Regional Studies
and the Flows of Finance:
Building a ‘Financial Chains’
Perspective

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Great to be here...
Great to be here...?
• Crisis
STARTING POINT...

• Crisis

• Trump
STARTING POINT...

- Crisis
- Trump
- Brexit
• Crisis

• Trump

• Brexit

• ‘The revenge of the places that don’t matter’ (Rodríguez-Pose, 2017)
A slightly different tack:

- **regional studies / regional science + finance?**
  - ‘disengagement of regional scientists with respect to issues of money, credit and banking’ (e.g. Bieri, 2017)
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• **financialisation + geography?**
  – ‘anaemic geographies of financialisation’
    (Christophers, 2012)
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- **flows of finance/circulation of capital...**
  ...in financialising/debt economies
Flows of finance / circulation of capital

3 views:
• Mainstream economics
• Marxist
• Post-Keynesian

• Strengths / weaknesses
• Towards a ‘financial chains’ approach
Source: Mishkin et al. (2013, p. 24, Fig 2.1)
A MARXIST VIEW

Figure 1: The circulation of capital as a whole

Source: Harvey (2018, p. 433, Fig. 1)
A POST-KEYNESIAN VIEW

Figure 3 Strategic role of banks during the financialization era

Source: Seccareccia (2012, p. 284, Fig. 3)
Flows of finance / circulation of capital

Key points:

• **Reverse flow** of value (debt repayments)!
• Direct engagement of **workers/households**
  – ‘financial exploitation’/’expropriation’ (Lapavitsas)
• **Creation of money:** central banks AND private banks
• Flows of **value AND social relation**
• Over **time**
• Over **space** (geography!)

→ Towards a **‘financial chains’** approach
Financial chains in the debt economy (Source: Sokol, 2013)
‘FINANCIAL CHAIN’ – Version 2.0

*under construction. Source: Author (2018)
‘FINANCIAL CHAIN’ – Version 2.0*

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East-Central Europe:

- the dominant role in ‘financial chains’ played by West-European banks
- implications for **uneven development = unclear**

(at various geographical scales: between W/E; within East)
CONCLUSION

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  – Marxist
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Thank you!

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ABSTRACT

Martin SOKOL

Regional Studies and the Flows of Finance: Building a ‘Financial Chains’ Perspective

Abstract:
There is a growing realisation that the role of finance in (re)shaping regional economic landscapes has been neglected in regional studies for too long. Putting finance (back) onto the regional agenda, however, requires better understanding of how finance functions across space in the era of financialisation. In order to do that, we need a better grasp of financial flows in contemporary economies. This paper reviews three prominent, contrasting approaches to the flows of finance – a mainstream-economic, Marxist and Post-Keynesian. It argues that none of these approaches, on its own, seems to be able to capture all key elements that could be deemed critical in a financialising economy. The paper thus stresses a need to develop a more accurate picture of financial flows/circuits, building on the concept of ‘financial chains’.

Key words: Regional studies; finance; financialisation; flows of finance; financial chains.
WESTERN BANK DEPENDENCY ON ECE (%)

Source: Impavido et al. (2013, p.18)