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# Rentierism and speculation in a finance-led capitalism

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**Abstract**

This paper aims to discuss what is meant by rentierism and financial speculation and their relation with the level of production and economic stability, taking as a starting point mainly the works of Keynes and Post-Keynesian authors. This discussion will be updated to the context of a globalized and financialized economy, focusing on the corporate governance of capitalist companies ("shareholder value"), showing that, contrary to what was advocated by Keynes in his General Theory, who saw rentier capitalism as a transitory phase, since the 1980s the development of a rentier capitalism or of a finance-led capitalism has been observed. In this context, one cannot speak of the euthanasia of rentier capitalism, but rather of the victory of rentier in the current phase of contemporary capitalism.



Key-words: rentierism; speculation; Keynes; Post-Keynesians

# 1 Introduction

Keynes in his book The General Theory (TG) defends the “euthanasia of the rentier”. The rentierism is understood as a negative behavioural practice that inhibits the economy from reaching a situation of full employment. In that same book, Keynes also made a critical analysis of the speculator's role in the functioning of the financial market, being known his statement that "…speculators may do no harm as bubbles on a steady stream of enterprise. But the position is serious when enterprise becomes the bubble on a whirl-pool of speculation" (Keynes, 2007, p. 159).

This paper aims to discuss what is meant by rentierism and financial speculation and their relationship with the level of production and economic stability, taking as a starting point the works of Keynes and of Post-Keynesian authors. This discussion will be updated to the context of a globalised and financialised economy, focusing on the corporate governance of capitalist companies (maximizing shareholder value), showing that, contrary to what was advocated by Keynes in TG, who saw rentierirsm as a transitory phase, since the 1980s one has been witnessed the development of a "rentier capitalism" or of a "finance-led capitalism".

In this article, we  work with two conceptions of rentier(s): (i) a restricted one, in the terms of Seccareccia and Lavoie (2016, p. 207), in which they would be mainly "those who own financial capital and whose incomes are derived primarily from the ownership of those low risk financial assets", or according to Keynes (2007, p. 376), a class of investors whose income results from interest earnings on scarcity-value of capital; (ii) a broader one, in the terms of Watkins (2010, p. 472), which includes corporate and non-corporate rentiers, who "who receive income in the form of dividends, interests, and fees stemming from holding and originating debts, in addition to short-term speculators". Rentier behaviour, thus defined, often results in a capitalist economy operating below full employment and at the same time financially unstable. This behaviour is nowadays magnified in the context of financial globalisation and financialisation of economies.

The paper, in addition to this introduction, is divided into three sections. Section 2 analyses rent-seeking and speculative activity in Keynes, in particular in his TG. Section 3 in turn examines the speculation process in the Post-Keynesian perspective. Section 4 discusses rent-seeking and speculation in a financially globalised economy. Finally, section 5 concludes the chapter.

# 2 Rentierism and speculation in Keynes

## 2.1 Rentierism and the euthanasia of the rentier

Whereas in his *Tract on Monetary Reform* Keynes (2023) defines rentiers as "*investing class*", in TG they are "*functionless class*": "interest to-day rewards no genuine sacrifice, any more than does the rent of land. The owner of capital can obtain interest because capital is scarce, just as the owner of land can obtain rent because the land is scarce." (Keynes, 2007, p.376).

For Keynes the rentier is the one who earns interest on the scarcity of capital, just as the land owner obtains income from the scarcity of land. However, "whilst there may be intrinsic reasons for the scarcity of land, there are no intrinsic reasons for the scarcity of capital" (Idem, p. 376), as scarcity of capital is not explained by physical restrictions but a result of the lack of demand for capital. The rentier exploits the scarcity of capital value with daily interest rewards without any genuine sacrifice and is best described by the approximate image of a system parasite. Thus, the term rentier clearly has for the British economist a negative connotation, being seen as a dysfunctional investor whose activity is harmful to society, while investors and bondholders are more neutral terms (Naito, 2013, p.3).

Keynes saw rentierism as a transitory phase that would disappear when the work is well-done: "though the rentier would disappear, there would still be room, nevertheless, for enterprise and skill in the estimation of prospective yields about which opinions could differ" (Keynes, 2007, p. 221).

In this sense, he advocated the euthanasia of the rentier, "doing the right job ", by means of a policy of low and stable interest rates, the levying of a direct tax on rentier incomes that would make it functional for the functioning of the economy, and broadly what he called as "socialisation of investments":

"The State will have to exercise a guiding influence on the propensity to consume partly through its scheme of taxation, partly by fixing the rate of interest, and partly, perhaps, in other ways. Furthermore, it seems unlikely that the influence of banking policy on the rate of interest will be sufficient by itself to determine an optimum rate of investment. I conceive, therefore, that a somewhat comprehensive socialization of investment will prove the only means of securing an approximation to full employment (...) But beyond this no obvious case is made out for a system of State Socialism which would embrace most of the economic life of the community" (Keynes, 2007, p. 378)

As the State does the right job rentiers would slowly and progressively disappear, not only allowing the economy to work well but also preserving the space for individualism, as socialization of investment does mean entrepreneurial freedom.

Keynes perceived that keeping the interest rate sufficiently low, consistent with a high aggregate effective demand, thus ensuring a slow redistribution of income from rentiers to the rest of society[1], would be an essential condition for long-term sustained growth, especially if complemented with a strong long-term public investment policy, in what can be understood as a policy of "socialisation of investment" in the terms above[2]. In particular, interest rates should compensate for the sacrifice of investment and end rentier exploitation of capital scarcity. Alternatively, a pro-rentier policy of high interest rates would hinder a recovery and prevent sustainable long-term growth, and redistribute income in favour of rentiers (Seccareccia and Lavoie, 2016, p.209). Low-income segments, on the other hand, would have a higher propensity to consume, with greater income multiplier effects:

[1] The fall in interest rates would contribute to an increase in productive investments, by allowing projects with lower marginal capital efficiency to be made feasible. In addition, the redistribution of income from rentiers to the rest of society would contribute to the increase in the average propensity to consume, raising the income multiplier effect on economic growth.

[2] Kregel (1986), drawing on Keynes' manuscripts with propositions for the post-World War II period for the United Kingdom, maintains that he suggested that two-thirds or three-fourths of total investment should be supported or influenced by public or semi-public agencies, to support a long-term investment program capable of reducing fluctuations in the economy.

"What will be the effect of this redistribution on the propensity to consume for the community as a whole? The transfer from wage-earners to other factors is likely to diminish the propensity to consume. The effect of the transfer from entrepreneurs to rentiers is more open to doubt. But, if rentiers represent on the whole the richer section of the community and those standard of life is least flexible, then the effect of this also will be unfavourable" (Keynes, 2007, p. 262).

One of the means to achieve full employment would be to increase investment by reducing the interest rate, although rentier would oppose such policy: "it is to our best advantage to reduce the rate of interest to that point relatively to the schedule of the marginal efficiency of capital at which there is full employment" (Keynes, 2007. p. 375).

Of course, Keynes saw some restrictions to reduce interest rate to the right low level. One of them is its impact on the balance of payments. It is still more dangerous to countries whose currencies are at lower levels of the currency hierarchy, having less international acceptance. In this sense, Naito (2013, p. 13), highlights that Keynes in a speech in the "House of Lords" in 1943 advocated the adoption of some control over capital movement, without which the domestic monetary policy would lose degree of autonomy in determining the domestic interest rate.

## 2.2 Speculative activity under radical uncertainty

Speculation, in Keynes' theory, exists as a function of an environment in which agents make decisions under conditions of non-probabilistic uncertainty[3]. It is because of uncertainty that future market valuations are neither predictable nor calculable objectively, as the informational basis of the most important economic decisions is

[3] In different works, Keynes distinguished uncertainty from probable events, especially in relation to decisions involving wealth accumulation and liquidity preference. By uncertainty, he understood that "human decisions affecting the future, whether personal or political or economic, cannot depend on the strict mathematical expectation, since the basis for making such calculations does not exist" (Keynes, 2007 p.162-3), meaning that "there is no scientific basis on which to form any calculable probability whatever. We simply do not know" (Keynes, 1973, p. 114).

necessarily incomplete. Moreover, long-term commitments are irreversible, because such decisions that once taken irrevocably alter the initial conditions under which they were taken. It is under this context that the expectations formulated in financial markets cannot rely on market fundamentals, due to the lack of an objective basis of judgment, under conditions of intractable uncertainty.

Speculation is ultimately underpinned by the fact that none of the market participants, no matter they are speculators or investors, have no way of knowing the future. In this sense, the formation of expectations that guide the purchase or sale of financial assets does not rest completely on objective knowledge. It can be stimulated by the expectation that asset prices may increase (or decrease) due to more fundamental reasons (sudden crop shortages, accidents with industrial facilities, wars, increased demand for components, etc.), but also due to subjective elements that influence expectations. In an uncertain environment, the speculator is the one who seeks short-term gains selling and buying assets against the dominant tide Thus, she/he is not looking at the long-term return valuations of an investment over its lifetime, but is assessing changes in the conventional *valuation* basis in the short term ahead of the general public.

According to Keynes (2007), the agents' knowledge about the facts that will govern the future return of an investment is even more precarious the longer the period to be considered. The future scenario, under which decisions must be made, is inferred from a convention, whose essence is to admit that "the existing state of affairs will continue indefinitely ... [However] we know from the extensive experience that this is most unlikely. The actual results of an investment over a long term of years very seldom agree with the initial expectation" (Idem, p. 152). Therefore, the market value of a long-term asset will change according to changes in the limited knowledge and expectations about future, taking into account that "philosophically speaking, it cannot be uniquely correct, since our existing knowledge does not provide sufficient basis for a calculated mathematical expectation. In point of fact, all sorts of consideration enter into the market valuation which are no way relevant to the prospective yield" (Idem, p.152). That is why, in addition to information and prognoses about the future, it is important - in the activity of accumulation of assets - the state of confidence, which expresses the degree of belief and commitment that one has in her/his own calculations. Therefore, financial markets cannot be considered tendentially efficient, in the sense that, "philosophically speaking", there is no future to be discovered. Since the future is uncertain and the agents' state of confidence is subjective, there is room for diversity of opinion and sudden oscillations in the forecasts about the future. And if there is diversity of opinion and organized markets to provide liquidity to assets, then there is the possibility for speculative activities to emerge.

Keynes showed in Chapter 12 of his GT that investors' expectations are not governed by the real fundamentals in the long run about prospective yield of an asset over several years, since such information necessary for the formation of expectations simply does not exist. In his own words, "for most of these persons are, in fact, largely concerned, not with making superior long-term forecast of the probable yield of an investment over its whole life, but with *foreseeing changes in the conventional basis of valuation a short time ahead of the general public*. They are concerned, not with what an investment is worth to a man who buys it 'for keeps', but with what the market will value it all, under the influence of mass psychology, three months or a year hence” (Idem., p. 154-5, italics added). Thus, speculation - for Keynes - is essentially an activity of anticipating the psychology of the market, since the key to successful investment in financial assets is not to discover the future fundamentals of the assets, but, above all, to anticipate the movement of other investors.

The organised financial markets, including secondary markets, stimulate the development of productive activity, by making assets more liquid and therefore freeing investors from the irreversibility of investment. However, it increases the opportunities for speculative gain, as one can trade securities that represent physical capital easily, expanding the possibilities of obtaining profits on the variation in the value of wealth.

Thus, speculative activity has an ambiguous impact on financial markets because, while the liquidity of financial markets often facilitates, it sometimes impedes the course of a new investment. Keynes and Post-Keynesians hold that there are strong connections between the financial and real sectors of the economy. One of the connections is the impact of speculative activity on productive activity, especially on investment. It is well known the passage in TG where Keynes (Idem, p.159) says that "the position is serious when enterprise becomes the bubble on a whirlpool of speculation. When the capital development of a country becomes a by-product of the activities of a casino, the job is likely to be ill-done".

# 3 Financial market and speculation in a post-Keynesian approach[4]

The conventional view has as the "benchmark" of its analysis of the functioning of markets the hypothesis of efficient markets, which according to Fama (1980) means that prices reflect all the information available to economic agents. By adding to this theory the rational expectations hypothesis, it is assumed that economic agents make the best use of the available information in their forecasts of future asset prices. In this way, market signals provide sufficient information to forecast future events, thus allowing agents to form rational expectations as a basis for decisions that maximize utility functions. Therefore, agents base their market positions on the efficient processing of all available information that affects the present profitability of the asset.

In such a context, the decision maker believes that an objective probability distribution governs present and future market outcomes. Therefore, all relevant information about "economic fundamentals" exists and is available to market participants, and these fundamentals are the primary guide when they form their expectations. This information, in turn, is incorporated into the historical database and price signals of the current market. The price formed in the market instantly aggregates all the available existing information as well as the expectations of the operators.

Therefore, well-informed agents acting on behalf of their own interest, always perceive the future without incurring in persistent errors. In fact, strictly speaking, only unpredictable and serially uncorrelated random shocks can prevent the perfect forecasting of events. Therefore, market fundamentals are immutable, in the sense that they cannot

[4] This section is partially based on Alves Jr et al (2000) and Alves Jr et al (2003).

be altered, at least in the long run, by speculation, and are the unique determinant of future market outcomes.

In opposition to this view, Post-Keynesians reject the hypothesis of efficient markets and rational expectations to explain the behaviour of financial markets (Davidson, 1999; Dimsky, 1998; Glickman, 1994). As the information about the future is limited, the relationship between economic events and speculators' responses are a matter of subjective interpretations under uncertainty. Each market participant acts according to their beliefs regarding the meaning that market participants attach to the event in question, evaluating the available data heterogeneously and formulating divergent hypotheses. In this sense, if their expectations are based on fragile knowledge, prices in financial markets may fluctuate strongly or temporarily rest at any value.

If speculators dominate financial markets, short-term practices determine the evolution of asset prices that ideally would reflect long-run prospects. Actually, the market valuation of an asset at any point in time is simply defined by the investor's momentary bullish or bearish balance, and the degree of confidence with which agents assess the future may fluctuate over time. In other words, financial market valuations are not related to the intrinsic value of the asset. In the Post-Keynesian view such intrinsic value does not exist or is not, in any case, knowable. When investors operate under uncertainty, no simple dividing line between rational or irrational behaviour can be established (Glickman, 1994).

Summing up, the speculator currently buys and sells securities, increasing liquidity in the financial markets. Keynes draws attention to this important role played by speculators, which can be beneficial to productive investment. If the liquidity burden of capital assets is mitigated by the liquidity of markets, it is possible that more productive investment projects will be undertaken. Nevertheless, as the speculators' opinion depends on limited knowledge and their subjectivity about the market behaviour, eventually the orders to buy and sell securities may be contaminated by panic, which leads to the collapse of securities values and evaporation of liquidity. Therefore, the result of the speculators' action is ambiguous, because at the same time it can have devastating real effects on the economy by creating speculative whirlpools, it provides liquidity to financial assets, which is an essential role of the financial markets.

# 4 Rentierism and speculation in a financially globalised economy

## 4.1 Speculation in the context of financial globalisation in the Post-Keynesian approach

As a result of the greater macroeconomic instability that resulted from the end of the Bretton Woods system from the early 1970s onwards, the financial systems changed deeply. The financial markets liberalisation, the technological innovations in information technology and telecommunications, the increase in the volume and velocity of transactions , and the greater integration among financial markets at a global level reinforced each other throughout the 1970s and 1980s under the context of financial *globalisation.* One of the consequences of this process has been a certain tendency to create a single world market for money and credit.

Keynes, in his TG, referring to one of the largest financial markets in the world, New York, said that "as the organisation of investment markets improves, the risk of predominance of speculation does, however, increase" (Keynes, 2007, p.158). This seems to be the case of the increase, nowadays, of financial globalization, because the action of *global players* (large fund managers) in a more liberalized and integrated market, the way financial markets operate became a kind of big global casino. The high mobility of capital in the globalised economy has increased speculative transactions in foreign currency. As Davidson (1997, p. 671) points out, "even in the absence of reliable information, rapid evaluations of the potential effects of any event on exchange rates and hence on portfolio value are essential as rival market participants can move funds from one country to another in nanoseconds with a few clicks on the computer keyboard or a quick telephone call to some international market at any time of day or night".

Thus, in contrast with the restricted capital flows of the past, those of the present may have a disruptive action on countries and economic sectors, that can3 even compromise the autonomy of domestic macroeconomic policies. As Eichengreen, Tobin and Wyplosz (1995, p.164) observe, "volatility in exchange rates and interest rates induced by speculation and capital flows could have real economic consequences devastating for particular sectors and whole economies". This is where the "globalisation dilemma" emerges: while the globalisation of financial markets increases the investment financing opportunities, with the diversification of financial instruments,  this trend may cause negative economic effects, thus generating a collapse in investment decisions.

In such a world, speculative attacks fed by self-fulfilling prophecies can defeat the attempts of governments to sustain their exchange rates, throwing which may result in currency crises. In the words of Davidson (1997, p. 671-2), "in today's global economy any news event that fund managers even suspect that others will interpret as a whiff of currency weakness can quickly become a conflagration spread along the information highway. This results in lemming-like behaviour that can be self-reinforcing and self-justifying". In an increasingly globalized world, the crisis can also come from contagion, i.e., when the fall in asset prices in a given market causes the sale of price assets in another market. This occurs either by the contamination of expectations or because of the manoeuvring of global managers to offset portfolio losses by selling fi3nancial assets, which may end up causing successive rounds of asset sales in several countries.

Exchange rate around the world is increasingly determined by international investors' short-term portfolio decisions.  Thus, capital flows have a strong influence on foreign exchange markets, making exchange rates far more volatile than they would be if their movements were explained only by the behaviour of trade and productive services flows. As portfolio decisions are predominantly speculative, short-term expectations about changes in market sentiment rule all.  Such expectations are best "modeled" using a combination of conventional Post-Keynesian tools - such as the convention that agents consider average opinion when forming their expectations about an uncertain future - and other factors of a psychological nature. According to Harvey (2012, p. 188), "the picture that emerges is not of one of a market characterized by stability, efficiency and optimality (all benevolently guided by the invisible hand of the fundamentals), but of an institution where agents' imperfectly considered actions create currency prices. Those actions may be marked by stability for long periods of time (...) as agents rely on convention to anchor [their expectations] to stable levels or rates of change; but because they are subject to availability and bandwagon effects they are apt to rapid revision in the face of salient events".

Thus, the behaviour of speculators may be associated with some kind of "herd behaviour", since under uncertainty an investor has an incentive to imitate the average behaviour of other agents, that can have information that they do not have and, in the worst case, it is better to lose together than to lose alone. In other words, "following the majority" may be an adequate convention to deal with uncertainty about the future, especially in conditions when uncertainty increases ignorance about the actions of other agents. This type of behaviour can generate "self-fulfilling prophecies", which cause expectations to determine price trajectories (sometimes catastrophic) in financial and foreign exchange markets.

## 4.2 Financialisation in the context of finance-led capitalism or rentier capitalism

Financial globalisation - defined as the interpenetration of national financial markets as well as their integration into the international financial market - is seen as one of the main drivers of *finance-led capitalism* and the process of financialisation. Palley (2013) highlights that financialisation has its origin in the changes that have occurred in the process of capital accumulation since the end of the Bretton Woods era and with the adoption of neoliberal policies in the 1980s, when it is observed that investments began to be increasingly transferred to speculative capital to the detriment of productive capital.

Financialization is understood as a historical process that consists in the increasing influence of the financial sector over the productive dynamics, i.e., in which the decision-making of economic agents orbits around the financial logic. According to Seccareccia and Lavoie (2016, p. 216, italics added), "since the 1980s, we have seen how *rentier capitalism*, especially its most virulent 'financialized' form, has been devastating advanced industrial societies and has brought some of these economies, especially in the Eurozone, to the verge of social collapse".

*Finance-led capitalism*, in contrast to the Fordist accumulation regime that existed until the 1970s, is a concept initially developed by regulationist economists[5], but which has been widely understood as an accumulation regime that has as one of its central characteristics the process of financialisation. In particular, this new accumulation regime - also called the *finance-dominated accumulation regime*- has spread worldwide as a result of the adoption of neoliberal policies from the 1980s in the advanced economies and from the 1990s in the developing economies, due to a set of factors that include: deregulation of domestic financial sectors; proliferation of new financial instruments (such as securitization); liberalization of international capital flows; growing number of big global institutional investors; and, also, the corporate management of firms behavioural logic known as maximization of shareholder value (Stockhammer, 2008).

Financialisation can be defined as in the well-known characterizations by Epstein (2005, p. 3) as "the increasing role of financial motives, financial markets, financial actors and financial institutions in the operation of the domestic and international economies", and from Krippner (2005, p. 174): "a pattern of accumulation in which profits accrue primarily through financial channels rather than through trade and commodity production".

Powell (2013) points out that Post-Keynesian theory interprets financialization at the level of the non-financial firm as a phenomenon in which the search for financial profits overrides investment in physical assets. There are corporate changes in governance structure of firms such as profits cease to be primarily reinvest in production in order to distribute it to shareholders through dividend and equity payments. To satisfy firms' investors and business analysts, managers are driven to seek to maximize shareholder value by shutting down low immediate return segments, engaging in mergers and acquisitions and hostile takeovers as well as outsourcing productive activities. Financialisation has particularly benefited managers of large corporations, with remuneration linked to the short-term firm's performance. In the US in particular, the

[5] See Boyer (2010) e Gutmann (2016), among others.

enrichment of shareholders and executives has been achieved at the expense of workers' wages.

Orhangazi (2008), in analysing the impact of financialisation on real capital accumulation in the US based on data from non-financial firms in the period 1973-2003, finds a negative relationship between real investment and financialisation. According to the author, this relationship can be explained by two channels: first, increased financial investment and financial profit opportunities may have crowded out real investment by changing the incentives of firm managers and directing funds away from real investment; second, increased profit distribution to financial markets may have impeded real investment by decreasing available internal funds, shortening the planning horizons of firm management and increasing uncertainty.

Therefore, it is clear a renterism behaviour of the companies, in the context of the financialisation of the economy, in the search for immediate short-term returns to be distributed to the shareholders, made at the expense of productive investment. According to Crotty (2003) financialisation in the sense of shareholder value generates a "neoliberal paradox": non-financial companies are faced with growing competition in the markets of goods and at the same time strong pressure from shareholders for greater immediate returns, so that managers are subjected to internal and external pressures for short-term results.

Financialization increases the power of firms and institutions that derive their income from financial transactions, representing the victory of the rentiers. Wage earners and households, who in turn witness the stagnation of their real wages, have increased their degree of indebtedness to sustain their purchasing power. In the words of Guttman (2008), "creditors get their interest payments, and financial intermediaries their fees and commissions. Add in capital gains, and you can begin to see that financial income has risen steadily as a share of the total, forcing industrialists to push for higher profits at the expense of stagnant, often even falling wage shares. This redistribution of functional income shares from wages via industrial profit to financial income is tied to a parallel shift in personal income distribution in favour of the richest among whom most of the financial assets are concentrated, as well as even more unequal distribution of wealth - a general trend among most industrial nations".

In this context, a rentier class, expressive in wealth and political power, emerges to represent a layer of society whose interests and income are concentrated in financial accumulation. According to Bresser-Pereira (2018, p. 27) since the late 1980s a new type of social organisation has been created which he calls *financial-rentier capitalism*, "a society in which capitalists are predominantly rentiers, while the top technobureaucrats are either the most senior executives of the companies, or the financiers". In such social organisation, the rentiers, mostly heirs, have replaced the entrepreneurs in the ownership of the big firms, they have left the management of the big firms to the professional executives or technobureaucrats, and hired another category of professionals, that of the financiers, originated from the upper middle class and graduated from the top post-graduation in business administration, to manage their wealth.

# 5 Conclusion

This paper analysed rentierism and financial speculation in Keynes and Post-Keynesian authors, seeking also to analyse the theme treated in the context of a globalized and financialized economy. Keynes' desire for a gradual extinction of the rentiers and a equilibrated control of speculative activity in the financial market - seen as necessary to provide liquidity to the secondary securities market, but which should be limited/regulated to prevent excessive speculative movements from producing financial crises - as a necessary condition for sustained growth that would achieve full employment and financial stability, ended up not happening.

In fact, what we observe in the context of a *rentier capitalism* or *finance-led capitalism* is an exacerbation of rentierism and speculative behaviour, which often generates economic instability, increasing the possibility of financial crises in the context of a globalised financial casino. Firms are managed to generate immediate profits for their shareholders and executives, paving the way for an emerging class of rentiers and financiers. Financialisation increases the power of firms and households that derive their incomes from financial transactions, representing the rise of rentierirm at the expense of wage-earners, who mitigate stagnating real wages by increasing debt to sustain its consumption. In this context, one cannot speak of the euthanasia of the rentier, but of the victory of the rentier in the current phase of contemporary capitalism!

There is evidence that financialisation significantly reduces the autonomy of national states to formulate economic policies independently of international conditions, and to implement a long-term development strategy consistent with the conditions of production and the interests of non-financial sectors (Becker et al, 2010). In its international dimension, the constraints to a more autonomous economic policy are related to the prerogative of investors and rentiers - resident and non-resident - to move their investments freely throughout a financially deregulated world, which punishes or rewards governments according to their adherence to the agenda commonly known as neoliberal. In this sense, Palley (2013, p. 1) considers that "simple alternative definition is that financialization corresponds to financial neoliberalism which is characterized by domination of the macro economy and economic policy by financial sector interests. According to this definition, financialization is a particular form of neoliberalism".

A contemporary way to deal with the exacerbation of rentierism in the context of *finance-led capitalism* would be to adopt policies aimed at de-financialising the economy. In this sense, Sawyer (2016) suggests making the financial system more functional to economic and social development through a coordinated policy between development banks, regional banks, local financial cooperatives, and microcredit institutions, among others. Karwowski (2019), meanwhile, suggests further research on the theory and practice of de-financialisation is needed if we want deeper and more widespread de-financialisation, and it is of paramount importance to understand why state institutions pursue predominantly financialised policies. For now, however, the certainty is that the challenges today to tame rentierism and the excesses of speculative activities seem even greater than Keynes might have supposed. We have come this far because “the job was not well done".

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