

U.S.dollar-based financization: An analysis of global money capital

U.S.dollar-based financialization has developed since the beginning of the 1970's when the Bretton Woods system collapsed.

Marxist (and Post-Keynesian) focus, mainly, on that the draining out money out of circuit of production has been steered toward more the development of financization than accumulation of real capital since the 1980's. In order explain the nature and consequence of USD-based financization, Marxist analysis needs to develop conceptual framework of money capital on a global scale.

Three dimensions in the process of global surplus of money capital which has facilitated the development of U.S.dollar-based financialization. First, chronic over-capacity in production in advanced countries. Second, chronic surplus of money capital, which results from the shortage of global safe assets, toward offshore financial markets (OFCs). Finally, most importantly, self-expansion mechanism of money capital in shadow banking system, driven by the rapid increase in intra-financial sector transactions, enables large financial institutions to achieve higher financial profit.

In this paper, we answer important, but difficult questions. First, from where did the ultimate source of global surplus of money capital since the 1980's? Second, how could OFCs, especially the City of London and the Wall Street, contribute to self-expansion mechanism of global money capital?