

“Finance, “Financialization,” and Crisis: The Canadian Story”

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Canada's relatively benign experience in the ongoing "Great Financial Crisis" has given rise to international interest in the Canadian financial system and has helped to provoke discussion of a neglected topic: the comparative political economy of capitalist finance in this country. The traditional political economy literatures – International and Comparative Political Economy – have had remarkably little to say about the basic social relations that constitute modern finance and its ubiquitous relations with social (re)production broadly conceived. IPE has been concerned primarily with aggregate (global) financial flows and the implications of the ‘high politics’ of globalizing finance for national policy autonomy. CPE, by contrast, has tended to focus on the domestic “complementarities” through which finance is articulated to particular national patterns of manufacturing and export specialization. Neither provides the tools needed for a broader understanding of the place of finance in contemporary capitalism. By tracing the development of banking, institutional investment, and residential mortgage finance – topics largely neglected by Canadian political economists – this paper sheds new light on the historical and comparative specificity of the Canadian financial regime and attempts to account for both the pre-history and actual course of the crisis, suggesting reasons why Canada managed to avoid some of the turmoil and why the worst may be yet to come. Broader methodological questions posed by considering the Canadian case are also considered and a contribution to the development of a distinctively Marxian theorization of finance and “financialization” is offered.