


# From the sociospatial construction of markets to the advancements of financialization

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# From the sociospatial construction of markets to the advancements of financialization

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## Abstract

The article proposes contributions to two current debates within the scope of economic geography: the recent developments in the geography of markets, in lineages that theorize the centrality of the proactive formation of new markets for the dynamics of capitalist expansion in sociospatial perspective, seeking to reposition the category in economic geography (beyond the opposition between the simple liberal apology and the simple condemnation from a critical perspective); and the theoretical discussion about the financialization of space, a fundamental dynamic in the contemporary relations between space and economy and in the expanded reproduction of the current economic system. With the objective of adding conceptual tools for the study of contemporary dynamics of high relevance to the field of economic geography, through commented bibliographic research augmented with new elaborations, the text also addresses the deepening of financialization in its current rounds, related to rentist extraction extended towards popular economies and the so-called *platform capitalism* in the metropolis.

**Keywords:** Geography of markets. Social construction of markets. Financialization. Contemporary sociospatial processes.

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## Da construção socioespacial dos mercados aos avanços da financeirização

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### Resumo

O artigo pretende contribuir com dois debates atuais no âmbito da geografia econômica: os recentes desenvolvimentos da geografia dos mercados em vertentes que teorizam a centralidade do agenciamento proativo de novos mercados para a expansão capitalista em perspectiva socioespacial buscando reposicionar a categoria na geografia econômica (para além da oposição entre a simples apologia liberal e a simples reprovação por parte da perspectiva crítica),

e a discussão teórica da financeirização do espaço, dinâmica fundamental nas relações contemporâneas entre espaço e economia e na reprodução ampliada do sistema econômico vigente. Para agregar ferramentas conceituais ao estudo de dinâmicas contemporâneas de alta relevância para o campo da geografia econômica por meio de pesquisa bibliográfica comentada e incrementada com novas produções, o texto discute também o aprofundamento da financeirização em suas rodadas atuais, ligadas ao extrativismo rentista estendido na direção das economias populares e ao chamado *capitalismo de plataformas* nas metrópoles.

**Palavras-chave:** Geografia dos mercados. Construção social dos mercados. Financeirização. Processos socioespaciais contemporâneos.

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## De la construction socio-spatiale des marchés aux avancées de la financiarisation

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### Résumé

L'article propose des contributions à deux débats actuels dans le cadre de la géographie économique: les développements récents de la géographie des marchés, dans des lignes qui théorisent la centralité de l'agence proactive de nouveaux marchés pour la dynamique de l'expansion capitaliste dans une perspective socio-spatiale, cherchant à repositionner la catégorie en géographie économique (au delà de l'opposition entre la simple apologie libérale et la simple condamnation du point de vue critique); et la discussion théorique sur la financiarisation de l'espace, une dynamique fondamentale dans les relations contemporaines entre espace et économie et dans la reproduction élargie du système économique actuel. Avec l'objectif d'ajouter des outils conceptuels pour l'étude des dynamiques contemporaines de haute pertinence pour le domaine de la géographie économique à travers des recherches bibliographiques commentées et enrichies de nouvelles élaborations, le texte aborde également l'approfondissement de la financiarisation dans ses cycles actuels, liés à l'extraction rentiste étendu aux économies populaires et au soi-disant capitalisme de plate-forme dans les métropoles.

**Mots-clés:** Géographie des marchés. Construction sociale des marchés. La financiarisation. Processus socio-spatiaux contemporains.

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## Introduction

In this essay we bring a set of interventions aimed at two blocks of academic production within the scope of current economic geography, in themes of major theoretical relevance for the understanding of contemporary dynamics at different scales, such as: the persistent crisis of neoliberalism, bringing consequences such as the aggressive and authoritarian redefinition of regulatory frameworks (Hendrikse, 2018), as in Brazil after the 2016 coup; the signs of the return of protectionism and of new ways of shaping markets through state action, in new patterns of economic nationalism; the growing use of public-private partnerships in different areas of public sector activity; the provision of so-called market social housing as a fundamental part of a market shift in tune with the advancement of financialization in public management and urban policy, among many others.

With the objective of adding conceptual tools for the study of relevant contemporary dynamics in economic geography, the article is divided into two sections: the first concerns the new economic geography of markets, an approach that seeks to reposition the category in a critical perspective (in addition to the opposition between simple apology and simple condemnation); and the second part deals with the contemporary production of new layers in the financialization of space, fundamental both in the context of contemporary relations between space and economies on multiple scales and in the reconfiguration of the hegemonic apparatus for the current economic system's expanded reproduction – which involves the advancement of finance's hegemony in the direction of diverse economic sectors and its growing capillarization in space and society (analogous to the generalization of industrialization itself beyond the secondary sector in the Fordist-Keynesian period, which also implied the production of space in industrial terms). In terms of methodology, the analytical approach presented is based on interlocutions between the secondary sources presented, in the perspective of a multiscale territoriality of the relations between the Brazilian context and the current international scenario.

## New geographies of markets

Kojin Karatani (2014) proposes a critical repositioning of the focus on the mode of production prevalent in the study of economic history in the direction of what he calls the modes of exchange: the format that the circulation and distribution of resources take in a given economic system. Karatani works on a historical sequence of four modes of exchange as forms of economic organization of societies: (a) the practices of reciprocity and gift (as in Marcel Mauss) of the semi-nomadic peoples who survive in part in the indigenous groups and traditional populations today, (b) the authority and protection/centralization and distribution in the genesis of empires after 3,500 BC, which survives in the modern state, (c) the system based on commodity exchange, on mutual consent (but not on mutual equality), which shapes the market and ends up redefining the mode of production itself in and through its dynamics, and (d) a *becoming* that promotes the dialectical return to the initial reciprocity, in new formats.

In the same vein, we consider that: the critical emphasis on production relegated to a secondary space the realm of exchanges, a shifting terrain with decisive sociospatial consequences; and the emphasis on the market is not necessarily a liberal analytical movement, which fails to

recognize the exploitation of labour in production as a primary element in the hegemonic economic system, but sees this very time-place of work as the result of a market process – as in the original Marxian reading, it only occurs due to the conformation of a specific market: the labour market, where the workforce is bought and sold for a certain price. This development is only made possible by proactive historical and sociospatial constructions and the reproduction of the conditions for such a market to exist.

Dan Cohen (2017) presents an overview of recent literature around the geographic study of markets based on a return to Karl Polanyi's idea that, traditionally, the market has been approached in social science through a polarization between the liberal view of the free market's perfection as an entity capable of solving society's problems through its own internal mechanisms, and the Marxist view of the condemnation of the market as the place of exploitation and plunder, its formats being of little importance in relation to the coercive laws of competition and their harmful effects. The proposal argues that both perspectives hinder the careful study of markets by creating a priori and preconceived notions about their functioning and their effects, which are not only more complex, varied and nuanced than these narratives allow to assume, but occupy very significant positions in the generation of diverse sociospatial processes to be treated in a less rigorous way in relation to research and theorization sensitive to the differentiations that are historically constituted in each place and circumstance.

It is essential that “the geographies of markets [connect] the micro-politics of markets to the macro-structures of capitalism and thereby open new understandings of the role of space and place in their functioning” (Cohen, 2017, p. 2). In the wake of the 2008 financial crisis (whose consequences persist in many ways around the world), there is a significant contrast between the central importance of specific aspects of the futures and derivatives markets linked to real estate and the fact that these mechanisms remain largely misunderstood by many researchers, even those more dedicated to issues related to capitalist dynamics and its effects on space. Cohen understands that the implications of this contradiction would have played an important role in the recent emergence of the geography of the markets he seeks to analyze.

In fact, the crisis itself is triggered by the operation of specific markets in the financial sector, which could only gain ground from the construction of the conditions for their own existence, accomplished through a complex regulatory development and involving a specific geography: of its agents, the institutions involved and their many implications. These are the so-called financial innovations created by the sector itself through the deregulation of the main centers of the international financial system since the 1980s, which has given rise to a wide range of derivatives and options markets, and mechanisms that create new financial securities composed of diverse elements. The subprime, the main trigger of the crisis, is precisely one of these innovations, which emerged in a development of market creation through institutional dynamics of the regulatory apparatus, in which the corruption factor plays a central role in the actions that allows the securitization of “bad” mortgages due to the biased performance of risk agencies and financial agents themselves, selling very high-risk securities hidden behind façades of safe investments.

The urban geographic unfoldings related to the crisis is not a minor element, neither because of its causes – overheated real estate market generating strong gentrification and intensifying suburbanization – nor because of its effects: from defaulted mortgage evictions to current processes relating to cities under fiscal austerity (see, for example, Peck and Whiteside, 2016), which, in turn, also constitute a regulatory regime that is highly favorable to the emergence of new markets and the growth of existing ones.

One of the effects of this theoretical-methodological focus on markets has been the opening of a research agenda turned to understanding how they are proactively produced, by an expanded combination of agents, ranging from assemblers and holders of private capital, non-governmental agencies and the state on numerous fronts of action. There is thus a social (inherently political) process behind the emergence, reproduction and decline of specific markets formed by specific agents and in which different sets of sectors participate, with important overlaps between them. Two sociological interpretations are related to this perspective: the notion of social constructivism, which applied to markets would study how they are socially constructed, from previously established social relations, engendering new social relations through their construction; and the idea, closely related to the latter, of the contingent character of forming and transforming markets: these are dynamics contained in networks and institutions, constituted from their changing configurations and the agents that compose them.

There is an idea here that both in the neoclassical view and in traditional Marxism, markets are naturalized (for good and for bad), taken for granted, and therefore rarely studied in the movements that concern their constitutions and transformations: a broad research agenda that involves institutions of the most diverse types (from public bodies to class entities or unions), non-institutionalized social movements, and specific social groups – which can be identified by class criteria or other, diverse, forms. The scalar and/or regional dimension is fundamental to the understanding of such developments, which are always related to different sociospatial transformations in territories, constituting path dependencies specific to place or region (Storper, 1997).

The configuration of the real estate market in a particular country, region or city, for example, involves a regulatory institutionality that needs to be constituted in order for the transactions to take place. The specificities of this regulatory framework are fundamental in the market dynamics, which in turn generate significant sociospatial effects. Bringing examples from the Brazilian urban/metropolitan context: the growth of favelas and irregular developments due to the inability of the National Housing Bank (BNH) to serve the lowest income strata in the 1970s; the reproduction of a huge stock of empty housing units in the current context, which contributes to the continued pressure in the growth of the peripheries, through the expulsion of the low-income population from regions whose real estate prices are increasing; among countless other processes. Real estate is a market whose operation crosses movements of supply and demand (which are also historically based on legal and political pillars), but whose institutional/regulatory aspects are central both in its characteristics and in the effects that it generates



beyond its own field of action – that is, in the city, in the territories, in the region<sup>1</sup>. Thus, a given market depends on a certain configuration of an aggregation of elements to which it will be contingent – availability of labour; access to natural resources; a consolidated legal apparatus that defines contracts, property, currency, labour relations, financial relations etc.; several infra-structural aspects; among other elements of what Jean Lojkine’s (1981) urban political economy called “general conditions of production”,<sup>2</sup> here related to conditions that govern the conformation of markets. And obviously, the agents operating the capital accumulation assemblages in a given market seek to interfere directly or indirectly in the regulatory-institutional domain of the conformation of the markets in which they act or will act. This dynamic has a central socio-spatial aspect and can only be understood in depth from perspectives that cross its geographical dimension: space itself is essential in shaping the general conditions set out above, as well as their regional dimension, which transform regions at the same time as they are conditioned by them, but never avoiding processes of transcalar nature.

Another implication of this perspective is that, in a society governed by a political form of state organization based on the idea that the free market is the most suitable format for channeling solutions to diverse collective demands, the formation of new markets becomes central to this social dynamic, and it does not occur without the proper performance of the institutions necessary for this. Through public-private partnerships, by providing a legal framework necessary for the expansion of certain sectors, or indirectly, by the very withdrawal of the state provider of collective services from certain areas of activity so that new markets are created around the provision of those services: health, education, transport and housing (and, more recently, sanitation). The characteristics (size, reach, format of services provided, prices practiced, consumer markets served, groups excluded from this service) of the private supply of these services today are, to a large extent, an inverse function of the state’s direct action in providing them: if health, education and public transport were universally offered at high qualitative standards, these markets would be a fraction of their current dimensions.

And here there is a delicate point regarding the tradition of greater adherence to critical theorizing of economic dynamics: often the formation of markets are earlier and directly condition the productive processes themselves, traditionally taken as the main focus of critical theorizing, because they are the space-time for the production of value, and therefore, for the extraction of surplus value, the exploitation of work paid only partially for its productive activity. Even in the classic historical trajectory of the English industrial revolution, it is very common for one to assume a geo-historically shortsighted sociological archetype, which does not recognize the centrality of English merchant imperialism, the shaping of markets through the controls of maritime routes and the colonial regimes,

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1 For several concrete examples of recent empirical research in the international context around these processes, see Cohen (2017).

2 Based on the Marxist definition of these conditions as the basic infrastructure for accumulation (such as transport and communications), Lojkine (1981) adapts the notion of “general conditions of production” for the Fordist-Keynesian period, when collective infrastructure and institutions (generally state-owned, due to the low profitability of providing these infra-structural attributes in that regulatory context) are concentrated in dense urban areas and involve other more complex elements that support industrial activity.

especially in India, and secondarily in 19<sup>th</sup> century Latin America, which guarantee demand for the British industrial takeoff (Hobsbawm, 1968).

In this sense, the conformation of flows in the conquest of monopolist commercial maritime routes by military means is as fundamental as the movements that occur at the two geographical ends of the routes: colonization guaranteeing markets and natural resources at one end and, at the other, production itself. It is, therefore, an assemblage, a set of interconnected and interdependent elements that influence each other and undergo constant transformations, without absolute and constant primacy on the part of a specific component. In this perspective, flows are not secondary and much less spontaneous: they need to be actively constituted by agents and networks that are intrinsically crossed by political nexuses and that, in the specific case of international trade, are marked by a conflictive/military element that would not be present if this conformation were secondary to the strategy of strengthening a certain hegemonic order through industrial growth.

In relation to the discourse in defense of the free market and returning to the 2008 crisis, it is interesting to note how it exposes the king's nakedness by demonstrating, in the state's action saving the banks directly, the fallacy of the discourse of efficient self-regulation, although the constant recourse of orthodox economics to the notion of *market failure*<sup>3</sup> has been constantly invoked around that episode. This reveals the direct dependence that the very existence of the markets that collapsed in the crisis had on the institutions to function. In other words, in addition to the fact that derivatives markets need to be actively created, the dependence of institutions concerns both the state's bailout package for banks and a basic configuration that gives conditions of existence to the markets themselves in the legal-institutional and regulatory domains. The corollary-oxymoron here is that perfect markets require perfect legal-institutional configurations: obviously, from the point of view of the needs and objectives of the markets themselves. Which will not necessarily happen without crossing the terrain of politics, raising questions on how democratic these conformations are, or the interactions and conflicts linked to their institutionalization.

The perspective of Berndt and Boeckler (2009, 2011, 2013) also points to the contribution of the Michel Callon's (1998) work, based on the application of Bruno Latour's (2012) contributions and his theory of the actor-network to the scope of the economy, understood as a universe largely manufactured by economic science itself. If markets are institutionally defined, the format of action undertaken in these constructions is guided by an analytical-discursive content (which presents itself as scientific) produced by a specific epistemological tradition – in an interesting parallel with Thompson's (1998) reading that the advent of the free market is the result of the incorporation of liberalism (mainly in Locke and Smith) in the state's action itself.

There is a risk here that the approaches regarding the conformation of specific markets neglect the need for a transcalar perspective that allows understanding their insertion in larger sets of transformations. As stated above, these larger assemblages are fundamental for understanding the importance of the markets, which in turn should not be taken to the

<sup>3</sup> Exceptional situations which, according to neoclassical theorization, justify state action in the correction of negative results that could result from the lack of intervention.



point of proposing too contained and specific approaches that fail to see and problematize the set in which they are inserted. Cohen (2017) points out the work of Braun (2016), dedicated to finding and theorizing connections between structures and developments at more restricted scales (such as the conformation of specific markets in specific locations/regions) to capitalist dynamics on a larger scale – which requires approaches that are open to the transcalar: the interaction between scales, the interdependent constitution between them and between processes located at different scales, the need to move perspectives between multiple scales (and not just the local and the global, in simplistic, automated terms, unrelated to empirical concerns). This is precisely the main problem in the projects that follow the contributions of Bruno Latour: there is no space for this transcalar dimension in the theorizations that practically preclude any analytical movement that can be seen as a flyby, far from the ethnographic level of understanding of the world and its transformations (absolutely indispensable and at the same time insufficient; while considering that the same could be said about political economy itself).

Perhaps Cohen's most interesting assessment (2017, p. 9-14) is the reading of markets as places of dispute. A first example of the enormous implications of this perspective: the very conformation of a labour market – an essential factor for work itself, as the only possible source of value, and for its subsumption to heteronomous productive assemblies, in which it no longer has control over its own fruits – hinges on the restriction of access to the market understood in a broader way to those who become workers, in addition to the means of production, more traditionally emphasized. Controlling and restricting access to markets is an important part of the range of conditions that hegemonic agents must build to guarantee a certain flow of labour supply at low costs for the productive activities they control.

This aspect allows us to move to another form that the emphasis on markets has been gaining in recent literature in economic geography, which is the direct inspiration in Karl Polanyi (1980 [1944], 2012 [1977]; Peck, 2013). These approaches are based on two pillars of Polanyi's work. First, the author's proposal that capitalism is based on the transformation of land, labour and currency into commodities, which would be *fictitious* commodities, since they are not goods or services produced for the market, but that the latter creates the ability to attract and insert into its exchange logic. Secondly, the idea of the double movement as an expanded characterization of economic history since the industrial revolution, in which the market initially produced social tension, the dismantling of communitarian relations, and a generalized social crisis due to the primacy of the fictitious commodities, which only does not cause the economic system itself to collapse due to the second movement, the expansion of rights, the construction of mechanisms to compensate for market dynamics.

It is, obviously, a vision that is a product of its time, in the immediate post-war period, marked by the quasi-consensus around the Fordist social contract and the beginning of the experience of the Western world/global north expanding its welfare state. However, these two theoretical frameworks become, in contemporary approaches, tools for empirical regional research on the capitalist transformations of space, often characterized by smaller scales of the double movement and the conformation, or the restoration, of the conditions in which the

fictitious commodities are offered on the market. The post-coup 2016 regulatory readjustment in Brazil provides a very rich ground for institutionalist and regulatory approaches linked to these theorizations, as it acts precisely in a return to the first movement of the developments above, and in the restoration of the terms of operation of the land market (new legislation land tenure regularization, attempts to amnesty land stolen from the public domain) and the labour market (labour reform), forcing an undemocratic productive restructuring due to the collapse of the international commodities market in 2014, which supported the previous regulatory model.

In addition to these two pillars, Polanyi's contribution to this research agenda is his powerful clarification to understanding the economic as an instituted process and the profound implications of this move, but also to the need to differentiate and separate, theoretically and historically, the markets from capitalism or from the economic system as a whole, which involves other *modes of integration* and other types of relations between subsistence, reproduction and the productive sphere.

### **Contemporary updates in the financialization of space and urbanization**

The focus on markets as sociopolitical constructions that are proactively managed reveals us that, in contemporary capitalism, concomitantly and related to the reorganization of the labour and land markets, the expansion of the field of activity of finance occupies a primary place in the construction of diverse markets. In this critical analysis, economic geography plays a fundamental role in understanding the primacy of the financial sector in contemporary capitalism. In a schematic and introductory way, it is a historical dynamic related to the advance of neoliberalism, which involves maintaining, since the beginning of the 1980s, the impossibility of Keynesian countercyclical spending, through the same logic that subordinates states to creditors.

The financial sector concentrates the creditors of these indebted states, which, from the opening of borders to the free international flow of capital, gain even more power of influence with the threat of capital flight as an instrument of anti-democratic imposition of policies and reforms. This group of agents is fueled by a wide range of capital from different sources, being able to invest these amounts by inserting themselves in accumulation mechanisms (M-C-M') which are also diffuse and diverse. In other words, they are operators of flows with the capacity to enter and exit different investments – to switch between different sources with increasing agility. In this context of increased fluidity, industry becomes excessively rigid and attached to its own productive structures, and tend to create the capacity to direct investments towards an open range of accumulation platforms through the strengthening of its own financial branches – if its own capacity to generate capital appreciation is weakened, resources are directed towards other accumulation platforms (government bonds, miscellaneous investment funds, real estate etc.).

The financial sector is able to control and command diverse economic dynamics, and the old conflict between productive capital (industry) and rentier land capital (large land-owners and real estate) weakens as the financial sector starts to control both sides, interested in opening up good opportunities for profitability on both terrains, which contributes to weaken public policies aimed at controlling land rent in different regulatory contexts. Thus, the

sociospatial consequences are also significant, leading to an increase in real estate speculation and gentrification, greater pressure on rural areas of peasant squatters (*posseiros*), indigenous maroons (*quilombolas*), and others without security of property or tenure, and, in the end, the intensification of diverse sociospatial conflicts.

On the national scale, in which institutions of greater scope and reach in the reproduction of the regulatory apparatus that structures accumulation itself operate, the dispute over the reforms in the conjuncture after the 2016 coup and the even greater recrudescence of the project installed in 2019 involve a clear logic of opening new fronts for the penetration of financial capital. Directly, in pension reform, launching a huge flow of savings towards private banks, in attacking public education as a form of opening markets for capital acting in the private supply of the service (indirectly, increasing the demand for student financing) and opening a huge potential for real estate investment, both in urban and rural contexts, by the new law on land regularization, among others (Magalhães, 2019). And indirectly, through the opening of large territories for the penetration of extractive capital in the North and Central-West regions of Brazil, through the reconfiguration of indigenous territories added to the *carte blanche* to deforestation, which expands the field of activity of extractivism and the rentism of open land turned into potential financial assets. It is a nexus of incessant opening of new fronts for the capture of rent from social space, which, today, as we will indicate below, already presents additional important layers in relation to those mapped by Sanfelici (2013).

Therefore, there is an important entry of financialization in the proactive construction of markets where they will perform in positions of privilege, which does not happen without the violent engagement in the dispute for the regulatory apparatus and in the legal and institutional framework that provides pillars for the sphere of accumulation's modes of operation and functioning. As already indicated above and demonstrated in detail by Durand (2017, p. 33-37), the "financial innovations" in the creation of financial securitization and derivatives markets, largely responsible for the 2008 financial crisis, have been products of the intense work of agents in the sector itself, many of whom were linked to the Chicago Board of Trade, through actions centered on changing the regulatory apparatus aimed at the sector, with the direct support of the establishment of economic science which started to become mainstream already in the 1970s, represented by the Chicago monetary school and the iconic figure of Professor Milton Friedman, who endorsed such unrestricted financial innovations:

Economics scholarship thus provided justifications that were decisively important to the creation of derivatives markets. But it did not achieve this on its own. There needed to be a context that would make sense of doing this (the dismantling of the Bretton Woods monetary system), and, following that, a collectively undertaken activity. The motives of the people who mobilised to create the derivatives markets were not those of strictly rational, self-interested *hominines oeconomici*. Rather, their motives were constructed through a community in which direct and repeated interactions simultaneously allowed both cooperation and the punishment of those who tried to stand apart from this community (Durand, 2017, p. 36-37).

Through Durand (2017)<sup>4</sup>, we also see how the sector's deregulation pattern – a way of building markets based on proactive political action – involves some specific aspects that are key to the outbreak of the 2008 crisis: the possibility of securitization of rotten bonds (the subprime), and the banks' ability for avoiding capitalization to cover the increased risk of operations involved in financial innovations (derivatives and securitization). In other words, there is a transfer of risk to the public sector in the figure of central banks as the ultimate guarantors of the solvency of banking institutions, which is precisely the factor that comes into play at a time when banks are unable to save themselves with their own means – configuring a socialization of losses and risks that accompanies the private appropriation of their (enormous) gains.

The relationship between the historical prominence of the financial sector and its increasingly deepened and extended capacity to create, manipulate and manage markets for its own benefit goes largely through the matter of *market power* of large corporations, which, by varying combinations of access to technology and finance, become more or less inserted in monopolistic market structures or in oligopolistic formations. This is a surprisingly absent factor in contemporary Marxian theorizing around the value crisis<sup>5</sup>, which proposes an analytical return to the nexus of the organic composition of capital, which reach levels of saturation of the extractive capacity of labour by the controllers of production, pointing out connections of this supposed profitability crisis with the contemporary deadlocks of neo-liberalism. This view loses sight of the fact that the market power exercised by ultra-concentrated capital, far from being exposed to competitive conditions, becomes a source of exorbitant profits, even if the organic composition of the capital invested in production is in fact in historically high levels.

In fact, the portions of the global production chains that carry out manufacturing activities are subordinated by expanded assemblages of capital and mechanisms of accumulation and circulation where they enter the opposite end of the financial sector, that is, in the heteronomous portions of the subcontractors responsible for “mere production”. Patent holders, who are operators of brands, design, marketing and commercialization, gain a quasi-monopsony of a network of suppliers that includes those responsible for manufacturing, and also undergo subordination, to the command and control of the financial sector itself, which inserts and withdraws capital from its modes of assembling accumulation. Banks support monopolistic/oligopolistic market formations by closing access to credit and thereby creating barriers to the emergence of competitors that would compromise the profits of the companies they finance (Durand, 2017, p. 123).

Therefore, the prominence of market power in current capitalism involves the connection of these structures of generation of surplus with the financial sector and diverse formations that (go missing in the analytical/critical focus centered on production and) range from the big retailers, that abuse their market power in relation to suppliers, to the growing

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4 Who provides a battery of data and quantitative analysis whose reproduction or presentation aimed at the Brazilian context would go beyond the scope of this article.

5 In Moishe Postone or Robert Kurz, for instance. For a systematization from the point of view of geography, inserted in a notable critical panorama of the contemporary peripheral condition, see Cannetieri (2019, p. 14-18).

prominence of so-called “platform capitalism” (Amazon being a combination of the two formats, hence its strength).

This is an element that in the current context is directly linked to the internet and its ability to connect diverse social processes, the enormous consequences of which have become clearer in recent years, due to the harmful impact on the electoral disputes in various contexts, the Brazilian case being one of the most glaring. The consequences of interactions between the metropolis and the internet involve elements for an entire research agenda that is still open, with platform capitalism being just one of its many facets.

As in Srnicek (2016), platforms are digital structures that promote the encounter between providers and consumers in single and discrete transactions, enabling a significant intensification of the degree of flexibility in work, production and commercialization relationships. They tend to rapidly form monopolies in each specific area of activity in which they enter, due to the strength of the network formation effect, which makes demanding users stick to the platforms that concentrate suppliers and vice-versa. In the case of social networks, the tendency to monopoly formation comes from the fact that users are stuck with the provider, which starts to concentrate the webs of connections that are fixed on its platform, these networks being precisely the use value mobilized by users, and the extraction of value occurring by obtaining (and reselling) personal information on a huge scale, added to the commercialization of advertising spaces adjacent to the content produced by the users themselves – in a nexus of extracting value from attention and use time that, from the user’s perspective, is apparently free, analogous to advertising on television and radio, with the difference that the generation of content is outsourced to the unpaid work of the viewers themselves.

The implications of this platform capitalism in the extraction of income and surplus value in flexible and diffuse formats in the sociospatial fabric are expressive, its assemblages having a fundamental catalyst in the metropolis, for it constitutes an enormous concentration of factors that can be combined in different ways, according to demands that can be ephemeral, specific and varied. But always through a nexus of capturing and channeling surplus value and rent – and market (and consequently capital) concentration is fundamental in the constitution of this circuit and in its sociospatial relationships. In this movement, the metropolis transforms itself, from a sociospatial platform for industrial accumulation into a platform for accumulation based on different flexible arrangements for production, commercialization and consumption. And this does not happen without the continuous primitive accumulation that makes factors available for labour and rent, combined with the repeated inherited inequality that creates the asymmetries that characterize the entrances (and exits) through different doors in these flexible arrangements.

It is in this way that, from the point of view of the penetration of finance into the sociospatial fabric, platforms become complementary to real estate, a central mechanism in the mobilization of income and surplus value by the financial sector in its logic of suction and extraction of economic flows from an expanded sociospatial base in the direction of the remuneration of the capitals that it manages. In Hardt and Negri (2009), the metropolis centered on biopolitical



labour (which tends towards equivalence with life itself, involving the production of emotions, subjectivities, knowledge and relationships) and cognitive capitalism constituted by this form of work makes the generation of value widespread in its territories, tending to the equivalence and the complete mixture between the spatialities (typical of the metropolis of industrial labour) of work/production and reproduction.

In the logic of diffuse territorialization of value-generating labour, which at the limit becomes inseparable from life itself in the city, the ways of capturing surplus value are no longer restricted to the internal and well-delineated environment of production, needing updates so that they can continue to exploit labour. This continues to be based on the expropriation of the *common* generated in the sphere of reproduction, but in new terms, since biopolitical work itself is a direct effect of this common which produces the main inputs of cognitive capitalism: knowledge, information, subjectivities and culture. It is in this sense that Hardt and Negri (2009, p. 250-251) propose that, as the factory generates profit, “the metropolis primarily generates *rent*, which is the only means by which capital can capture the wealth created autonomously”.

The inherent and intense link between rentier real estate capital and the financial sector (stemming from the expanded financing needs of the real estate sector both in terms of production and consumption) extends this relationship between real estate and the capturing of value from diffuse labour in the metropolis towards finance, constituting channels for the extraction of value and rent from the broad and diffuse base in different sectors of activity that pass through real estate and culminate in the financial sector. It is in this nexus of channeling value and rent from an expanded and spatially diffuse base of work and production that platform capitalism enters, as a complementary layer, in the contemporary metropolis. And it is in this sense, of the basis of production and work constituted by an “urban common” (Tonucci, 2017), or by what Topalov (1979) treated as the city’s “complex use value”, that the extraction of value exercised by this new layer constitutes a format of extractivism, from metropolitan social space, similar to the extractive industries and their relations with resources of the land and nature. As in the industrial city (or in the Fordist-Keynesian metropolis), there is a process of “urban plunder” – as in Kowarick’s (1979) classic terms – directly related and proportional to the plundered work itself, which is part of the availability of labour for the platforms, which extract value from this plundered social space, contributing to the reproduction of this condition in new (flexible, post-Fordist) terms.

The metropolis does not only produce agglomeration economies for economic agents who benefit from its locational advantages. It also produces markets, potentially in multiple ways, but with this diversity reduced due to the need for political control of this market making by hegemonic agents. In this spatiality, platform capitalism performs a leap in the extraction of rent from the complex use value of an economic place of high relational density, still carrying surpluses for operators located in the north of the world (as in the semi-peripheral Fordist urban contexts).

By outsourcing the fixed cost to the workers, they generate a large-scale renewal of old practices of constituting labour markets, in the link between “uberization” and the



tradition of the “*boia-fria*”<sup>6</sup>, ideologized by the subjectivities of entrepreneurship. In addition, a new credit market is generated, for the financing of the fixed cost itself, and the extraction of rent occurs in a relationship with the collective value of the place parallel to traditional land rentism, but by arranging supply and demand (i.e. markets) through the monopoly operation of platforms. In its brand new rounds, uberization promotes the private appropriation and commercial assembling of street usage in which mobile devices (bicycles, scooters) take over public space, in stark contrast with the violent repression suffered by the popular economy that seeks to establish itself in the same spatialities and territorializations of the metropolis’ complex use value.<sup>7</sup>

Gago and Mezzadra (2015, p. 43-44) propose the notion of expanded extractivism to address the relationship between finance and popular economies as an extension of the extractive-rentier nexus most commonly found in the primary export sectors and in land rent exploitation on different fronts, identifying a wide extraction of value and rent also in the domain of informal/popular work/consumption. For those authors, this expanded concept of extraction would have three striking characteristics: (1) extraction is not limited to inert materials, expanding in the direction of work and social cooperation that allows its reproduction, (2) the extractive relationship between capital and labour does not imply direct control, as in industrial production spaces, but it does involve indirect relationships and an external nexus in the subjects’ cooperation that provides social support to work, and (3) extraction is not unilaterally associated with the rural or the non-urban, and needs to be conceived also in its relations with the urban dynamism of the peripheries of large Latin American cities. In Gago (2014), the penetration of neoliberal subjectivities in popular practices generates complex hybridizations between exploitation, competition and solidarity, which are very visible in the informal real estate market, in popular commerce at fairs and streets, etc.

In the scale of urban economies, this popular circuit seeks to participate in the same complex use value (increasingly becoming the networks constituted in metropolitan places of high relational density) as in the platform capitalism mentioned above, but on the contrary of what happens with the marked expansion of these multinational corporations, popular practices tend to be violently repressed, especially in situations that generate tendencies for their expansion. As in the current crisis, in which many local authorities of large cities violently attack the growth of street vendor activity in public space, acting in a complementary manner and in line with the readjustment of the low-cost labour supply through the authoritarian reconfiguration of the legal regulatory apparatus on a national scale. This is a manifestation of how access to markets, as well as the ability to form and put them into practice, are concentrated by hegemonic economic agents – a fundamental part of the exercise and reproduction of their domination and power.

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6 Translation note: literally “cold meal”, the nickname given to Brazilian rural daily workers who bring their own food from home and travel long distances to work, usually in harvesting.

7 For a geographic approach to the entry of finance in the circuit of popular economies in the period of expansion of consumption through the growth of income in portions of the base of the socioeconomic pyramid, see Silveira (2009). For a broad outline of the *lower circuit* in the city of São Paulo in the context of globalization, Montenegro (2006).

Despite the clear tendencies of strengthening practices of “neoliberalism from below”, the possibility of constituting markets opens up to potential differential practices in the direction of the solidarity economy, for example, which contains possibilities for radical transformation based on the gain of scale engendered by the eventual densification of their networks, in which electronic platforms can contribute a lot.

Neoliberalism in its current stage, post-2008 crisis, constitutes a system of government and state action linked to the need to open fronts of investment opportunities in different sectors and territories. The financial sector stands out by bringing together in single agents (a combination forming agent) the coordinated ability to define the terms of production, to conform and manipulate markets and to alter the regulatory apparatus to the benefit of its projects. This ability to build markets is restricted and constitutes a fundamental part of the economic composition of a given hegemony – subalterns, who become workers, are formed by multiple processes, which include restricting the possibility of them forming their own markets; or the manipulation/limitation (also by restricting access to currency) of their markets so that they are, when they exist, mechanisms for the reproduction of labour and the lowering of their own wages.

### **Openings: other economies and markets beyond the possible**

In this article, we attempt to contribute to two fields of research and theorization in contemporary economic geography, in order to emphasize their importance for understanding a series of elements in the production of space, especially in the urban sphere and/or related to urbanization/metropolization. The focus on the formation of markets and the follow-up of this perspective in the financial sector’s gains of reach and action scope are potent explanatory elements for understanding a myriad of contemporary sociospatial and political dynamics, including the violent regulatory restructuring underway, related to the crisis neoliberalism and its consequent authoritarian turn. However, the implications and applications of these perspectives – the sociospatial production of the markets and the deepening of the scope of finance in the rent-sucking mechanisms of a wide geoeconomic base – are not necessarily related to events of this reach or scale, and can serve as an explanatory framework for specific economic spaces such as public-private partnerships, the ongoing shifts in the land market’s regulatory apparatus, and even in drug trafficking or in the militias and their networks, which are expanding and becoming more complex.

The political implications of the social constructivism of markets are numerous. In conclusion, we are interested in emphasizing that, despite the structural restrictions mentioned above, there are also several powerful possibilities for emancipatory actions within the scope of market performance. It is a sociospatial assemblage that can be transformed to function in other formats, different from the hegemonic “neoliberalism from below” (Gago, 2014), even in the world of popular economies.

As in the context of the social and solidarity economy – although in clearly fragile networks that end up limiting the scope of experiences –, not only can production be done in other forms, building other relations and other forms of creating and mobilizing work, but circulation

is also practiced differently: in solidarity time banks, local exchange systems or in the so-called social currencies, for example, where solidarity, cooperation and, above all, *reciprocity*, prevail. Contemporary (technological, social, urban) conditions for the expansion of experiences of this nature – in the operation of expanded, diverse, complex networks aimed at the autonomous construction of *economies of the common* – are very promising, but demand a substantial collective effort, in which the presence of conflicting elements will be proportional to the discomfort caused to the current order. The political resignification of markets and the withdrawal of their construction from the exclusive domain of these hegemonies opens wide ground for new economic geographies, with practices of otherness that point in the direction of other economies and other productions of space.

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