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Financialization of Life: A Review and Critic from Perspective of Individuals

Yaşamın Finansallaşması: Bireylerin Perspektifinden Bir İnceleme ve Eleştiri

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Abstract

Globalization, neo-liberalization, and financialization are three popular concepts used to understand and explain the political, social, and economic transformations that have taken place worldwide since the 1970s. While researchers and thinkers are sometimes criticized for their tendency to create new concepts (especially those ending with the "-ization" suffix), almost everyone agrees that this period is distinct from previous ones in terms of its unique dynamics. Among these three concepts, financialization, the youngest, has gained more attention after the 2007-2008 global financial crisis. In this study, the topic of financialization will be explored within the framework of how individuals are affected by and interact with the financial system.

Keywords: Finance, inequality, poverty

Özet

Küreselleşme, neo-liberalleşme ve finansallaşma, 1970'li yıllardan itibaren dünyada meydana gelen siyasi, sosyal ve ekonomik dönüşümleri anlamak ve açıklamak için kullanılan üç popüler kavramdır. Araştırmacılar ve düşünürler zaman zaman yeni kavram türetme sevdasına (özellikle de "-leşme", İngilizce karşılıklarında "-ization" ekiyle) düşmekle eleştiriliyor olsa da hemen herkes, söz konusu dönemin kendisine has dinamikleriyle önceki dönemlerden ayrıştığı konusunda hemfikirdir. Bu üç kavram arasında en genci olan finansallaşma, 2007-2008 küresel finans krizi sonrası daha fazla tartışılmaya başlanmıştır. Bu bölümde finansallaşma konusuna bireylerin finansal sistemden etkilenişi ve etkileşimi çerçevesinde bakılacaktır.

Anahtar kelimeler: Finansallaşma, eşitsizlik, yoksulluk.

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1.Financialization of Economies

From the end of World War II until the mid-1970s, developed economies were influenced by Keynesian thought. During this time, governments actively participated in the economy with the aim of becoming welfare states, ensuring a fair distribution of rewards from productivity for both workers and firms (Tridico and Pariboni 2018, 238). However, starting from the late 1970s, a new economic policy paradigm termed financial capitalism emerged in the United Kingdom under the leadership of Thatcher and in the United States under the Reagan administration (Tridico and Pariboni 2018, 238).

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Today, the share of national and global financial sector components within country economies is quite significant. In the 1980s, the amount of credit provided by the U.S. financial sector was around 100% of the gross domestic product (GDP), but by the 2020s, this ratio had risen to as high as 300%. Similarly, during the same period in the U.S., the proportion of local firms' stock market capitalization to GDP increased from the 50% to the 200%[i]. For a global view, refer to Figure 1. In the figure, it can be observed that the ratios of stock market value and derivative contract sizes[ii] to the world GDP have risen rapidly, even exceeding 100%.

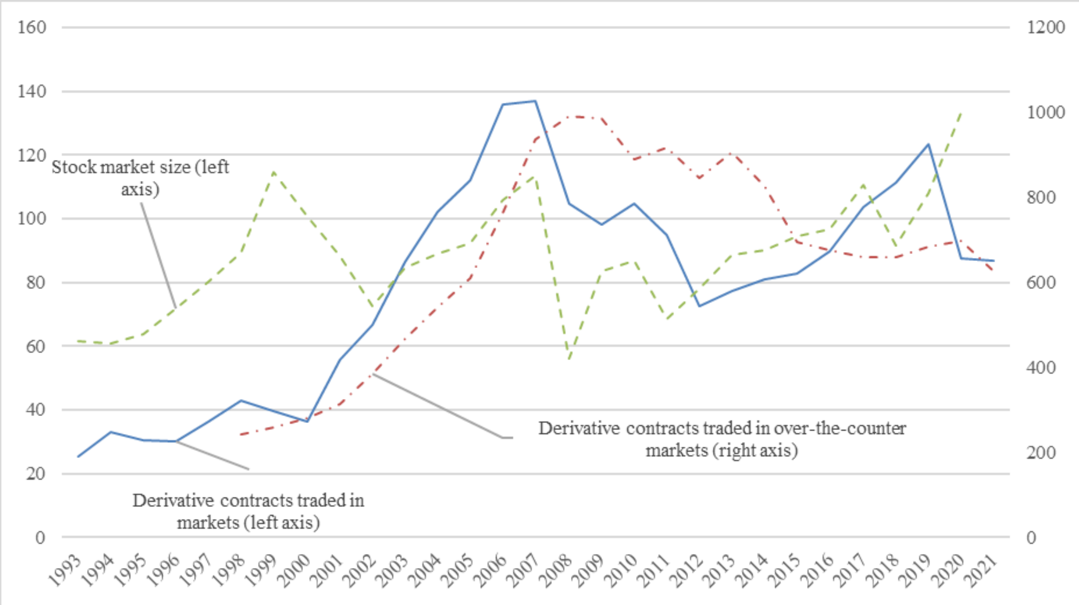

Figure 1. Financial product market sizes/GDP ratios; global data

Source: Derivative market data - Bank for International Settlements; GDP data - World Bank; Stock market/GDP ratio data - World Bank. Total market sizes and ratios were calculated by the author.

Financial and non-financial institutions use derivative contracts for two purposes mainly; to control and manage risks stemming from fluctuations in underlying asset prices (called hedging), or to profit from price changes in underlying assets (called speculation). Financial intermediaries that mitigate or transfer their risks through derivative contracts have become part of a systemic risk environment, which can propagate across institutions without respecting national borders. In conjunction with attempts to control speculative risk appetite through regulations implemented after the 2007-2008 crisis, the over-the-counter market volume of derivative contracts, especially those aimed at managing risk, has shown a tendency to decrease. However, as of 2021, it is still nearly six times the size of the global economy (see Figure 1).

The developments that occurred after the 1980s are undoubtedly a part of the globalization process, where economic, cultural, philosophical distinctions and barriers began to diminish—a phenomenon sometimes referred to as the "silent revolution" (Boughton 2001) in certain sources. Many countries became involved in global trade, integrated their financial markets into the global market by liberalizing them (Altinbas 2020), and saw increased capital mobility. By the late 1990s, the share of Asian countries in the global economy, led by China, significantly rose (Maddison 2006, 263). While the general fact is

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that the global economy expanded, the extent of changes in economic and quality-of-life inequalities between and within countries and regions will be discussed in subsequent sections.

Today, a considerable number of people living in both developed and developing countries work and establish businesses in the financial sector. There are numerous significant factors that distinguish the financial sector from other industries. Foremost among them is the sector's ability to generate and channel resources (capital) for economies. Entrepreneurs bring investment ideas to life, companies continue their operations or make new investments, governments maintain services like education, healthcare, transportation, and social support, and infrastructure and project initiatives are executed. Individuals and companies invest their savings in the financial sector, converting them into productive investments[iii] and generating income.

Another noteworthy aspect is the inevitable interaction of the mentioned parties with the "goings-on" in the financial sector—a level of interconnectedness that is unmatched in any other industry. Especially from an individual's perspective, people find themselves following financial indicators, interpreting central bank policies, and reacting with joy or concern to developments; even those who do not have a particular interest in the production processes of the products or services they consume, nor in the factors affecting these processes. Leveraging the possibilities offered by today's internet technology, individuals are bypassing traditional financial intermediaries, interpreting information, and directly implementing their decisions. They are becoming increasingly integrated with the financial system. Their interest in their own professions wanes as they focus on understanding financial products that promise higher returns. International and national institutions strive to enhance people's financial literacy. Progressing toward a hierarchical and inherently imbalanced global Financial Community (Mehrling 2017), the whole world is continuously engaging in the financial system.

1.1.Remembering finance's real meaning

There are two fundamental aspects to consider in finance. On one hand, finance refers to the process of acquiring the necessary resources for investment or expenditure, and on the other hand, it pertains to the efficient utilization of these resources. Financial intermediaries facilitate the bridge and communication between savers and investors, overseeing these processes. Jean-Claude Trichet, former President of the European Central Bank summarized why societies need finance in five points, in a speech[iv] following the Global Financial Crisis: (1) Removing constraints on investments with external financing sources, (2) enabling evaluation and rating of investment projects, (3) managing and diversifying unacceptable risks for entrepreneurs, (4) matching short-term liquidity needs with long-term investment opportunities, (5) facilitating price formation. In essence, finance involves both sourcing the necessary funds and optimizing their allocation for various economic activities.

From the geographical explorations after the 15th century to today's space travels, the role of finance has been significant in realizing countless projects. Overcoming financial barriers in front of minds with dreams and goals is undoubtedly a great achievement. However, at this point, there are important debates about the position and power of the financial system within economies. Hansen (2014) defined

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the relationship between finance and society over a 150-year period through the constantly changing roles of ownership and servitude. Today, finance plays the role of a "very powerful owner," and both financial and societal instability is evident.

Financial institutions, with their "innovative" solutions for transforming securities, secure their risky positions and have created an environment where their insatiable appetite for returns can be satisfied. The events of 2007-8 and beyond clearly demonstrated that the financial system can have an impact on real economic activity to an extent that can disrupt it. This phenomenon is conceptualized as financialization.

1.2.About Financialization

The concept of financialization[v] points to the increasing significance of financial markets, financial motives, financial institutions, and financial elites on both national and international levels in the functioning of economies and governance institutions (Epstein 2002, 3). Starting from the late 1970s, as average economic growth rates decreased globally, monopolistic or oligopolistic multinational corporations emerged, accompanied by the process of financialization (Sweezy 1997). The subsequent section will delve into more detail, but it's important to note that increased income inequality, rising debt, ownership concentration, and corporate shareholders' dominance are among the primary effects of the financialization process in the real sector (Lagoarde-Segot 2017, 119–21).

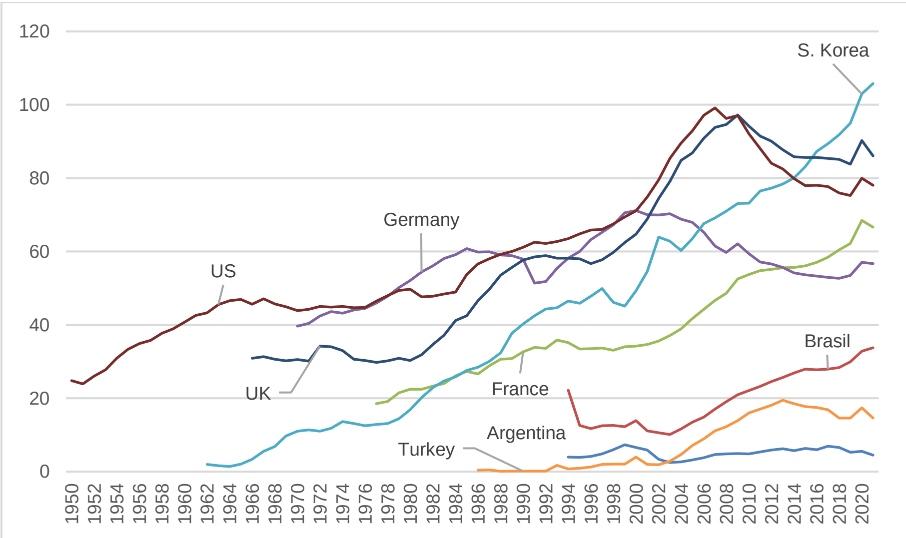

Figure 2. Household debt/GDP Ratio, selected countries

Source: Mbaye, Moreno-Badia, and Chae (2018)

Mature capitalist economies have witnessed significant transformations during this period. Firstly, monopolistic capital has become financialized, gaining independence from banks and engaging extensively in financial activities. Subsequently, banks shifted their focus towards households and individuals. The motivation for increased borrowing and acquiring financial assets of individuals and households has led to the financialization of workers' incomes. The financial system has become an intermediary for consumption, and they start to make profits not from surplus value but through direct wages (financial extraction) (Lapavitsas 2011). Figure 2 illustrates the changing household

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indebtedness levels over the years in various countries. In nearly every country, there has been a pronounced upward trend, particularly after the 1980s.

Financialization impacts every aspect of social life, affecting inequalities between societal units, culture, social structures, and the ways businesses operate and create value (Davis and Kim 2015). In essence, finance has permeated society to its very core, becoming an inescapable reality for individuals. This phenomenon also benefits from the technology fetishism reaching its peak with products like cryptocurrencies or non-fungible tokens. Even individuals at a very young age have become intellectual ambassadors of the system[6].

2.Wealth

2.1.Economic growth

Starting from the early 1980s, countries that liberalized capital markets and implemented a "laissez-faire" form of capitalism, essentially letting things take their course, argued that such liberalization would lead to economic growth and increased prosperity, particularly for developing countries. In general, it can be said that financial intermediaries and markets have been significant for economic growth in many countries and various periods (Popov 2017). However, when looking at research, there isn't clear evidence that these growth expectations have been realized (Freeman 2010). Financial development contributes to growth up to a certain point and can subsequently have a negative impact on real growth (Cecchetti and Kharroubi 2012).

It's possible to say that the integration of developing economies into the global financial system has contributed to economic growth. An important indicator to consider is the extent to which the financial sector itself grows within this growth. Are we dealing with a financial system that supports and fosters the real sector or the one that merely grows on its own? When we recall the Mexican crisis (1995) and subsequent crises such as the Asian financial crisis (1997), Russian crisis (1998), Brazilian crisis (1998), Argentine crisis (2001), and Turkish crisis (2001), it becomes necessary to clearly establish whether the financialization process is beneficial for developing countries or, from another perspective, who it benefits. It's important to consider that countries that have liberalized their markets may be more vulnerable compared to industrialized (developed) countries against speculative and unproductive investment tendencies brought by capital flows, and more susceptible to the adverse effects of asset price bubbles, especially housing bubbles (Karwowski and Stockhammer 2017, 79).

Even if financialization has contributed to economic growth, another topic of debate is the extent to which different segments benefit from this growth. There's a concern about which sectors or groups receive what share from this growth. It's known that there has been a decrease in inter-country/inter-regional inequalities. In Figure 3, it's evident that a significant shift in the dominant position of Western developed countries in the global economy occurred after 1959. This change has largely been in favor of Asian economies. However, within country borders, distribution stories can vary significantly. While the choice of inequality measurement and method preferences can cause inconsistencies between studies, it's clear that the wealthiest segments of societies take larger shares from the growing pie.

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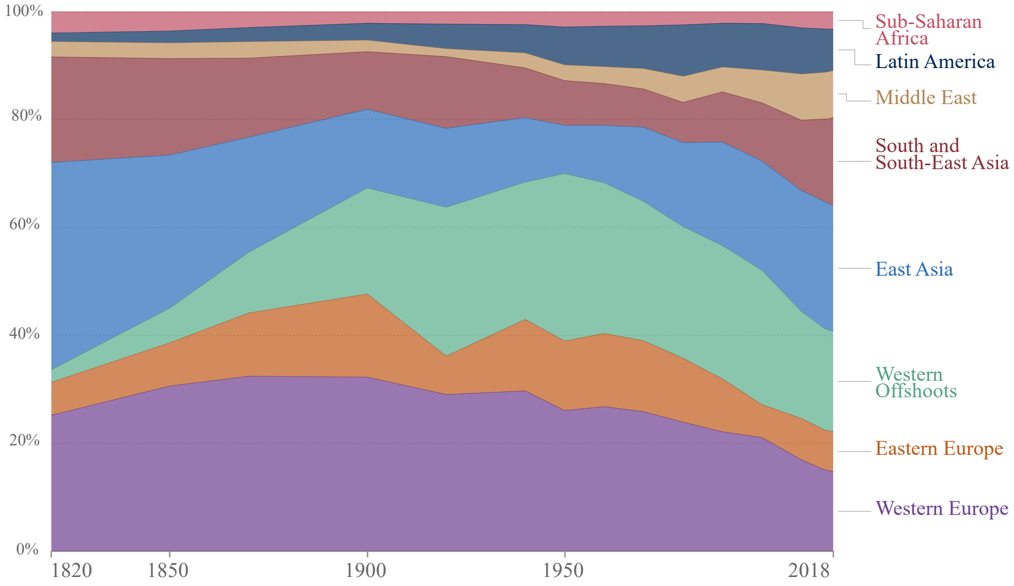

Figure 3. GDP shares of different regions in world, 1820-2018 period.

Source: Bolt and van Zanden (2020). Chart from Our World in Data (2022a)

2.2.Powerty and inequality

The impact of financialization on poverty and inequality is a highly debated topic. Different methods and statistical indicators can be used when determining levels of poverty and inequality[vi]. Therefore, contradictory attitudes can be observed in the literature.

There are researchers who argue that financial development increases the income of the poorest segments of society more than other segments, thus reducing inequality (Beck, Demirgüç-Kunt, and Levine 2007; Clarke, Xu, and Zou 2006). Figure 4 demonstrates the decrease in the proportion of the population exposed to extreme poverty[vii] worldwide (Hasell et al. 2022). It is evident that the decrease accelerated after the Second World War.

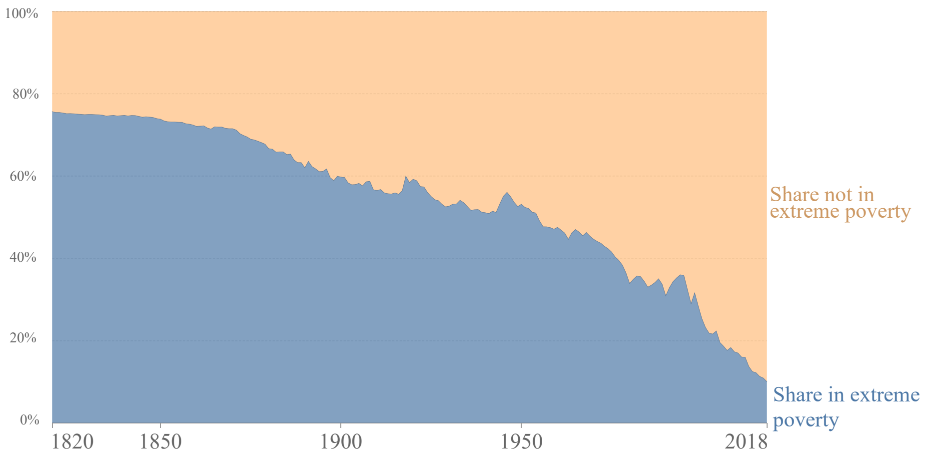

Figure 4. Extreme poverty worldwide, 1820-2018 period.

Source: Moatsos (2021). Chart from Our World in Data (2022b).

It is claimed that financial development supports economic growth and resource allocation also through skills and entrepreneurship, rather than through inheritance or social connections. As a result, economic opportunities for individuals increase, leading to a positive change in income distribution (Levine 2021).

There is also a group of evaluations that are critical of this inequality remark. Looking from their perspective, Gini coefficients[viii], which generally showed a declining trend until the mid-1980s, began to rise during the period of accelerated globalization and financialization. Income and wealth inequality increased in all developed countries, but particularly in the most financially developed "Anglo-Saxon" economies (Dore 2008, 1107; Lin and Tomaskovic-Devey 2013). Significant differences can exist among countries (Dhrifi 2015), and these differences can be attributed to the influence of the elites dominating the political and economic spheres in the country's institutional structure (Claessens and Perotti 2007). Nevertheless, research based on data from numerous countries suggests that financialization has negative consequences on inequality (de Haan and Sturm 2016; Mohd Daud, Ahmad, and Ngah 2021).

At this point, looking at the issue from the perspective of income shares for different population segments will provide further insight. Table 1 displays ratios calculated by dividing the average welfare level of the top 1% segment (P99-P100) of household incomes, by the average income level of the bottom 40% segment (P40) for various countries over the years. The ratios show that inequality levels have either remained at the same levels or increased in nearly every country, except for Argentina and Brazil, which are still high.

Table 1. P99-P100/P40 ratios throughout years in selected countries.

Year	Argentina	Brazil	China	Germany	India	UK	US	Turkey
1974						8.17	10.69	
1979						6.10	10.92	
1981		56.44	7.47			8.57	11.06	
1983		62.04			20.53	8.13	12.27	
1986	19.79	62.34				11.01	12.84	
1987	23.76	68.94	9.79		25.81	12.23	11.94	
1991	30.82			8.12		12.34	13.05	
1993	21.79	73.99	21.65	7.15	23.55	12.23	19.02	
1994								18.73
2004	27.41	52.60		9.39	29.79	13.51	19.70	
2005	26.79	52.41	24.89	10.46		13.97	20.763	
2011	17.35	42.38	28.99	9.76	31.74	11.88	18.19	14.73
2016	16.77	41.48	21.81	10.34	26.57	11.20	17.54	
2019	18.25	44.57	22.67	11.93	27.55	10.07	18.27	17.46
2020	16.14	32.42				9.62	16.23	

Source: World Bank (2022)**.** Ratios are calculated by the author.

While financial development contributes to economic growth in developing countries, this contribution seems not be adequately felt by the poorer segments of society and could even have negative effects on inequality (Seven and Coskun 2016). In the US, the increase in financial investment amounts carried out by non-financial corporations has benefited capital owners, lowered economic growth in sectors excluding finance, and the workforce has been the most affected (Tomaskovic-Devey, Lin, and Meyers 2015, 17). Profit shares and interest payments have increased, and the share of the labor force in the national income has decreased due to labor's weakened bargaining power linked to capital-focused

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corporate restructuring (Dünhaupt 2013; Heil 2018). The labor force has been reshaped as a form of capital (Bryan, Martin, and Rafferty 2009).

Whether there has been an increase or not in income and wealth inequality, at this point, the average citizen is faced with complex financial plans that are difficult to comprehend, and the society's talented individuals have been drawn from the real economic sector into the financial industry (Dore, 2008, pp. 1108-1109). Due to the financial sector's competition with the real economy for production factors, particularly the labor force, productivity has declined (Cecchetti and Kharroubi 2018).

The masses who sustain their livelihoods through earnings in the real economy need a financial system that creates value rather than pursuing rent-seeking that erodes value (Freeman 2010, 179). Zhang and Ben Naceur (2019), who assert that financial development positively affects growth and income distribution, emphasize that countries should direct their financial systems towards economic growth and poverty reduction. In countries with high inequality, benefits are likely to concentrate in certain elite segments, while risks may be borne by the entire society, resulting in the poorest segments being most affected by financial crise. The path for countries to achieve sustainable financial development lies in reducing inequality in access to the financial system and preventing the abuse of political power (Claessens and Perotti 2007). Increased trade and capital movements through globalization make sense only with complementary policies. In countries with a labor force lacking sufficient education and skills, fighting poverty becomes impossible without removing barriers to labor mobility or ensuring fair access for different segments of society to the gains (Harrison and McMillan 2007, 125–26).

In the face of the negative developments and transformations mentioned in previous sections, the necessity for an ideological shift should also be discussed. It appears that confronting financialization without recognizing the priority of the community over a small proportion of population is not possible without accepting the necessity, and even responsibility, of public authority's intervention in the economy (Lapavitsas 2013).

As seen, the changes in the global economies after the 1980s and how different segments of society have benefited from this process are subjects open to debate. However, there is something that is not open to debate today: individuals are profoundly affected by developments and upheavals in the financial system, and they are in constant interaction with financial or financialized products. Whether an office worker in the heart of a metropolis or a farmer in a rural area, individuals are confronted with an Agent Smith[ix] who transforms everything they touch into a copy of themselves.

3.Financialized Life

3.1.Financialization of commodities

Commodity-based financial derivatives have become one of the most popular investment products for portfolio managers in recent years. Derivative contracts, also known as derivative products, are derived from another asset referred to as the underlying asset (currency, oil, wheat, stock index, etc.)[x]. These contracts involve buying or selling the underlying asset at a specified price/value on a future date[xi]. The parties involved in the contract can later sell their positions to others. The values of the contracts also

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change over the contract period based on the spot value of the underlying asset. As mentioned before, while these products are primarily used to control the risks faced by parties regarding future price movements of the underlying asset, they are also sought after for speculative purposes. Investors can take on very large positions with relatively low margins or fees.

As seen, the price of a commodity underlying a derivative contract affects the value of the derivative contract. However, whether there is a reverse effect is a subject of debate. It is argued that financialized commodities disrupt the price behaviors of energy, minerals, and agricultural products and increases their volatility (Adams, Collot, and Kartsakli 2020; Basak and Pavlova 2016). Conversely, a study focused on the food market suggests that the relationship with financial markets is more closely tied to business cycles and that the impact of speculative actions is statistically low (Bruno, Büyükşahin, and Robe 2017). The same study also states that speculation after 2005 contributed to strengthening the link between real and financial markets (in other words, financialization). The simultaneous influence of macroeconomic conditions and the financial system on commodities makes it difficult to draw sharp distinctions (Falkowski 2011).

Derivative markets have functionalities primarily related to risk-sharing and providing information about supply and demand for the underlying products. Cheng and Xiong (2014) emphasize that a definitive judgment cannot be made regarding whether derivative products cause volatility or bubbles in commodity prices.

3.2.Financialization of food and water

As aptly expressed in a study: "Financial capital has made all components of the capitalist world-ecology measurable with each other, ... today, corn farmers are not only competing with other farmers, but also (especially) with Goldman Sachs, ExxonMobil, and Microsoft." (Moore 2010, 253). As seen, it's not feasible for anyone working on behalf of others or themselves to sustain their lives, solely by focusing on their productive abilities and potential. Beyond everything else, the intertwining of food production with the financial system renders it highly fragile, which is a perilous situation. The world is rapidly growing in population, and according to 2017 data, nearly a quarter of the population lives under moderate to severe food insecurity[xii]. Furthermore, ownership and control of vast agricultural lands, including the most productive ones, are now in the hands of the financial sector, which derives its income from increases in land prices and rents (Gunnoe 2014, 500). Producers who must utilize these lands inevitably raise the prices of their products in the face of mounting costs, leading to more challenging conditions for consumers.

The negative impacts of financialization are not limited to food; they are also felt in water management. Water should not be viewed solely as a profit-generating commodity, and water policies should align with societal goals, just like food policies. However, since the 1990s, despite policies implemented by institutions like the World Bank and increasing privatization incentives, the aim of achieving more effective water management has not been realized. Private companies wield significant influence over policies, and social equity is under threat (Bayliss 2014). In a world where access to clean water is becoming increasingly challenging due to global warming, the future of profit-driven "water" is not promising.

3.3.Financialization of housing

In addition to ensuring individuals' access to food and clean water, their housing needs must also be addressed (in suitable and humane conditions). The financial sector plays an active role within the policies of states aiming to meet this need. However, today, even in individualistic societies, it has become increasingly difficult for young people to own or rent a home of their own.

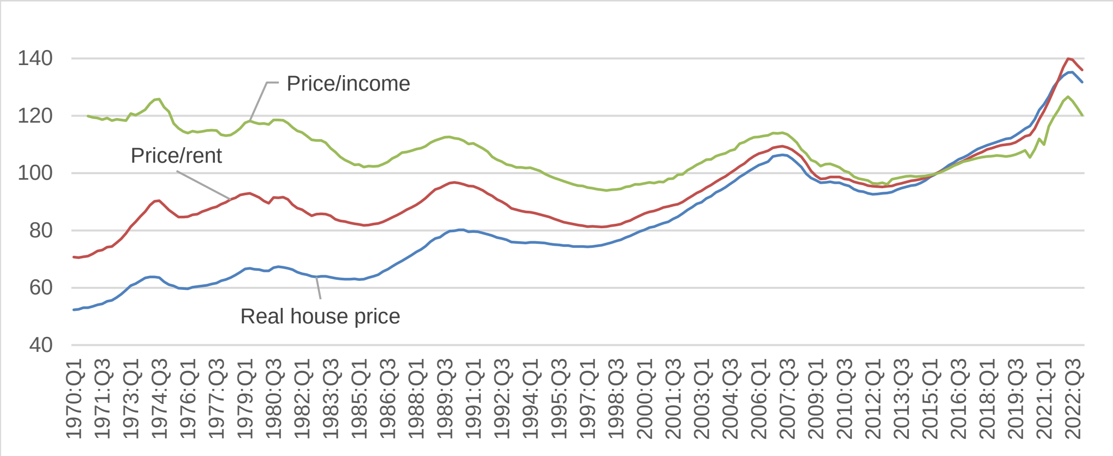

Figure 5. OECD countries housing indicators, 1970-2023Q:1 period. 2015= 100.

Source: Housing prices (indicator) (2023)**.**

International organizations indicate the presence of a global housing crisis[xiii]. The obstacles posed by the pandemic in construction material production and supply processes have further exacerbated the ongoing negative trend. According to the Global House Price Watch data from the International Monetary Fund (IMF), global real estate prices[xiv] have consistently increased since 2000, except for the withdrawal period during the 2008 crisis[xv]. Data from the Organisation for Economic Co-operation and Development (OECD) also show that households are facing housing issues (see Figure 5). There was a long-term increasing trend in (house) price/rent ratios, but trajectory of price/income ratios show that homeownership became more affordable for households until 1999. However, after this date until 2008, an increase has occurred. This period until 2008, is associated with household debts increased (see Figure 2), with the largest share of these debts being housing loans.

This phenomenon has particularly led to a significant housing price bubble in the US housing market, ultimately resulting in a crisis that swiftly impacted the globalized world. The US financial sector played a major role in the increase in demand. Consequently, increased housing prices, distributing loans including subprime ones created a heavy burden on households. Financial firms transformed the loans and the associated risks into entirely new financial products (derivative instruments) and sold them to other financial institutions. As a result, repayment issues emerged, and mortgaged homes were handed over to banks. In the aftermath, individuals found themselves both in debt and homeless[xvi]. The prices started to rise again after 2013, following the crisis.

Due to the crisis, numerous properties transitioned into the ownership of major financial institutions. Privatizations began to mitigate the effects of the recession caused by the crisis, and social housing budgets were reduced. Rent escalated by profit maximization; many households began to face eviction lawsuits. The role of the state in the financialization of the housing market contributed to urban inequality and deterioration in housing conditions (Lima 2020)[xvii]. The financialization of housing can potentially be a determinant of class stratification in modern society (Hick and Stephens 2023) and should be regarded as a "problem" from a human rights perspective (Leijten and de Bel 2020).

3.4.Financialization of education

Educational institutions are also impacted by financialization as they are funded through financial markets. In the US, the government has been funding universities through student loans for many years, and because the education costs (such as tuition fees, room and board fees, etc.) rising above inflation, household payments for student loans have increased (Eaton et al. 2016). The increasing tuition fees are linked to the rise in income inequality, and this situation particularly leads to a decline in the participation of talented students from low-income households in higher education (Cai and Heathcote 2022).

Economic inequality in societies negatively affects educational opportunities and consequently social mobility (Blanden, Doepke, and Stuhler 2022; Bonneau and Grobon 2022). Inequality can lead to a process where not only monetary inheritance, but also educational levels are transmitted across generations.

When viewed as an investment, it's important to note that the relationship between the cost of education and the additional earnings gained from education is not always clear. While there is a high correlation (linear relationship, not necessarily causation) between obtaining more education and earning more, it's essential to remember that this relationship might be influenced by exogenous factors (such as inherited wealth, the tendency for educated individuals to form partnerships resulting in higher incomes, etc.).

Offering a different perspective, Hendel, Shapiro, and Willen (2005) argue that when talented individuals from lower-income groups are given the opportunity to receive education through financial support, the "quality" of the "unskilled" labor force declines, leading to lower average wages[xviii]. Moreover, due to increasing wage inequality following the first generation of households that experienced upward mobility through education, subsequent generations from lower-income households face reduced opportunities for education[xix]. The rising demand for education among wealthier groups leads to wage increases that outpace the ability of poorer groups to keep up (Nakajima and Nakamura 2009).

This paradoxical situation arises due to the complex mechanisms of all forms of injustice within society. The perspective of capitalist societies on justice needs to shift, and discussions about access, particularly to education, should be approached not merely as matters of opportunity but rather as matters of right.

4.Thoughts on Future

As Palley (2007) clearly states, three main outcomes emerged as a result of financialization: An increased importance of the financial sector, a transfer of returns from the real sector to the financial sector, and an increase in income inequality accompanied by wage stagnation. The measures to counteract the damaging effects of financialization are also outlined in four points: Reinstating regulatory policies over financial markets, opposing neoliberal economic policies that thrive on financialization, ensuring that companies consider not only the benefits of financial markets but also the interests of stakeholders, and implementing reforms to free political processes from the influence of corporations and wealthy elites.

The development and strengthening of the financial sector are certainly not phenomena that can be evaluated solely from a one-sided and negative perspective. In the major developments and transformations that impact individuals' lives, the role of channeling and utilizing financial resources according to goals is crucial.

In countries at the forefront of technological and societal progress, the accumulation of capital, backed by this progress has outgrown its confines. The globalization triggered by neoliberal policies aimed at creating a single, vast marketplace has led to an expanding global economy, where economically lagging countries, particularly in Asia, have seen their share increase and to some extent, inequalities between societies have diminished[xx]. In the period after World War II, characterized by relatively fewer wars and destruction, many societies experienced positive developments such as decreasing infant and maternal mortality rates, longer life expectancies, increased education levels, and reduced poverty.

These changes have been driven by a combination of economic growth, technological advancement, and societal progress, all of which have contributed to improvements in living standards and well-being. It's important to recognize that the impact of the financial sector's growth is not solely negative; rather, it is intertwined with a complex web of factors that shape our societies and economies.

On the other side of the coin, a question comes to mind: despite all these positive developments and increasing opportunities, why issues such as global hunger, dispossession, and inequality are still among the most important problems of the 21st century? Why is the world becoming more challenging to live in day by day, both ecologically and psychologically? Why do we encounter a different story when we look at the inequalities within countries? In countries that have undergone an arguably savage process of liberalization and financialization, dominant classes can rapidly accumulate wealth. But the impact and violence of exploitation on disadvantaged and marginalized groups can increase. When the devaluation of labor and the requirement for access to the financial system become prerequisites, along with the relatively meaningless amounts of earnings in labor, it's not incorrect to say that large burdens, both financial and mental, fall on broad sections of societies.

What's being done here is certainly not about finding a culprit or pointing fingers by saying, "This is the cause of all the evils!". Fully revealing the causal relationships between facts is incredibly difficult, if not nearly impossible, in almost every domain where individuals are the primary agents. However, as individuals, our daily life experiences, emotions, and future expectations contain numerous clues.

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In a world where everything people eat, drink, and consume[xxi] being transformed into products that yield profit for the financial system, what can be done? As the adverse consequences of postmodern economic system threaten human's future (i.e., global warming, unsustainable consumption, food crisis), especially for impoverished population segments, governments and companies are required to be more proactive. Yet, when we look at the actions taken rather than the words spoken, the upcoming days don't seem to hold much promise. It is up to people again to consistently and persistently present demands for change.

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[i] Data source: World Bank - data.worldbank.org. Access date: 26th February 2023.
[ii] Two different indicators can be utilized for assessing the market size of derivative products. The notional value used here is the multiplication of the quantity of the underlying asset (such as oil, currency, etc.) in a derivative contract and the contract's strike price. The other indicator is the market (buy/sell) value, which is significantly lower than the contract size.
[iii] In economic terminology, savings and investment are distinct concepts. In the realm of finance, any monetary resource integrated into the system possesses income-generating attributes and represents an investment aspect for individuals or institutions. In this study, no distinction has been made between these concepts.
[iv] https://www.ecb.europa.eu/press/key/date/2010/html/sp100506.en.html. Access date: 08.11.2022.
[v] For a critical examination and discussion of the widely accepted usage of the concept of financialization and efforts to explain this phenomena, please refer to the works of Christophers (2015), Lawrence (2015), Ioannou and Wójcik (2019). These studies delve into the intricacies of the concept and provide insightful perspectives on the subject.
[vi] For more detail, please refer to De Maio (2007).
[vii] In this calculation, the level of extreme poverty for each country is determined by the prices of goods and services that the people living in that country need to consume in order to meet their basic needs.
[viii] It is one of the most commonly used statistical indicators in the literature and shows income or wealth inequality within a country. Rising values indicate an increase in inequality.
[ix] Agent Smith, a character from the movie "The Matrix," which was released in 1999. In the film, machines and artificial intelligence have taken control of the real world, using humans as an energy source. The minds of humans are also occupied within a simulated reality program called the Matrix. In the subsequent sequels, Agent Smith gains independence from his creator and begins to replicate himself like a computer virus among the humans within the Matrix.
[x] This description mostly applies to futures and options contracts. Another type of derivative product, swap contracts, involves parties exchanging cash flows (income or debt) with each other.
[xi] In most contracts, there is no need for the physical purchase or sale of the asset. The profit or loss, calculated based on the difference between the contract price of the asset and the price in the spot market, is transferred between the parties' accounts.
[xii] Source: https://ourworldindata.org/hunger-and-undernourishment. Access date: 03.03.2023.
[xiii]https://www.weforum.org/agenda/2022/06/how-to-fix-global-housing-crisis/. Access date: 12.03.2023.
[xiv] Inflation-adjusted.
[xv] https://www.imf.org/external/research/housing/index.htm. Access date: 12.03.2023.
[xvi] The phenomenon of homelessness is also referred to as the "dispossession process" of "new" capitalism (Harvey 2004).
[xvii] The author of that study expresses that the assessment made regarding Ireland is applicable to other countries as well.
[xviii] Study conducted with US data.
[xix] Kick-down-the-ladder effect.
[xx] The effects of these policies must be discussed in the context of the unique and diverse cultural structures of societies.
[xxi] Even the air, i.e., carbon finance.

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