



# **Financial Networks and Urban Networks in the International Division of Labour: A ‘Financial Chains’ Perspective**

**Dr Martin Sokol**

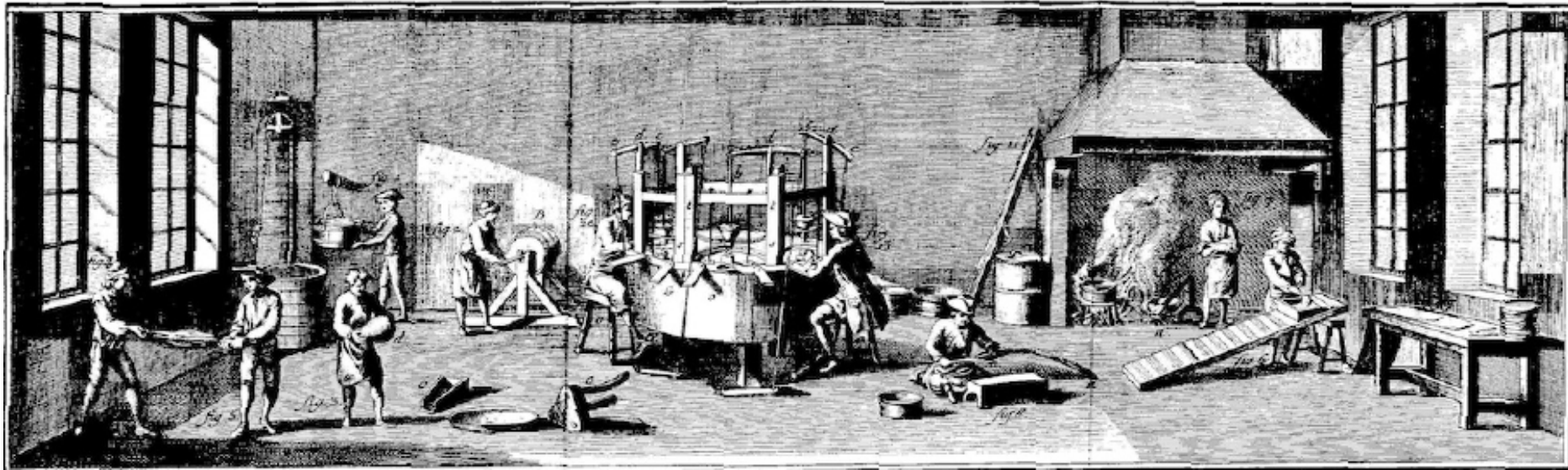
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Trinity College Dublin  
Coláiste na Tríonóide, Baile Átha Cliath  
The University of Dublin

The title of this panel:  
... international division of **labour**



# THANKS

- *Fabio & Monica*
- *Organising/Scientific/Support committees*
- *Staff, students & volunteers of USP*
- *Panellists & presenters*
- *Session chairs & participants*
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- *Support services (from caterers to cleaners)*
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# KEY ISSUES

## **1. Inequality**

- **social**
- **spatial (uneven development at various scales: macro/mezzo/micro)**

## **2. Instability**

- **economic/financial,**
- **but also political & environmental**

## **3. Mutually reinforcing?**

# FURTHER ISSUES

- **Financialisation!**
- **Debt!**
- *Debt economy* (Lazzarato, 2012)
- **Inequality/instability** more complicated

+

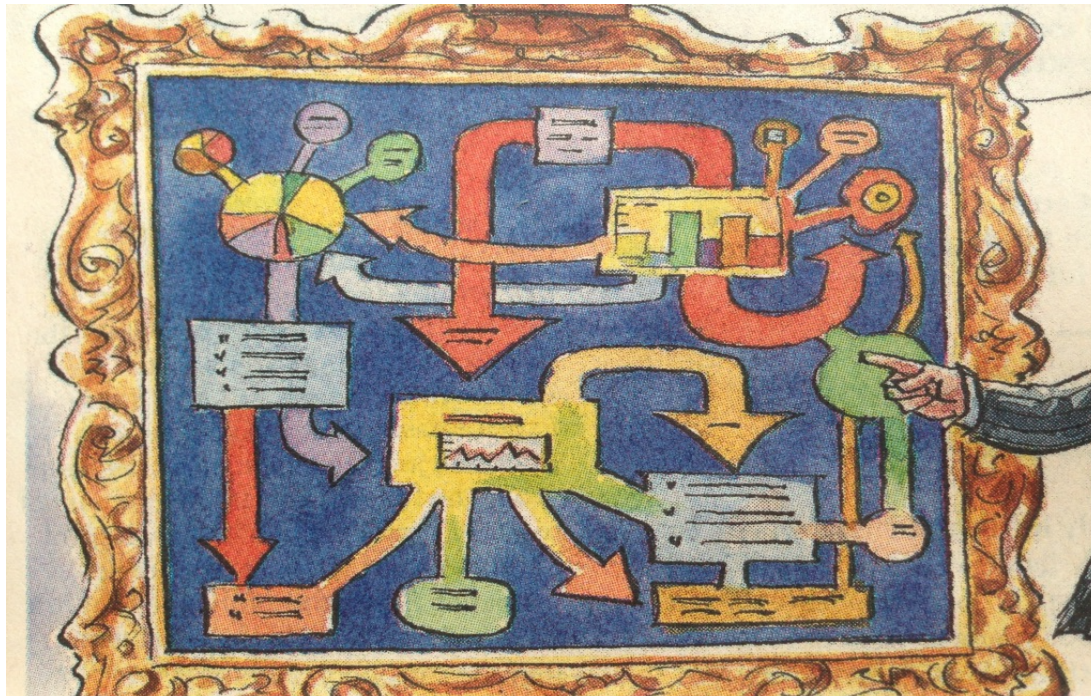
**We lack theoretical tools  
to analyse it!**

→ **‘financial chain’ perspective**

# FINANCIAL CHAINS

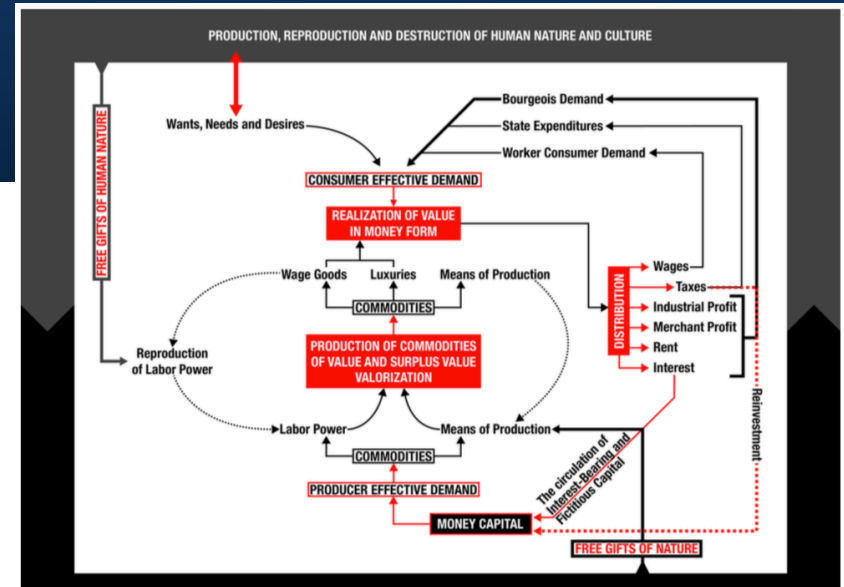
**Flows of finance / circulation of capital**

= key to understand the links between  
**geography – finance – uneven development**  
(in financialising 'debt economies')

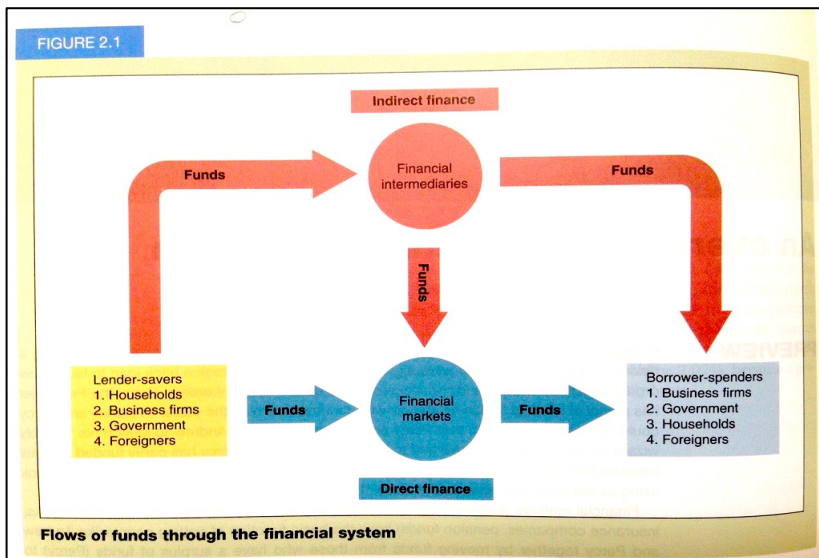


# FINANCIAL CHAINS

## Problems with key theoretical approaches:

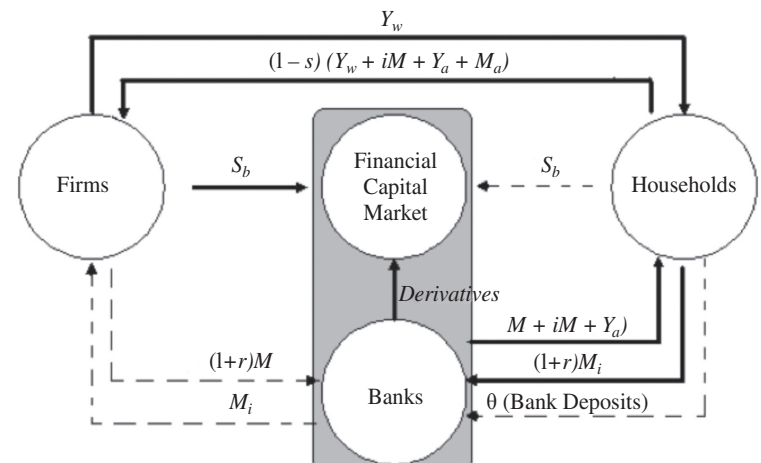


## Marxist (D. Harvey)

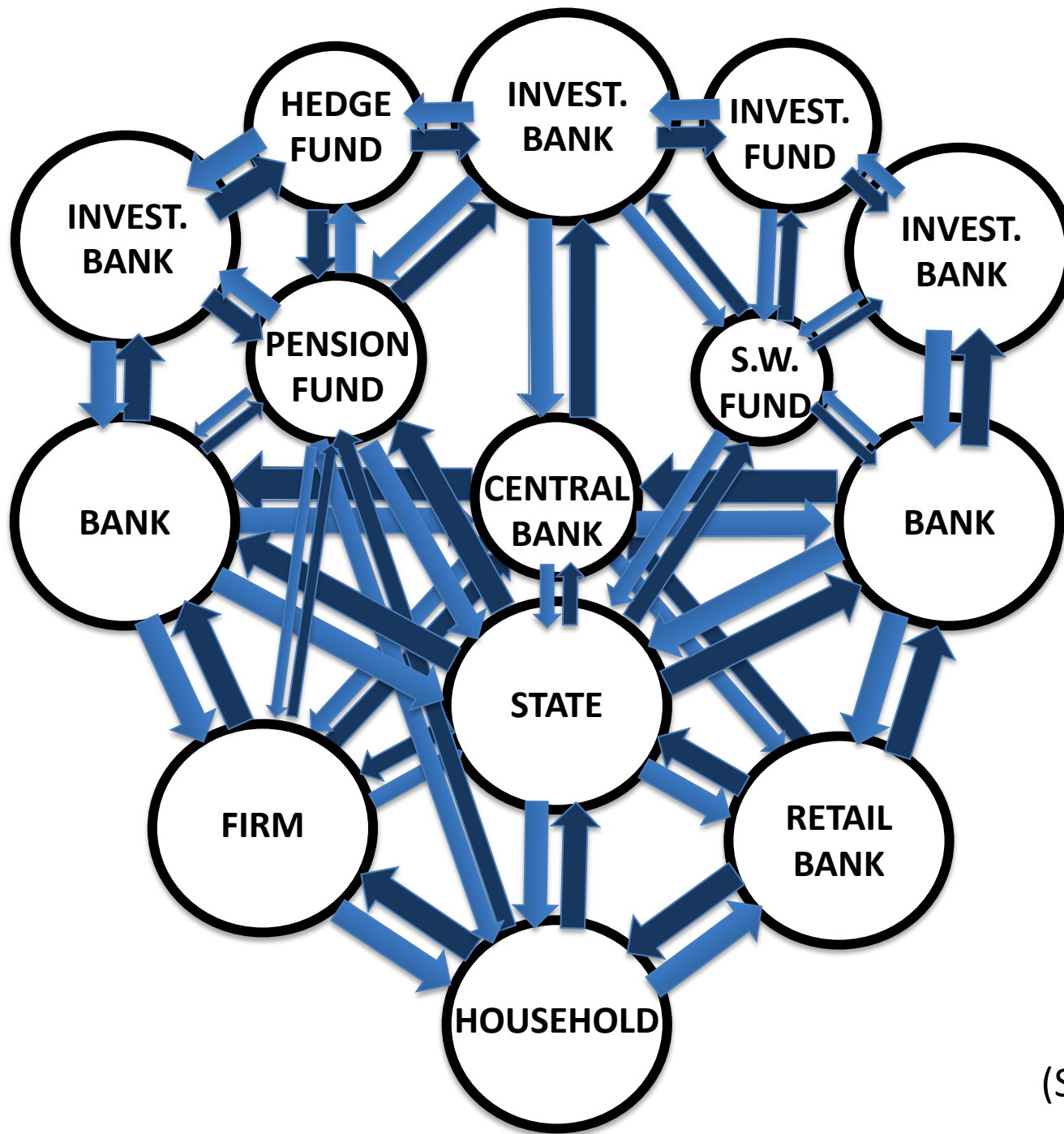


## Mainstream economics

**Figure 3** Strategic role of banks during the financialization era

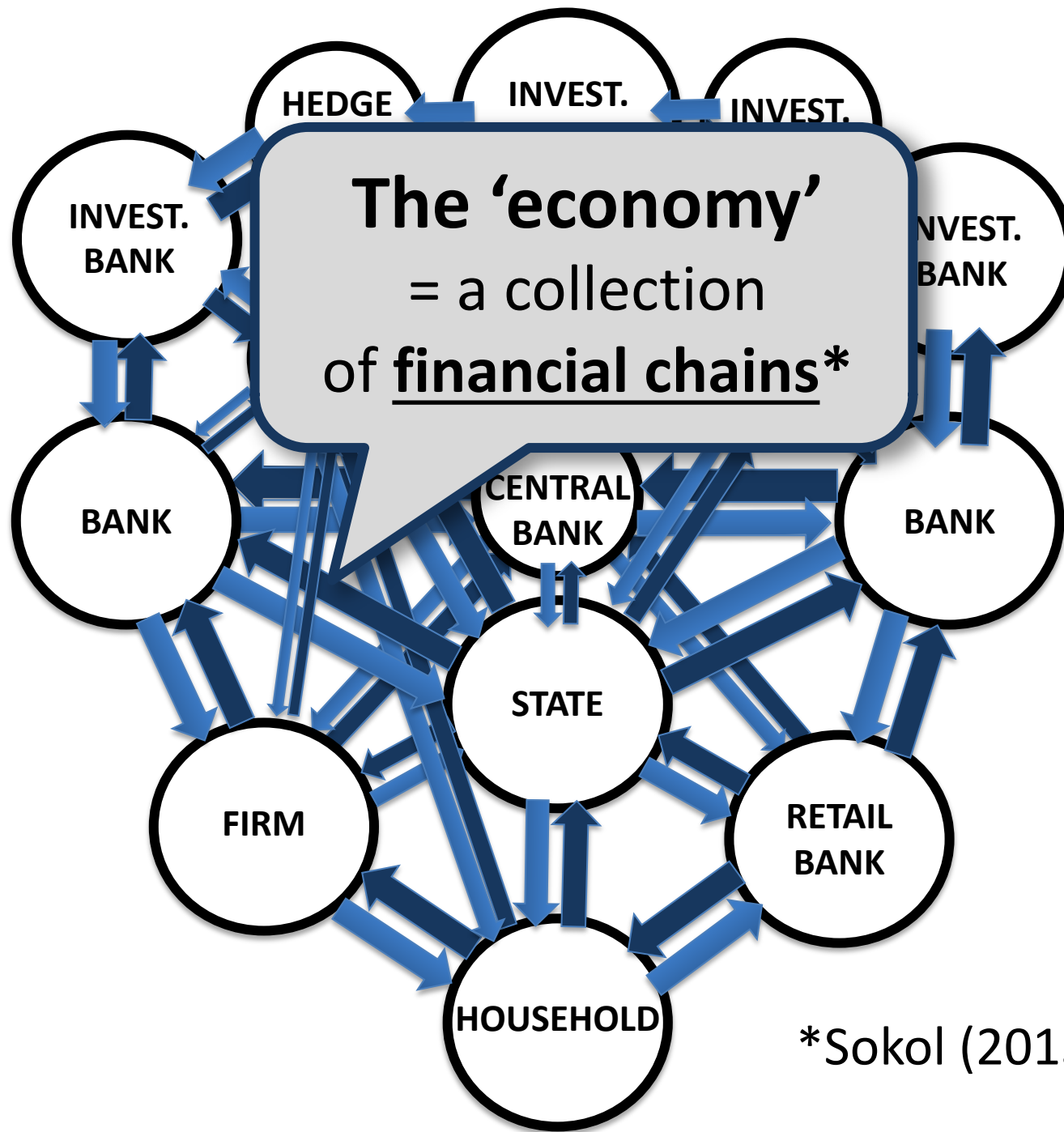


## Post-Keynesian

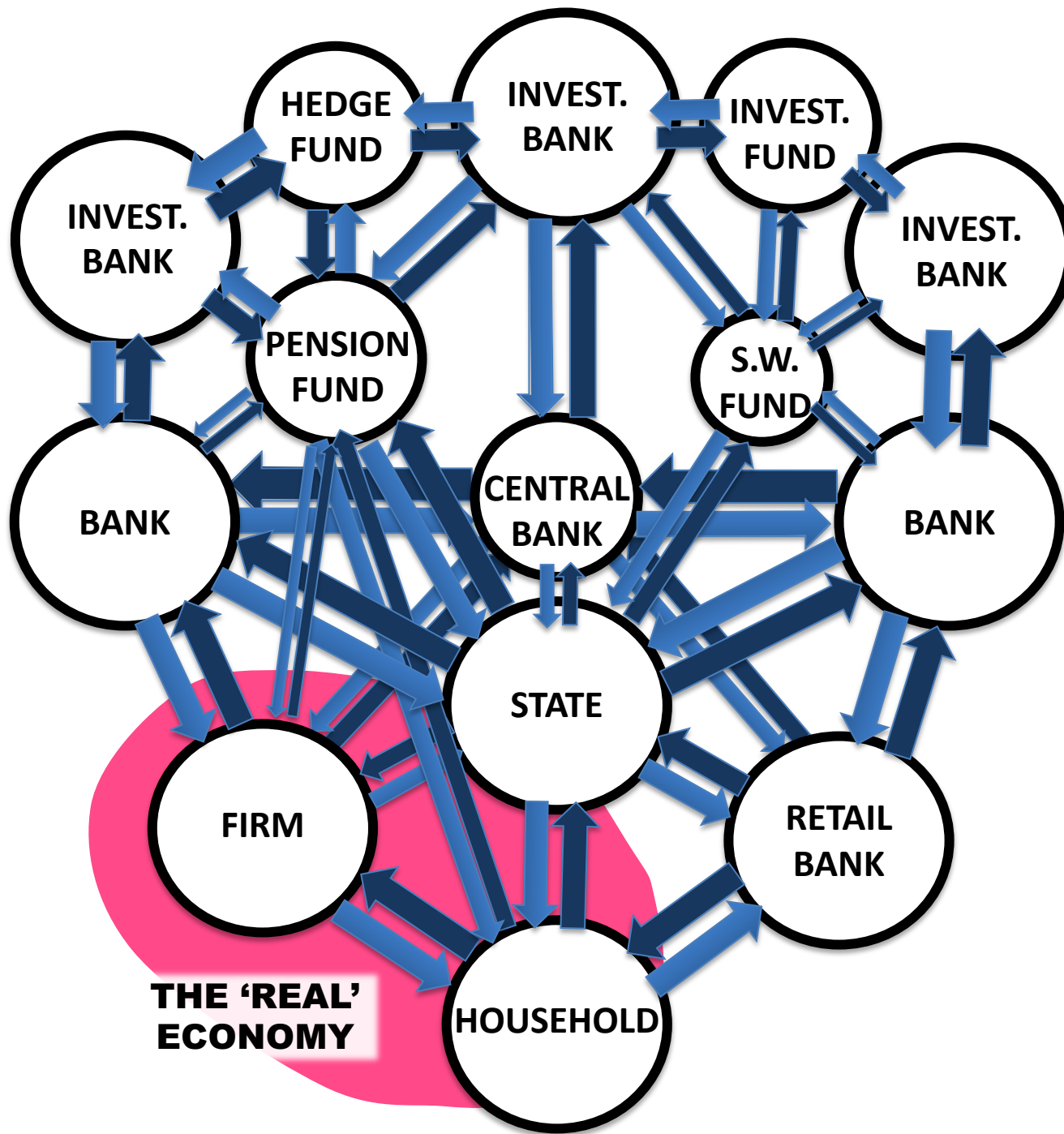


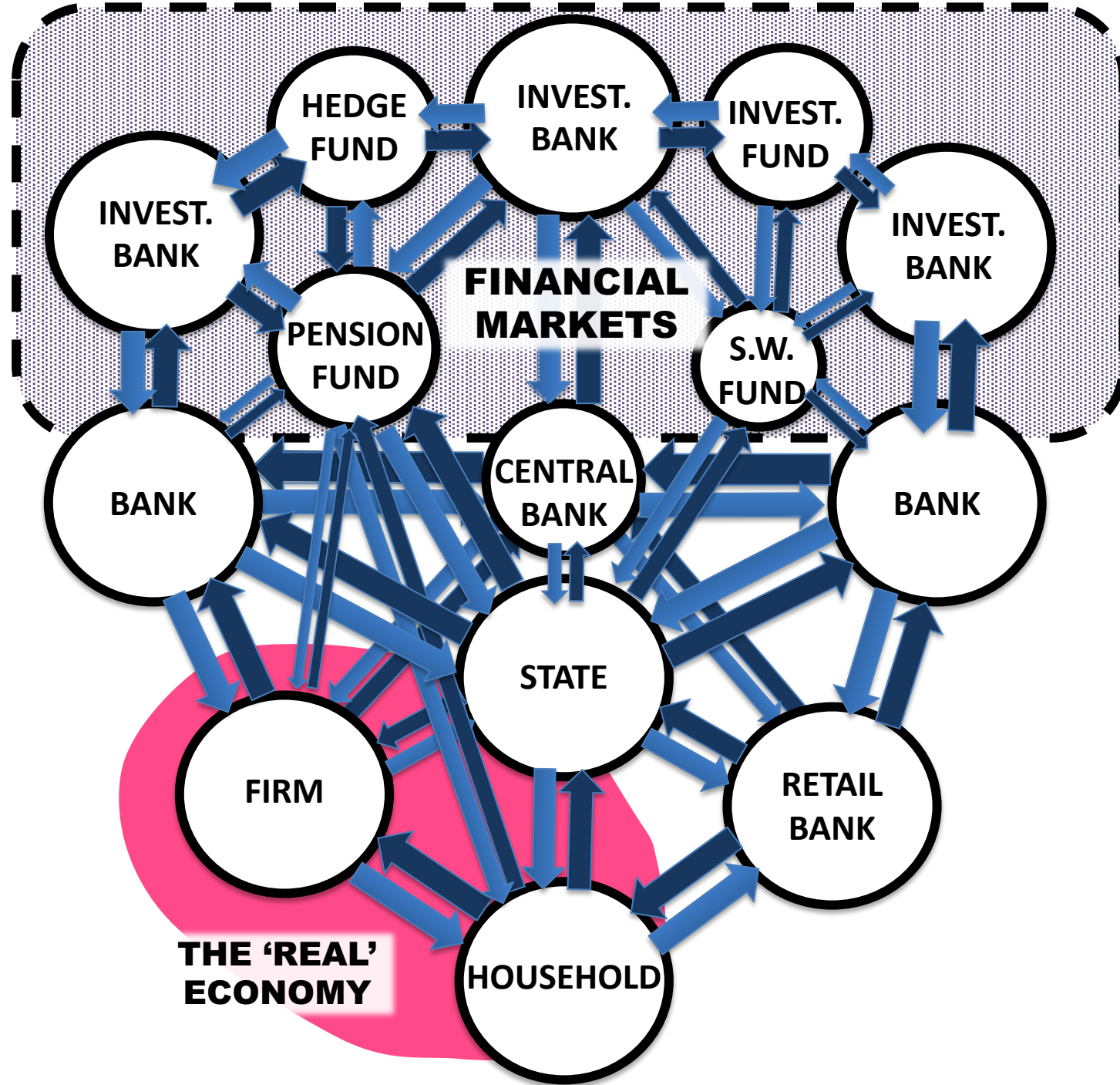
(Sokol, 2019)



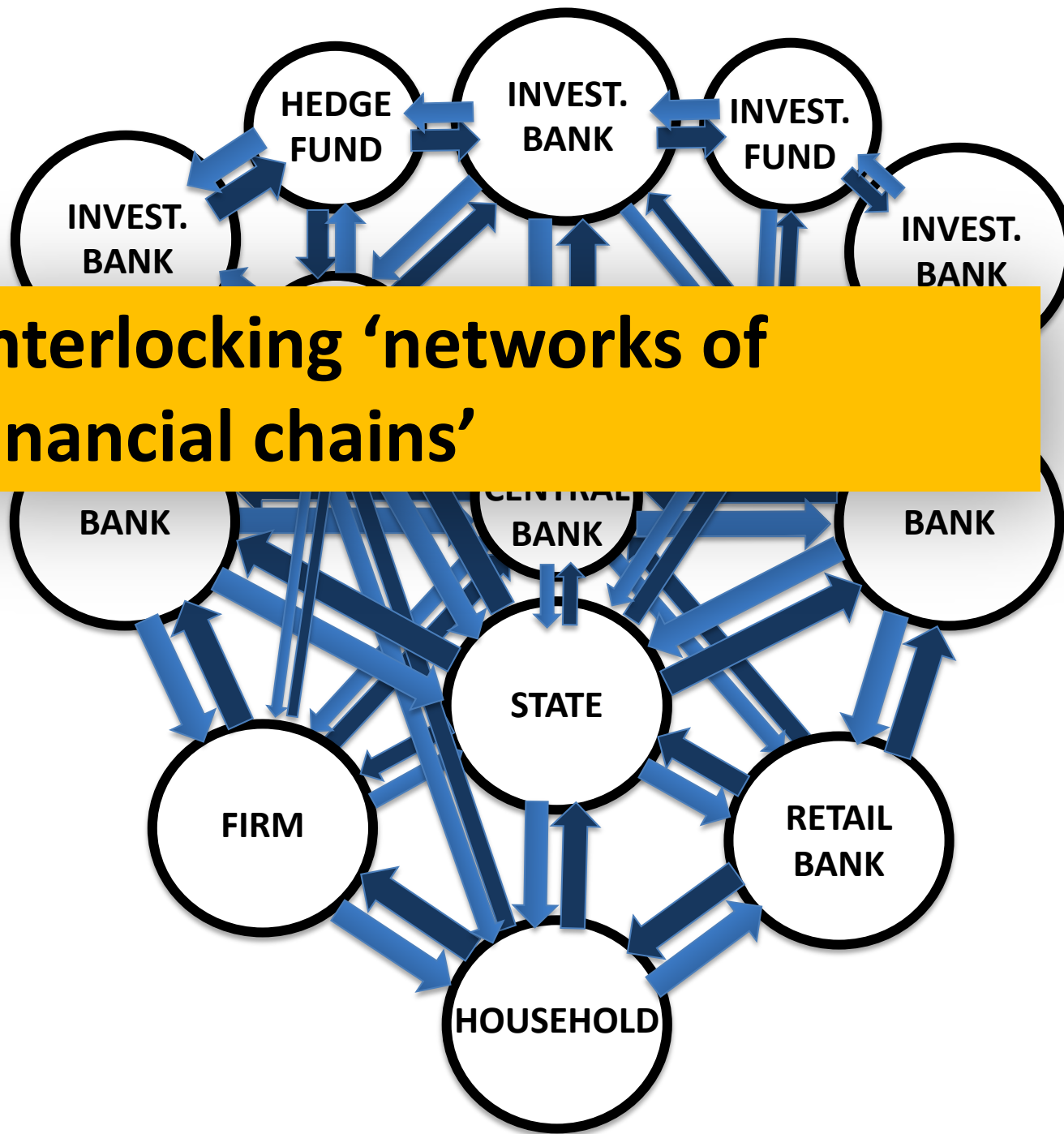


\*Sokol (2013, 2017)

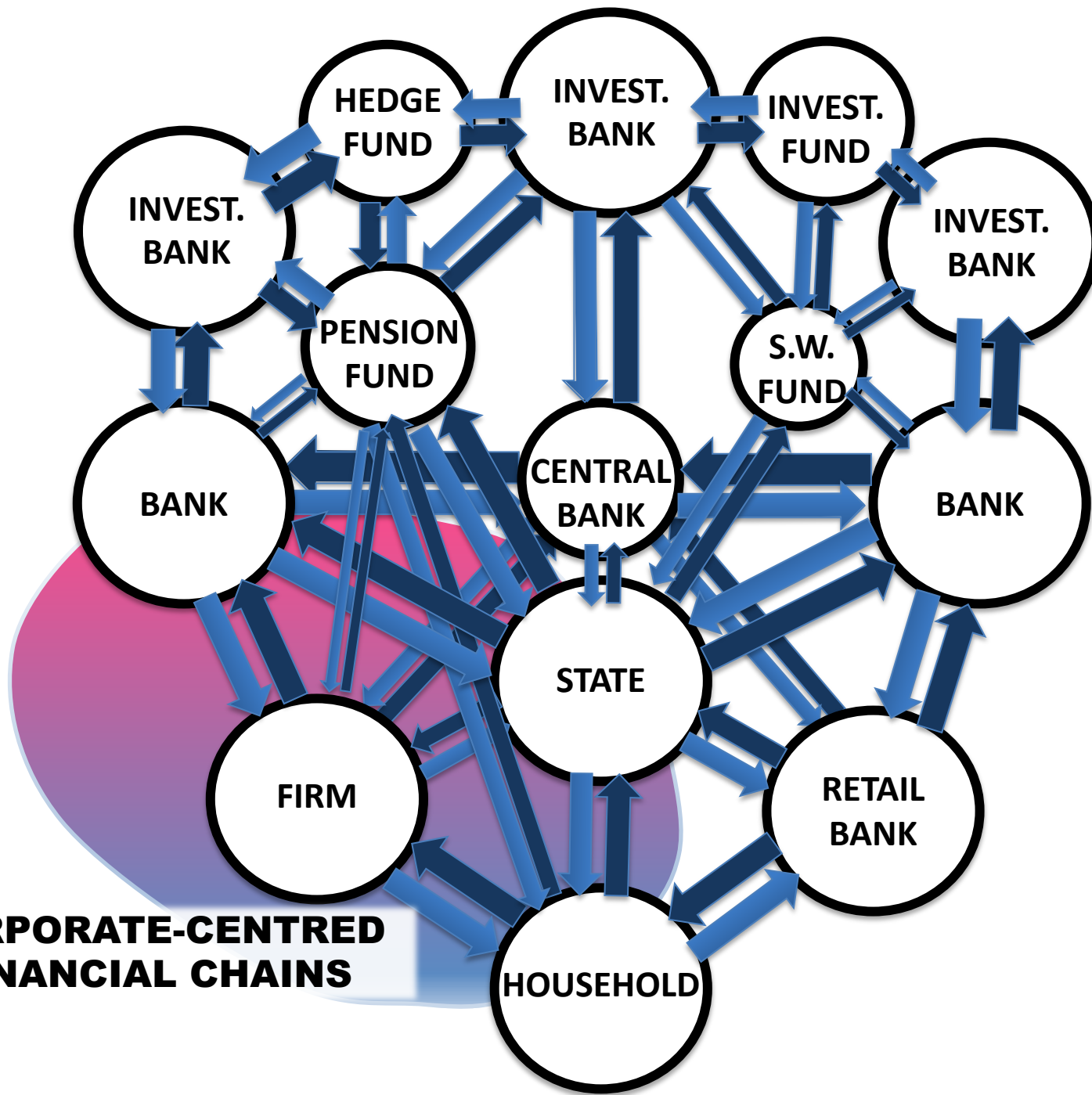




# Interlocking 'networks of financial chains'

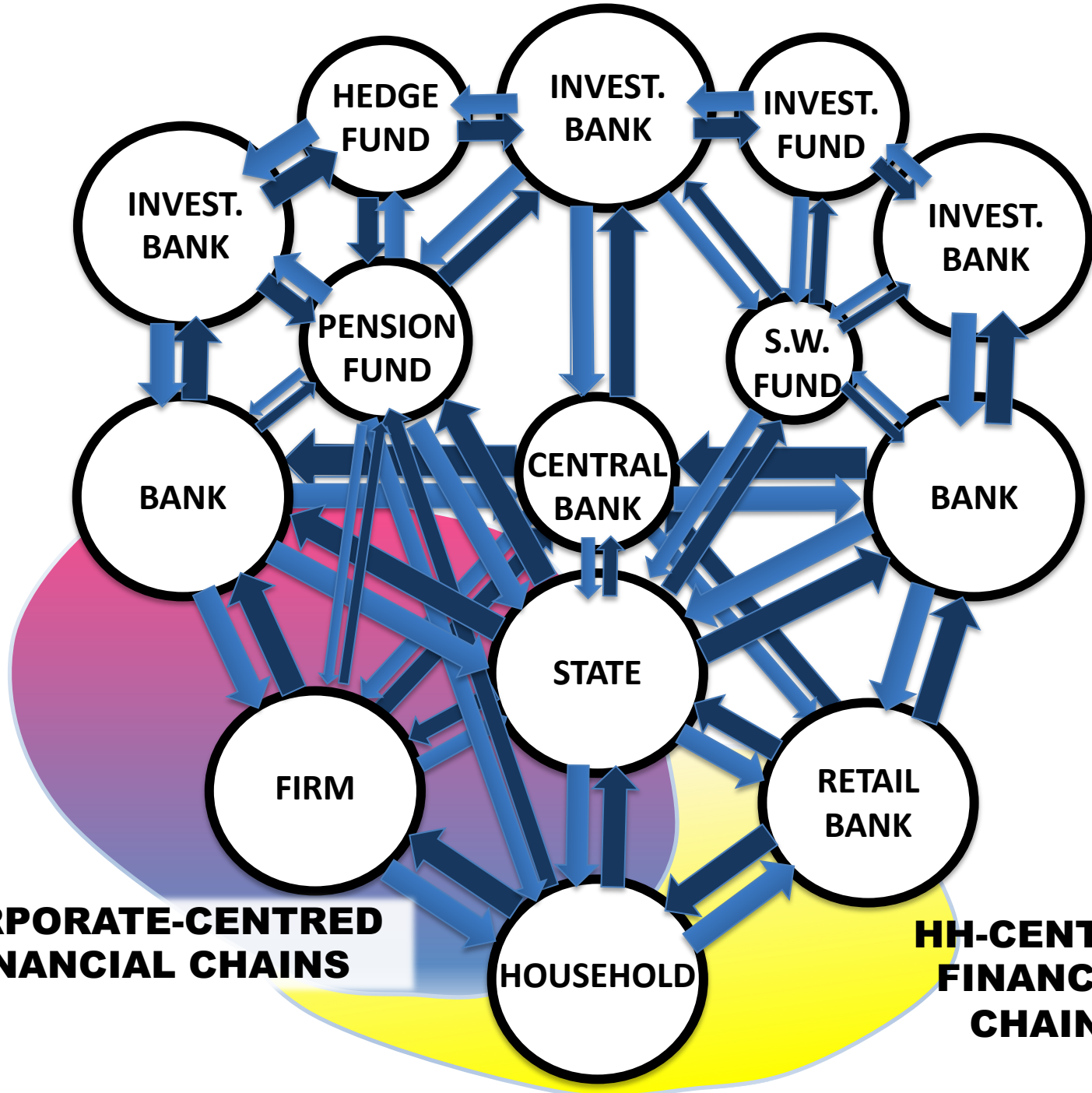


**CORPORATE-CENTRED  
FINANCIAL CHAINS**

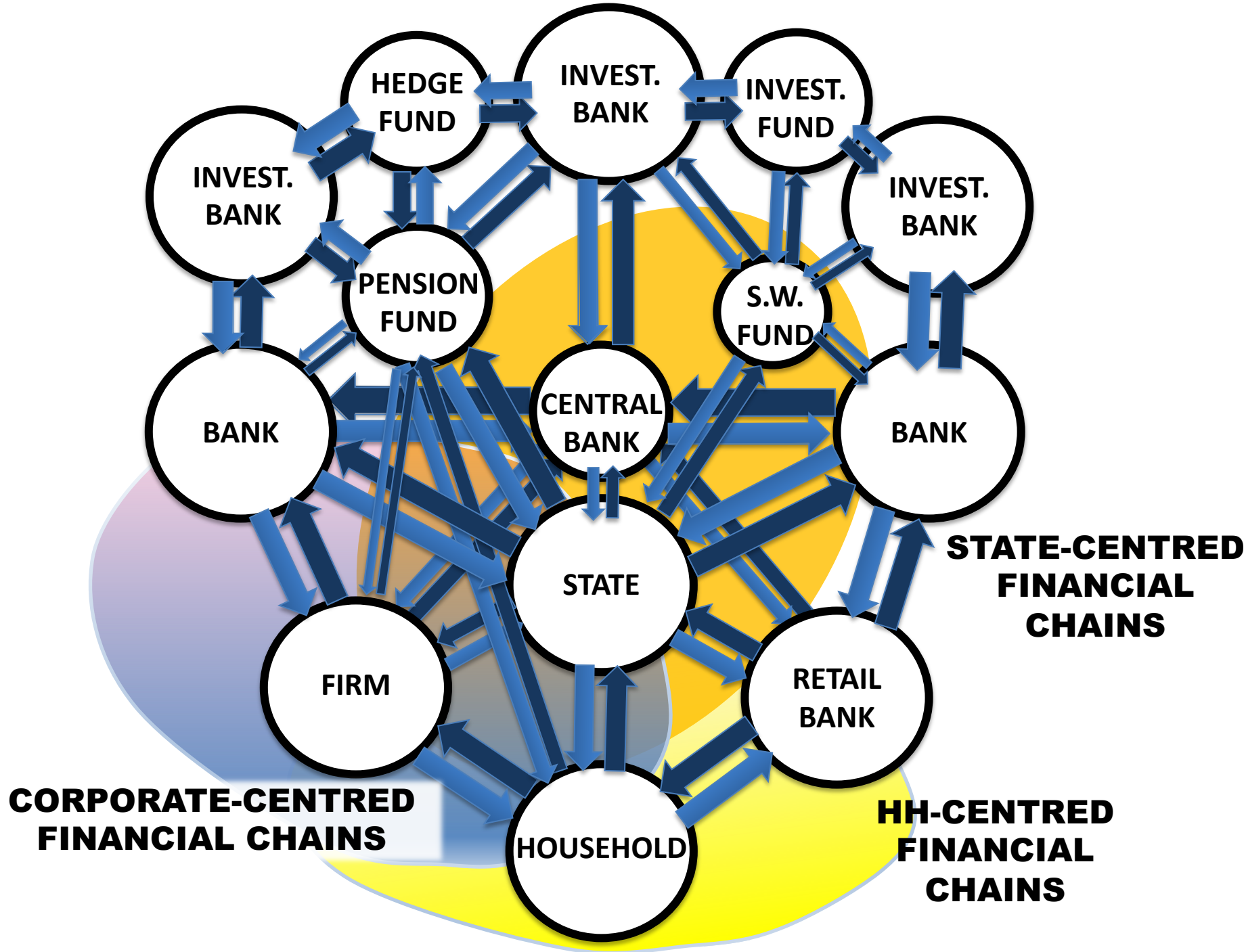


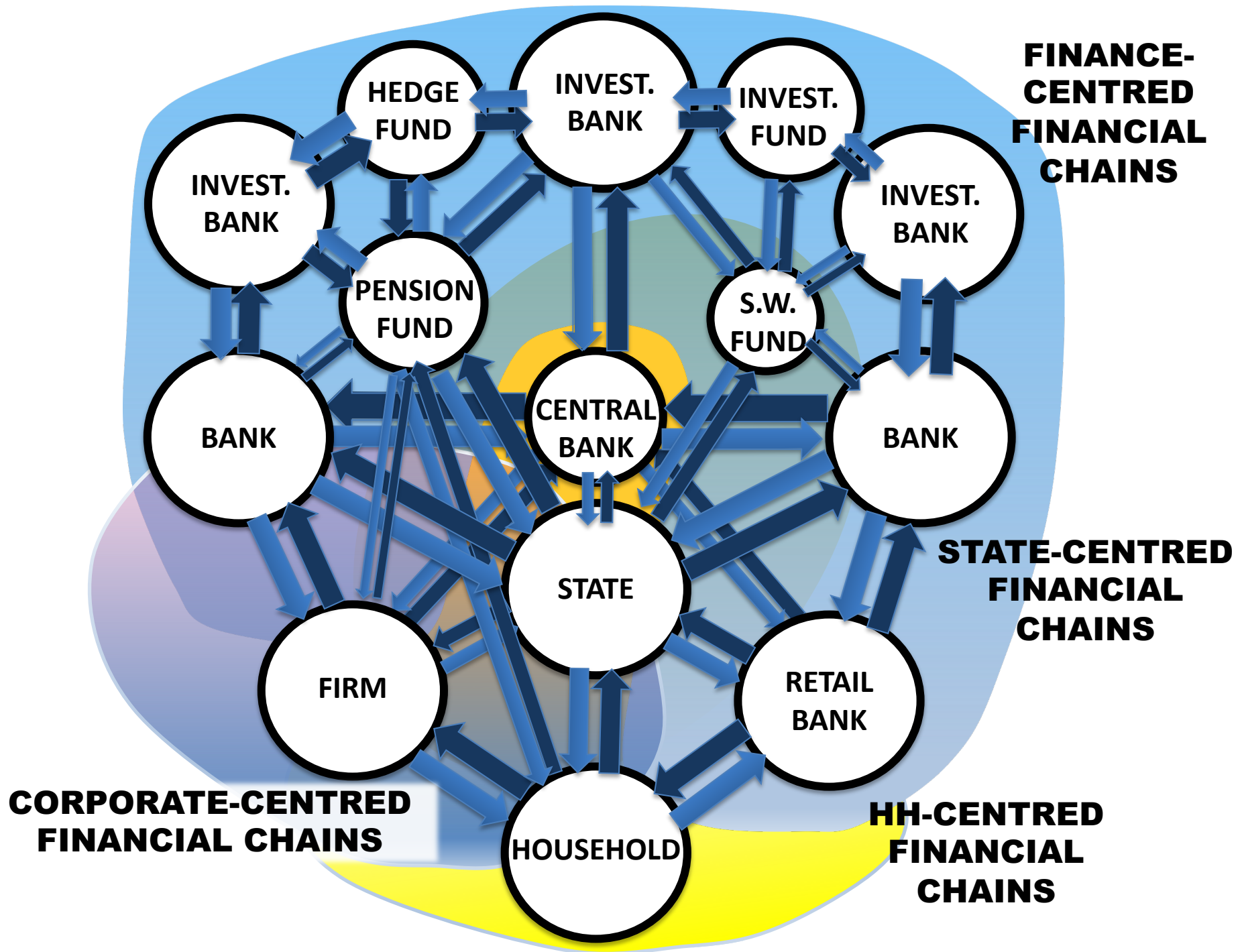


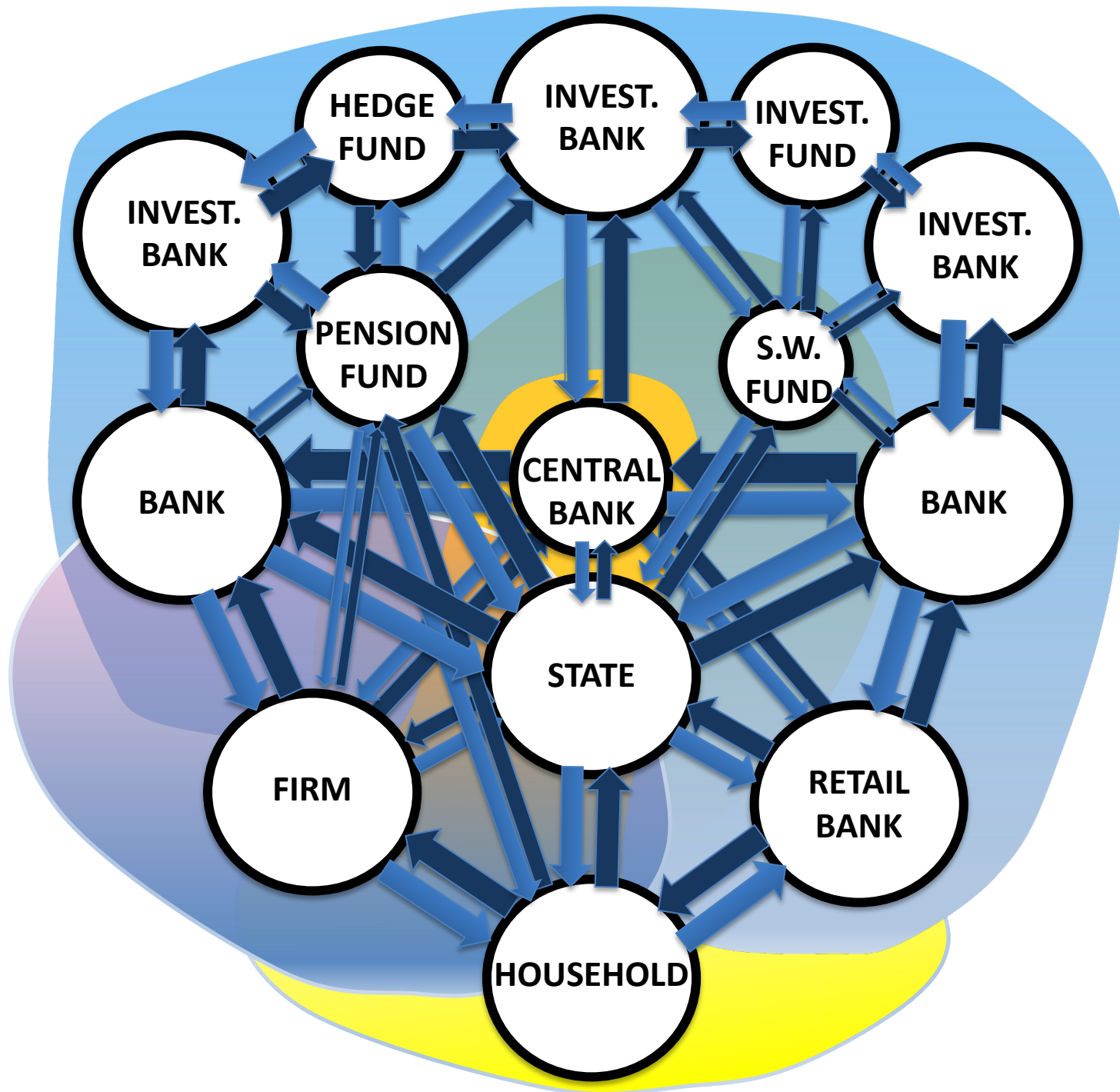
**CORPORATE-CENTRED  
FINANCIAL CHAINS**

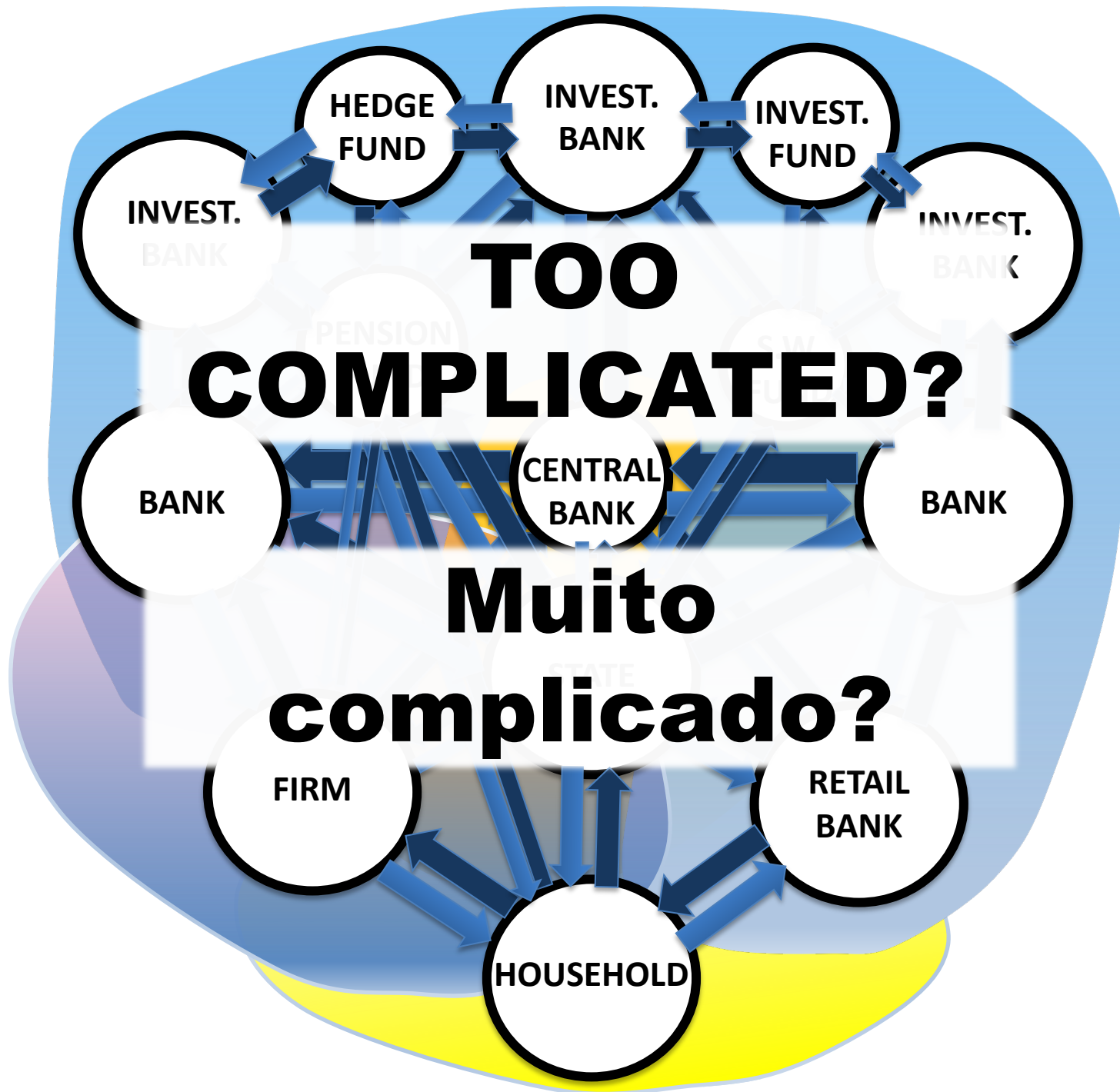


**HH-CENTRED  
FINANCIAL  
CHAINS**









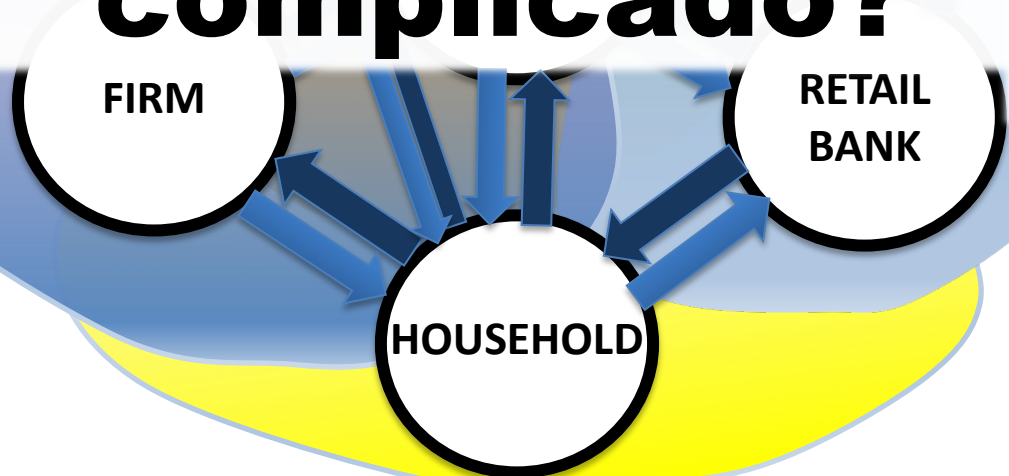




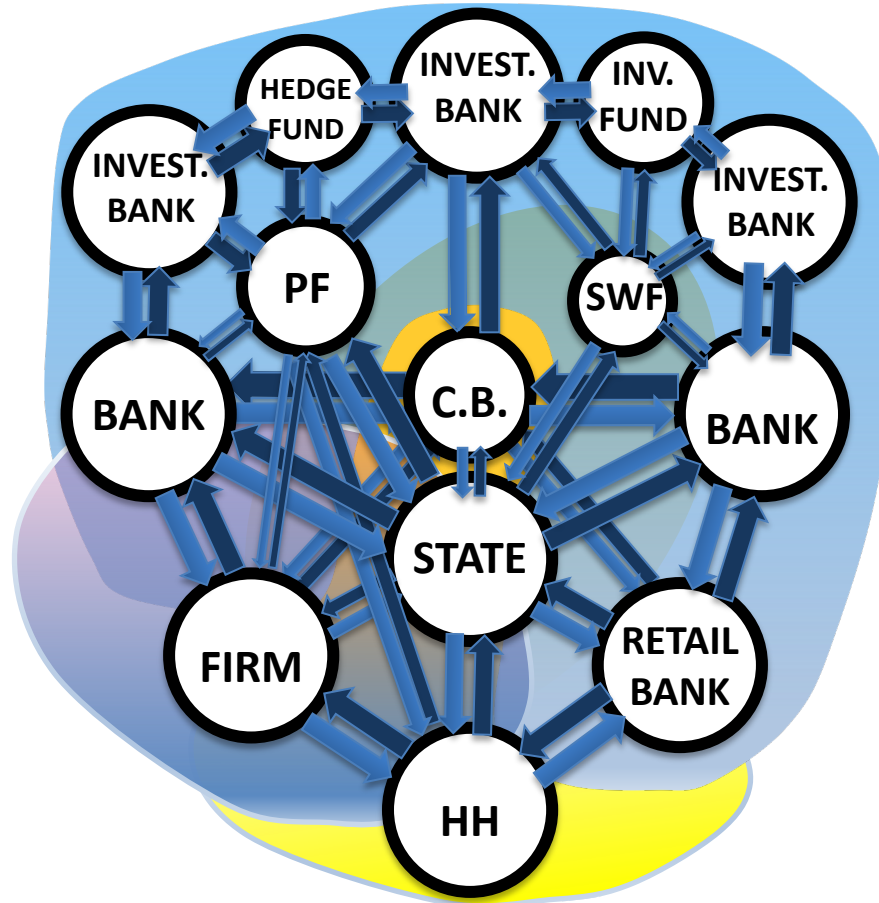
**TOO  
COMPLICATED? NO!**



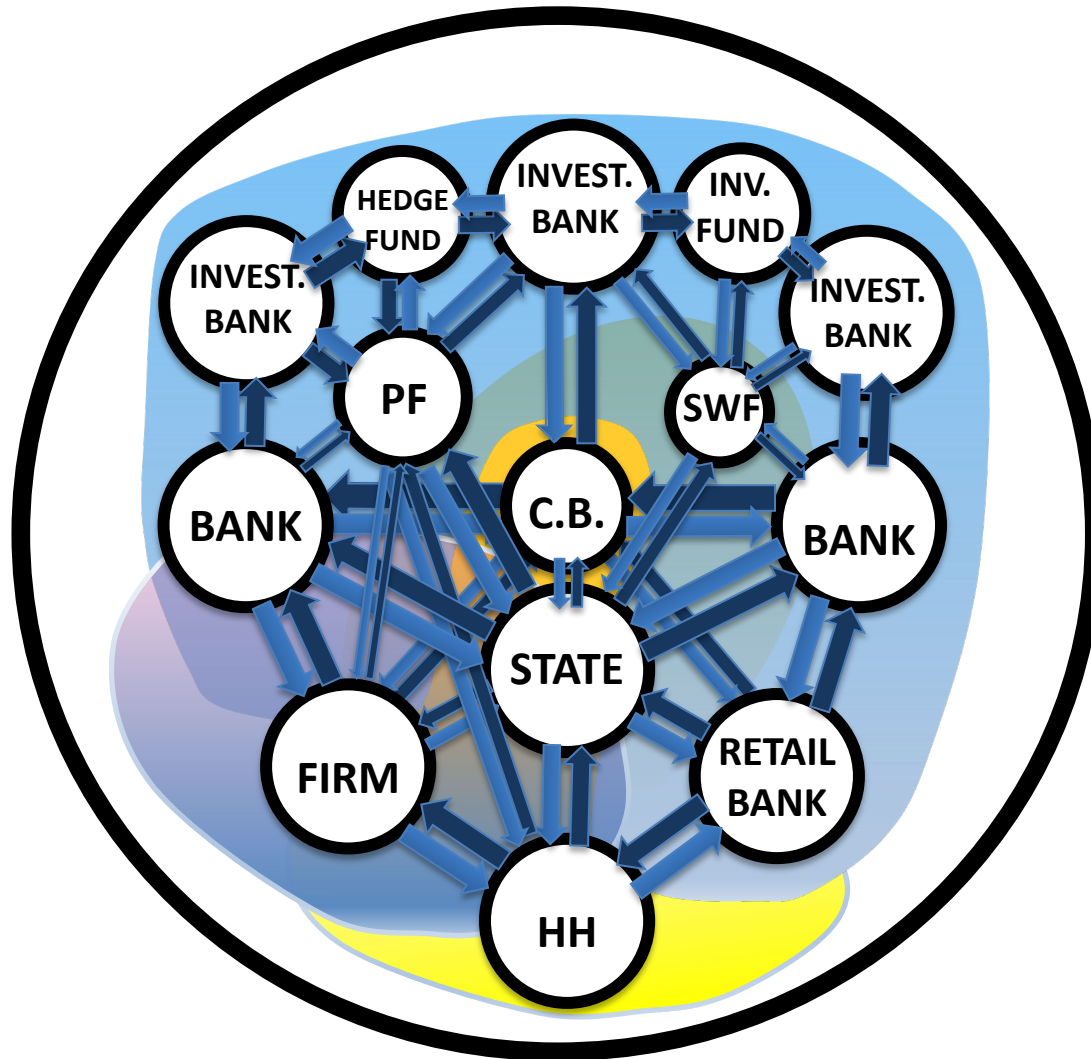
**Muito  
complicado? Não!**



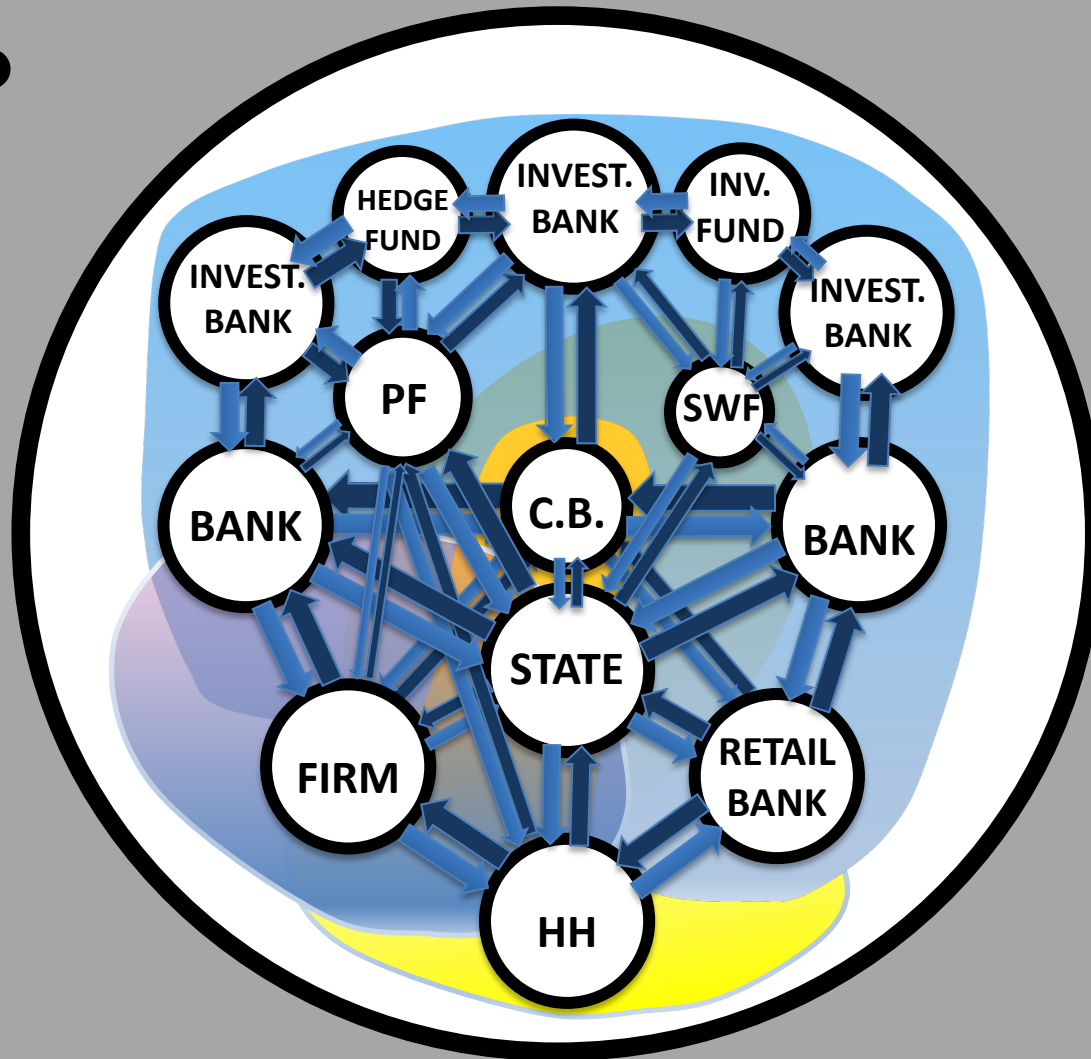
# About to get **MORE COMPLICATED!**



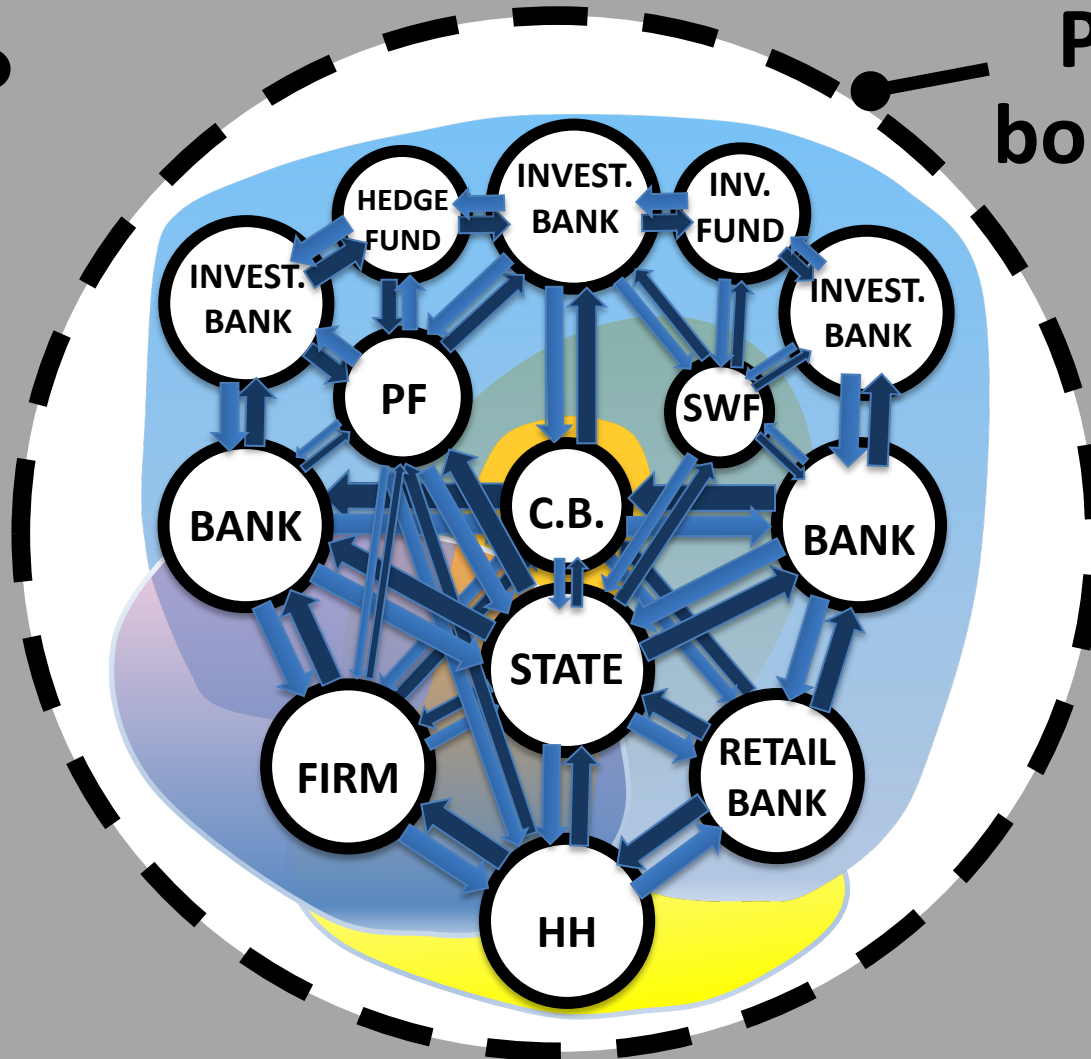
# Closed NATIONAL ECONOMY only!



# INTERNATIONAL ECONOMY!



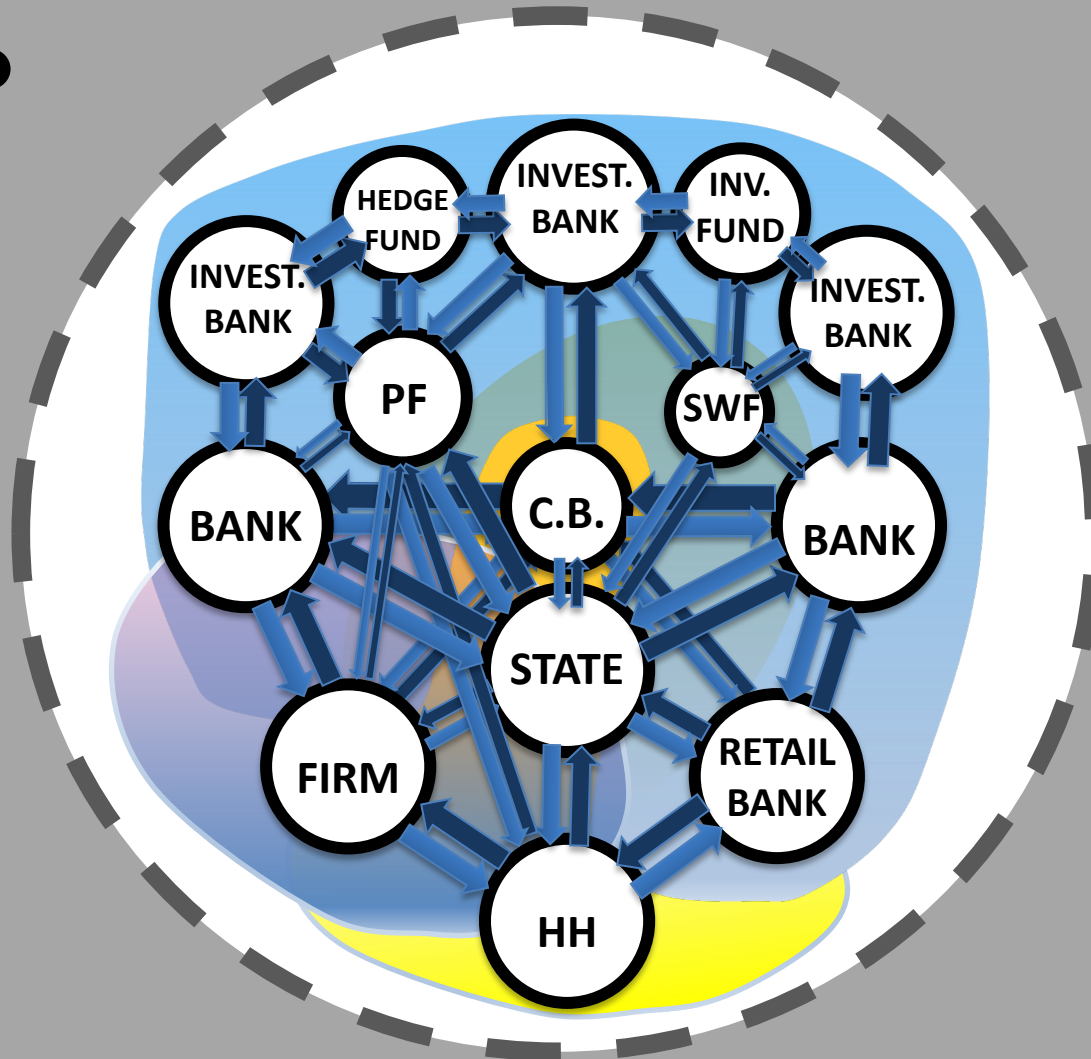
# INTERNATIONAL ECONOMY!



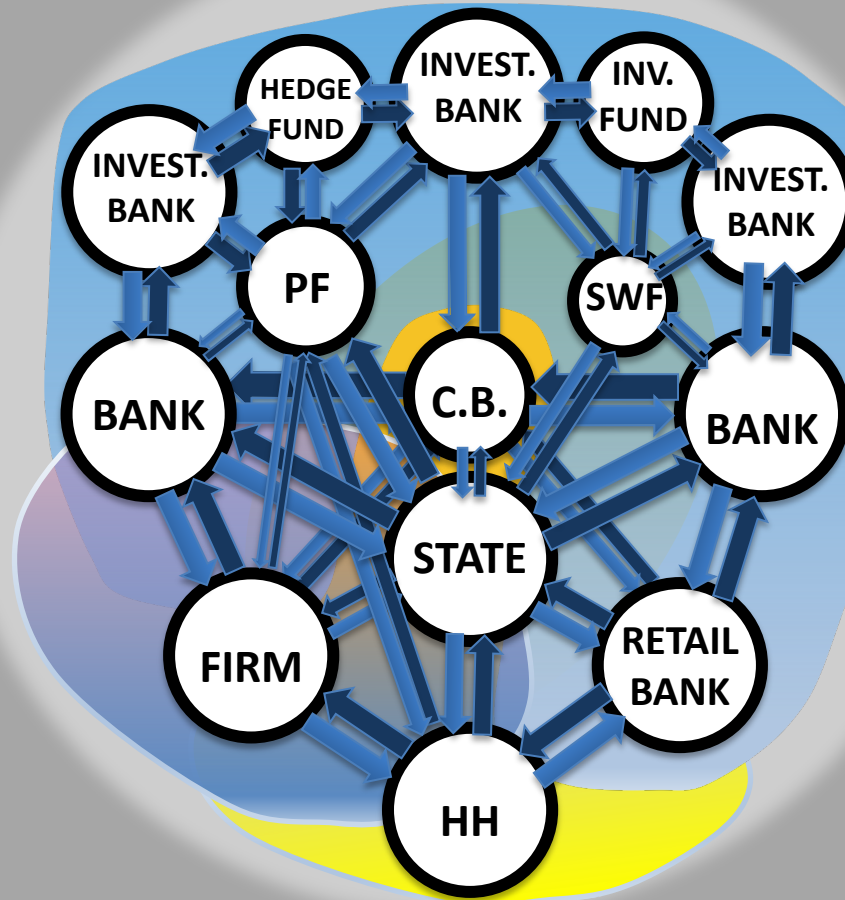
Porous  
boundary!

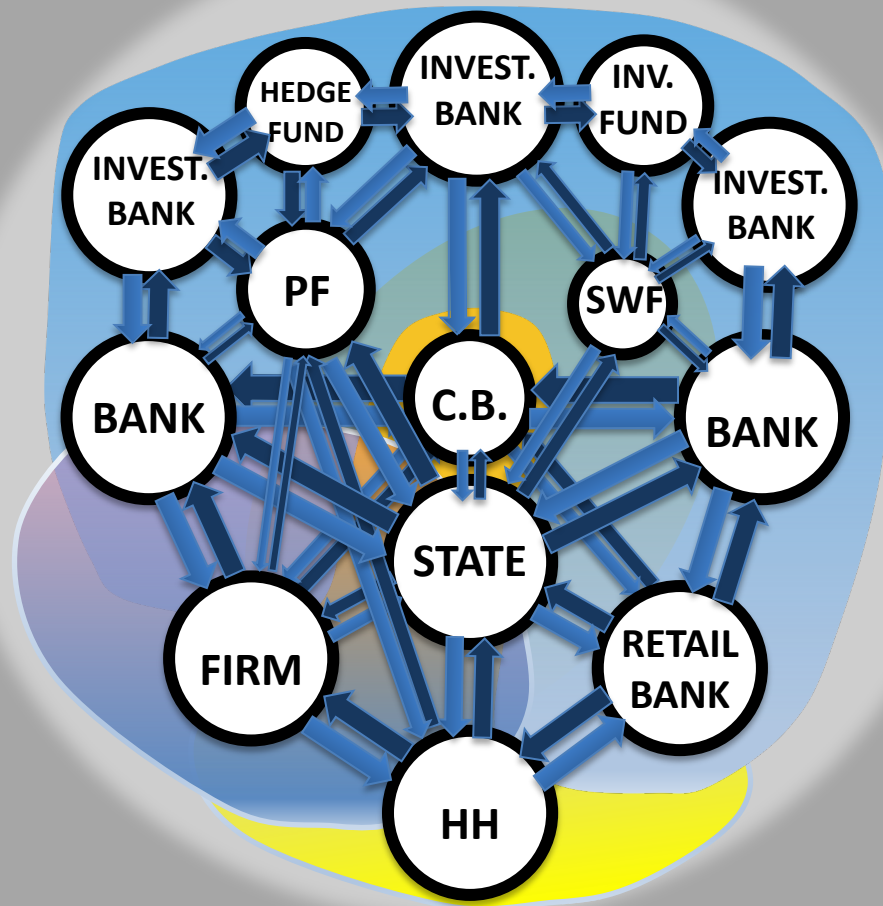


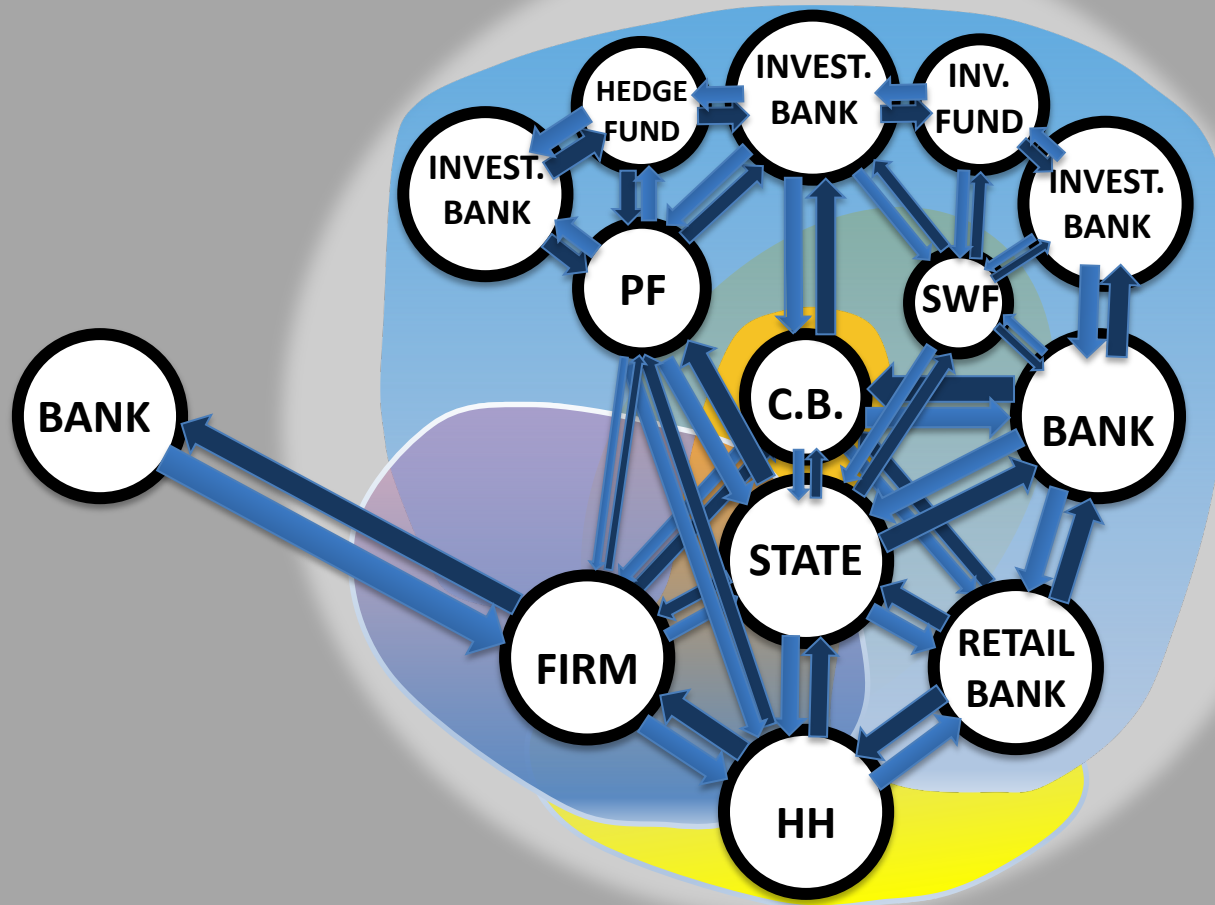
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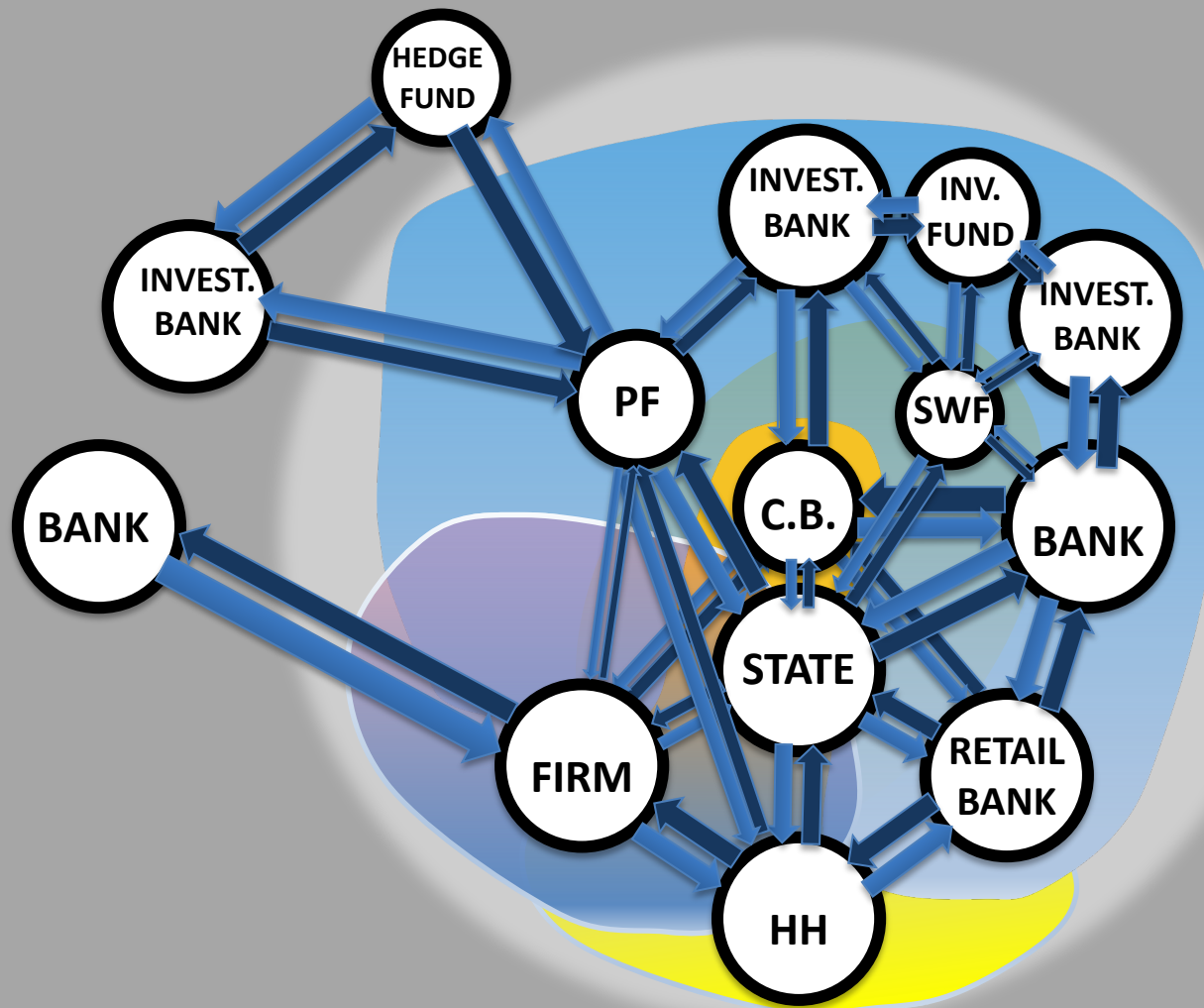


# INTERNATIONAL ECONOMY!

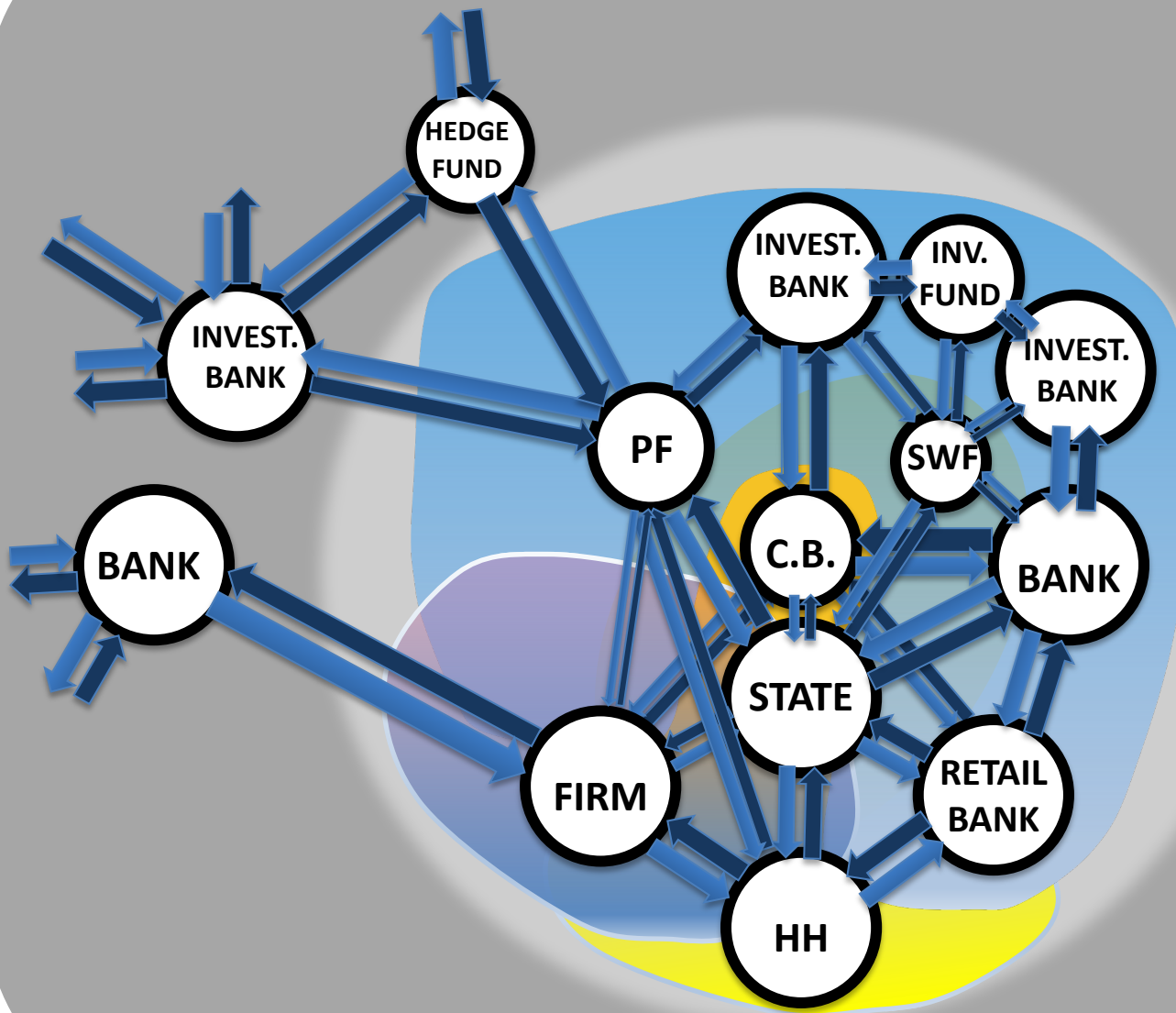


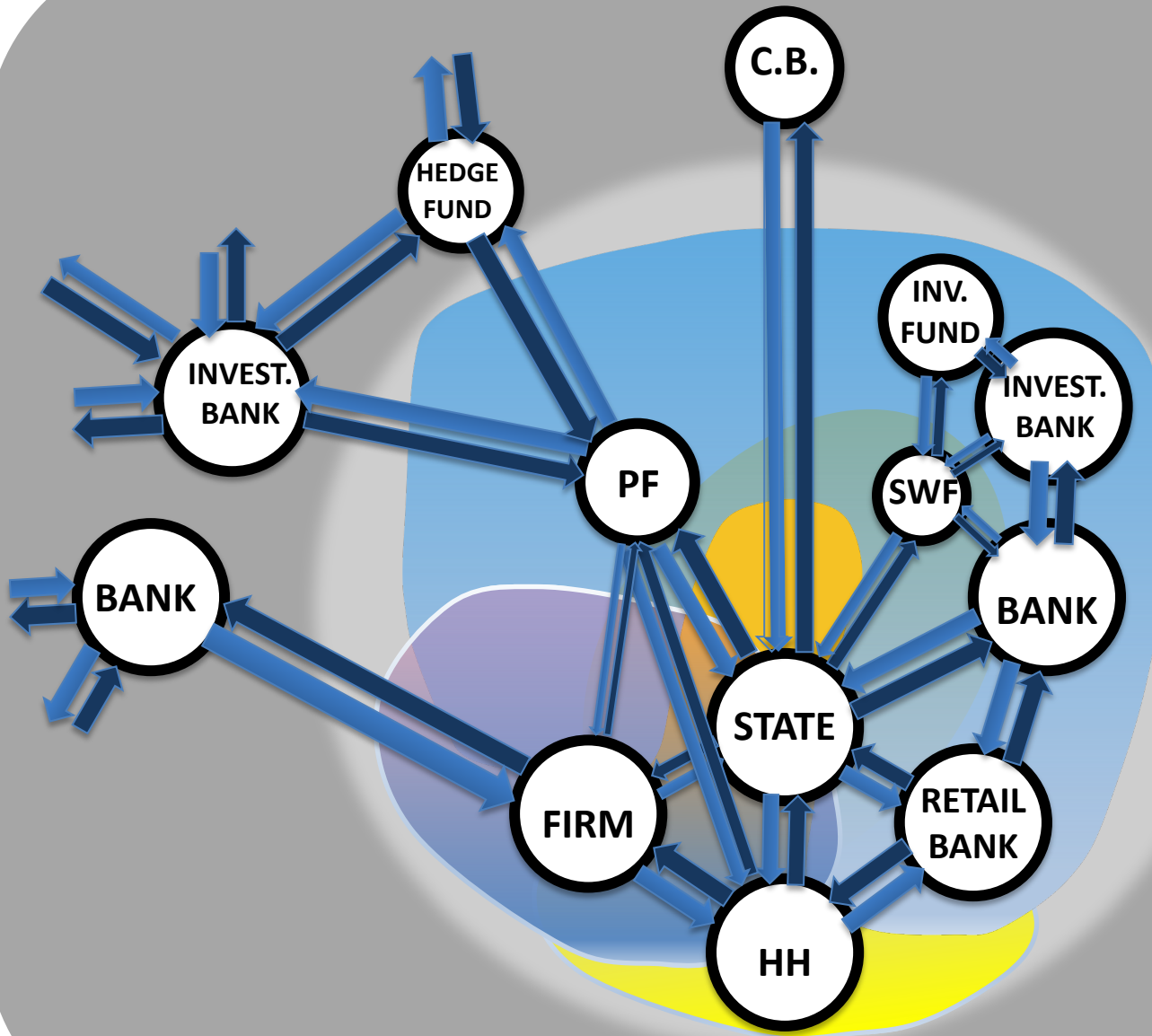


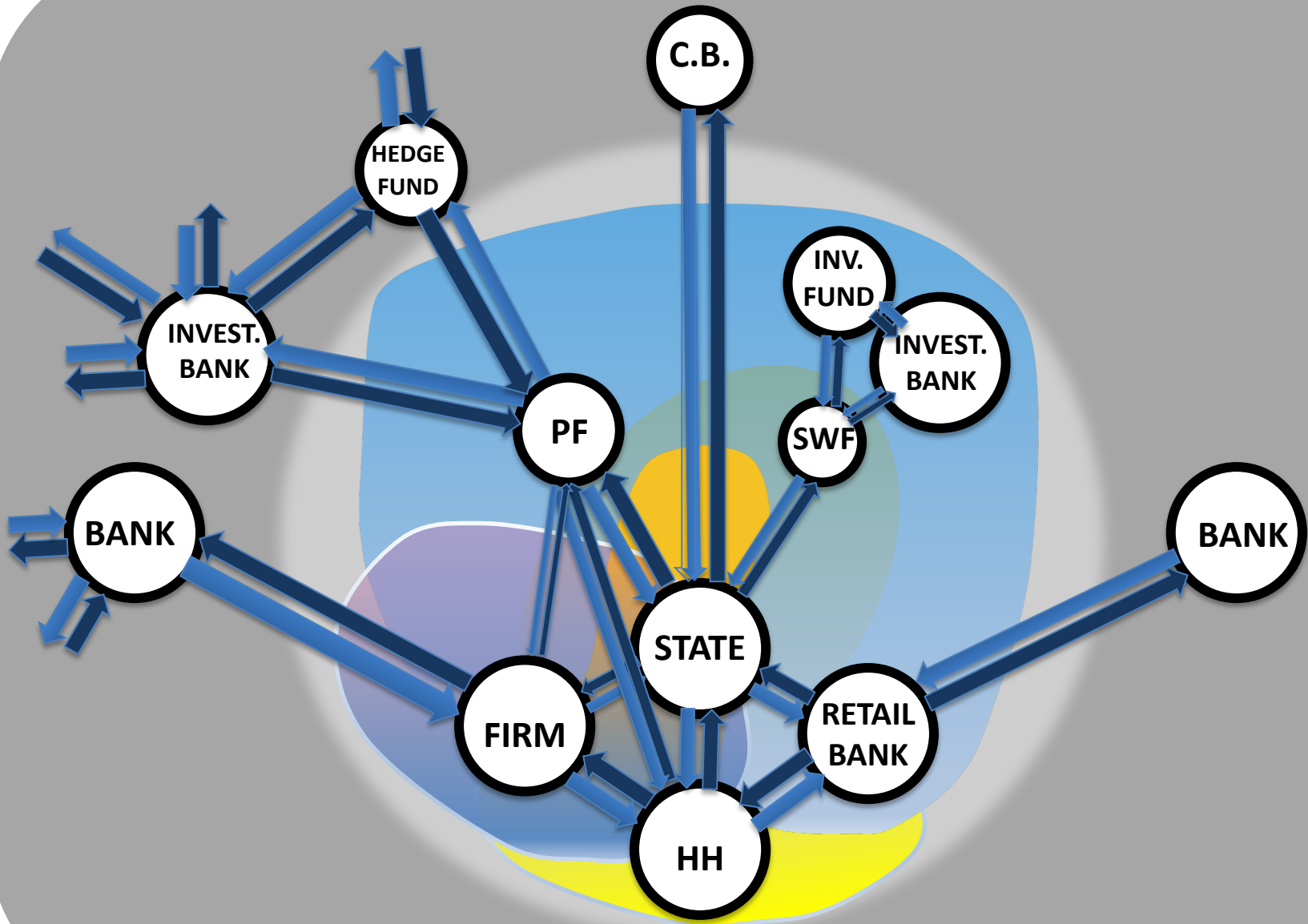


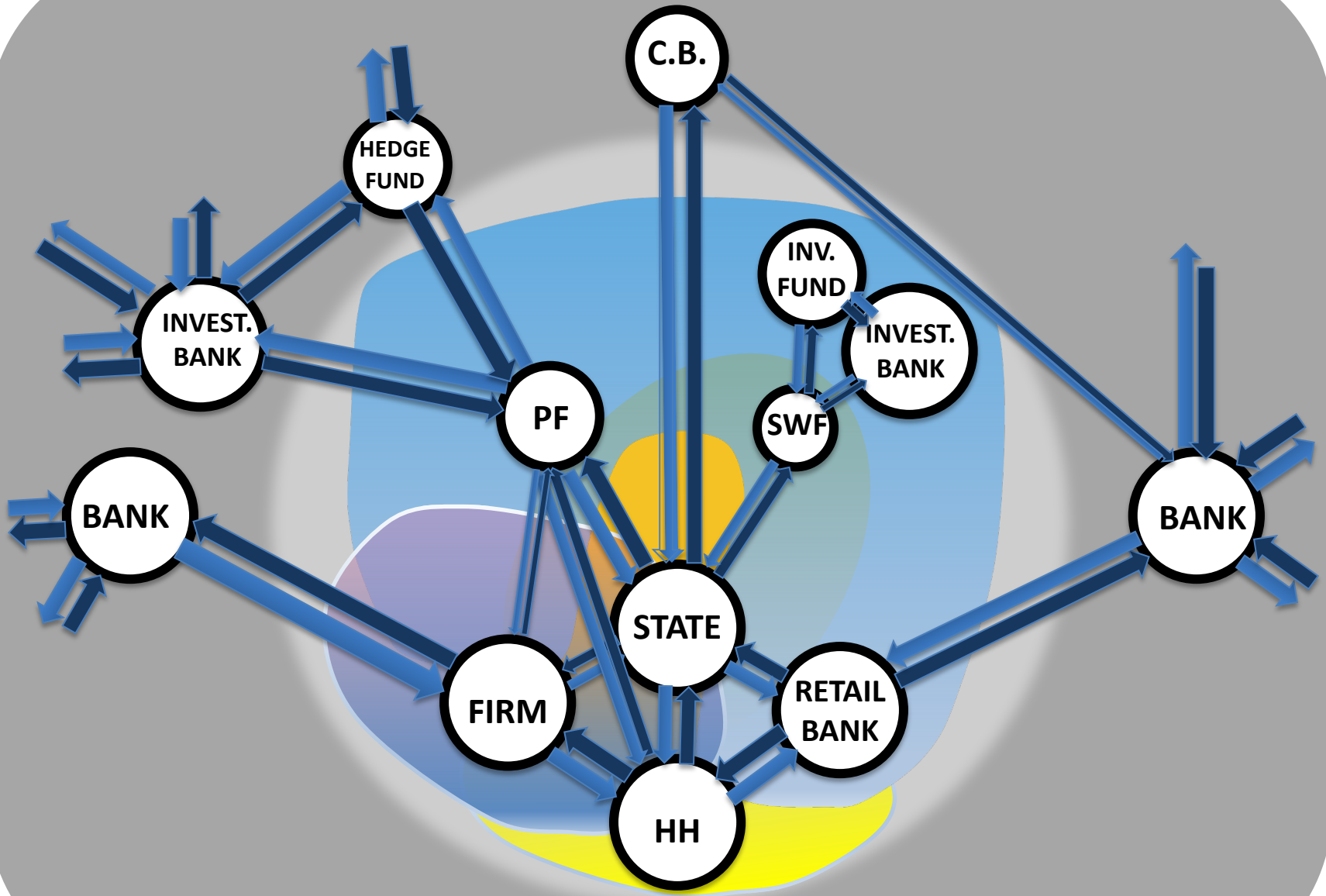






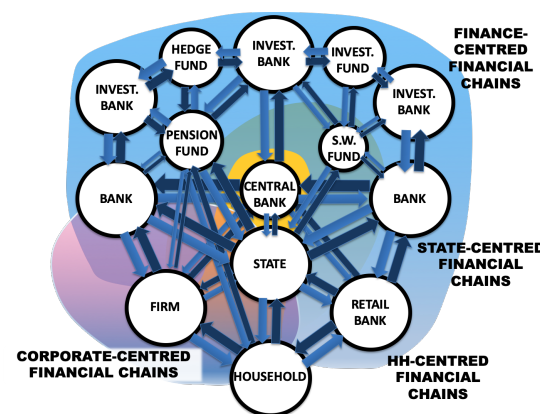






# CONCLUSION

- Key challenges:
  - **instability & inequality** (including **uneven development**)
  - links between the two
- **Financialisation** – exacerbates these challenges
- We need better conceptual tools to understand the flow of finance in ‘the economy’
- ‘**financial chains**’ / ‘**networks of financial chains**’
- First sketch of ‘financial chains’ within an **international economy**
- ‘global financial chains’?





# *Thank you!*



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# ABSTRACT

Martin SOKOL

## **Networks of 'Financial Chains': Linking Finance, Geography and Uneven Development**

### **Abstract:**

This paper aims to contribute to the debate on geography, finance and uneven development by further elaborating on the concept of 'financial chains'. Financial chains can be described as being, at the same time, channels through which value flows between economic actors, and as power-laden social relations (chaining the economic actors together). A good example of a financial chain is a credit-debt relationship between lenders (creditors) and borrowers (debtors). Within such a credit-debt relationship, value flows between a lender (e.g. a bank) and a borrower (e.g. a household or a state). At the same time, a credit-debt relationship creates a power dynamic between those involved. Far too often this power dynamic is skewed in favour of a lender, helping to ensure that, ultimately, the value flows in its favour too. The extraction of value through financial chains, in turn, can contribute to uneven development – a point that is often overlooked in economic geography.

This paper explores the ways in which the concept of financial chains can be applied to a wider economy. From this perspective, an economy can be seen as being made up of a myriad of financial chains – linking households, firms, states, banks and other financial institutions together. In effect, what we have is a complex 'network of financial chains' stretched over time and space. Examining how such 'networks of financial chains' are implicated in uneven development requires an empirical examination. The paper argues that the new financial geographies created in Europe in the last few decades offer an excellent opportunity to do so. Indeed, the expansion of Western European banks into East-Central Europe (and their engagement with households and states there) provides a unique terrain to study networks of financial chains in a context of a highly uneven economic landscape (within an on-going GEOFIN research project).

**Key words:** Financial chains, uneven development, Europe.