

Chapter 26

Money and Finance

Andrew Leyshon

“Money is what you’d get on beautifully without if only other people weren’t so crazy about it,” Margaret Case Harriman (quoted in Dunkling and Room, 1990, p. 156).

“The value of a dollar is social, as it is created by society,” Ralph Waldo Emerson (quoted in Furnham and Argyle, 1998, p. 1).

Until relatively recently, economic geography seemed quite content to conform to the first part of Margaret Case Harriman’s observation, as the subdiscipline evolved in virtual isolation from the world of money and finance. Reasons can be mobilized to explain why economic geographers have tended not to pay much attention to money. Thus Martin (1999) suggests that economic geography’s long-term neglect of money and finance was in part a product of an unfortunate turn of historical fate, in that August Lösch, one of the founding fathers of the subdiscipline, died before he could complete a follow-up to his landmark *The Economics of Location*. Martin argues that this book would have focused directly upon money and location, and, if completed, would have changed the post-war history of economic geography. But it wasn’t, and the growing importance of a neoclassical economic perspective within economic geography and its sister discipline of regional science from the 1950s onwards militated against a serious consideration of the geography of money and finance. Neoclassical economics assumes that there is “free and costless movement of capital and labor and perfect and ubiquitous information flows between regions,” which has the effect of “assum[ing] away any regional role for money” (Martin, 1999, p. 3).

While this explanation is perfectly plausible, economic geography’s neglect of the subject still remains something of an historical disciplinary puzzle, especially given that the nature of money means that it has always been an unusually appropriate subject for economic geographers to study. Even the most cursory examination of the history of money reveals it to be a social innovation which owes its success to its exceptional ability to solve problems of economic co-ordination over space and time (Leyshon and Thrift, 1997). Money has been at the center of economic exchange

within human societies for an extraordinarily long period of time (Davies, 1994), and it has so effectively crowded-out non-monetary systems of exchange – such as barter – that where non-monetary systems exist they become curiosities for comment and debate. A measure of money's success as a social institution is that most people hardly give its existence a second thought (beyond the fairly universal feeling that more of it would be helpful). It is usually only at times of monetary and economic crisis that the relative fragility of the social institution of money becomes apparent, along with a recognition of how much its survival relies upon the persistence of social norms and expectations.

Recent advances in social theory have drawn attention to the ways in which social practices and material objects combine together in networks of relations (Whatmore, 1999). From its earliest incarnations, money has been constituted through social relations and naturally occurring materials, which in combination then act to extend social relations and money itself over geographical space. Over time, the nature of these materials has changed, and in general the tendency has been for the material form of money to become less important as the social norms and expectations surrounding money became more important. Therefore, over time the “value” inherent in money has become less dependent upon the physical form of the money, such as gold or silver coins, and more dependent upon some institutional authority, such as banks (as in checks¹ drawn on banks) and the state (as in bank notes underwritten by a central bank). Through all these social–material transformations, money has remained a deeply geographical phenomenon (Leyshon and Thrift, 1997).

Historians and anthropologists of money have long been aware of this, but only since the 1980s has there been a rapid growth of research within economic geography. This chapter does not seek to provide a comprehensive overview of all the work undertaken in this area (see Leyshon, 1995, 1997, 1998; Martin, 1999). Rather, what I seek to do is focus upon four areas of research, which represent the interception of two broader themes within geographical research on money and finance (table 26.1).

The first of these themes is theoretical in nature. For much of its brief history, the geography of money and finance has sought theoretical inspiration from a broadly political economy perspective. Following Barnes (1996), it is possible to describe such an approach as “progressive,” for it is motivated by a belief in social progress, which in turn is linked to a quest for understanding, through the application of rationality and reason (cf. Bassett, 1999; Lowe and Short, 1990). Such rationality and reason is used to uncover a hidden order which is seen to govern social action in the world, and in turn may be acted upon to elicit social progress. Progressive approaches such as political economy have the confidence to suggest interventions within social life to achieve progress, because they assume there exists a universal

Table 26.1 Geographies of money and finance

	Progressive geographies of money	Social Constructivist geographies of money
Place	Place and the urban dynamics of finance	Making up financial places
Space	Money and economic transformation	Creating alternative financial space

truth that holds for all times and all places, “something that lies outside the changing external context and therefore could provide the permanence necessary to judge claims to knowledge” (Barnes, 1996, pp. 7–8).

More recently, however, geographies of money and finance have been written from a perspective that takes up a counter position to “progressive” accounts of social change, rejecting the notion of progress and the value of rationality. This broad theoretical position, which Barnes describes as “anti-Enlightenment,” but which I refer to here as a movement of *social constructivism*, rejects smooth, linear accounts of social change, favoring instead disjunctive, ruptured, and non-linear accounts. Such approaches dismiss attempts to uncover “the truth” in social science. Truth is seen not as transcendental and foundational, but as contingent and contextual, varying from time to time and from place to place. Rather than seeking a rational, foundational order in the world, that may be uncovered through better, more powerful theories and concepts, social constructivists argue that such orders are in fact constructed through our attempts to understand the world. It is more productive, therefore, to think of order as a verb rather than a noun, something that is made or constructed, albeit temporarily.

The second theme revolves around concerns about the relationship between money, space, and place. Considerable effort has been expended in investigating the ways in which money and finance act upon particular *places*, including studies of phenomena such as financial centers, on the one hand, and places abandoned by mainstream financial services industries – inner cities or peripheral housing estates – on the other hand. This work tends to have practical and concrete concerns, with a particular emphasis on the processes and practices that unfold within particular places. It is complemented by research that has considered money more as an abstraction, and the ways in which money may be seen both to create and to distort understandings and perceptions of *space*.

The remainder of this chapter is divided into three main parts. The first considers the growth of a geographical literature on money and finance from the 1970s onwards, for the most part work informed by progressive social theory – particularly a broad political economy. The second looks at the rise of a set of alternative geographies of money and finance, seeking to extend existing concerns with the places and spaces of money, but in ways informed by social constructivism. The third constitutes some concluding remarks.

Towards a Geography of Money and Finance

Geographical research on money and finance only began in earnest following a broader disciplinary shift towards political economy and an interest in Marxism. New areas of research emerged through asking different kinds of questions about economic geography. Nevertheless, despite the central importance of money within Marxist theory, it took another ten years or more before interest had broadened sufficiently to be able to identify a distinctive subfield of economic geography concerned with the relationship between money, space, and place.

In what follows I examine research on geographies of money and finance undertaken beneath the umbrella of political economy. I do this in two stages. First, I deal with research focusing on the relationship between money and place, paying

particular attention to work on the urban dynamics of money and finance. I then go on to look at work that has focused more on the relationship between money and space, and in particular on the role of money and finance within broader processes of capitalist transformation.

Place and the urban dynamics of finance

The publication in 1973 of David Harvey's *Social Justice and the City* is a major staging point in the trajectory of human geography, as the discipline followed its author along the journey from quantification, model-building, and "objective" social science towards a more politically aware and "radical" academic agenda. The book was an outcome of Harvey's attempts to reconcile existing geographical theory, to which he had been a major contributor, with the material evidence of socio-spatial inequality of the US inner city.² Harvey gave a theoretical voice to a growing concern for "relevance" among many human geographers who were dismissive of the normative, "ivory tower" nature of work undertaken within the tradition of quantification (Peet, 1998).

Harvey sought to develop a means by which the creation of socio-spatial inequity could not only be understood, but actually overturned in the interests of social justice. He argued for more progressive and interventionist research that would, literally, change the world. Interestingly, in making such an argument we re-encounter the figure of August Lösch, identified earlier by Martin (1999) as a kind of spectral antecedent to geographical research on money and finance. Lösch is approvingly quoted by Harvey (1973, p. 148) for claiming that his "real duty [is] not to explain our sorry reality, but to improve it." Harvey's goal was similarly ambitious, boldly claiming that one of the objectives of his research was no less than "to eliminate ghettos" (1973, p. 137).

Social Justice and the City encouraged geographers to begin exploring geographies of money and finance in new ways. Marxist theory provided a conceptual key that promised to unlock the causes of long-run material processes creating uneven development within the city. In this view, the search for profit is the overriding objective within the capitalist city, leading Harvey and others to explore both the theoretical insights that could be gleaned from urban rent theory, and the ways in which competition for space has a financial outcome. A related interest was the key role played by financial gatekeepers in directing capital flows within the urban infrastructure. To illustrate the ways in which thinking along these lines seemed to provide explanations to apparent anomalies within the urban property market consider the following passage, in which Harvey uses the logic of capital to explain the persistence of large quantities of low-quality rented housing stock within inner city Baltimore:

There are some curious features about ghetto housing. One paradox is that the areas of greatest overcrowding are also the areas with the largest numbers of vacant houses. There are about 5,000 vacant structures in Baltimore – a good many of which are in reasonable condition – and they are located in areas of greatest overcrowding. Other cities are experiencing something similar...[T]he rents...landlords charge are very high in relation to the quality of accommodations, while properties, if they do change hands, do so at negligible

prices. The banks, naturally, have good rational business reasons for not financing mortgages in inner city areas. There is greater uncertainty in the inner city and the land is, in any case, frequently regarded as "ripe" for redevelopment. The fact that failure to finance mortgages makes it even riper is undoubtedly understood by the banking institutions, since there are good profits to be reaped by redevelopment under commercial uses (Harvey, 1973, p. 140).

In other words, the anomaly of a supply of empty but unavailable properties located cheek-by-jowl with high-density residential accommodation is "explained" through "deeper" causes – the circulation of capital and a generalized search for profit. Individuals and families wishing to buy these properties are denied the opportunity because they live in what are perceived to be "high risk" areas. Such behavior may be "rational" for financial institutions but at a systemic level the outcomes are less benign. It creates "the paradox of capital withdrawing from areas of greatest need to provide for the demands of relatively affluent suburban communities" (Harvey, 1973, p. 112).

Inspired by such observations, and by Harvey's encouragement to look for deeper, structural reasons for divisions within urban space, geographers began to investigate the city anew. In doing so, they turned their attention to the role played by financial and related institutions in channeling capital to and from particular places. Much of this work analyzed the housing market, and in particular how banks and property agents discriminated against the least economically powerful members of society, through such practices as credit rationing, redlining, and "blockbusting" (Boddy, 1976a, 1976b, 1980, 1981; Harvey and Chaterjee, 1974; Williams, 1976). Credit rationing and redlining reinforced the class and ethnic segregation of the city by denying credit to individuals and families within certain parts of the city, and at times prevented class and ethnic mixing by directing certain groups away from areas to retain the "character" of the neighborhood. Blockbusting encouraged ethnic mixing in the anticipation that the movement of ethnic minorities into particularly inactive local housing markets would generate turnover as middle-class families left in a flight to new suburban areas.

After this initial flurry of activity, however, economic geography's interest in the distributional effects of money and finance within the urban environment began to wane. It was not until the 1990s that attention turned once more to the role of money and finance in shaping the economic and social geography of the capitalist city. This revival again stemmed from concerns about the role of the financial system in deepening "spatial apartheid" in the US city of the 1980s and 1990s (Davis, 1992). Initially, the impetus came from beyond geography, as researchers in African-American studies, urban economics, and policy studies began to document the problems of financial discrimination within inner city areas (e.g. Bates, 1991, 1993; Caskey, 1994; Grown and Bates, 1992; Squires, 1992). Such studies pointed to a change in the institutional fabric of inner cities, which had continued to deteriorate in the 20 years or so since Harvey had begun writing about the inner city "ghetto." The US inner city had once been a place "in which all of the institutions of the dominant society were reproduced in parallel, and which individuals excluded from the dominant society were active in the parallel set of institutions" (Lash and Urry, 1994, p. 156). But by the 1980s and 1990s, a form of institutional collapse meant that even these parallel institutions began to disappear.

In seeking to explain this process, geographical research developed the concepts of “financial exclusion” (Leyshon and Thrift, 1997) and “financial dynamics” (Dymski and Veitch, 1996) to describe the process by which poor and disadvantaged groups are directly and indirectly denied access to mainstream retail financial services. Financial exclusion plays an active part in the production of urban (and rural) poverty, because those who experience the most difficulty in gaining access to financial services tend to be those experiencing multiple forms of social deprivation.

Geographical research on financial exclusion echoes the 1970s concerns with social justice by focusing upon the equity effects of the financial services industry. This recent work is distinctive, however, because it is more concerned with the impact of money and finance on everyday life, not just on the housing market. Access to mainstream financial services within contemporary capitalist societies is crucially important because many economic exchanges are mediated through banks and other financial institutions in direct transfers between accounts. Without a bank account, individuals and households may have to pay more for certain services to cover the extra cost and risk incurred for handling cash. Excluded individuals also find it difficult to obtain affordable credit, and may be forced to resort to more expensive credit facilities provided by “predatory” financial services firms, such as money-lenders (Dymski and Veitch, 1996; Leyshon and Thrift, 1996, 1997). Moreover, an inability to obtain affordable insurance means that households cannot shield themselves from risk, and are forced to bear the full financial consequences if they become victims of accidents and environmental hazards (such as floods or storms).

Considerable effort has been made to track the effects of financial exclusion, the most visible signs of which have been the extensive branch closure programs of retail financial services firms. Closures in Britain and the USA were spatially uneven, with branches closing fastest in areas of social and economic deprivation, particularly in inner cities with large ethnic minority populations. The programs were undertaken to cut costs and refocus business on the more profitable parts of the customer base in an increasingly competitive market. In the USA, this meant that entire communities were abandoned by the financial services industry, so that large parts of inner cities and many rural areas lost much of their financial infrastructure (Christopherson, 1993). In Britain, where one fifth of all bank and building society branches closed during the 1990s, the fastest rate of closure also occurred in socially deprived inner city areas. Problems of access were exacerbated for the poor, the elderly, and those who have physical disabilities, whose mobility over space is constrained, because the thinning out of branch networks increased the average “journey to bank.” These excluded populations are spatially concentrated in poor places, and belong to the social groups who are also discriminated against by such developments as the rise of telephone and Internet banking. In many socially deprived areas, large sections of the population are too poor even to afford a telephone (Graham and Marvin, 1996), let alone a personal computer.

Both the pioneering studies of Harvey and others in the 1970s, and recent research into financial exclusion in the 1990s, identify the logic of capital competition and the search for profit as being central to processes of financial exclusion (in inner cities) as well as financial inclusion (in the suburbs). Moreover, both types of research share a concern for social justice, and for the negative distributional effects of a financial system that would appear to discriminate against individuals and

places on the grounds of class, in some cases combined and amplified by racial difference.

More recent work in this area has continued to draw attention to the ways in which the financial services industry discriminates between individuals and social groups, but in a way that goes beyond the narrow economism of some earlier accounts. It draws attention to the ways in which culture is mediated within the consumption of financial services, and in how the behavior of relatively affluent financial consumers helps steer the financial industry in particular directions (see, for example, Leyshon et al., 1998; Leyshon and Thrift, 1999).

Money and economic transformation of space

A second strand of progressive research on the geography of money and finance is concerned more with the broader transformation of *space*. This research is very much “big picture” geography, and here too the work of David Harvey is important, but from a later period. In *The Limits to Capital* (1982), Harvey provides a superb analysis of the dynamics of the financial system under capitalism, outlining the centrality of money and finance within the circulation and accumulation of capital. The role of money and finance is even more central to his analysis in *The Condition of Postmodernity* (1989). In a wide-ranging review of economic and social change over some 25 years, Harvey homes in upon an increasingly powerful and autonomous financial system which has brought about a broad transformation in the capitalist system as whole. He argues that the imperatives of the financial system have brought about a world characterized by *time-space compression*; that is, a world that has shrunk in terms of time-space. The world shrinks because capitalist producers are locked into a perpetual race to exploit new markets and to reduce what Marx described as the turnover time of capital; that is, the amount of time taken to convert investments into profitable returns.

Harvey argued further that this race for “fast money” was not only bringing about an acceleration in the pace of economic life, but had in effect also brought about a major transformation in the nature of capitalism as a whole (Harvey, 1989). In so doing he made contact with a wider body of research within economic-orientated social science, known as regulation theory, which for over a decade had been attempting to explain why capitalism appeared to be increasingly beset by crisis, instability, and volatility from the late 1960s on (see Martin, this volume). According to Harvey, the relative stability of the “Fordist–Keynesian” era had been dislocated by the rise of an era he described as “flexible accumulation,” brought into being by an acceleration of time-space compression “that has had a disorienting and disruptive impact upon political-economic practices, [and] the balance of class power, as well as upon cultural and social life” (Harvey, 1989, p. 284).

Although volatility and ephemerality are seen to be endemic to this new era of capitalist accumulation, the monetary and financial system is held up not only as a good exemplar of the character of the age, but also as one of the main causes of it. In doing so, Harvey goes beyond mainstream regulation theory to connect with a broader international political economy literature that had begun to come to similar conclusions (Corbridge and Agnew, 1991; Clarke, 1988; Cox, 1987; Overbeek, 1993; van der Pijl, 1984, 1989; Thrift and Leyshon, 1988). This work examined

the way in which the international monetary and financial system constitutes a kind of “regulatory space,” which holds together broader processes of accumulation. In doing so, this research drew attention to the changing scale of financial activity, which had become increasingly globalized. This was enabled by advances in both information and communications technologies, allowing money to be transferred around the globe almost instantaneously and at relatively little cost, and later by increasingly liberal governmental attitudes towards financial institutions, which became identified as a source of revenue and well-paid employment.

In addition, this work began to point to the importance of the Bretton Woods system, created by the USA and the UK towards the end of World War II to bring monetary stability to a world recovering from conflict. Supra-national organizations, such as the International Monetary Fund (IMF) and the World Bank, were established to oversee the international monetary system, and to allow for accommodation between an open and liberal system of trade on the one hand, and relatively autonomous national economic policies on the other. These organizations were supposed to be so large and powerful that they would effectively “sterilize” the influence of private financial interest, which many held responsible for the collapse of the world economy during the 1920s and 1930s and the political and economic instability that led eventually to global conflict (Cox, 1987; Helleiner, 1993; Leyshon and Tickell, 1994).

From the early 1960s, the Bretton Woods system began to unravel as private financial capital flows began to grow and overtake those of the international institutions set up to manage and direct the international monetary system. The system of fixed exchange rates upon which it was based finally collapsed in the early 1970s, and the ability of national governments to resist the power of financial interests went into a steep decline. This, more than anything else, brought about the end of the post-war period of generalized economic affluence and stability. Gradually, through foreign exchange pressure, governments were forced to adjust their monetary policies to become anti-inflationary (Yergin and Stanislaw, 1998), largely because low inflation best defended financial assets and wealth over the long term. Relatively inflationary economies were beset by foreign exchange crises as international investors began to move their money elsewhere.

More recent research within this tradition has explored the transformation of financial space in more detail, going beyond the tendency to overgeneralization which can characterize such accounts. Geographers have examined the growth of “offshore” financial spaces with permissive regulatory environments, created as havens from the restrictions that national governments placed on financial activity (e.g. Hudson, 1998a, 1998b, 1999; Roberts, 1994, 1995). Work also has been undertaken on the implications of the rise of a “money manager capitalism,” which has turned investment institutions into influential agents in urban and regional development through their control over large volumes of mobile capital (Clark, 1997; Martin and Minns, 1995).

Social Constructivist Geographies of Money

This section deals with a set of alternative approaches to the relationship between money, space, and place that fall under the umbrella of social constructivist

approaches. Again, the section is divided into two parts: a discussion of money and *place*, specifically through geographical work on financial centers; and a consideration of money and *space*, exemplified by “local” currency systems.

Making up financial places

The increase in financial activity in the 1980s, particularly within North America, Europe, and South-east Asia, resulted in rapid employment growth in financial centers. Geographers began to investigate the urban and regional consequences of international and regional financial centers (Leyshon et al., 1989; Leyshon and Thrift, 1997). Initial research pursued a fairly orthodox political economy line, drawing on prevailing research on the rise of “producer services” (Daniels, 1993), and on the role played by “world cities” in co-ordinating the global economy within what Castells termed the “space of flows” (Castells, 1989).

The limitations of a political economy interpretation of the workings of financial centers were soon exposed, however. It became apparent that financial centers could not be understood merely through an application of abstract economic theory; rather, financial centers were active, dynamic, and purposeful places, within which matters of culture, social networks, and the embodied nature of the workers themselves effectively “make up” such places. One of the reasons for going beyond the political economy approach was that the logic of “the space of flows” and of time-space compression suggested an inexorable effacement of place within the international financial system (see, for example, O’Brien, 1991). However, although the time-space horizons of the international financial system have shrunk remarkably, financial centers show remarkable persistence and remain important concentrations of financial activity.

How to explain this paradox? One way out of this puzzle is to apply a more social and cultural interpretation of the financial center than had been used hitherto, and to move away from an abstract political economy approach to see centers as active and dynamic ensembles of networks; of bodies, of machines, of concepts, of interpretations, of information. This is the approach developed by Nigel Thrift (1994, 1996), who argues that it is not particularly helpful to see the financial center as a kind of rigidly ordered, machine-like entity, autonomously marshaling the movement of money and capital worldwide. The problem with such accounts, particularly favored by progressive critics of the workings of the financial system, is that they give the impression that the financial center conforms to a rationality that can be understood and is external to the financial center itself. Thrift argues for a flatter and more contextual understanding of social action, whereby notions of “rationality” and “order” are not externally determined, but are assertions that help actors to cope with the chronic uncertainties and contestability of social life. In so doing, he draws directly upon social constructivist accounts to develop what he describes as a kind of “contingent foundationalism” which he brings to bear in his reformulation of the “logics” of the financial center.

This reformulation focuses upon the centrality of monetary information. Information is central to the workings of financial systems, so that the role of the financial center is to generate, capture, interpret, and represent the vast amount of information about economic, social, political, and cultural change that flows through it

daily. The financial center thus acts as a collective means of coping with these torrents of information that continuously flow around the global economy. In this context financial centers may be seen as concentrations of expertise, produced through a "complex division of labor embodied in the skills of the workforce, in machines, texts, and so on" (Thrift, 1994, p. 375). This collectivity of expertise is capable not only of handling large volumes of information but, more importantly, is able to make sense of the monetary world, by providing interpretations and narratives that explain what all the information might actually mean.

Therefore, financial centers can be said to be made up of place-specific networks of actors, technologies, and texts, which are constantly being revised and updated, both to discern and to impose understanding and meaning on the financial world (see also Dodd, 1994). From this perspective financial centers persist because successful monetary networks within financial centers are bound to particular places for relatively long periods of time. To go beyond the network is to step outside the loop of information, knowledge, and interpretation; it is to take a step into the unknown. In a financial world that has speeded up, due to the effects of time-space compression, such a move could be extremely costly, if not financially ruinous.

The limitations of the political economy approach to money and place in general, and to an understanding of financial centers in particular, have been underlined by Linda McDowell, who has also drawn attention to the embodied nature of much financial practice through her research into gender segregation in the City of London (McDowell, 1994, 1997a, 1997b; McDowell and Court, 1994a, 1994b, 1994c). This research draws attention to the role of the body within financial centers, and how bodily deportment and presentation acts as an important "regulator" of what is and what is not construed as "appropriate" financial knowledge (see also Leyshon and Thrift, 1997). Financial services jobs are particularly dependent upon the successful representation of an appropriate body, if such jobs are to be done successfully. As McDowell (1994, p. 440) observes, success here depends upon "radiating an air of confidence, of selling one's self-image as part of the produce." In the end it is difficult to tell when the self of the seller ends and the service or product sold begins.

If one accepts that financial understanding is made up of a network of actors and resources, then an understanding of financial centers requires attention to the types of people and bodies that are seen as particularly appropriate carriers and interpreters of the information and knowledge that flow through such centers. Within financial centers in the past, these bodies were not only male, but produced through a privileged class background, and effusive of a particular kind of paternalistic masculinity. The nature of the changes undergone in the City over the past two decades or so, however, has seen this traditional masculinity challenged, both by a new kind of aggressive masculinity, which is less reliant upon traditional channels of recruitment (see Jones, 1998), and by the entry in recent years of the first generation of senior women. As McDowell illustrates, these women face all kinds of performative challenges to assert their authority in what has traditionally been a homosocial place, wherein women were normally only admitted into relatively low-status positions such as secretaries and typists. But in carving out careers for themselves in this often hostile environment, women are bringing new sensibilities and attitudes to the interpretative mix of the financial center.³

Making financial space

In moving the geography of money and finance beyond the political economy approach to encompass a broadly social constructivist approach, the research described above has drawn upon the concept of monetary networks to interrogate the relationship between money and place. This concept also has utility in exploring the relationship between money and space, particularly in the variant of the monetary network developed by Nigel Dodd (1994). Dodd's purpose is to attempt to provide a flexible but robust theory of money that is "sufficiently abstract to enable . . . cases to be compared without generalizing to such an extent that important variations cannot in fact be accounted for or explained" (Dodd, 1994, p. xxvii). In fact, Dodd attempts to meld the best elements of anthropological accounts of money, emphasizing the material and symbolic properties of money, with progressive social theory accounts, which focus upon the general and abstract qualities of money.

In practice, however, Dodd remains closer to social theory accounts than to more substantive anthropological accounts of money. He insists that all monetary systems contain five essential abstract qualities: (i) a system of *accountancy*, which enables "money" in the network to function as a medium of exchange, a store of value, and measure of account – the three concrete requirements of all money forms; (ii) a system of *regulation*, to protect and defend these functions of money; (iii) *reflexivity*, by which past experience of the network enables participants to develop expectations of the future which, in combination with a system of regulation, enable the network to develop as a means of deferred payments and thus to project forward in time; (iv) the existence of *sociability*, so that it is possible for information about exchange and value to circulate between actors within the network; and (v) *spatiality*, which means that monetary networks will have specific types of territoriality (Dodd, 1994). According to Dodd, this specific combination of abstract properties has enabled money to work in a wide range of forms, in different places, and at different times. Indeed, he seems to suggest that variations in the relative strength of the essential abstract qualities explains why some monetary networks manage to survive longer than others.

Although to date no empirical work has been undertaken to directly test the veracity of this theoretical framework, it is nevertheless a provocative and suggestive formulation, which allows for proliferative and overlapping understandings of monetary systems. Thus, there may be many competing monetary networks in existence at any one time, each with distinctive systems of accountancy, regulation, reflexivity, sociability, and accountancy.

To illustrate the diversity of monetary networks we can return to the point at which we began this analysis of different theoretical treatments of money, space, and place, with analyses of geographies of financial exclusion. It is possible to imagine the mainstream financial system as constituting its own monetary network. In terms of the processes described above, the properties of this network have clearly undergone some modifications in recent years. Its sub-systems of regulation and sociability have been reworked, both because of changes in statutory regulation, and because of the switch to a form of governance that has seen institutions become

dependent on new forms of information which travel through information technologies, computer software, and databases (Leyshon et al., 1998; Leyshon and Thrift, 1999). One of the most interesting changes, however, has been to aspects of the spatiality of the mainstream monetary network. In theory, the territoriality of retail financial services firms extends right up to the geographical borders of the economy within which they are licensed to operate, but in practice the spatiality of such firms is discontinuous and partial. Indeed, a distinguishing factor of the mainstream financial system in recent years is the way in which it has made an effort to withdraw from specific spaces, in order to reconcentrate in others. This withdrawal occurs not just through such well-publicized episodes of physical infrastructure withdrawal as bank branch closure. The use of remote means of information gathering and service provision provides firms with a greater possibility to serve customers over space. However, these technologies are being used to concentrate only upon those customers that have the right market potential. Therefore, this network has changed the nature of its spatiality; it has reduced its dependence upon direct physical access to consumers, and withdrawn entirely from some places. But at the same time, through information and communications technology, the network has increased its scope and flexibility, and in so doing has become stronger.

The transformation of this particularly dominant monetary network has occurred at the same time as a set of alternative monetary networks has emerged, whose growth is related in part to the withdrawal of the mainstream monetary network from particular places. Although still limited in size and scale, they present a potentially radical alternative to mainstream monetary networks. Phenomena such as credit unions, local exchange and trading systems, and time dollar schemes are all examples of monetary networks that contain the same abstract qualities as other networks, although the precise nature of these properties differs in a number of ways (Bowring, 1998; Lee, 1996; North, 1999; Purdue et al., 1997; Thorne, 1996; Williams, 1998). We can compare different monetary networks as a means of analyzing different monetized social relations that constitute the extremes of such networks over space. By way of illustration, and as a comparison to mainstream monetary networks, consider the example of local exchange and trading systems (LETS), local currency systems that first emerged in Canada in the early 1980s as a local response to the economic and social problems caused by the withdrawal of money following economic recession. Members of such systems offer goods and services for sale which can be paid for in a local currency unit, which is then either credited or debited from the LETS accounts of the two parties concerned.

LETS have spread worldwide: by 1999 there were over 1,300 LETS operating in 15 countries around the world (Williams, 1999). They are distinctive monetary networks along all five of the main abstract properties. First, the system of *accountancy* is one that revolves around a special, local, credit money, which may be commensurate with, but is not usually exchangeable for, the mainstream currency.⁴ Such local money serves as a measure of value and a medium of exchange, but it does not function very well as a store of value. No interest can be earned on credit accumulated, and the system is an accumulation of credits with no external value other than when they are activated through expenditure; that is, they have to be in action to be worth anything.⁵ It is the absence of interest on credit which many supporters of LETS claim to be part of the radical potential of such systems. In

mainstream monetary networks debt incurs financial penalties, but within LETS debt incurs only a requirement of reciprocity, and a willingness to reduce debt through doing work for others, which is encouraged. In that sense, these networks are celebrated for their potential to foster a sense of community through interaction and mutual benefit.

Secondly, these networks have a fairly informal system of *regulation*, one that mostly relies upon goodwill and the collective moral suasion of LETS as a whole. The major moral hazard is seen to occur with the problem of the “free-rider;” that is, a major debtor who makes little or no attempt to reduce their debt through undertaking work for other members of the system, and/or who leaves the system or the area before doing so. Given the implicit aim to foster community through reciprocity, however, the general consensus within LETS is that a more punitive form of regulation would be counterproductive.

Thirdly, the issue of *reflexivity* relates here to the problems of creating trust and of generating expectations of the long-term survival of such novel systems into the future. Without sound expectations that credits accumulated may be expended in the future, it will be difficult for actors to justify spending much of their time earning LETS currency.

Fourthly, the *sociality* of such systems is partly institutionalized, as all LETS are part of larger, national organizations, and have a local office that helps to encourage contact between members by advertizing the goods and services offered and sought by LETS members. This helps disseminate information about exchange through the network. Since social outcomes, such as the fostering of community, are considered one of the prime objectives of LETS, the value created by such networks may be better measured in terms of social capital (the activities that members of a community invest their time in, and which enhance its cohesiveness and livability) than financial capital.⁶

Finally, such networks have quite constrained *spatial* boundaries. Although LETS exist worldwide, each operates as an inherently local institution, signified by the way LETS draw upon specific local features or sayings to name the unit of currency used. LETS are able to create an alternative financial space, which resounds to a quite different timbre and resonance than do mainstream monetary networks, but these networks simply do not extend very far. Their limited spatial reach acts as a constraint upon their effectiveness, for they are limited to the resources that exist within their area. For these networks to be properly effective as alternatives to mainstream monetary networks, they have to develop the same spatial reach, and same ability to draw from a heterogeneous array of actors and resources. Unless they do so, the fortunes of such alternative monetary spaces will be hostages to the places in which they are formed. In some cases, this may not be a problem, as the nurturing of social capital may bring sufficient benefits to a local community to overcome the inherent limits of a relatively closed system. But in other cases, the outcome may be less propitious.

To emphasize this point, let us return to David Harvey, where we began in many ways. Harvey has observed that promoting local self-help in an environment of uneven development contains within it a chronic weakness. Such initiatives “will simply result in the poor controlling their own poverty while the rich grow more affluent from the fruits of their riches. The redistributive implications are clearly

regressive" (Harvey, 1973, p. 93). Even in the midst of more socially constructivist approaches to the geography of money and finance, therefore, echoes of the progressive concern for social justice resound.

Conclusions

I have provided a brief overview of a body of research on geographies of money and finance since the early 1970s. During this time, work has developed along a theoretical trajectory from progressive accounts of social change concerned with identifying an underlying order and rationality to such changes, towards a more social constructivist position which sees order as more contingent and contextual. With this shift, the geography of money and finance has moved beyond narrow economic and class-based political issues, to include a greater attention to culture, gender, ethnicity, and corporeality.

Despite a late start, geographers have thus covered much ground on this subject. We have now reached the "end of the beginning" as far as the geography of money and finance is concerned (Leyshon, 1995). Economic geography is taking money seriously, and in doing so demonstrating the importance of space and place to the world of finance. It is also providing new insights into how we should think about scale in economic geography, and the relationship between the global and the local in monetary and financial matters. The financial system is more global than ever, as money travels ever faster and more effortlessly in the form of investments and, crucially, divestments. In recent years there has been a crop of serious financial crises, covering Asia, Russia, and South America, as global money has first discovered, and then abandoned, places as sites of investment, leaving chaos in the wake of withdrawal. But although they are seen as global issues, with the investment decisions made by the managers of large financial institutions, the funds are actually managed on behalf of millions of individual contributors, who make regular pension or other investment payments. Therefore, the "global" financial system is also irrevocably "local," in that its power comes from millions of individual and household decisions to seek out a high return on investments. It is this that gives fund managers the discretion to move money in and out of investments as appropriate. It also means that anyone who has a pension or other kinds of investments is implicated in the actions of the global financial system to some extent. We are implicated in other ways too, which are even more transparent than the actions of fund managers in global financial centers managing our collective investments. As financial consumers become more financially literate and move their money to more specialized, higher paying accounts, they participate in the "creaming off" of retail financial from mass market accounts which are less able to subsidize less affluent customers. The act of seeking a better deal for ourselves can have implications for distant others. Therefore, there is no escape from the geography of money and finance.

Acknowledgment

I am grateful to Eric Sheppard for his extremely helpful comments on an earlier draft of this chapter.

Endnotes

1. "Cheques" in the UK.
2. Actually inner city Baltimore. Harvey moved there in the late 1960s from Bristol in England to take up a job at Johns Hopkins University. According to Peet (1998), Harvey's observations of life in Baltimore led him to reject the carefully crafted, but political neutral, philosophy of science which he had developed in his earlier book, *Explanation in Geography* (Harvey, 1969).
3. It is interesting that one of the areas within which women have been particularly successful is fund management, and particularly ethical fund management, where most of the leading funds are run by women managers.
4. That is, the "legal tender" of the economy e.g. US dollars, Canadian dollars, French francs, pounds, etc.
5. Compare this to conventional "savings." If this is kept on deposit at a bank, for example, it is pooled and lent out to borrowers. The money is effectively "working" elsewhere in the economy to generate the additional value that will be paid back in interest on the savings.
6. Social capital refers to the ways in which members of a place invest their time and effort in community-related activities in order to enhance its cohesion and livability.

Bibliography

- Agnew, J. and Corbridge, S. 1995. *Mastering Space: Hegemony, Territory and International Political Economy*. London: Routledge.
- Barnes, T. J. 1996. *Logics of Dislocation: Models, Metaphors, and Meanings of Economic Space*. London: Guilford Press.
- Bassett, K. 1999. Is there progress in human geography? The problem of progress in the light of recent work in the philosophy and sociology of science. *Progress in Human Geography*, 23, 27–47.
- Bates, T. 1991. Commercial bank financing of white- and black-owned small business start-ups. *Quarterly Review of Economics and Business*, 31, 64–80.
- Bates, T. 1993. *Banking on Black Business: The Potential of Emerging Firms for Revitalizing Urban Economies*. Washington D.C.: Joint Center for Political and Economic Studies.
- Boddy, M. 1976a. The structure of mortgage finance. *Transactions of the Institute of British Geographers*, NS 1, 58–71.
- Boddy, M. 1976b. Building societies and owner occupation. In M. Edwards et al. (eds). *Housing and Class in Britain*. London: CSE.
- Boddy, M. 1980. *The Building Societies*. London: Macmillan.
- Boddy, M. 1981. The property sector in late capitalism: the case of Britain. In M. Dear and A. Scott (eds). *Urbanization and Urban Planning in Capitalist Society*. London: Methuen.
- Bowring, F. 1998. LETS: an eco-socialist initiative. *New Left Review*, 23, 91–111.
- Caskey, J. P. 1994. Bank representation in low-income and minority urban communities. *Urban Affairs Quarterly*, 29, 617–38.
- Castells, M. 1989. *The Informational City: Information Technology, Economic Restructuring, and the Urban-Regional Process*. Oxford: Blackwell.
- Christopherson, S. 1993. Market rules and territorial outcomes: the case of the United States. *International Journal of Urban and Regional Research*, 17, 274–88.
- Clark, G. L. 1997. Pension funds and urban investment: four models of financial intermediation. *Environment and Planning A*, 30, 997–1015.
- Clarke, S. 1988. *Keynesianism, Monetarism and the Crisis of the State*. Aldershot: Edward Elgar.

- Corbridge, S. and Agnew, J. 1991. The US trade and budget deficits in global perspective: an essay in geopolitical economy. *Society and Space*, 9, 71–90.
- Cox, R. W. 1987. *Production, Power, and World Order: Social Forces in the Making of History*. New York: Columbia University Press.
- Daniels, P. W. 1993. *Service Industries in the World Economy*. Oxford: Blackwell.
- Davies, G. 1994. *A History of Money: From Ancient Times to the Present Day*. Cardiff: University of Wales Press.
- Davis, M. 1992. Who killed LA? A political autopsy. *New Left Review*, 197, 3–28.
- Dodd, N. 1994. *The Sociology of Money*. Cambridge: Polity.
- Dunkling, L. and Room, A. 1990. *The Guinness Book of Money*. London: Guinness.
- Dymski, G. and Veitch, J. 1996. Financial transformation and the metropolis: booms, busts, and banking in Los Angeles. *Environment and Planning A*, 28, 1233–60.
- Furnham, A. and Argyle, M. 1998. *The Psychology of Money*. London: Routledge.
- Graham, S. and Marvin, S. 1996. *Telecommunications and the City: Electronic Spaces, Urban Places*. London: Routledge.
- Grown, C. and Bates, T. 1992. Commercial bank lending practices and the development of black-owned construction companies. *Journal of Urban Affairs*, 14, 25–41.
- Harvey, D. 1969. *Explanation in Geography*. London: Edward Arnold.
- Harvey, D. 1973. *Social Justice and the City*. London: Edward Arnold.
- Harvey, D. 1982. *The Limits to Capital*. Oxford: Blackwell.
- Harvey, D. 1989. *The Condition of Postmodernity: An Enquiry into the Origins of Cultural Change*. Oxford: Blackwell.
- Harvey, D. and Chatterjee, L. 1974. Absolute rent and the restructuring of space by governmental and financial institutions. *Antipode*, 6, 22–36.
- Helleiner, E. 1993. When finance was the servant: international capital movements in the Bretton Woods order. In P. Cerny (ed). *Finance and World Politics: Markets, Regimes and States in the Post-Hegemonic Era*. Aldershot: Edward Elgar, 20–48.
- Hudson, A. 1998a. Placing trust, trusting place: on the social construction of offshore financial centers. *Political Geography*, 17, 915–37.
- Hudson, A. 1998b. Reshaping the regulatory landscape: border skirmishes and the Bahamas and Cayman offshore financial centers. *Review of International Political Economy*, 5, 534–64.
- Hudson, A. 1999. Offshores onshore: new regulatory spaces and real historical places in the landscapes of global money. In R. Martin (ed). *Money and the Space Economy*. Chichester: Wiley, 139–54.
- Jones, A. 1998. (Re)producing gender cultures: theorizing gender in investment banking recruitment. *Geoforum*, 29, 451–74.
- Lash, S. and Urry, J. 1994. *Economies of Signs and Space*. London: Sage.
- Lee, R. 1996. Moral money? LETS and the social construction of local economic geographies in Southeast England. *Environment and Planning A*, 28, 1377–94.
- Leyshon, A. 1995. Geographies of money and finance I. *Progress in Human Geography*, 19, 531–43.
- Leyshon, A. 1997. Geographies of money and finance II. *Progress in Human Geography*, 21, 278–89.
- Leyshon, A. 1998. Geographies of money and finance III. *Progress in Human Geography*, 22, 433–46.
- Leyshon, A. and Thrift, N. 1996. Financial exclusion and the shifting boundaries of the financial system. *Environment and Planning A*, 28, 1150–56.
- Leyshon, A. and Thrift, N. 1997. *Money/Space: Geographies of Monetary Transformation*. London: Routledge.

- Leyshon, A. and Thrift, N. 1999. Lists come alive: electronic systems of knowledge and the rise of credit-scoring in retail banking. *Economy and Society*, 28, 434–66.
- Leyshon, A. and Tickell, A. 1994. Money order?: The discursive construction of Bretton Woods and the making and breaking of regulatory space. *Environment and Planning A*, 26, 1861–90.
- Leyshon, A., Thrift, N., and Pratt, J. 1998. Reading financial services: texts, consumers and financial literacy. *Environment and Planning D: Society and Space*, 16, 29–55.
- Leyshon, A., Thrift, N., and Tommey, C. 1989. The rise of the British provincial financial center. *Progress in Planning*, 31, 151–229.
- Lowe, M. and Short, J. 1990. Progressive human geography. *Progress in Human Geography*, 14, 1–11.
- Martin, R. 1999. The new economic geography of money. In R. Martin (ed). *Money and the Space Economy*. Chichester: Wiley, 3–27.
- Martin, R. and Minns, R. 1995. Undermining the financial basis of regions: the spatial structure and implications of the UK pension system. *Regional Studies*, 29, 125–44.
- McDowell, L. 1994. Social justice, organizational culture and workplace democracy: cultural imperialism in the City of London. *Urban Geography*, 15, 661–80.
- McDowell, L. 1997a. *Capital Culture*. Oxford: Blackwell.
- McDowell, L. 1997b. A tale of two cities? embedded organizations and embodied workers in the City of London. In R. Lee and J. Wills (eds). *Geographies of Economies*. London: Arnold, 118–29.
- McDowell, L. and Court, G. 1994a. Missing subjects: gender, power, and sexuality in merchant banking. *Economic Geography*, 70, 229–51.
- McDowell, L. and Court, G. 1994b. Gender divisions of labor in the post-Fordist economy: the maintenance of occupational sex segregation in the financial services sector. *Environment and Planning A*, 26, 1397–1418.
- McDowell, L. and Court, G. 1994c. Performing work: bodily representations in merchant banks. *Environment and Planning D: Society and Space*, 12, 727–50.
- North, P. 1999. Exploring the politics of social movements through “sociological intervention”: a case study of local exchange trading schemes. *The Sociological Review*, 46, 564–82.
- O’Brien, R. 1991. *Global Financial Integration: The End of Geography*. London: Pinter.
- Overbeek, H. 1993. *Restructuring Hegemony in Global Political Economy: The Rise of Transnational Neo-Liberalism in the 1980s*. London: Routledge.
- Peet, R. 1998. *Modern Geographical Thought*. Oxford: Blackwell.
- Purdue, D., Dürrschmidt, J., Dowers, P., and O’Doherty, R. 1997. DIY culture and extended milieux: LETS, veggie boxes and festivals. *The Sociological Review*, 45, 645–67.
- Roberts, S. 1994. Fictitious capital, fictitious spaces: the geography of offshore financial flows. In S. Corbridge, N. Thrift and R. Martin (eds). *Money, Power and Space*. Oxford: Blackwell, 91–115.
- Roberts, S. 1995. Small place, big money: The Cayman Islands and the international financial system. *Economic Geography*, 71, 237–56.
- Squires, G. D. (ed.) 1992. *From Redlining to Reinvestment: Community Responses to Urban Disinvestment*. Philadelphia: Temple University Press.
- Thorne, L. 1996. Local exchange trading systems in the United Kingdom. *Environment and Planning A*, 28, 1361–76.
- Thrift, N. 1994. On the social and cultural determinants of international financial centers: the case of the City of London. In S. Corbridge, N. Thrift and R. Martin (eds). *Money, Power and Space*. Oxford: Blackwell, 327–55.
- Thrift, N. 1996. *Spatial Formations*. London: Sage.
- Thrift, N. and Leyshon, A. 1988. “The gambling propensity”: banks, developing country debt exposures and the new international financial system. *Geoforum*, 19, 55–69.

- van der Pijl, K. 1984. *The Making of an Atlantic Ruling Class*. London: Verso.
- van der Pijl, K. 1989. Ruling classes, hegemony, and the state system. *International Journal of Political Economy*, 19, 7–35.
- Whatmore, S. 1999. Hybrid geographies: rethinking the “human” in human geography. In D. Massey, J. Allen and P. Sarre (eds). *Human Geography Today*. Cambridge: Polity, 22–39.
- Williams, C. C. 1998. Helping people to help themselves: the potential of LETS. Political Economy Research Centre, Policy Paper Number 14, University of Sheffield.
- Williams, C. C. 1999. The potential of LETs in tackling social exclusion amongst young people. In S. Garcia (ed). *Inclusion Through Participation: Policies to Promote Social Inclusion*. Brussels: European Commission, DG12.
- Williams, P. 1976. The role of financial institutions and estate agents in the private housing market: a general introduction. Centre for Urban and Regional Studies, Working Paper No. 9, University of Birmingham.
- Yergin, D. and Stanislaw, J. 1998. *The Commanding Heights: The Battle Between Government and the Market Place that is Remaking the Modern World*. New York: Simon & Schuster.