

# Financial chains: a good idea?

**Dr Martin Sokol**

Associate Professor  
Department of Geography  
Trinity College Dublin  
Ireland  
[sokolm@tcd.ie](mailto:sokolm@tcd.ie)



# KEY POINTS

- Brutal world:

## **INEQUALITY + INSTABILITY**

(Global Financial Crisis)

- **Role of finance?** ..... Central!
- Neo-liberal, financialised(-ing) capitalism
- Lazzarato (2012): '**debt economy**'
  - BUT: **lack of analytical tools** to analyse this new debt economy! (Lazzarato, 2012, p.10 and 32)
- ALSO: lack of analytical tools from a **geographical** perspective!
- Possible way forward: **FINANCIAL CHAINS** concept

# DEBT ECONOMY (Lazzarato, 2012)

- **‘Debt economy’** = “more appropriate term than finance or financialised economy” (Lazzarato, 2012, 24)
- **“Everyone is a ‘debtor’**, accountable to and guilty before capital” (ibid, 7)
- **‘Homo debtor’ /‘indebted man’ (sic)** -- vs. -- ‘Homo economicus’
- All actors subject to **creditor–debtor relationships** and the discipline of financial markets.
- **financialisation** is in fact **“an enormous mechanism for managing private and public debt”** (ibid, 23)
- **Debt** = “central to understanding ... neoliberalism” (ibid, 25)
- “[i]n neoliberalism, what we reductively call **‘finance’** is indicative of the increasing force of the **creditor-debtor relationship**” (ibid, 23).
- Debt = “mechanism for **income redistribution**”(ibid, 29)
- Debtor-creditor relationship ‘intensifies mechanism of **exploitation and domination** at every level of society’ (ibid, 7).



# EXAMPLE





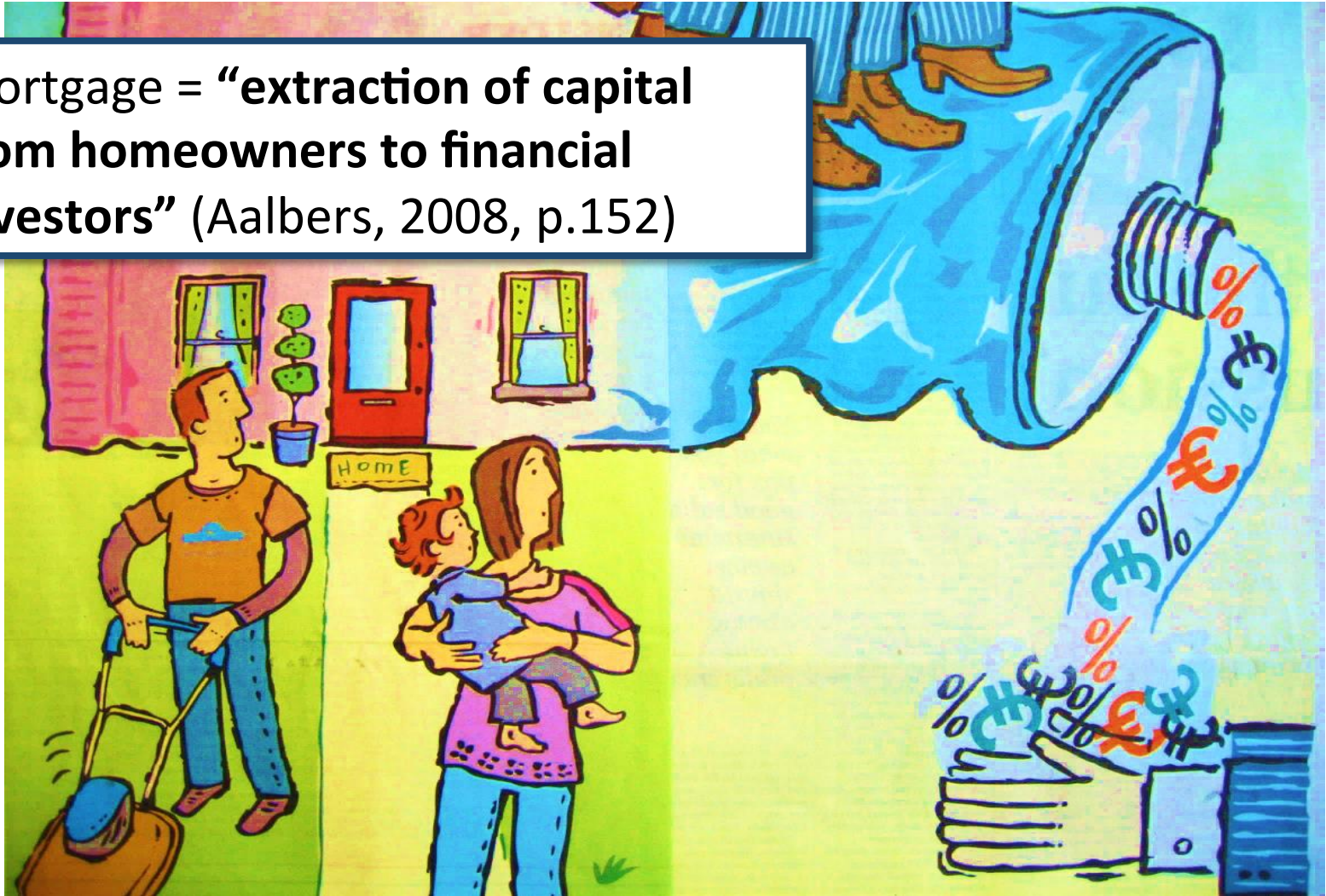
# EXAMPLE

Mortgage



# EXAMPLE

Mortgage = “extraction of capital from homeowners to financial investors” (Aalbers, 2008, p.152)

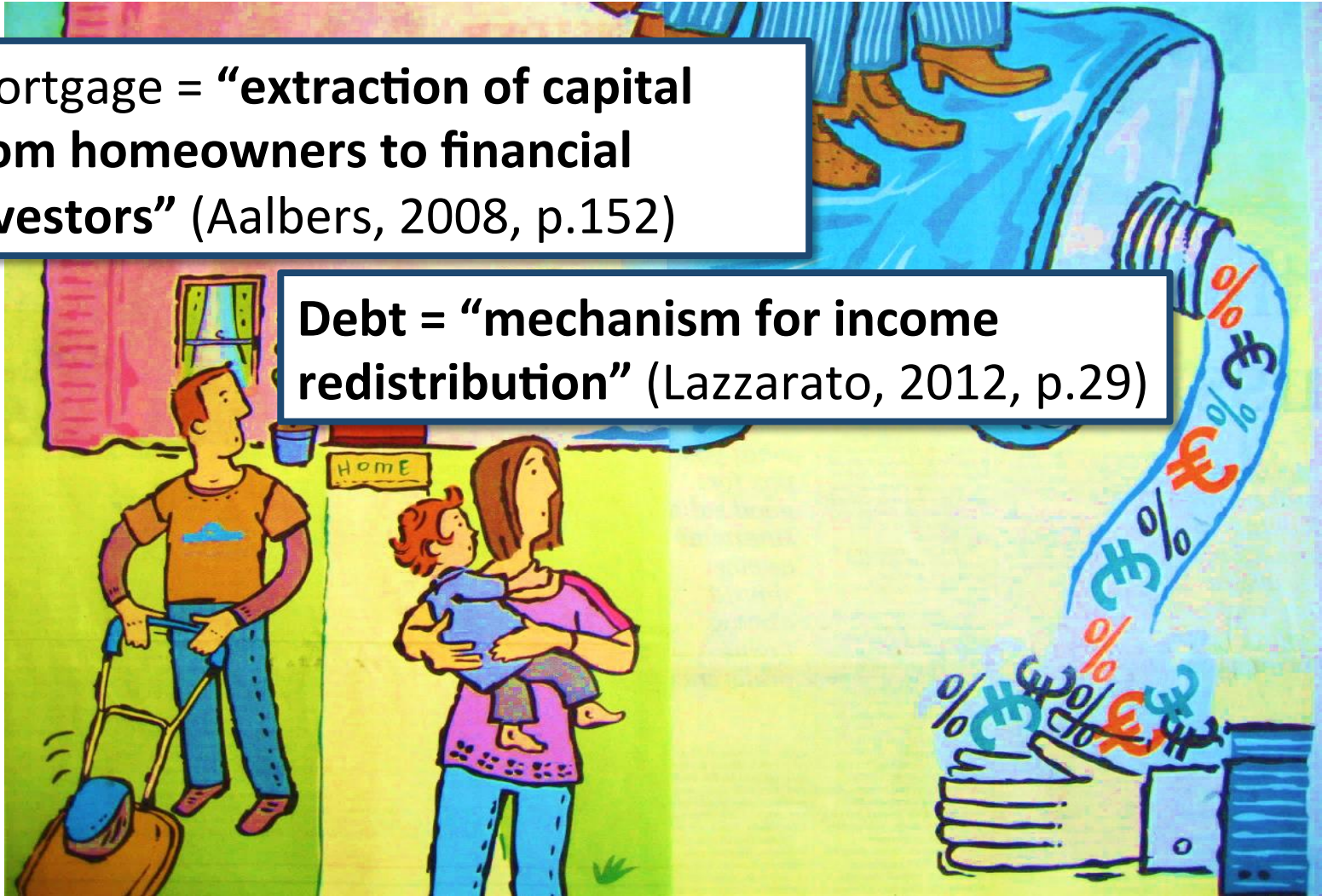




# EXAMPLE

Mortgage = “extraction of capital from homeowners to financial investors” (Aalbers, 2008, p.152)

Debt = “mechanism for income redistribution” (Lazzarato, 2012, p.29)

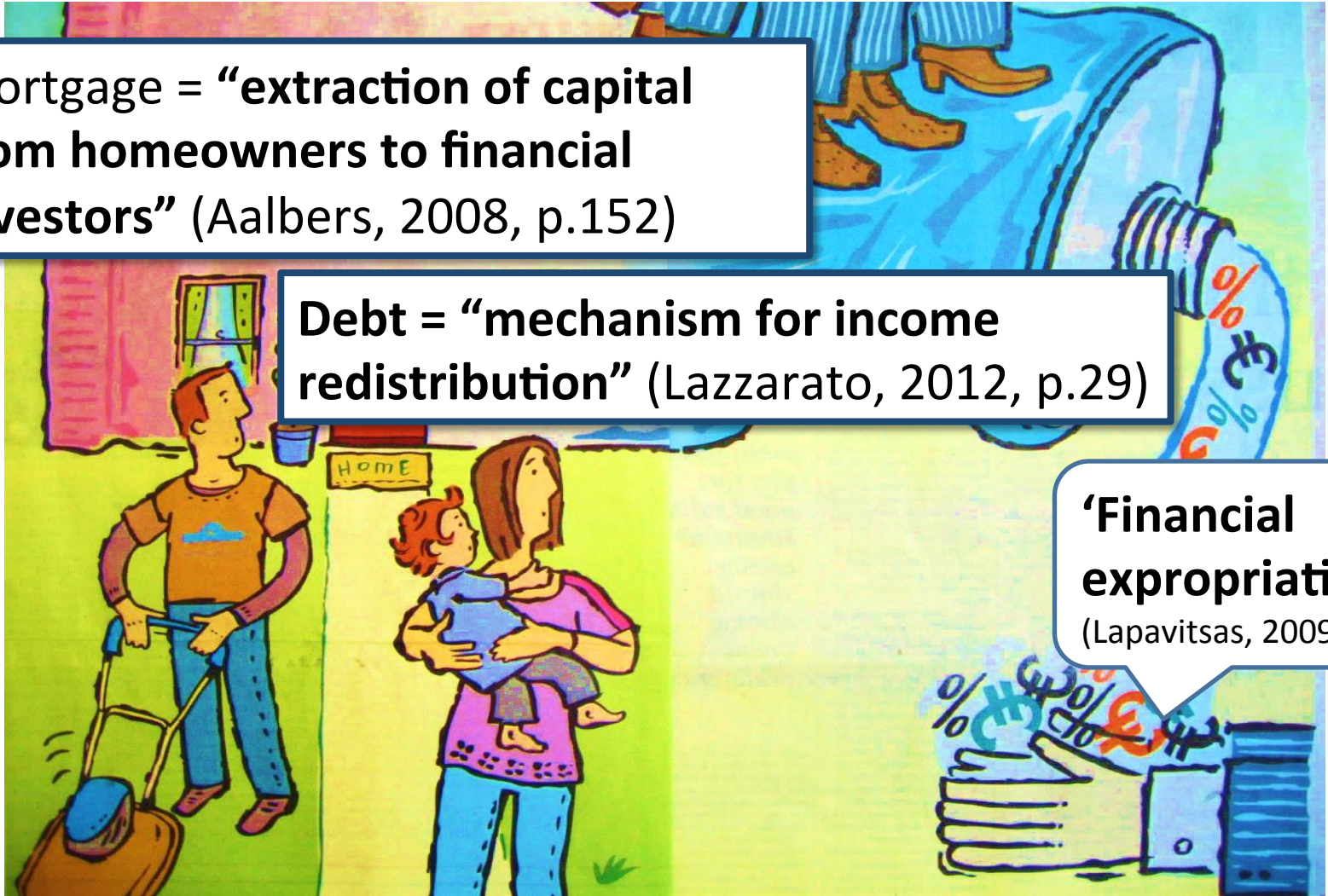


# EXAMPLE

Mortgage = “extraction of capital from homeowners to financial investors” (Aalbers, 2008, p.152)

Debt = “mechanism for income redistribution” (Lazzarato, 2012, p.29)

‘Financial expropriation’  
(Lapavitsas, 2009, p.126)





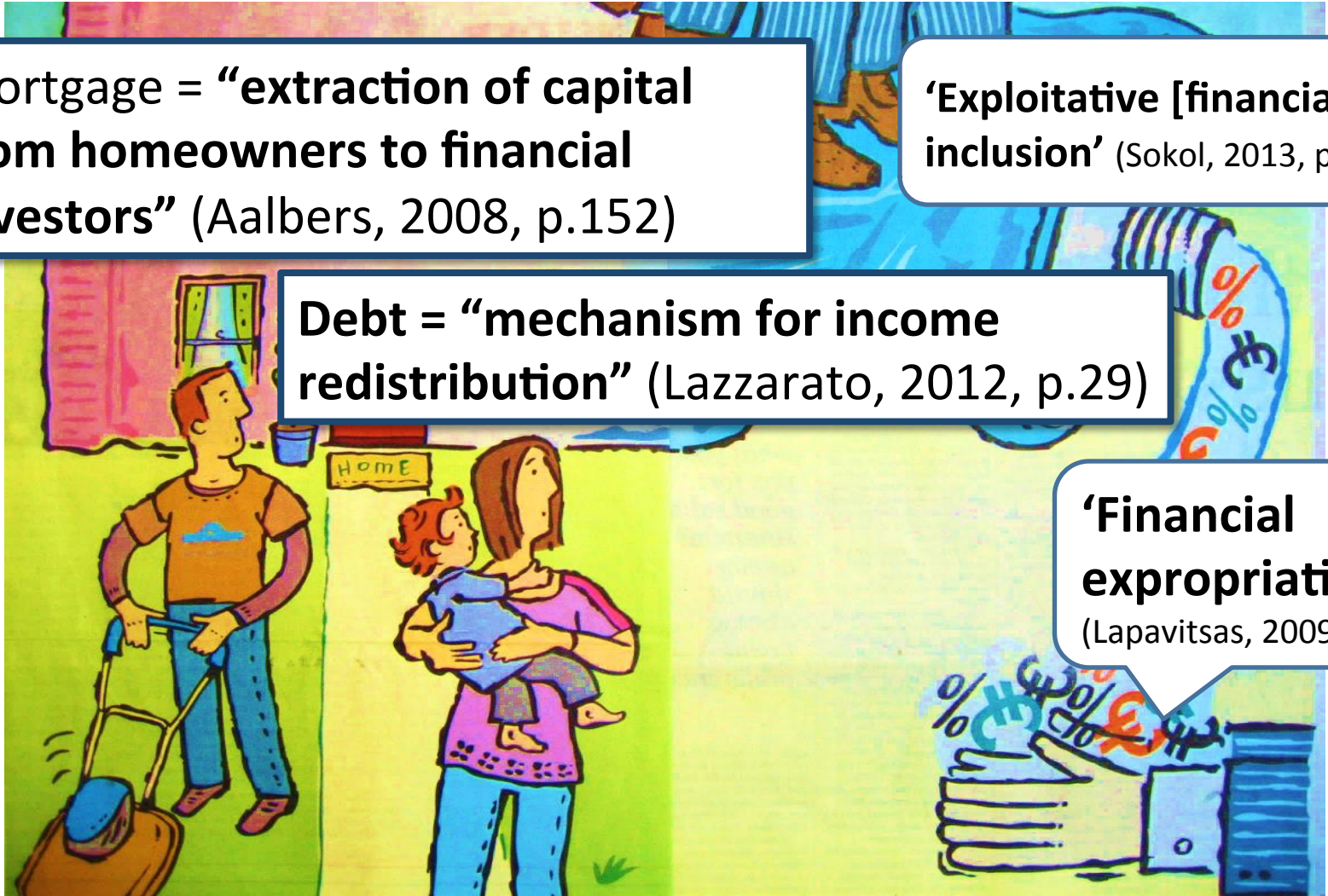
# EXAMPLE

Mortgage = “**extraction of capital from homeowners to financial investors**” (Aalbers, 2008, p.152)

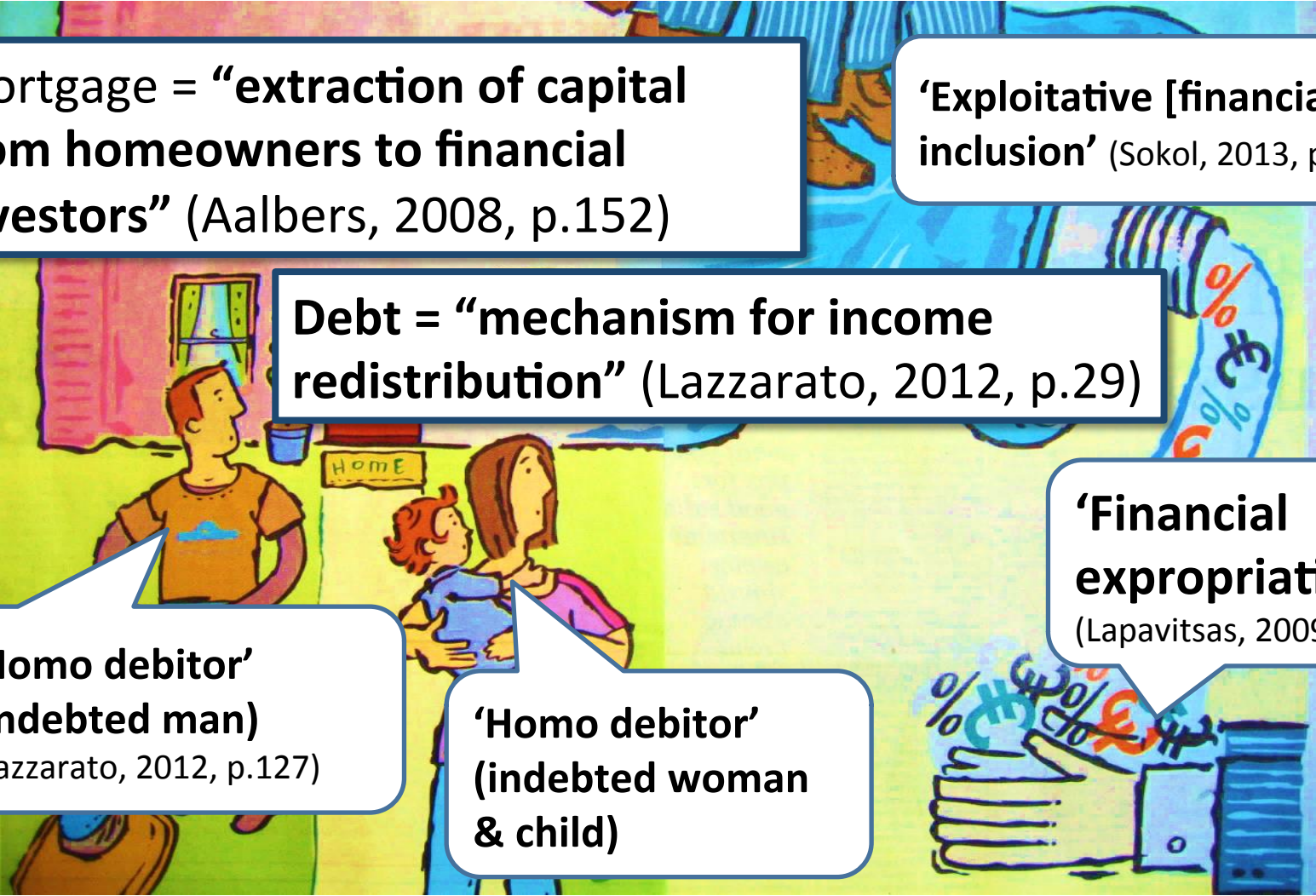
‘**Exploitative [financial] inclusion**’ (Sokol, 2013, p.507)

Debt = “**mechanism for income redistribution**” (Lazzarato, 2012, p.29)

‘**Financial expropriation**’  
(Lapavitsas, 2009, p.126)



# EXAMPLE



Mortgage = “**extraction of capital from homeowners to financial investors**” (Aalbers, 2008, p.152)

‘**Exploitative [financial] inclusion**’ (Sokol, 2013, p.507)

Debt = “**mechanism for income redistribution**” (Lazzarato, 2012, p.29)

‘**Homo debitor**’  
(indebted man)  
(Lazzarato, 2012, p.127)

‘**Homo debitor**’  
(indebted woman  
& child)

‘**Financial expropriation**’  
(Lapavitsas, 2009, p.126)

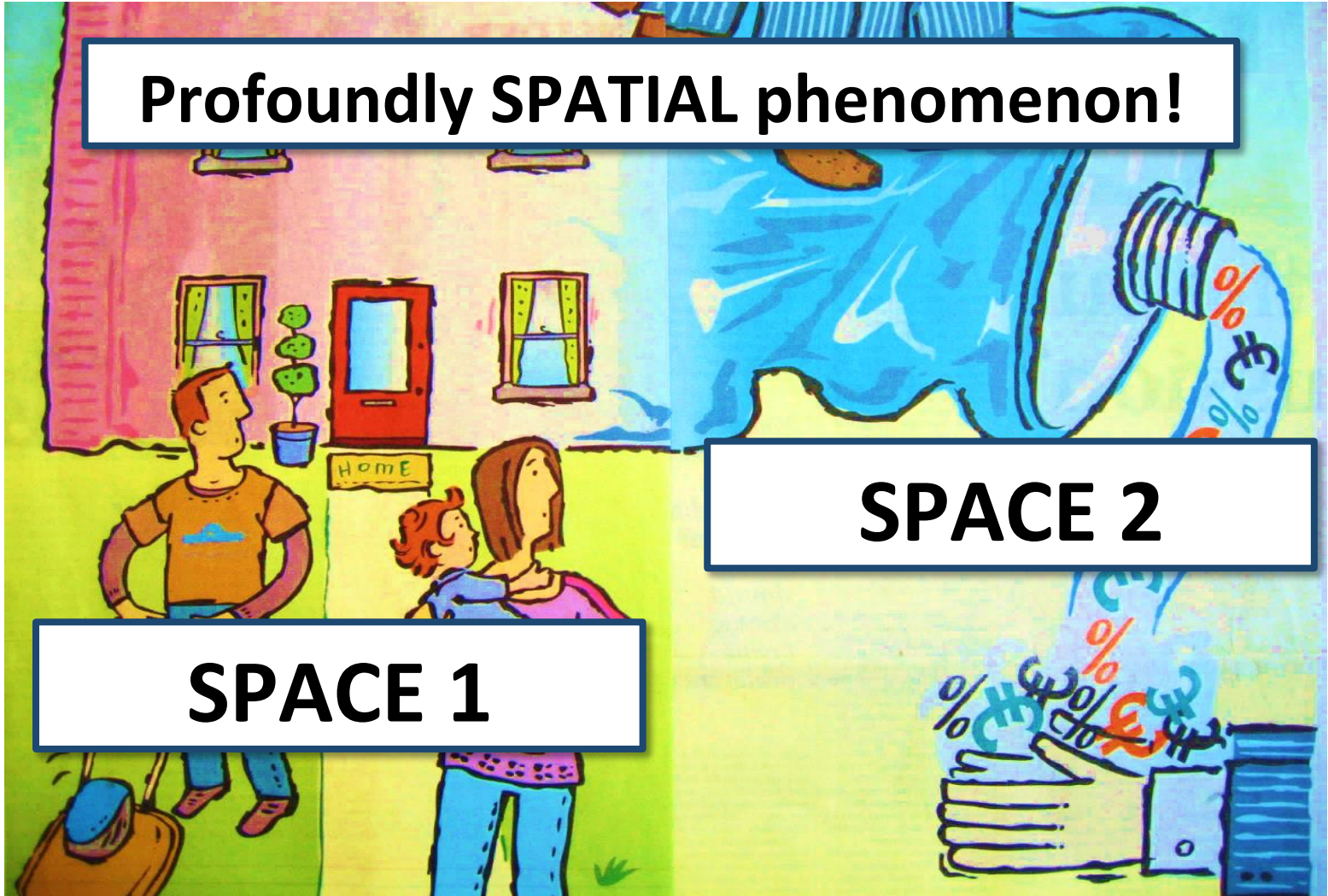


# EXAMPLE

**Profoundly SPATIAL phenomenon!**

**SPACE 1**

**SPACE 2**



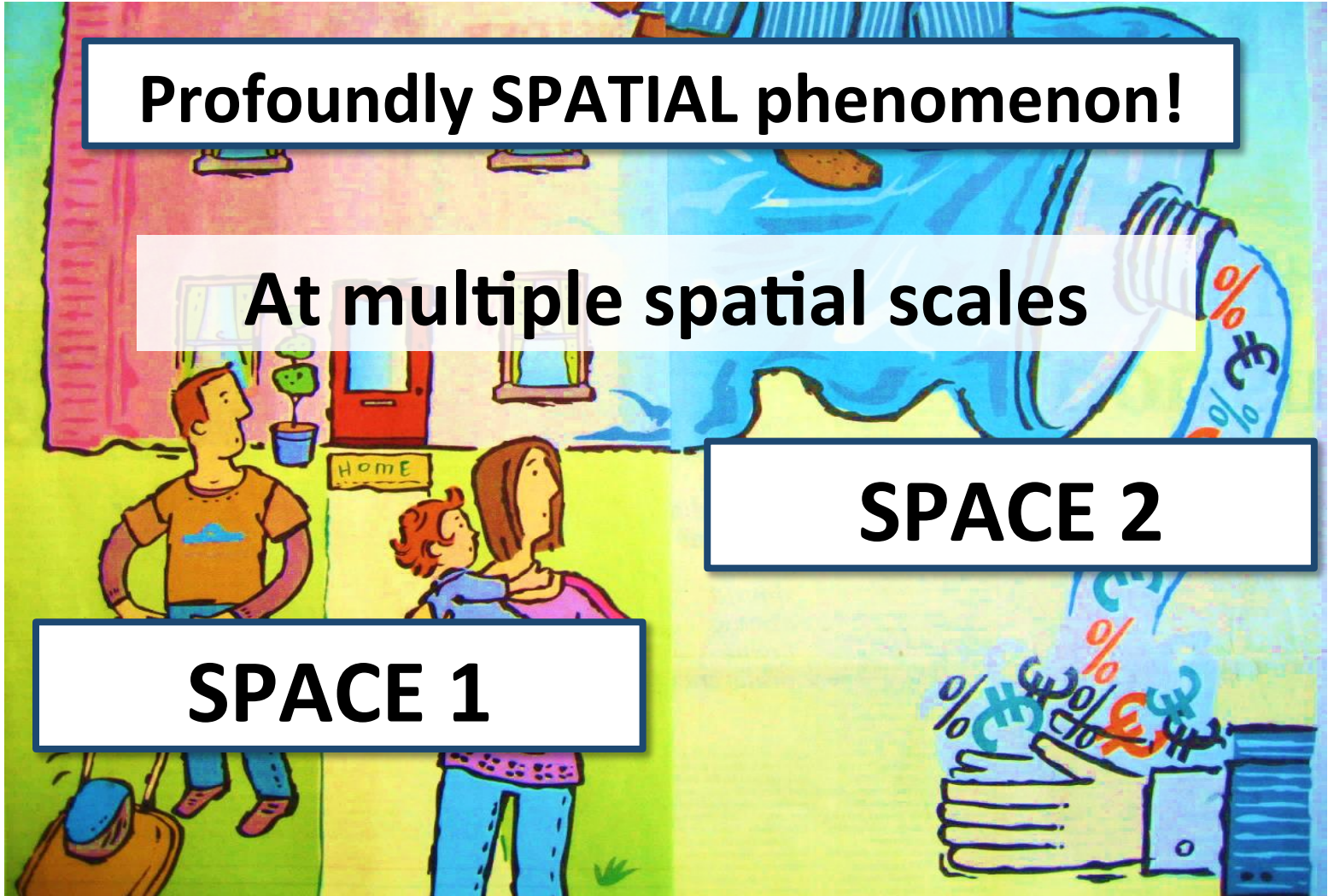
# EXAMPLE

**Profoundly SPATIAL phenomenon!**

**At multiple spatial scales**

**SPACE 1**

**SPACE 2**





# “FINANCIAL CHAIN” CONCEPT



**Source: Adapted from Sokol (2017) *Research in International Business & Finance***

# “FINANCIAL CHAIN” CONCEPT



Source: Adapted from Sokol (2017) *Research in International Business & Finance*



# “FINANCIAL CHAIN” CONCEPT



Source: Adapted from Sokol (2017) *Research in International Business & Finance*

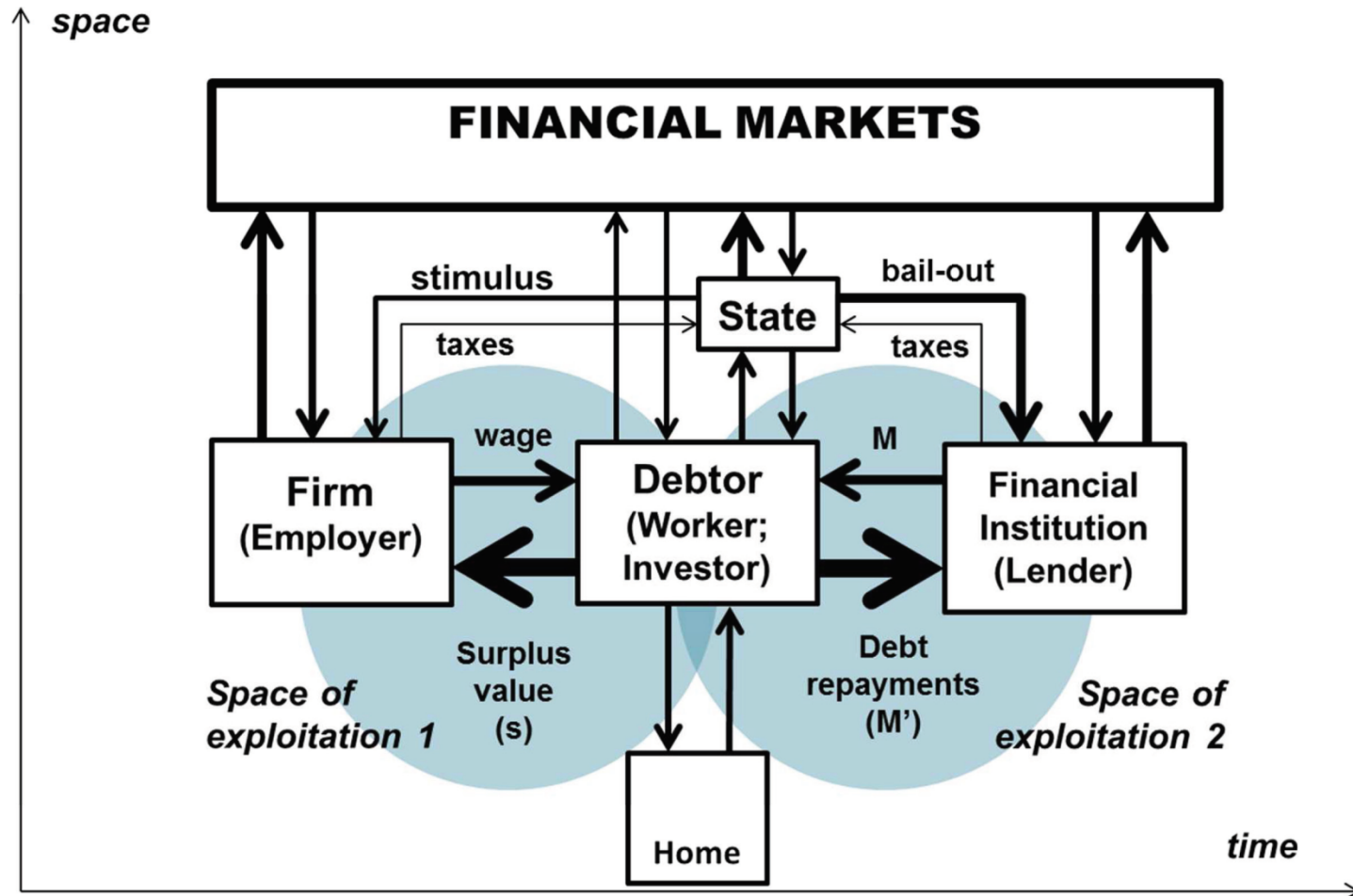
# “FINANCIAL CHAIN” CONCEPT



Source: Adapted from Sokol (2017) *Research in International Business & Finance*



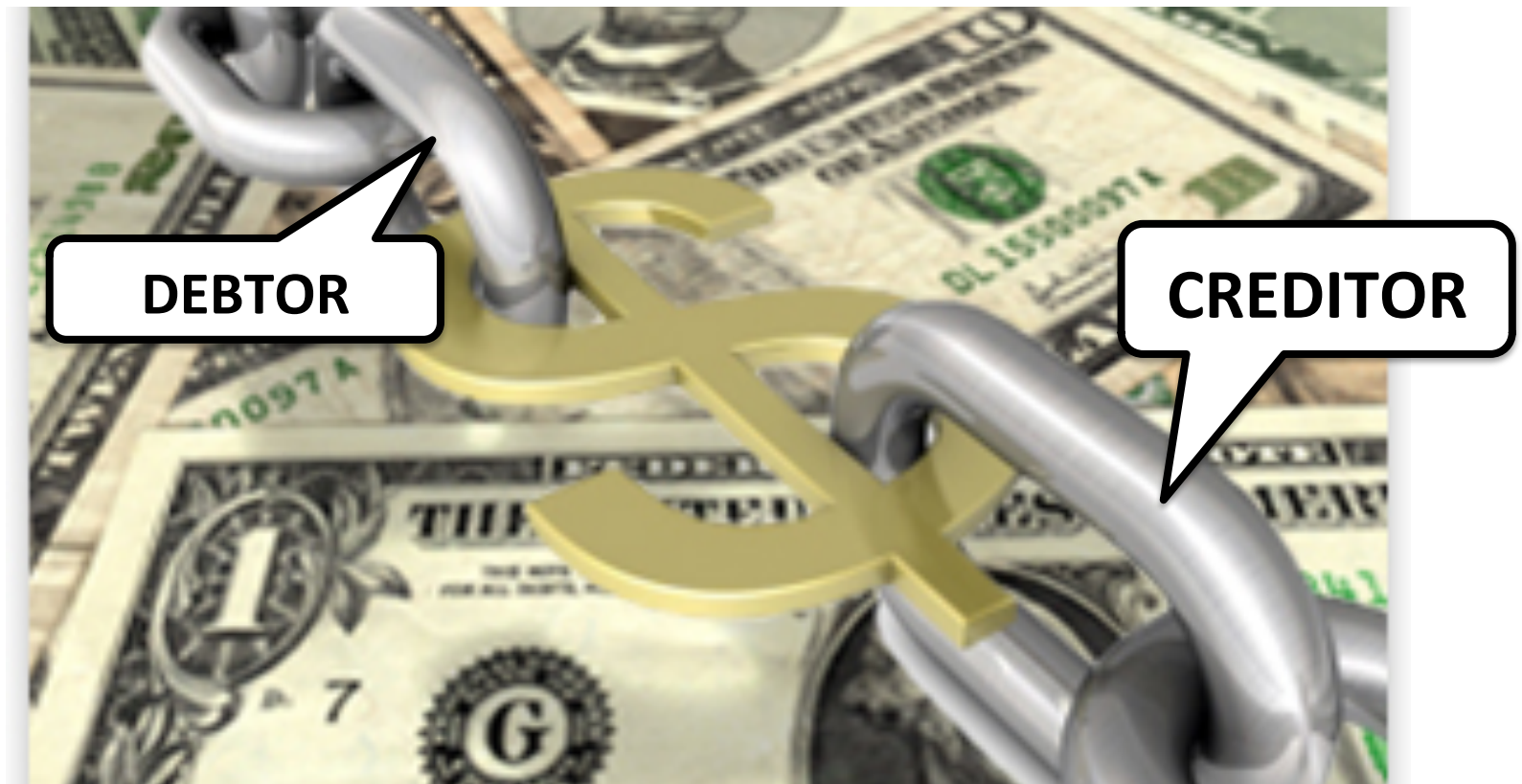
# FINANCIAL CHAINS IN THE DEBT ECONOMY



Source: Sokol (2013) *Cambridge Journal of Regions, Economy and Society*

# ‘Financial chains’ – metaphor 1:

- **financial linkages** which transfer values over space and time...



# ‘Financial chains’ – metaphor 2:

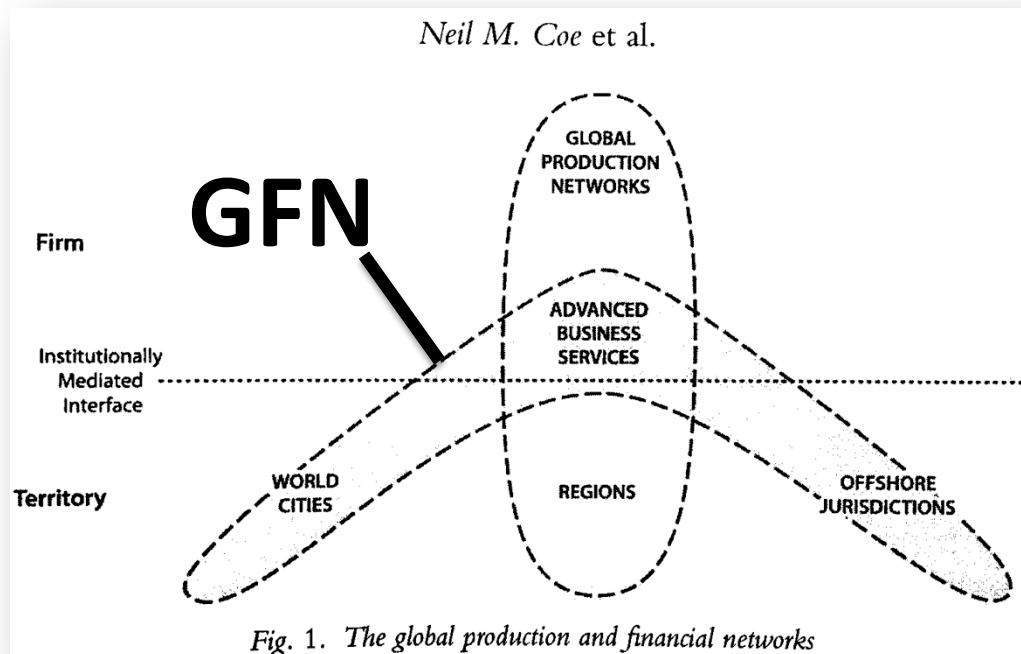
- actors are **‘chained’ to each other** in a social relation, shaping each other’s actions...





# RELATED GEOGRAPHY CONCEPTS...

- **Networks of value** (Smith et al., 2002)
- **Circuits of value** (Lee et al., 2008; Lee et al., 2009)
- **Financial infrastructure** (Halbert, 2017)
- **Global financial networks - GFN** (Coe, Lai & Wójcik, 2014)



# RELATED GEOGRAPHY CONCEPTS...

## ... vs FINANCIAL CHAIN



### Some key differences:

- Follow BOTH money (investments) AND **reversed flows of value (repayments / financial expropriation)**
- Not only value, but ALSO **social relations (power)**
- Network vs **chain** (metaphor)
  - nature of linkages between actors: **strong, durable, unbreakable, better sense of power/bond/domination...**
  - BUT: **chains** can (and often do) come in a **network configurations!**
  - **sequence of chains & 'chain reaction'**
  - **debtors chained to particular geographies**
- **Space AND time**
- Linking **households, states, firms, fin. institutions & markets**
- Possible conversation with **macroeconomic theories**





# **Western banks in Eastern Europe: New GEOgraphies of FINancialisation**

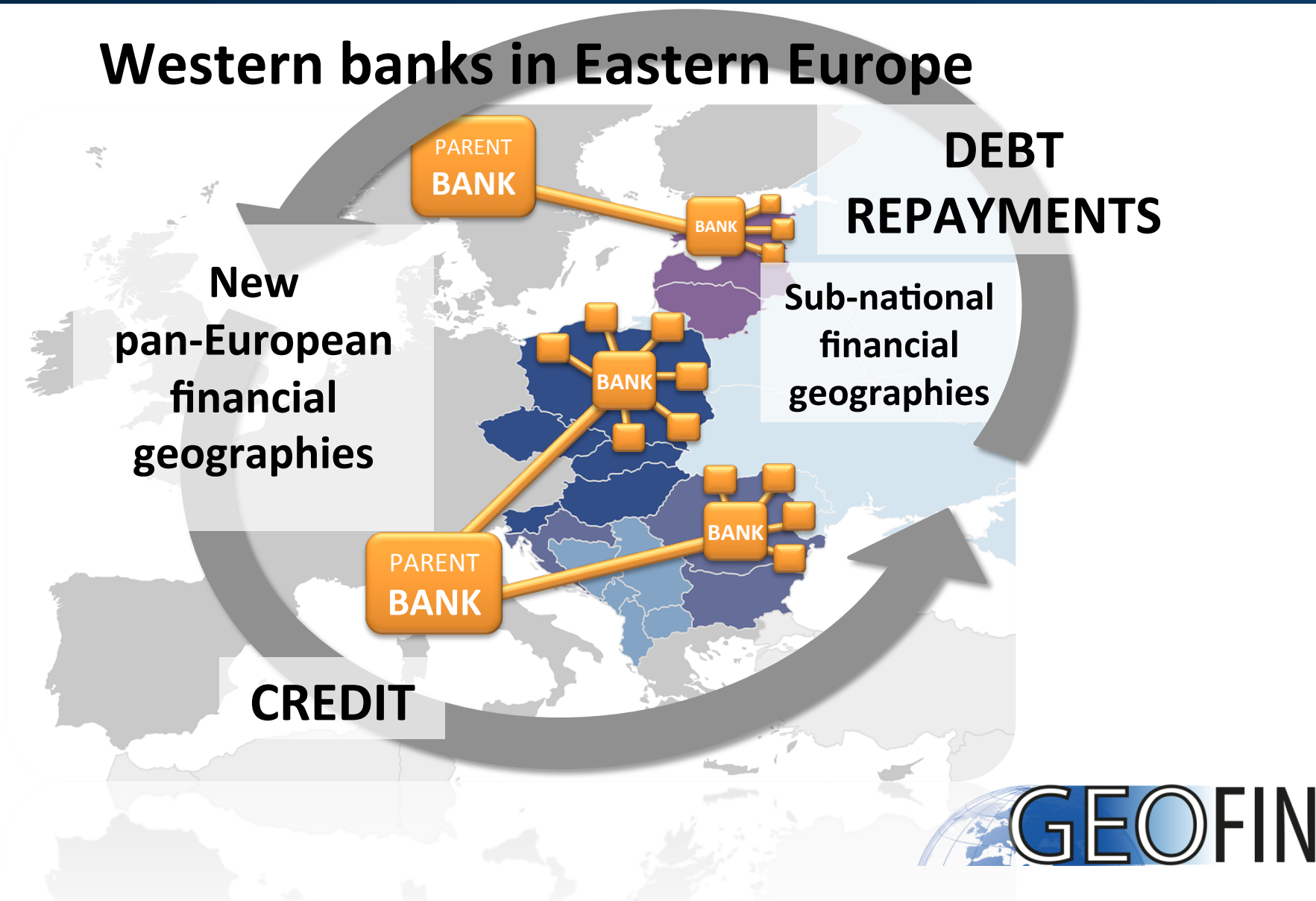


## **ERC Consolidator Grant**

- 5-year project
- €1,8M

# NEW EMPIRICAL TERRAIN

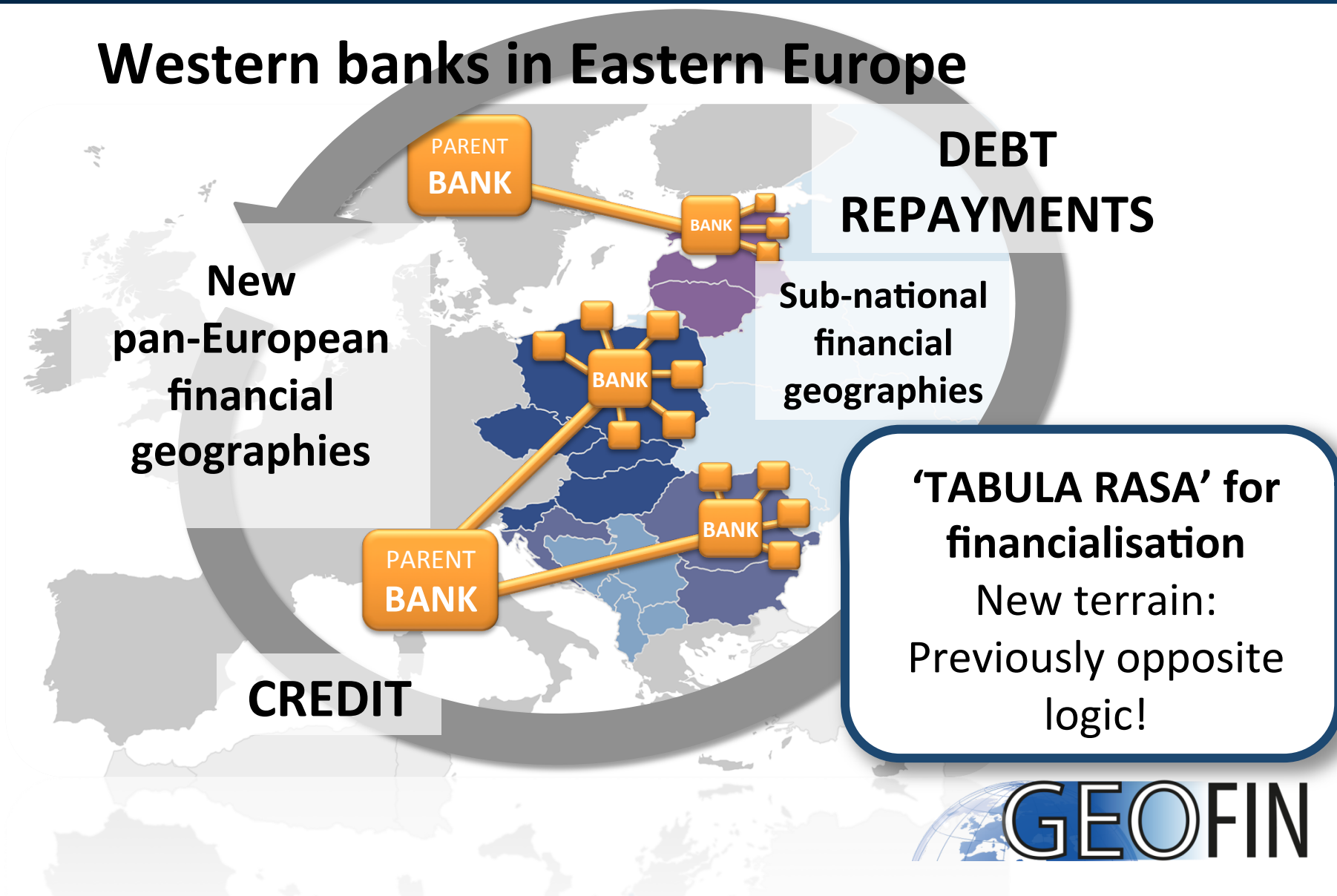
## Western banks in Eastern Europe





# NEW EMPIRICAL TERRAIN

## Western banks in Eastern Europe



# NEW EMPIRICAL TERRAIN

## Western banks in Eastern Europe



“Credit revolution”

# CONCLUSION: KEY POINTS

Lazzarato (2012): ‘**debt economy**’

- **Financialisation** = “an enormous mechanism for managing private and public debt”
- Debt = “mechanism for **income redistribution**”/ “**exploitation and domination**” within the ‘debt economy’
- **BUT: lack of analytical tools** to analyse it!

**FINANCIAL CHAINS** concept/metaphor:

- **financial investments AND repayments**
- **value transfer AND social relation**
- **space AND time**
- **actors chained to each other**
- **debtors chained to particular geographies**



A photograph of Trinity College Dublin, featuring the prominent dome of the Old Library building on the left and a large, leafy tree in the foreground on the right. The sky is overcast with soft light.

# Thank you!

[sokolm@tcd.ie](mailto:sokolm@tcd.ie)



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



# BIBLIOGRAPHY

- **Aalbers, M. B.** (2008) The financialization of home and the mortgage market crisis, *Competition & Change*, 12: 148–166.
- **Coe, N., Lai, K. & Wójcik, D.** (2014) Integrating Finance into Global Production Networks. *Regional Studies* 48:5, 761–777.
- **Halbert, L.** (2017) Beyond “yet-another case” of financialization of urban production. An institutionalist approach on financial infrastructures and some crosscutting results based on comparative urbanism. *Paper presented at the Fourth International Conference ‘The Real Estate/Financial Complex’ (REFCOM)*, 20–22 Sept 2017, Leuven, Belgium.
- **Lapavistas, C.** (2009) Financialised capitalism: crisis and financial expropriation, *Historical Materialism*, 17: 114–148.
- **Lazzarato, M.** (2012) *The Making of the Indebted Man: An Essay on the Neoliberal Condition*. [Translated by Joshua David Jordan]. Los Angeles: Semiotext(e).
- **Lee, R., Clark, G. L., Pollard, J. and Leyshon, A.** (2009) The remit of financial geography—before and after the crisis, *Journal of Economic Geography*, 9: 723–747.
- **Lee, R., Leyshon, A. and Smith, A.** (2008) Rethinking economies/economic geographies, *Geoforum*, 39: 1111–1115.
- **Pike, A., and Pollard, J.** (2010) Economic geographies of financialization, *Economic Geography*, 86: 29–51.
- **Smith, A., Rainnie, A., Dunford, M., Hardy, J., Hudson, R. and Sadler, D.** (2002) Networks of value, commodities and regions: reworking divisions of labour in macro-regional economies, *Progress in Human Geography*, 26: 41–63.
- **Sokol, M.** (2013), ‘Towards a “newer” economic geography? Injecting finance and financialization into economic geographies’. *Cambridge Journal of Regions, Economy and Society*, Vol. 6, No. 3, pp. 501–515. Invited contribution. DOI:10.1093/cjres/rst022
- **Sokol, M.** (2017) Financialisation, financial chains and uneven geographical development in Europe: Towards a research agenda. *Research in International Business and Finance (RIBAF)*, Vol. 39, Part B, pp. 678–685. Invited contribution. DOI: <http://dx.doi.org/10.1016/j.ribaf.2015.11.007>

