PERIPHERIE
Politik • Ökonomie • Kultur

Financialisation and Development in Times of Crisis

Call for Papers, *Peripherie*, Issue 162/163 (to be published in August 2021)

Since the North Atlantic financial crisis of 2007/2008, the term "financialisation" has increasingly become a buzzword. This term describes both a process and a new phase of capitalist development, which has seen financial markets (re-)gain a dominant role in the global accumulation regime. Starting in the 1970s, this phase of capitalist development has been accompanied by the rapid rise of new actors in the shadow banking system, such as hedge funds or pension funds. Amongst other factors, these have grown through neoliberal policies of liberalisation, deregulation, and privatisation, as well as growing wealth inequalities, which have allowed actors to shift large sums of money around the globe, further consolidating the centralisation of a few asset management firms.

Financial products, such as derivatives, have contributed significantly to this rise. These innovations have allowed market risks associated with assets, such as changes in interest rates, share values, or commodity prices, to be traded independent of their ownership. Other financial instruments, such as the securitisation of credit, which were at the centre of the United States' subprime crisis, transform diverse debts, including mortgages, student loans, or microcredit, into tradable assets, which are then sold off to investors. Both innovations not only generate high profits – and, thus, contribute to global inequalities – they also make the global financial system more volatile, as demonstrated by the abovementioned crisis.

The recent proliferation of financial logics and instruments has not only forced corporations to maximise their profits in the interest of shareholders, they have also increasingly encroached on states and wider society through austerity policies and the growing indebtedness of working-class households. The financialisation trend has also seized hold of programmes for sustainable development in countries in the Global South. Nonetheless, scholarly contributions on the relation between financialisation and development are relatively sparse in the German-speaking area. This is remarkable in several respects:

On the one hand, the actors and dynamics of international financial markets have increasingly diffused into development discourses and programmes. The World Bank and other international development agencies hail the potential of financial markets to reach the sustainable development goals (SDGs) under the slogan "Maximizing Finance for Development". Likewise, instead of financing this agenda through the international community, billions of official development aid (ODA) is expected to unlock trillions in private investment capital. For investors, investing in development projects makes good financial sense. Indeed, according to the World Bank, investing in infrastructure, health, education, and/or agriculture in developing and emerging economies could net investors roughly 12 trillion (10^{12}) US$ in profit.

On the other hand, German and European institutions, such as the *Kreditanstalt für Wiederaufbau* (KfW), the *Gesellschaft für Internationale Zusammenarbeit* (GIZ), and the *European*

Investment Bank (EIB), are central actors promoting the links between development policy and financial markets. For example, the GIZ is active in consulting, financing, and implementing projects on "financial inclusion", seeking to incorporate "poor households" into the formal financial system through microcredit, insurance, or payment services. Moreover, the German government has played a key role in the G7/8 and, since the recent great financial crisis, in the G20, in promoting the deepening of financial markets in developing countries and in making investment in these countries more attractive for shadow banks. The "Compact with Africa", which was adopted in 2017 under Germany's G20-presidency, is part of these ambitions.

For countries in the Global South, deepening global financial markets and their implementation through development policies raises critical questions concerning old dependencies and new challenges. The commodification of societal infrastructure and social reproduction associated with financialisation not only exacerbates inequalities and economic deprivation, it also limits the policy space to shape independent development paths. Moreover, the financialisation of development consolidates conflicts of interest within respective countries. For example, the privatisation of pension funds or domestic investment opportunities for wealthy classes fosters domestic interests in high dividends and interest payments. Dependency on the World Bank and the International Monetary Fund (IMF) also increases if development projects are not considered "bankable" and venture capital must step in.

The Covid-19 pandemic that erupted in late-2019 seems to intensify these contradictions. International capital, which had recently been invested in countries in the Global South, is rapidly being removed and may provoke further crisis tendencies. Any hope that domestic investors would prove as anchors in times of crisis has proved groundless.

Against this background, this special issue aims to bring together different perspectives on the contradictory and crisis-prone nature of financialisation and development. Both theoretical and empirical contributions are welcome. We particularly invite articles that deal with the abovementioned blind spots and current crisis tendencies. Contributions on the following topics and questions are especially desired:

- *Development Actors:* Which interests and actors constitute the drive to deepen financial markets in the Global South and which new national and international alliances are visible in this process? What is the role of German and/or European (development) politics?
- *Instruments:* What financial products and instruments have been developed in recent years or are currently being tested (e.g. structured funds, green bonds, de-risking, securitisation) and what are their developmental implications?
- *Geopolitics:* What are the geopolitical implications of the financialisation of development? How are colonial and imperial relations of power and oppression perpetuated, renewed, or contested? How does the deepening of financial markets relate to power relations in global value chains?
- *Crisis Tendencies:* What contradictions and crisis tendencies have emerged as a result of the developmental push for financialisation? How are these triggered or amplified by the Covid-19 pandemic?
- *Social Reproduction/Ecology/State:* How are different segments of society and society-nature relations governed by financialisation in the Global South? How does this development inscribe itself into state institutions and what are the effects on new forms of statehood? How is daily life structured through financialisation? How does financialisation change the conceptualisation of the SDGs?

- *Resistance/Transnational Solidarity:* What strategies do social movements and other civil society actors develop in different geopolitical contexts to counter increasing indebtedness and dependency on financial markets? What forms of transnational solidarity are possible and/or emerging from a critique of finance-led capitalism?

The submission deadline for articles is
December 28, 2020.

For manuscripts, correspondence with regard to potential contributions, and further questions, please contact: info@zeitschrift-peripherie.de. Further information for authors is summarised on our website at: http://www.zeitschrift-peripherie.de.