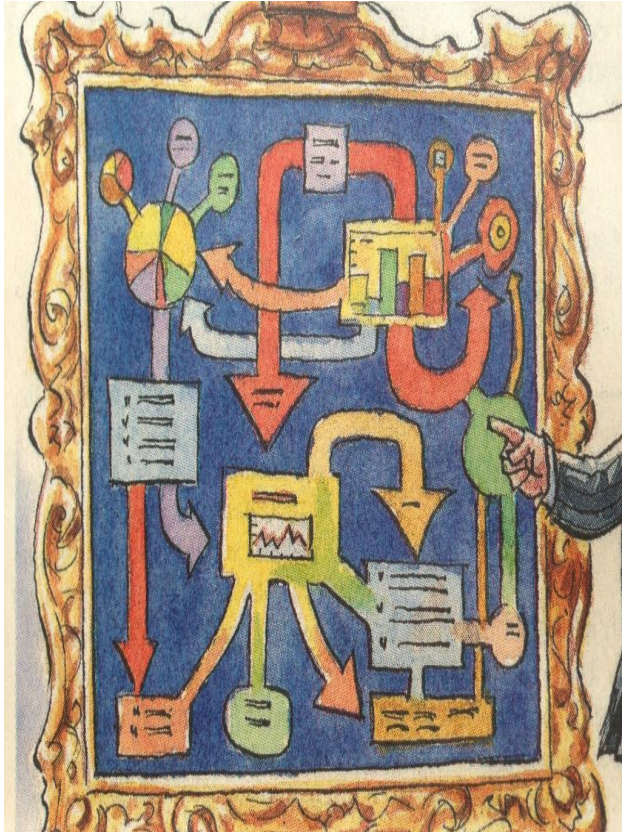


RSA Winter conference 2018

New Horizons for Cities and Regions in a Changing World

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

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 **GEOFIN**
Western Banks in Eastern Europe:
New Geographies of Financialisation



Trinity College Dublin
Coláiste na Tríonóide, Baile Átha Cliath
The University of Dublin

STARTING POINT...

Great to be here...

STARTING POINT...

Great to be here... ?

Brexit deal



STARTING POINT...

- **Crisis**

STARTING POINT...

- **Crisis**
- **Trump**

STARTING POINT...

- **Crisis**
- **Trump**
- **Brexit**

STARTING POINT...

- **Crisis**
- **Trump**
- **Brexit**
- **‘The revenge of the places that don’t matter’ (Rodríguez-Pose, 2017)**

STARTING POINT...

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)

STARTING POINT...

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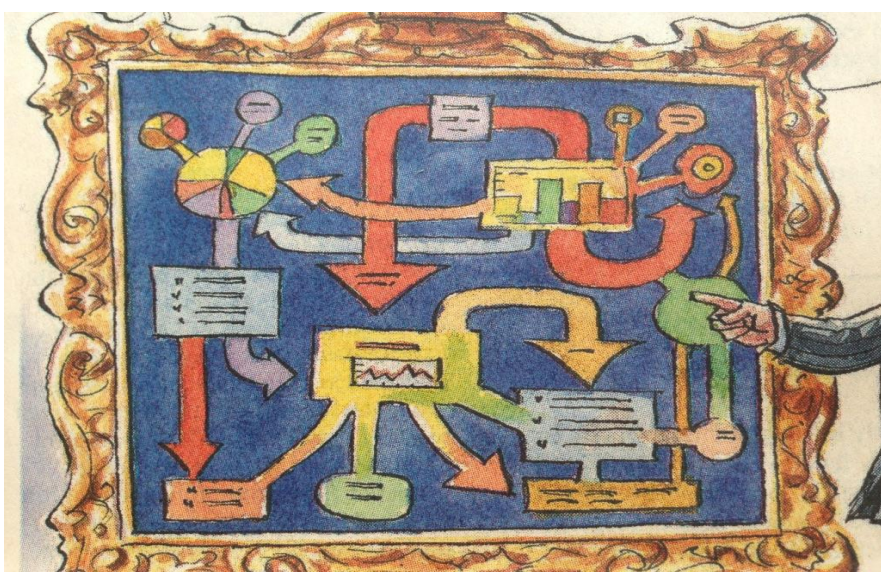
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- **financialisation + geography?**
 - ‘anaemic geographies of financialisation’
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 - ‘anaemic geographies of financialisation’
(Christophers, 2012)
- **flows of finance/circulation of capital...**
...in *financialising*/debt economies

Flows of finance / circulation of capital

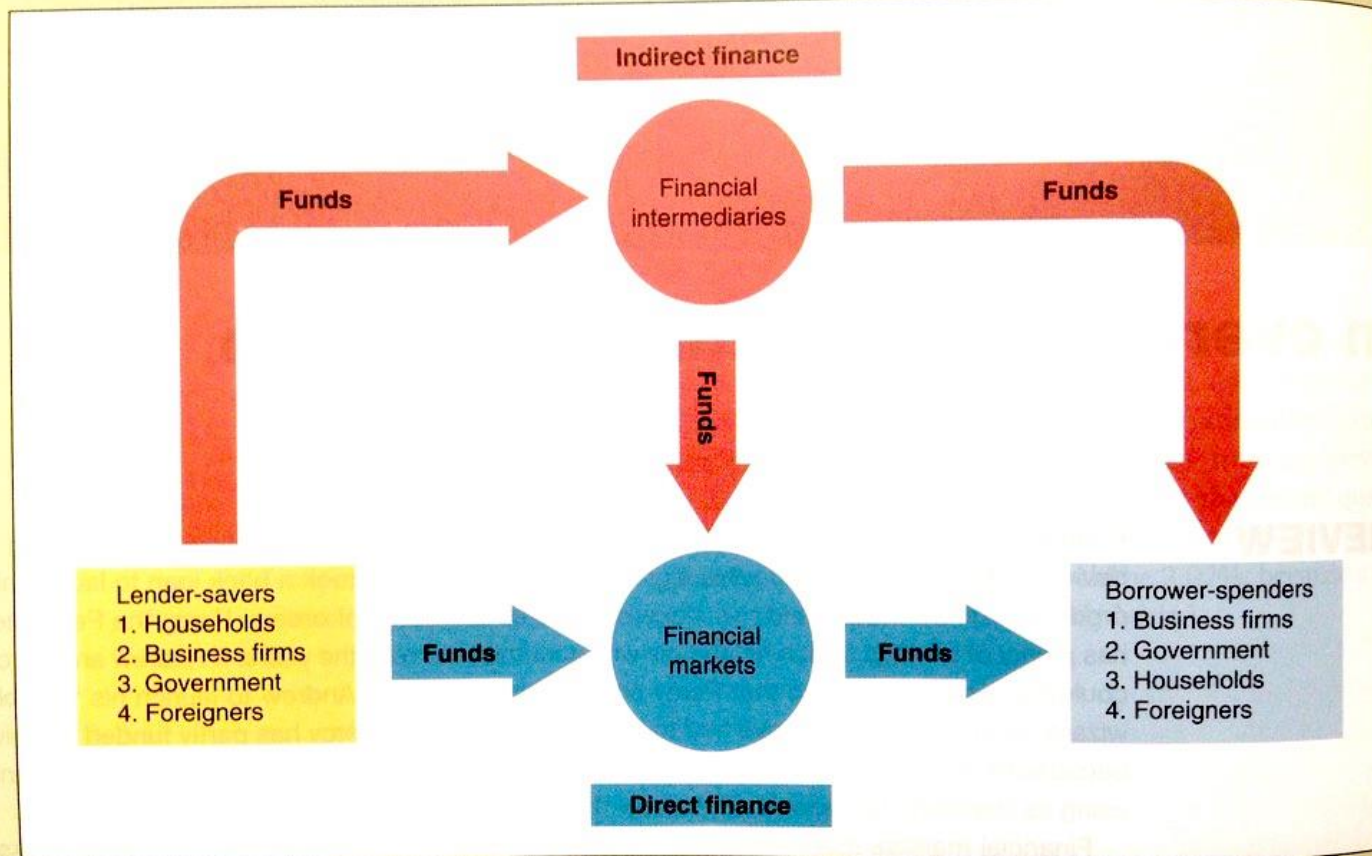


3 views:

- **Mainstream economics**
 - **Marxist**
 - **Post-Keynesian**
-
- Strengths / weaknesses
 - Towards a **'financial chains'** approach

A MAINSTREAM ECONOMICS VIEW

FIGURE 2.1



Flows of funds through the financial system

Source: Mishkin et al. (2013, p. 24, Fig 2.1)

A MARXIST VIEW

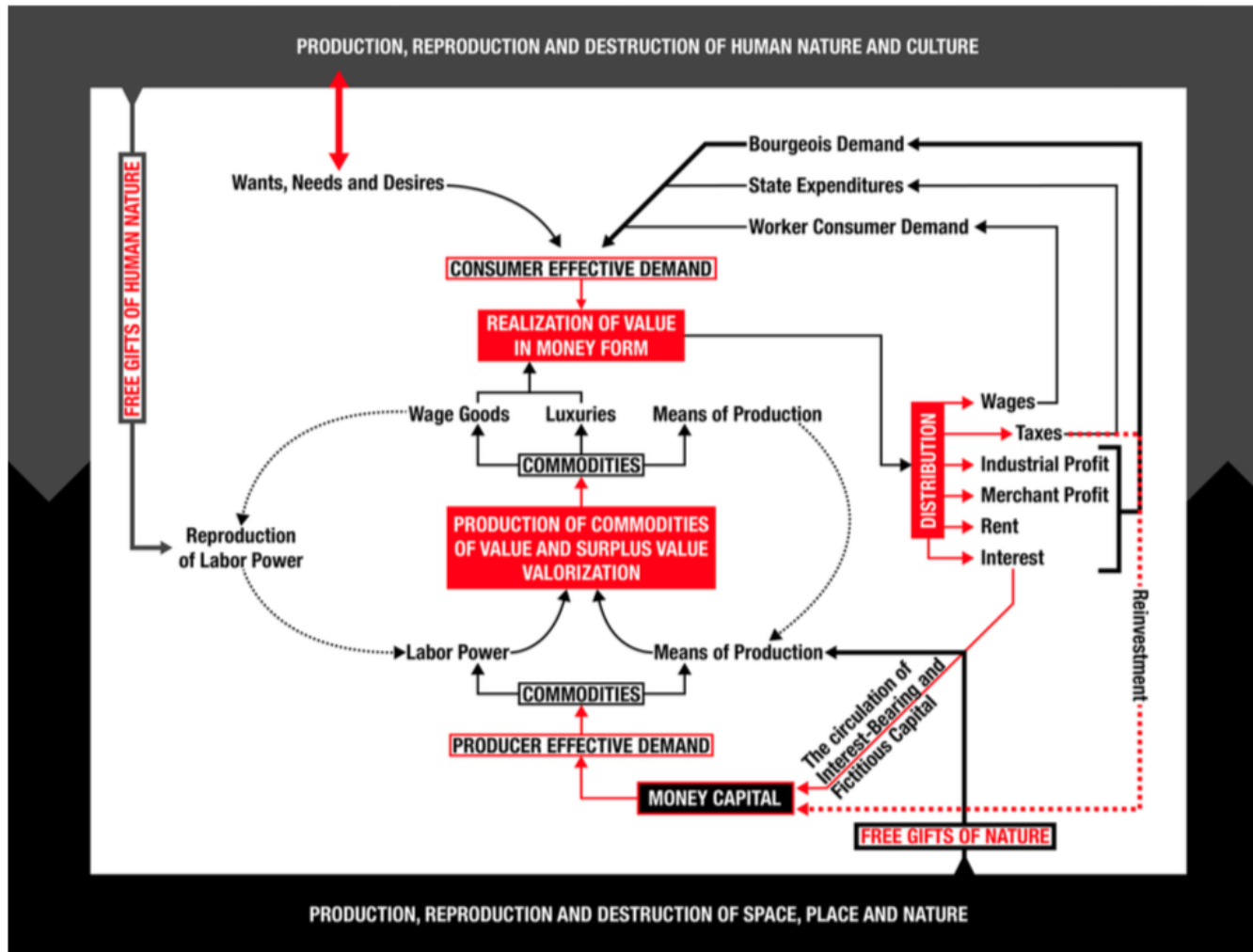
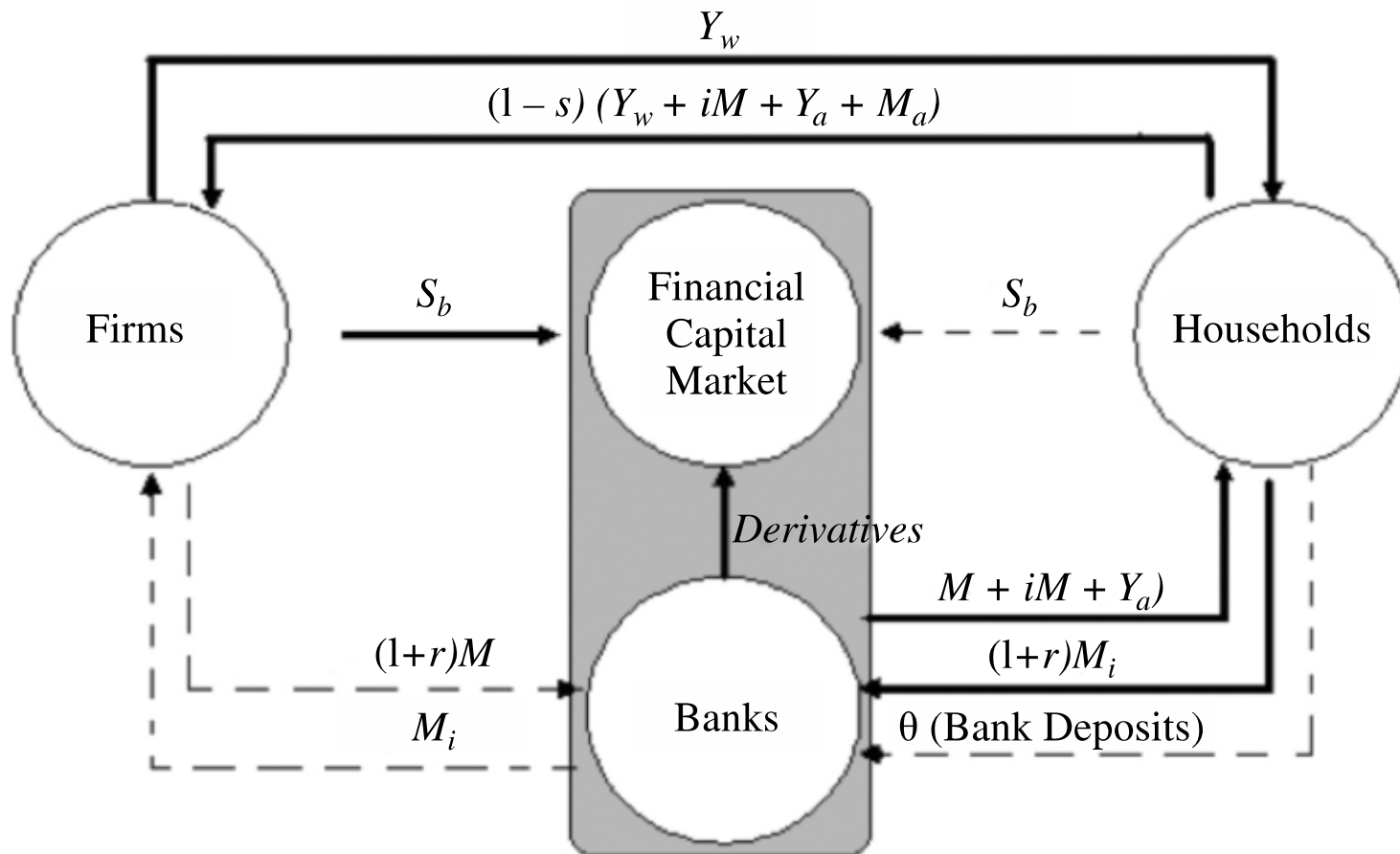


Figure 1: The circulation of capital as a whole

Source: Harvey (2018, p. 433, Fig. 1)

A POST-KEYNESIAN VIEW

Figure 3 Strategic role of banks during the financialization era



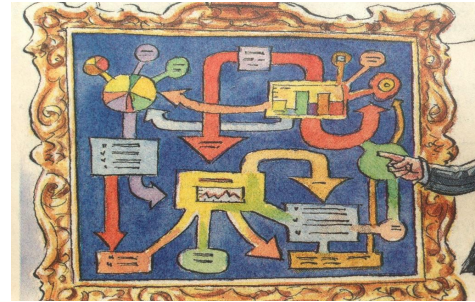
Source: Seccareccia (2012, p. 284, Fig. 3)

Flows of finance / circulation of capital

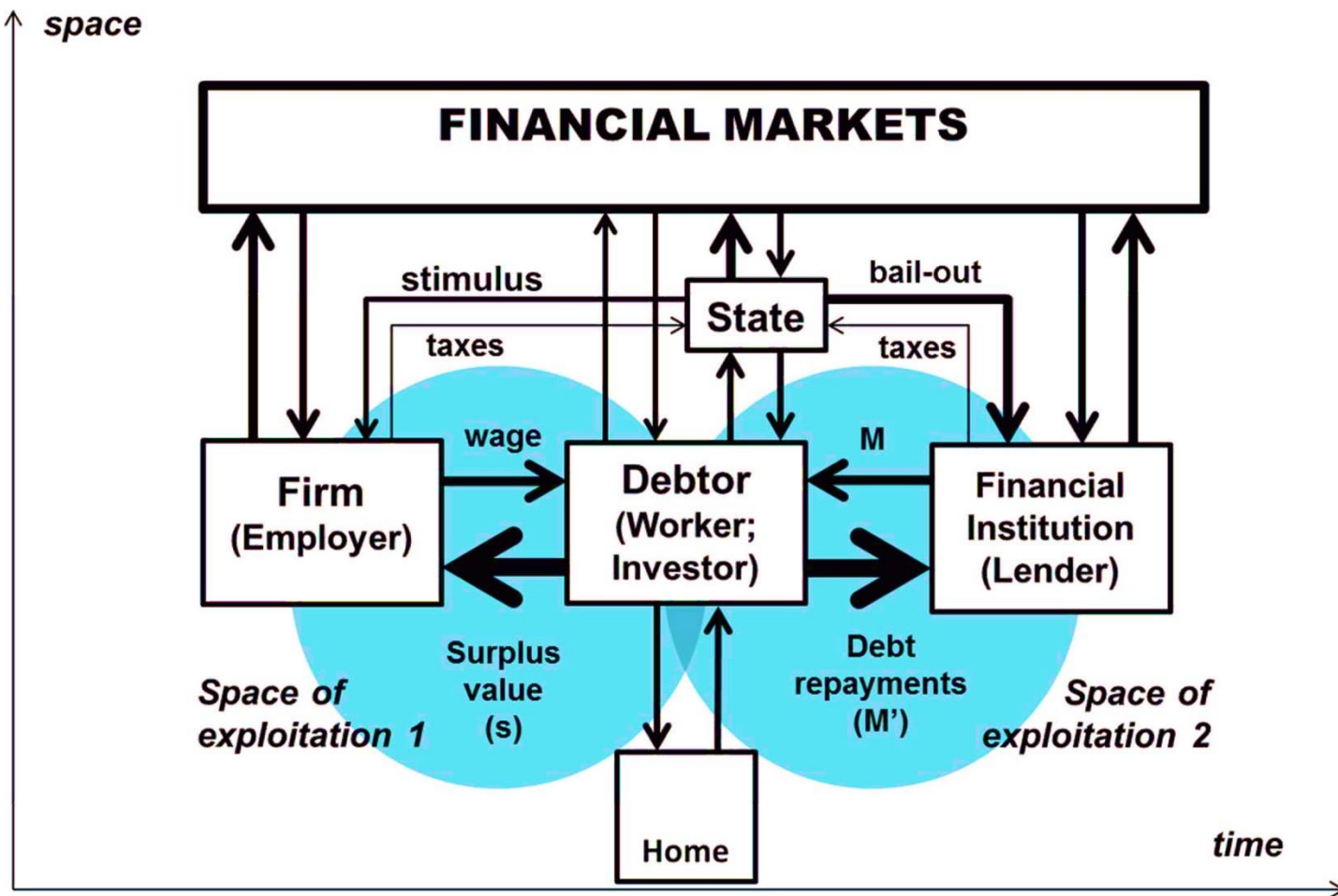
Key points:

- **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

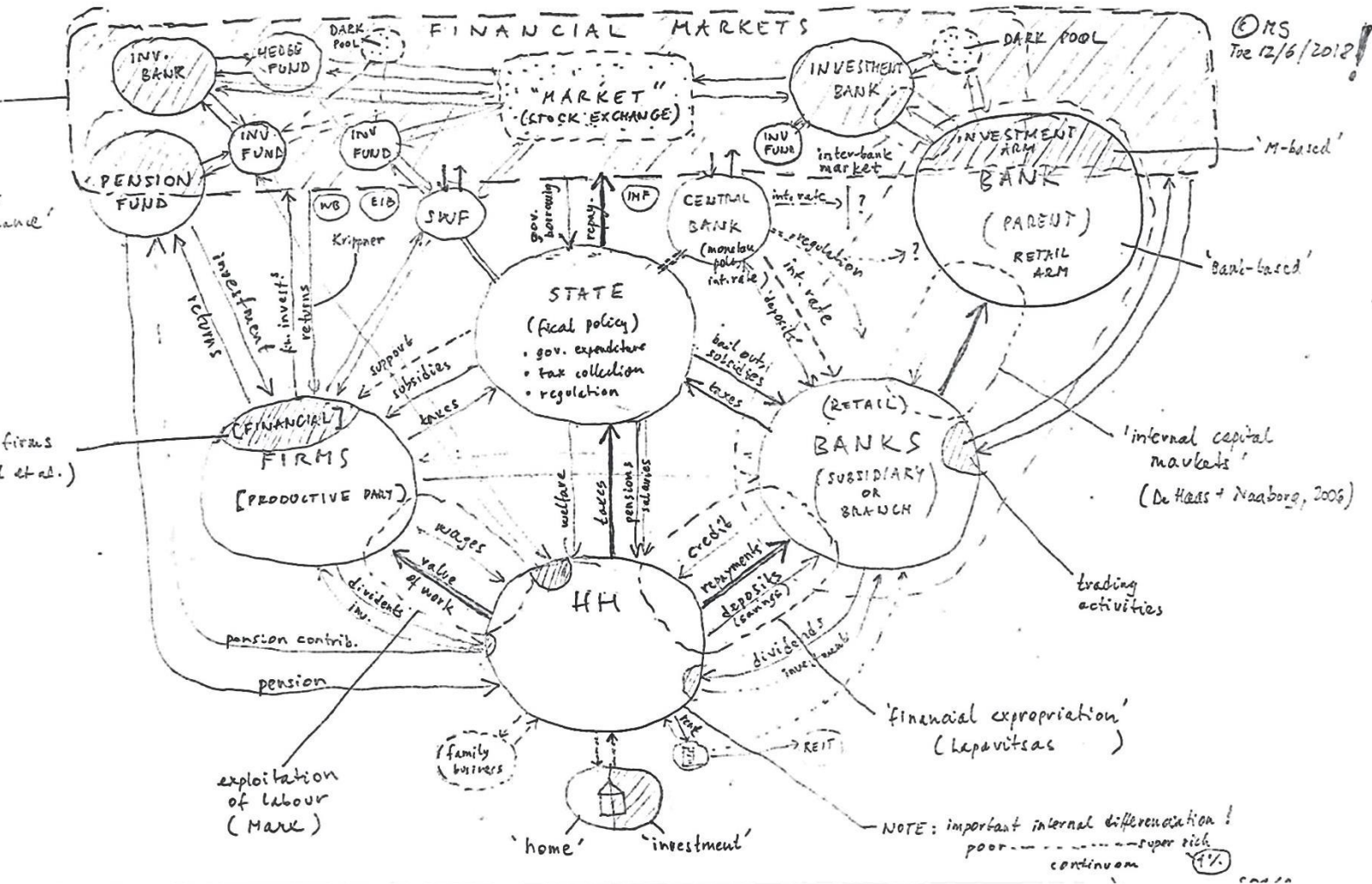


'FINANCIAL CHAIN' – Version 1.0



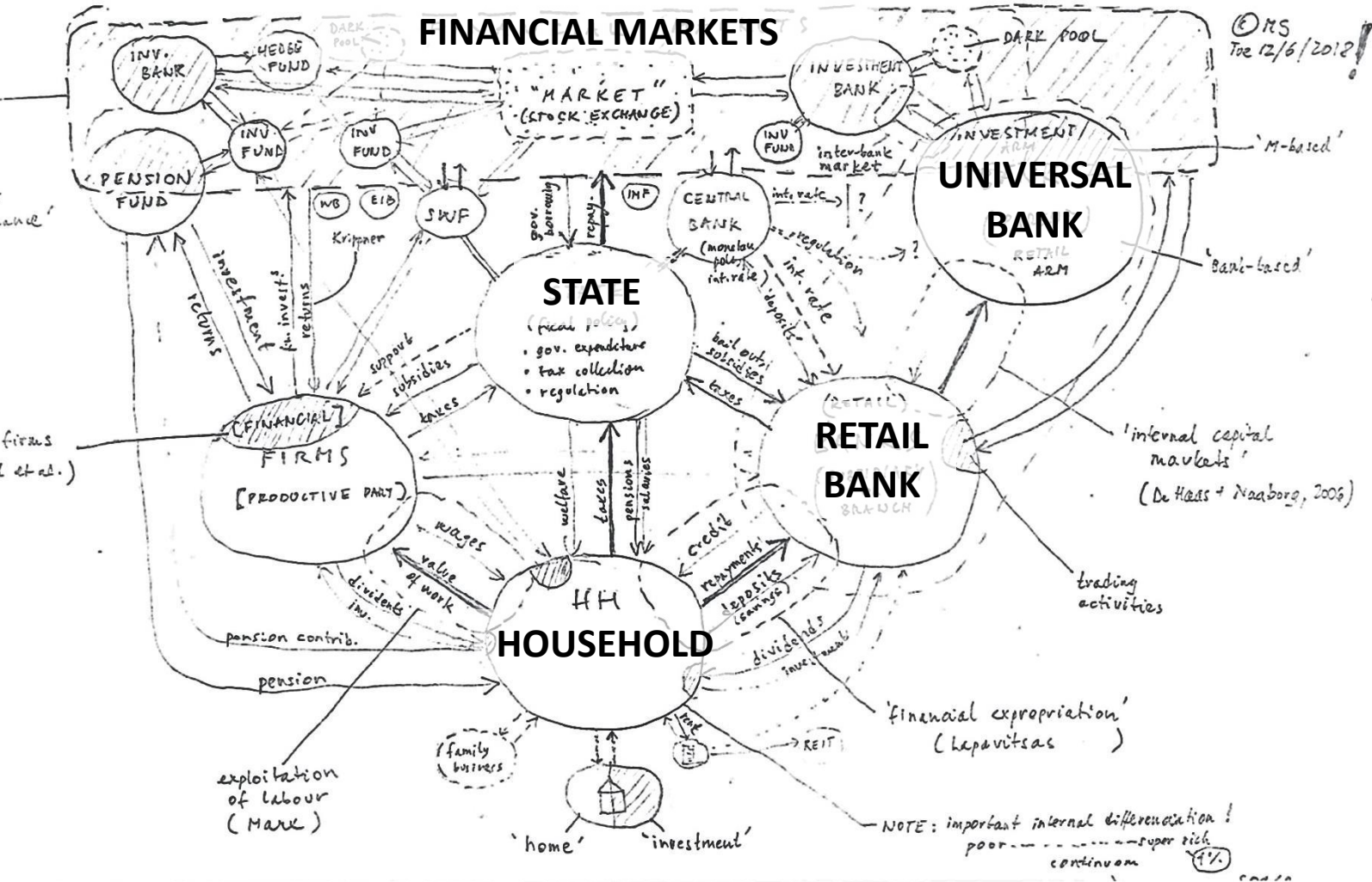
Financial chains in the debt economy (Source: Sokol, 2013)

'FINANCIAL CHAIN' – Version 2.0*



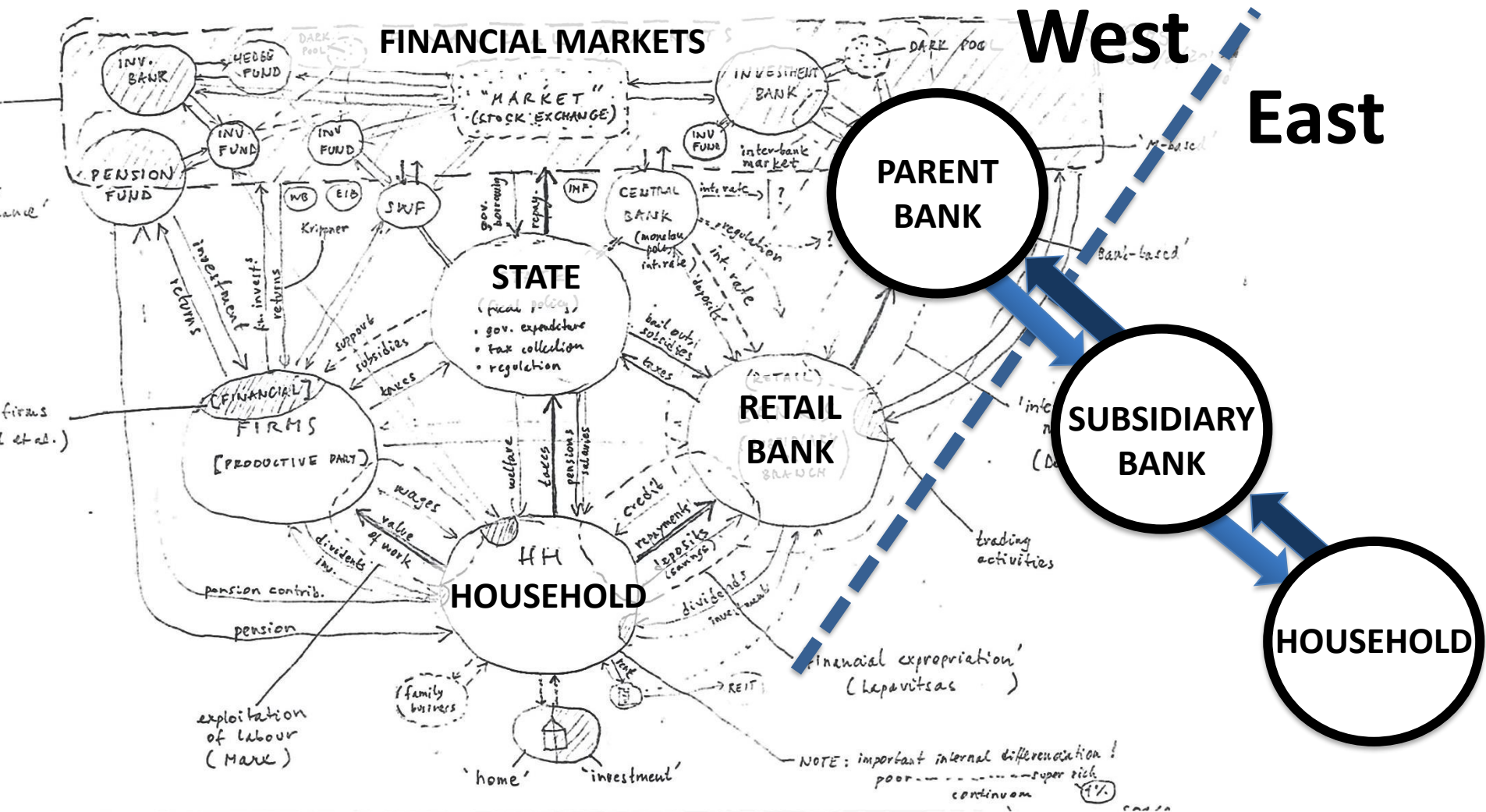
*under construction. Source: Author (2018)

'FINANCIAL CHAIN' – Version 2.0*



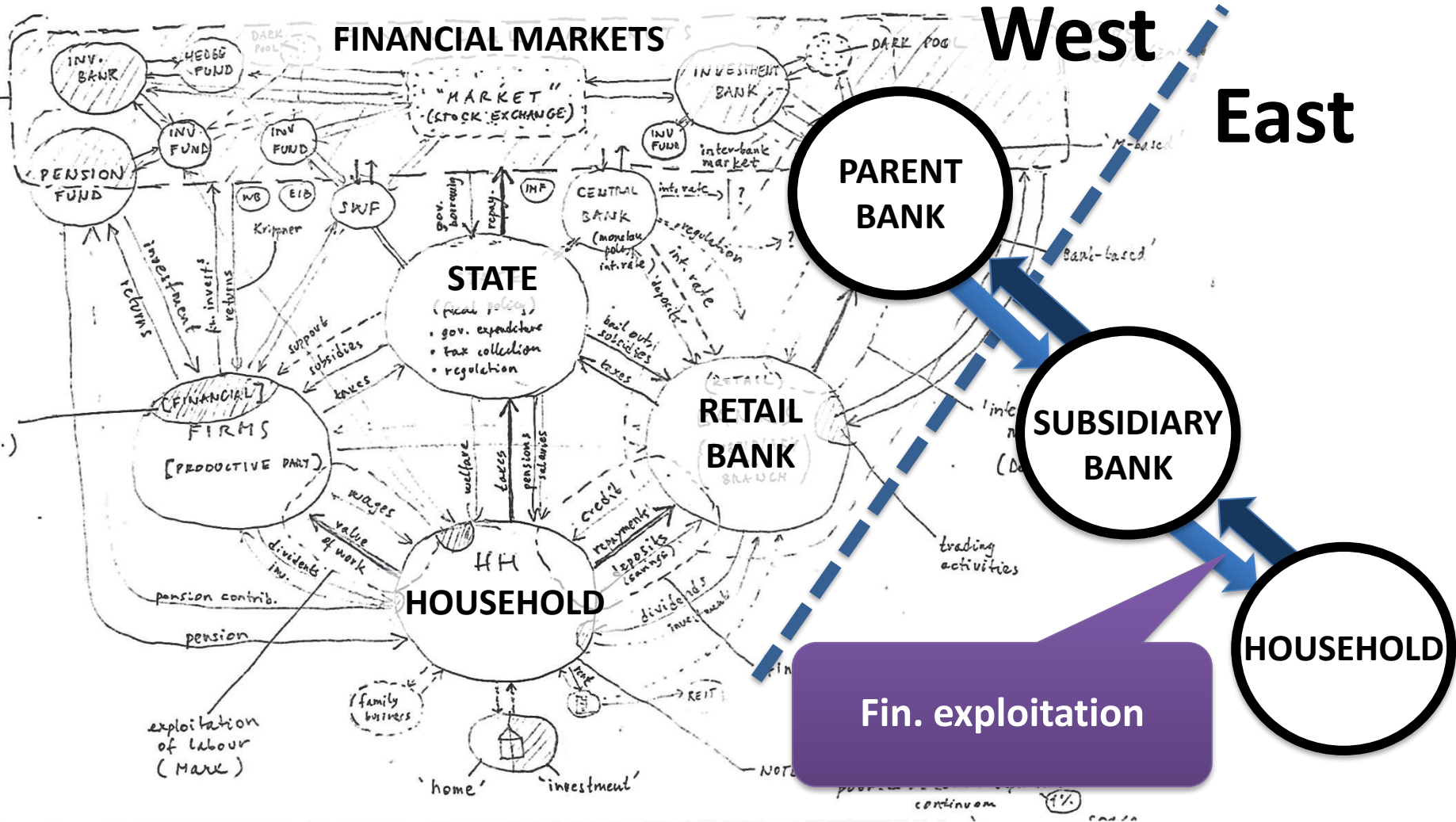
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'FINANCIAL CHAIN' – Version 2.0*



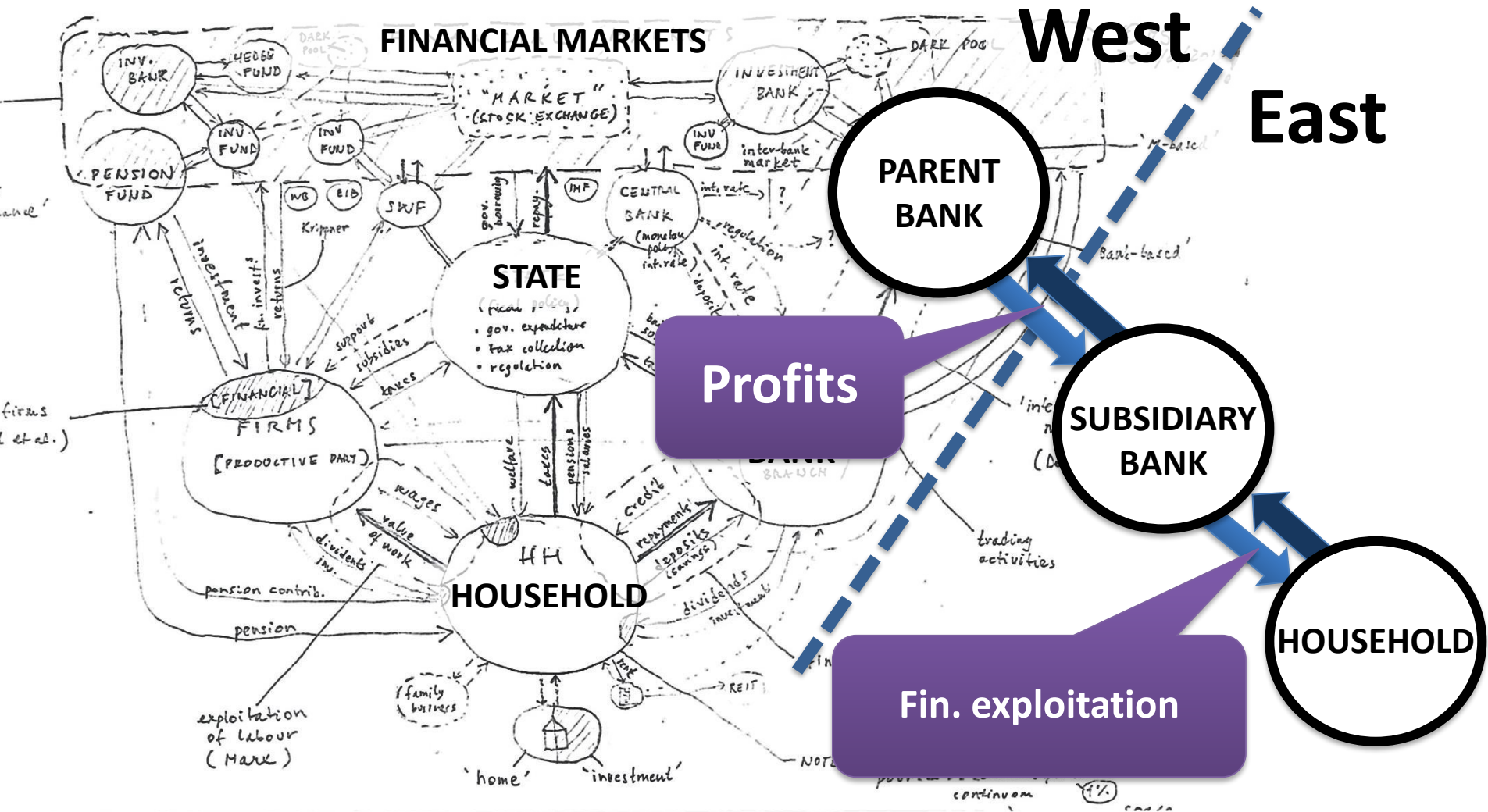
*under construction. Source: Author (2018)

'FINANCIAL CHAIN' – Version 2.0*



*under construction. Source: Author (2018)

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*under construction. Source: Author (2018)

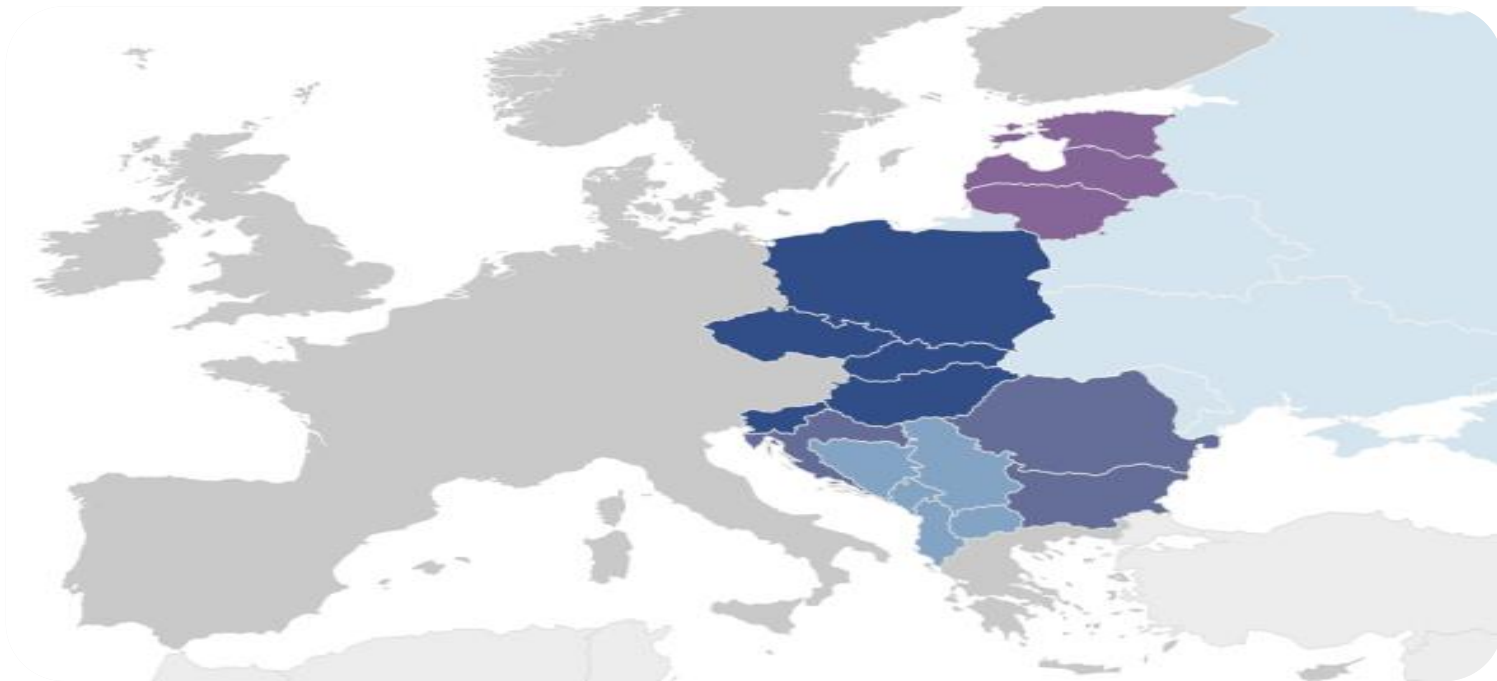
FINANCIAL CHAINS in ECE



East-Central Europe:

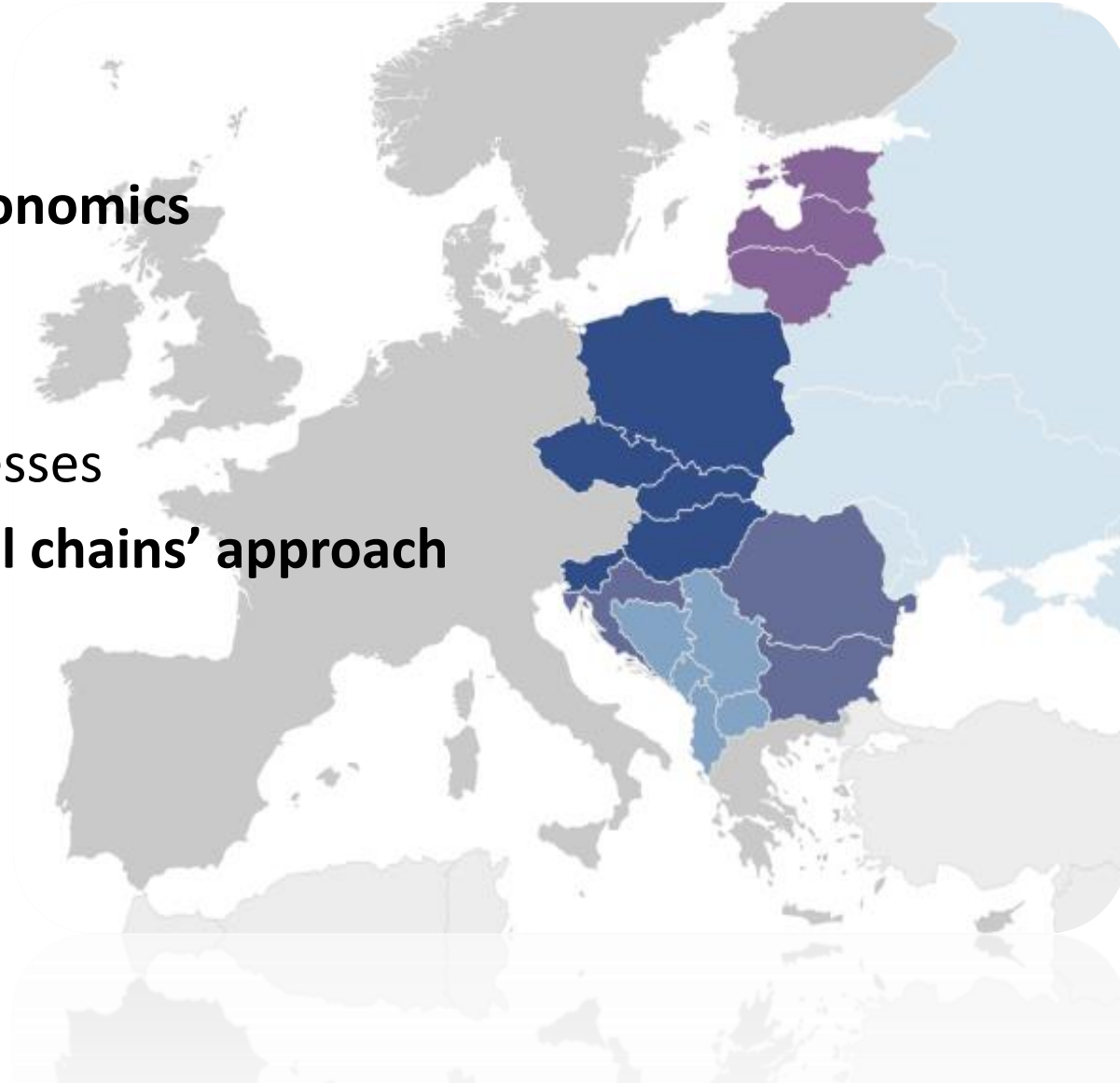
- the dominant role in 'financial chains' played by **West-European banks**
- implications for **uneven development = unclear**

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



CONCLUSION

- 3 views:
 - **Mainstream economics**
 - **Marxist**
 - **Post-Keynesian**
- Strengths / weaknesses
- Towards a **‘financial chains’ approach**





Thank you!

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ABSTRACT

Martin SOKOL

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

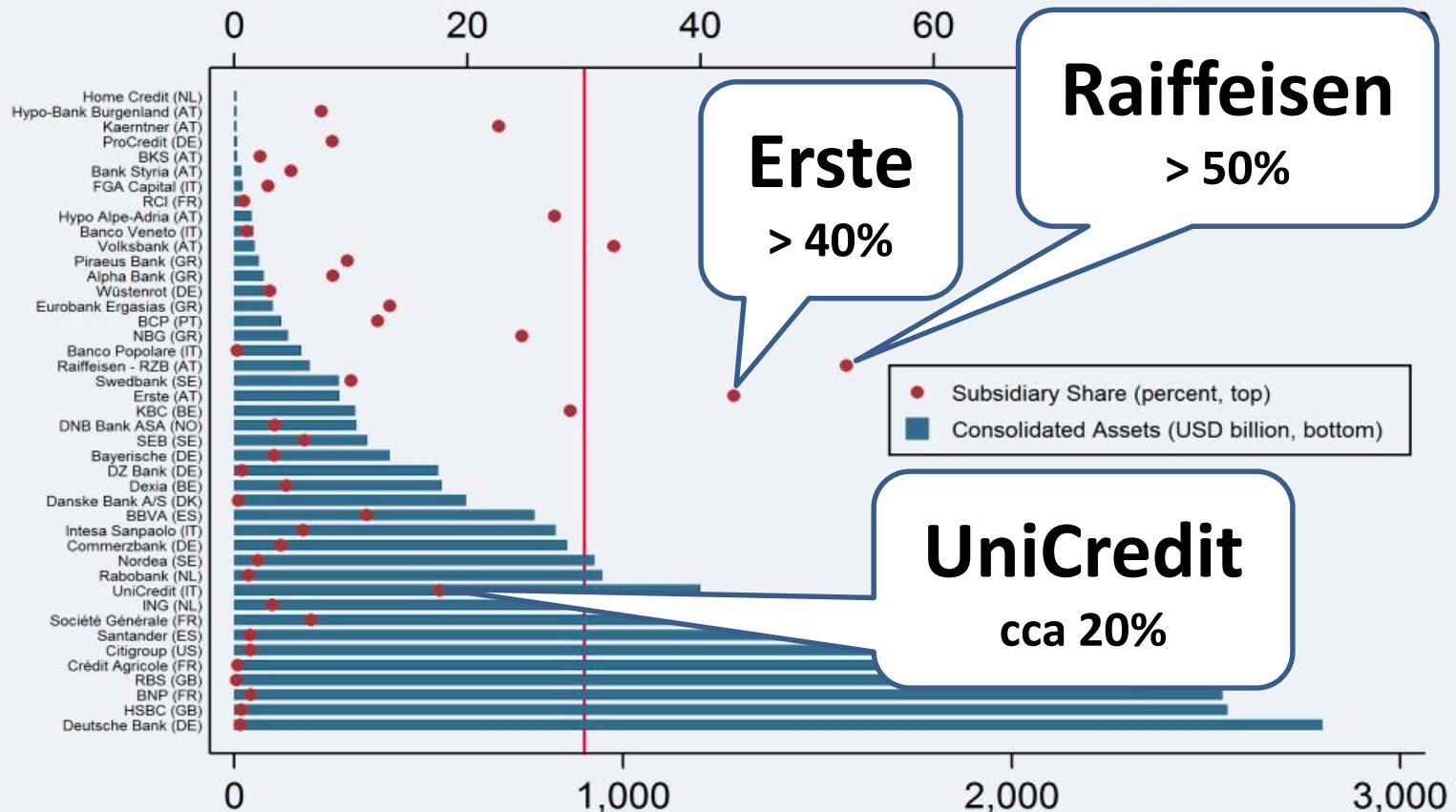
Abstract:

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 (%)

Figure 13. Share of CESEE Subsidiaries in Parent Consolidated Assets (2011)



Notes: Bankscope did not contain 2011 data for few small subsidiaries at the time of the download.
 Sources: Bankscope and authors' calculations.