

# Foreword

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Is not financial geography an oxymoron? Why should geographers, naturally interested in travel, outdoors, breathing fresh air while doing fieldwork, be interested in money, taxes, assets and liabilities? If you were interested in these things, would not you become an economist or at least an accountant rather than a geographer? Would you not do much better financially if you did so?

Pause for a moment and think about the market for foreign exchange trading. The first striking feature of this market is the scale of its activity. Currencies worth over US\$5 trillion are traded daily, compared to foreign trade in all goods and services of US\$7 trillion annually. This illustrates how financialized the world economy is. The US dollar is on one side of over 80 percent of all foreign exchange trades, and this percentage has not changed significantly for decades. The euro has never challenged the hegemony of the US dollar. The Chinese currency is rising but still beyond the top five. Even a simple collection of basic facts such as these can be a starting point for a discussion on political economy and geopolitics. However, the broader point it illustrates is that geography is fundamental to understanding finance, and vice versa. Finance is one of the most globalized and networked of human activities. Financial centres as nodes in these networks epitomize modern capitalism. Just as pyramids symbolize ancient Egypt and the late Middle Ages are associated with Gothic cathedrals, skyscrapers filled with financial and related professionals will for posterity symbolize twentieth-century capitalism.

As Gordon L. Clark, one of the pioneers of financial geography, put it, money flows like mercury. It penetrates every nook and cranny of the global economy, changing social and political relations. Geoffrey Ingham, a sociologist, stated that together with writing and number, money is one of our essential social technologies. Over 100 years ago, Max Weber characterized money as a weapon in the struggle for economic existence.

While its significance should be obvious, finance is still poorly understood in economics and social sciences. Mainstream economists live in Neverland, where space does not matter to finance and finance matters little to economic development. The view of finance in economics became as detached from the social reality of finance as some financial practices,

for example, tens of trillions of US dollars' worth of derivatives traded mainly among banks, became detached from society. Social scientists, in turn, neglected money and finance, assuming it was taken care of by economists.

This failure of scientists to understand finance, highlighted by the global financial crisis, represents an opportunity. With the subprime crisis, the eurozone crisis, Brexit, as well as new financial technology threatening to transform finance, the map of the financial world is in a state of turmoil, with major implications for development. Geography is well positioned to take advantage of this opportunity, because of its open mixed-methods approach. Studying the significance of location, place, space, territory and scale in finance is crucial for advancing knowledge and public policy. It could also be a way to rally social sciences around the questions of money and finance, and perhaps even a chance to contribute to a much needed reintegration of social sciences.

Financial geography has started a long process of addressing this gap. Broadly, it can be defined as the study of the spatiality of money and finance and its implications for the economy, society and nature. To do financial geography you have to be numerically literate, but you do not have to focus on quantitative research – it can be qualitative as well. Financial geography transcends the division of geography into its economic, political, social and cultural branches. It involves environmental geography too, as financial markets price commodities, and the natural environment currently and into the future, through insurance contracts, securities and derivatives.

My interest in financial geography started in the mid-1990s. Most of the references I could find in libraries, as this was before Google Scholar, focused on the UK and the USA. Later in my career, I discovered a much broader body of relevant scholarship by people such as Gordon Clark, Ron Martin, Nigel Thrift and Andrew Leyshon, as well as theoretical works of most relevance, with David Harvey's *The Limits to Capital* in the lead. While conceptually rich, empirically, most of the work on financial geography still focused on North America and a few leading economies of Western Europe, with the major focus on the UK and Germany.

Much has changed in the past 20 years, during which time financial geography has established itself as a vibrant interdisciplinary field of research. Major contributions have come from scholars using heterodox economic approaches, a cultural economy lens and a financialization perspective, among others. The geographical scope of scholarship on financial geography has expanded too, with a major wave of research on China in particular, but the geographical coverage remains limited. It is still a struggle to find works, particularly in the English language, that focus on

Latin America, southern or Eastern Europe, western and southern Asia or Africa.

For this reason, this book represents a major contribution to financial geography. Silvia Grandi, Christian Sellar and Juvaria Jafri have assembled a team of contributors to investigate financial spaces that have hitherto been neglected in English-language scholarship. We find chapters here focusing on Italy, Russia, Central and Eastern Europe, Bulgaria, Vietnam, Turkey and Pakistan. However, beyond its empirical diversity and richness, the book also offers important conceptual ideas. Building on Wallerstein's world-systems theory, the book coins the phrase 'semi-peripheral financial areas' to refer to 'established industrial or emerging economies outside the financial centers of North America, north-western Europe and East Asia where financial industries are established, but do not have the same level of global influence as the core' (see the Introduction to this volume, p. 3).

The book also presents a promising new conceptual framework linking political and financial geography, named geofinance or geobanking. The latter is understood broadly as 'the various public and private aspects of banking that shape territorial politics and vice versa' (see the Introduction to this volume, p. 20). More specifically, geofinance/banking is conceptualized at three levels as '(1) the policies of the territorial states in the financial semi-periphery, (2) the interactions between these policies and globalizing processes originating in the financial core and (3) the resulting impact on financial flows and practices affecting specific national and local economies in the semi-periphery' (see the Introduction to this volume, pp. 21–2). This focus on the relationship between financial geography and political geography, including geopolitics, is very important and timely. While the past two decades brought rich research on the economic, cultural and social aspects of financial geography, arguably, research on the political aspects has been neglected, and so has the interaction of financial geographers with political scientists and political economists. This is where the concept of geofinance/banking, combined with that of semi-periphery, can help provide a much needed boost to research.

There is a lot of work to be done to bring finance back to planet Earth, both in terms of financial practices and policies, and in terms of research. A few years ago, with colleagues around the world, we set up the Global Network on Financial Geography (FinGeo; [www.fingeo.net](http://www.fingeo.net)) as an open and interdisciplinary network of academics, practitioners and experts interested in research on the spatiality of money and finance, and its implications for the economy, society and nature. In March 2019 we had nearly 600 members in more than 60 countries. Indeed, I first met Silvia Grandi and found out about her book idea at events organized

by FinGeo. It is my honour, as the inaugural chair of FinGeo, to invite everyone to join our network, and my pleasure to recommend this book to readers.

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