy, Society and Sustainable Development (FESSUD) is a 10 million euro project largely funded by a near 8 million euro grant from the European Commission under Framework Programme 7 (contract number : 266800). The University of Leeds is the lead co-ordinator for the research project with a budget of over 2 million euros.

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?'

THE PARTNERS IN THE CONSORTIUM ARE:

Participant Number	Participant organisation name	Country
1 (Coordinator)	University of Leeds	UK
2	University of Siena	Italy
3	School of Oriental and African Studies	UK
4	Fondation Nationale des Sciences Politiques	France
5	Pour la Solidarite, Brussels	Belgium
6	Poznan University of Economics	Poland
7	Tallin University of Technology	Estonia
8	Berlin School of Economics and Law	Germany
9	Centre for Social Studies, University of Coimbra	Portugal
10	University of Pannonia, Veszprem	Hungary
11	National and Kapodistrian University of Athens	Greece
12	Middle East Technical University, Ankara	Turkey
13	Lund University	Sweden
14	University of Witwatersrand	South Africa
15	University of the Basque Country, Bilbao	Spain

Published in Leeds, U.K. on behalf of the FESSUD project.