

BOOKS ABOUT HOW BANKING RULES THE WORLD - Grace Blakely

When the headline on the front page of the Financial Times declares capitalism needs a "reset", there must be something wrong. But why has our economy become so rapacious and unsustainable?

Economist Gerald Epstein locates the blame in the way in which financialisation has transformed the global economy. **Financialization and the World Economy**, edited by Epstein, shows how "financial motives, financial markets, financial actors and financial institutions" have come to colonise every area of economic activity, resulting in the capture of our political and economic institutions by a tiny elite.

The journalist Joris Luyendijk explores the psychology of the rentier in **Swimming With Sharks**, asking how bankers in the City of London "could live with themselves" after the crash of 2008. Most of the testosterone-fueled traders he interviewed were not only free from guilt, they were actively seeking out new financial "innovations" that could help them evade the spirit of post-crisis regulation. The amoral culture of the City is not a natural outgrowth of human nature, Luyendijk concludes, it emerges from the structure of the loosely regulated, opaque and unaccountable banking industry itself.

This acquisitive culture extends far beyond the Square Mile. John Lanchester's novel **Capital** follows inhabitants of Pepys Road - a fictional residential street in London - in the run up to the financial crisis. Many of the characters become caught up in the "delusion of thrift", believing that they have unimaginable wealth through their own hard work and smart investments, when in fact they are simply living through the tail end of a financial boom. Like so many others, residents of Pepys Road released the equity from their houses for home improvements without anticipating what would come next.

In the spirit of JM Keynes - who famously called for the "euthanasia of the rentier" - many would have us believe that the rentier's rise represents a perversion of an otherwise well-functioning capitalism. The reality is far more complex. Tony Norfield's **The City** draws on the work of the Marxist economist Rudolf Hilferding to assert that the growing dominance of finance in the global economy is not an aberration of an otherwise sound model, but a result of the development of capitalism. "If you do not like 'finance' but have no problem with the capitalist system, you ought to think a little more, since the two are inseparable," Norfield argues.

Nowhere is this clearer than in politics. Capitalism is, after all, not simply an economic system, but a social and political one, too. As Astra Taylor observes in **Democracy May Not Exist But We'll Miss It When It's Gone**, the principles of democracy - solidarity, interdependence and community - have been corrupted by the logic of financial capitalism: greed, exploitation and ruthless competition. As the elite uses its power to tilt the rules of the game to its advantage, Taylor calls for a radical rethink not just of capitalism, but of democracy. The only way to solve the crisis in capitalism is for the interests of those who live from work to trump those of people who live off wealth.

*Grace Blakeley is the author of **Stolen: How to Save the World from Financialisation** (Repeater).*