

Title of Dissertation:

The Process of Financialisation in the World Economy: Unravelling the Dynamics and Crisis Nexus

Abstract

Over the past four decades, the global economy has experienced substantial financial changes. An in-depth examination of the impact of *financialisation* is necessary to fully understand current and future economic trends. The main goal of this thesis is to thoroughly investigate the impact of financialisation on the emergence of growth volatility, leading to global economic crises. The examination begins with the construction of a theoretical framework that explores the development of financialisation in academic discussions and empirical manifestations over the past decades. The theoretical foundation is established through an exhaustive examination of three essential pillars. The first is scrutiny of the development of capitalism and its role in promoting the widespread acceptance of financialisation. The second is an investigation into the roots of financialisation and its connection with neoliberalism, a conceptual framework with both theoretical and practical consequences. The third pillar is an exploration of the momentum derived from the process of financial globalisation. The combination of these three phenomena has made financialisation a powerful and dominant contemporary force. Beyond exploration of this theoretical foundation, the dissertation investigates the relationship between financialisation and economic growth, as well as the relationship between financialisation and growth volatility, via both theoretical and empirical analysis. Based on the theoretical investigation, this thesis categorises the enormous body of related literature into three categories, reflecting whether financialisation is held to have a positive, a negative, or a threshold/neutral relationship with growth volatility. Empirically, statistical methods, including descriptive statistics and a high-dimensional fixed effects regression model with a sample of 183 countries, are used to evaluate the research hypotheses. The primary critical contribution of the presented analysis is the creation of a new financialisation variable, which offers a more comprehensive and measurable method for assessing the financial environment. The findings of my research highlight the critical influence of financialisation on the occurrence of fluctuations in economic development, especially among poor and middle-income countries. What is more, the analysis of these findings is placed in the context of existing theoretical frameworks, discussing both mainstream and heterodox perspectives. Lastly, the analysis presented in this thesis will serve to deepen the comprehension of both scholars and policymakers. Studying financialisation and its relationship with growth volatility can provide policymakers with useful information about the possible hazards of unregulated financial development. Understanding these findings is crucial to arrive at legislative and policy actions that maintain budgetary stability and promote sound economic growth.

Keywords: *financialisation, neoliberalism, capitalism, financial globalisation, economic growth, growth volatility, instability, economic crisis, policymaking.*