



## The Finance Curse: Current Evidence, Political Possibilities and Future Research Agendas

Halifax Hall, University of Sheffield, 16-17 November, 2017

Organised and funded by the Tax Justice Network (TJN) and the Sheffield Political Economy Research Institute (SPERI) University of Sheffield, with further support from H2020 ENLIGHTEN Project, Chief Scientist Len Seabrooke, Department of Business and Politics, Copenhagen Business School.

Organisers: Andrew Baker (Sheffield), John Christensen, Nick Shaxson (TJN).

### What is 'the finance curse?'

The central contention behind the 'finance curse' is that the financial sector can become too big and too active. Above a certain level and in certain forms, financial sector activities can generate complex, dynamic and inter-twined economic, social, political and geographical harms. The finance curse is multi-faceted and is several different things simultaneously. It is both a diagnostic concept and a real world phenomenon, an analytical framework and future academic research agenda. It is also a potential populist political narrative and discourse, - a campaigning resource and slogan. By simultaneously performing these different roles, the finance curse can potentially provide us with a sense of future policy interventions and institutional innovations required for more socially useful financial systems that work more effectively for a larger share of the world's population, as well as the political language and coalitions required to take us there. The notion of a 'finance curse' was first developed by John Christensen and Nick Shaxson of the Tax Justice Network in an [e-book](#), noting that countries with large financial sectors, suffer from many of the same symptoms as '[resource curse](#)' countries over dependent on mineral extraction sectors, as noted by the development literature in the 1990s. However, the finance curse, is often more pernicious than the resource curse because it is less territorially contained, its negative consequences can transcend borders and it is more likely to emanate from the most developed and advanced societies, such as the United States and the [United Kingdom](#), than it is from the developing world.

Essentially, the finance curse comprises six interconnected phenomena:

- 1) **Dutch Disease, sectoral imbalances and crowding out** as a tendency for inflated local prices, including property and the exchange rate, to hamper non-financial sectors, producing crowding out effects and causing myriad social, economic and geographical problems;
- 2) **Brain drain and labour market distortions/ shortages** as the most talented and skilled in society are sucked into the financial sector by higher salaries, including the effects of this on the world of work, employment market dynamics and productivity;
- 3) **Macroeconomic effects: financialization, rent extraction, systemic risk** as financial activities, logics and rationales dominate they can hamper 'inclusive growth. At the same time rent extraction can generate economic instability and financial crises via asymmetric systemic risks, resulting in deep balance sheet recessions and economic stagnation, with resulting costs and burdens falling disproportionately on lower income groups;
- 4) **Uneven development: geographical and market concentrations** as concentrations produced by financial market activity, both in terms of the growth of financial monopolies and market power and large urban centres that host global financial centres consuming an increasing share of investment, infrastructure

and human capital, while under development and neglect becomes a feature outside of a handful of leading urban centres, with the costs of wider systemic risks being felt more acutely outside of these centres;

**5) *Rising inequality and social stratification*** as asset and property bubbles generate access to growing financial resources and rewards for some, they also impose costs for others, eroding social mobility and cohesion and creating increased social and spatial segregation and exclusion;

**6) *Political Capture*** as state resources, policies and institutions are directed towards financial sector protection and promotion, often based around narrow notions of competitiveness, this weakens alternative sectors and creates disincentives for government officials to take corrective action due to easy rents, while circumscribing wider debate about the most appropriate and useful role and function of finance in society.

Financialization is a central driving constituent process of the finance curse as a phenomenon, but the two are not completely synonymous, or interchangeable. Certain degrees of financialization can exist without finance curse effects being present for example. Not all financial innovation is necessarily negative in generating costs and social harms. The challenge is to investigate the circumstances in which financialization results in finance curse type effects, and those circumstances in which these symptoms are absent. In this respect, the finance curse is distinct from the existing academic conception of financialization in two ways. First, it is a more focused, structured attempt to assess the potential negative effects of extensive financial sectors within a distinct framework that structures research questions, data collection, hypothesis testing and evaluations of specific sets of symptoms and causes, including their consequences and inter-relations (as well as what to do about this politically and economically). Second, it seeks to bring the academic research behind these investigations more firmly into the public domain, so that they are usable in public debate and political discourse, by a range of stake holders including politicians, policy makers, activists and campaigners, as well as by various media outlets and journalists.

## **Workshop Objectives and Outputs**

- 1) To establish a network of academic researchers, advocacy groups, policy makers and journalists to work together to exchange ideas and evidence around a variety of 'finance curse' related themes, - as the basis for an embryonic finance curse/ finance justice network of five to ten-year duration, committed to widespread dissemination and promotion of the resulting discussions and findings.
- 2) To enhance understanding of the finance curse as a concept, as a political narrative and as an academic research framework and apparatus in both academic and non-academic communities.
- 3) To identify a future academic research agenda based around a series of finance curse related research questions/ hypotheses and identify appropriate future theme/ work package leaders and teams.
- 4) To discuss and outline one or more bid for substantial external funding to fund further academic research, including research questions, work packages and the division of labour involved, with identified user groups and stake holders integrated into bids.
- 5) To prepare the ground for obtaining publicity and coverage for the concept of the finance curse in the media, including through a variety of TJN co-ordinated podcasts, videos and briefing sessions, reporting on workshop discussions.
- 6) To discuss political and campaigning implications of the 'finance curse' including future campaign/ advocacy strategy and potential coalition building.

## Programme 16<sup>th</sup> November

13:00 – 13:30	Arrival and registration	
13:30 – 14:00	Welcome and Introduction	<b>Andrew Baker</b> , <i>University of Sheffield</i> : Objectives of the Workshop <b>John Christensen and Nick Shaxson</b> , <i>TJN</i> : History, rationale and vision of the finance course
14:00 - 14:50	Session 1: Dutch Disease	<b>Chair: Izabella Kaminska, Financial Times</b> <b>Alberto Botta</b> , <i>University of Greenwich</i> : Is there a financial version of Dutch Disease? <b>Rowland Atkinson</b> , <i>University of Sheffield</i> : Financial Flows and Neighbourhood Life in London
14:50 - 15:00	BREAK	
15:00 - 15:50	Session 2: Employment and Labour Markets: Financial Brain Drain?	<b>Chair: Thomas Hale, Financial Times</b> <b>Christiane Kneer</b> , <i>Bank of England</i> : Finance as a Magnet for the Best and Brightest <b>Gerbrand Tholen</b> , <i>City</i> : The Financial Sector and Graduate Employment Patterns in the UK
15:50 - 16:00	BREAK	
16:00 - 16:50	Session 3: Rising Inequality and social stratification	<b>Chair: Eric Albert, Le Monde</b> <b>Olivier Godechot</b> , <i>SciencePo</i> : Finance and Sociospatial divides <b>Desiree Fields</b> , <i>University of Sheffield</i> : Financialization, rental markets and unequal social relations in New York
15:50 - 16:00	BREAK	
17:00	Keynote address	<b>Gerald Epstein</b> , <i>University of Massachusetts</i> : Overcharged: The High Cost of Finance
20:00	Conference Dinner	Thyme Café, 490-492 Glossop Rd, Sheffield S10 2QA

**Programme 17<sup>th</sup> November**

09:00 – 09:50	Session 4: Uneven Development: Geographical and Market Concentrations	<p align="center"><b>Chair: Deborah Hardoon, Oxfam</b>  <b>Brett Christophers, Upsala:</b> Financial Monopoly Power?  <b>Adam Leaver, Manchester:</b> The Metropolitanisation of gains and the nationalisation of losses in the UK</p>
09:50 – 10:00	BREAK	
10:00 – 11:00	Session 5: Financialization, Systemic Risk and Growth.	<p align="center"><b>Chair: Joost Mulder: Expert on Financial Lobbying and Legislation</b>  <b>Julie Froud, Manchester:</b> Rent and Value Extraction  <b>Ugo Panizza &amp; Jean Louis Arcand, Geneva, Via Skype:</b> Too Much Finance?  <b>Daniela Gabor, University West of England:</b> The macroeconomic costs of Shadow Money?</p>
11:00 – 11:10	BREAK	
11:10 – 12:15	Session 6: Political Capture	<p align="center"><b>Chair: Andrew Baker, University of Sheffield</b>  <b>Discussant: John Christensen, TJN</b>  <b>Eleni Tsingou, CBS, Enlighten:</b> Professions and club financial governance  <b>Angela Wigger, Radboud:</b> Competition and competitiveness discourse in Europe  <b>Abby Innes, LSE:</b> Parties, corporations and capture</p>
12:15 – 13:00	LUNCH	
13:00 – 15:00	Breakout sessions	<p align="center">Session 1: <b>Chair: John Christensen</b>  Campaigns, Media and Strategy</p> <p align="center">Session 2: <b>Chairs: Andrew Baker and Duncan Wigan, Enlighten</b>  Future Research Agenda and External Funding Applications</p>
15:00	Final Reporting Session	Summary, conclusion and next steps. Andrew Baker, John Christensen and Duncan Wigan.

## Useful Information

### ACCOMMODATION

For those attendees requiring accommodation you will either be booked into Halifax Hall or Jonas Hotel. Please see the delegate list at the bottom of this document for details of your allocation.

Further information about Halifax Hall can be found here: <http://www.halifaxhall.co.uk/>

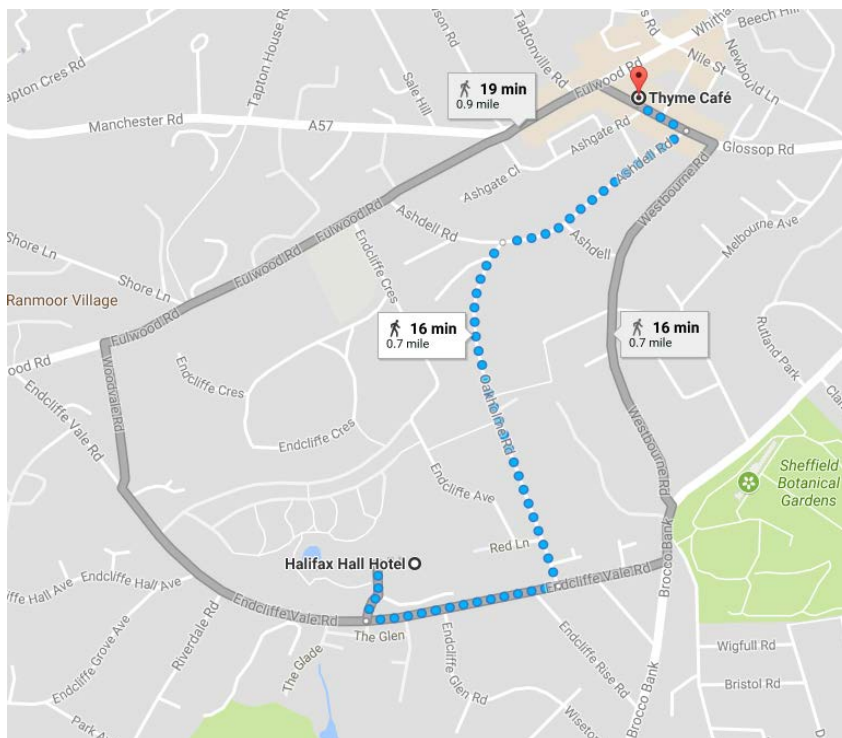
Further information about Jonas Hotel can be found here: <https://www.jonashotel.co.uk/>

### MEALS and REFRESHMENTS

All delegates with overnight accommodation at Jonas or Halifax Hall should attend Halifax Hall for breakfast.

Lunches/refreshments will be served in the library of Halifax Hall.

The conference dinner will be held at Thyme Café, 490-492 Broomhill Road, S10 2QA



### POWERPOINT PRESENTATIONS

Should you wish to use PowerPoint in your presentation we would ask that you please ensure that it contains no more than 5 slides and email it to [fss-facultyeventsteam@sheffield.ac.uk](mailto:fss-facultyeventsteam@sheffield.ac.uk) by noon on Tuesday 14<sup>th</sup> November so that we can ensure all presentations are loaded prior to the event.

### TRAVEL

If you have not already made your travel arrangements, we would encourage you to do this as soon as possible in order to obtain the most cost effective tickets possible. Please

could you email [fss-facultyeventsteam@sheffield.ac.uk](mailto:fss-facultyeventsteam@sheffield.ac.uk) with details of your travel costs and let us know whether you will require an expenses form to be sent to you to reclaim these following the event.

### **Car Parking**

Please contact the Halifax Hall reception for a permit 0114 222 8810.

### **Local Transport**

Sheffield and surrounding areas are well serviced by bus, train and tram, please visit the websites below for more information.

<http://www.travelsouthyorkshire.com/timetables/>

[http://www.firstgroup.com/ukbus/south\\_yorkshire/](http://www.firstgroup.com/ukbus/south_yorkshire/)

### **Road**

Satellite Navigation: The post code is S10 3ER, Endcliffe Vale Road

### **Taxi**

Taxi services are readily available at all times, black cabs operate from taxi ranks outside the train station and at designated points within the city centre or alternatively private hire bookings can be made:

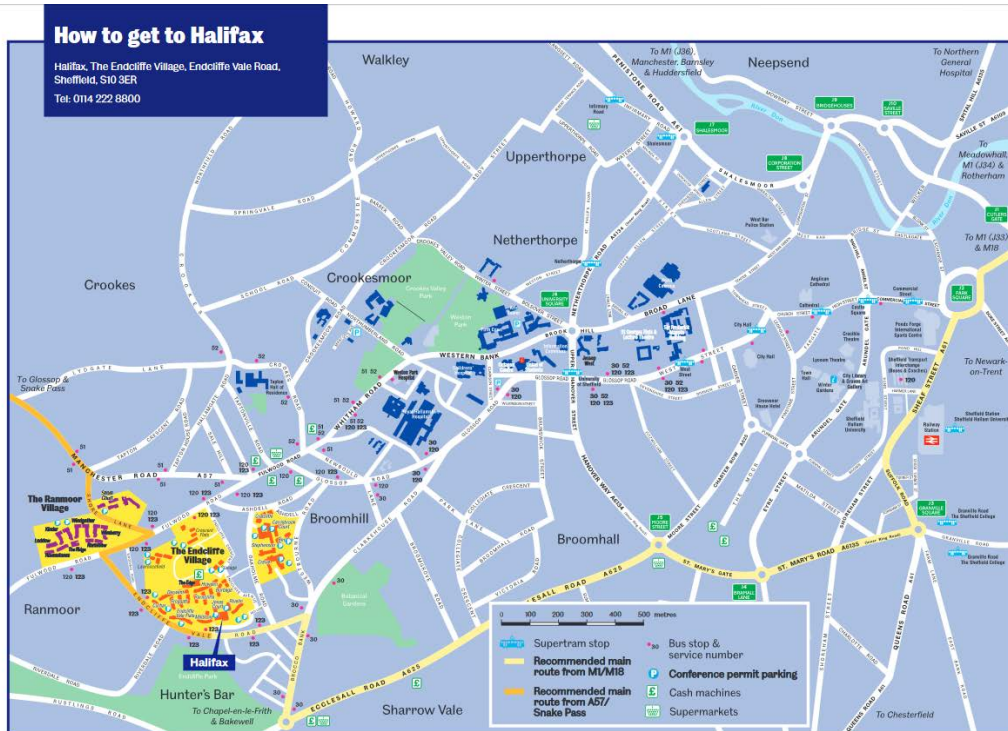
City Taxis: 0114 239 3939

Uber: booked via their app

## **VENUE**

The workshop is taking place in Halifax Hall, with delegates accommodated both at the Jonas hotel, and within Halifax Hall Hotel.

Halifax Hall is a beautiful period mansion converted into a boutique hotel and conference venue, situated within the Endcliffe Student Village, a short stroll from The Edge. With a varied selection of small and large conference rooms, Halifax is perfectly suited for conferences with each room having been sympathetically refurbished combining original 19th century features with state of the art conference equipment.



## WIFI

Free Wi-Fi is provided throughout Halifax Hall. To access it, login as guest and use the password: shefconfkey.



## Delegate List

<b>First name</b>	<b>Last Name</b>	<b>Organisation</b>	<b>Email Address</b>	<b>Accommodation</b>
Eric	Albert	Le Monde	alberteri@gmail.com	Halifax Hall 16/11 1 night
Rowland	Atkinson	University of Sheffield	rowland.atkinson@sheffield.ac.uk	Jonas 16/11 1 night
Andrew	Baker	University of Sheffield	a.p.baker@sheffield.ac.uk	Not applicable
Adam	Barber	University of Sheffield	abarber1@sheffield.ac.uk	Not applicable
Craig	Berry	University of Sheffield	craig.berry@sheffield.ac.uk	Not applicable
Alberto	Botta	Greenwich	a.botta@greenwich.ac.uk	Halifax Hall 16/11 1 night
John	Christensen	Tax Justice Network	john@taxjustice.net	Halifax Hall 15/11 2 nights
Brett	Christophers	Upsala	brett.christophers@kultgeog.uu.se	Halifax Hall 16/11 2 nights
Nick	Dearden	Global Justice Now	nick.dearden@globaljustice.org.uk	Halifax Hall 16/11 1 night
Owen	Espley	War on Want	oespley@waronwant.org	Jonas 16/11 1 night
Gerald	Epstein	University of Massachusetts Amherst	gepstein@econs.umass.edu	Halifax Hall 15/11 3 nights
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Naomi	Fowler	TJN Podcast	naomi@taxjustice.net	Jonas 15/11 2 nights
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Thomas	Hale	Financial Times	thomas.hale@ft.com	Halifax Hall 16/11 1 night
Deborah	Hardoon	Oxfam	dhardoon@oxfam.org.uk	Jonas 15/11 2 nights
Tom	Hunt	University of Sheffield	tom.hunt@sheffield.ac.uk	Not applicable
Abby	Innes	London School of Economics	a.innes@lse.ac.uk	Halifax Hall 16/11 1 night
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Joost	Mulder	Independent financial advisor and expert	joostmulder@joostmulder.be	Halifax Hall 16/11 1 night
Michael	Oswald	Film Maker	michaelosw@gmail.com	Jonas 15/11 2 nights

Jonathan	Perraton	University of Sheffield	j.perraton@sheffield.ac.uk	Not applicable
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Gerbrand	Tholen	City, University of London	gerbrand.tholen@city.ac.uk	Halifax Hall 16/11 1 night
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