

On the role of finance for the contradiction between production and realisation

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26 May, 2025

Book Review: Bernards, N. (2025). *Fictions of Financialisation: Rethinking, Speculation, Exploitation, and Twenty-First Century Capitalism*. Pluto Press.

Introduction

It is without doubt that financialisation has become one of *the* buzzwords in the social sciences. Browsing through academic journals today—from heterodox economics to regional sciences and sociology—‘financialisation’ figures prominently. However, some scholars in the field point out that the character of financialisation is not very clear. In light of the imprecise definition, a rather simple narrative has emerged that argues that financial activities and institutions—banking, stock markets, asset pricing, and the like—have become to dominate social reproduction, both locally and on a world scale.

Nick Bernards’ *Fictions of Financialisation: Rethinking, Speculation, Exploitation, and Twenty-First Century Capitalism* (Pluto Press, 2024) is a major intervention into the theoretical puddle of financialisation studies. Specifically, Bernards argues that

the main problem is not that ‘financialisation’ as a concept is

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incoherent or empty, but rather that it invokes a story about how the global political economy has changed and is changing which is ultimately analytically unhelpful (Bernards, 2025, p. 19).

Instead of dismissing financialisation, Bernards argues that there is a need to rework the role of finance in production. For this, Bernards develops a novel approach—the 'process view—that is anchored in a version of the Marxist labour theory of value. This reworking of the role of finance offers a fresh perspective on the ongoing transformation of the global political economy arguing that it has been shaped by (vaguely conceptualised) 'real' factors, not finance.

The following section introduces Bernards' 'process view of finance.' Then, Giovanni Arrighi's theory of financial expansion is introduced to argue that finance, in fact, takes on a very active role in the transformation of the world economy managing the reorganisation of the contradiction between production and realisation of surplus value.

Bernards' process view

Fictions of Financialisation offers an intellectually ambitious perspective—rooted in the dynamics of production and value—on various aspects of financialisation. Bernards correctly identifies three key theoretical problems that need to be reworked to grasp the true character of the changing global political economy. These are: first, the ontology of the real and financial sector; second, the epistemology of value and finance; and third, the subsequent characterisation of the ongoing transformation of global production.

The main contention of the book—that the role of finance is overstated in the social sciences literature, especially the Marxist one—is built on the theoretical approach developed in chapter 2, *Finance as Process*. Bernards' 'process view' challenges the ontological distinction between finance and production by collapsing the two sectors into one, where finance is strictly subordinated to production mediating the contradiction between concrete and abstract labour. According to Bernards, overcoming the classical dichotomy—real vs finance—opens a pathway to comprehend socio-economic transformation as driven by the compulsion for valorisation alone, with financial factors playing no active role. From this view, 'real' developments such as the transition from coal to oil and the completion of the global state system have characterised

global political economy transformations, not financial factors.

To develop the process view, Bernards integrates the sometimes overlooked aspect of 'risk' into the labour theory of value. Risk emerges from the contradiction between concrete and abstract labour, according to Bernards. He argues that value is not actually produced by concrete labour and directly embodied in commodities, but rather concrete labour transmits *already existing* value from abstract labour into commodities (p. 65). In other words, value is not produced at any one point, i.e. it is not produced at the point of production, but at several 'moments' within the circuit of capital (p. 68). This gives rise to risky, i.e. uncertain, elements in that process. *Finance is analytically situated within the contradiction between concrete and abstract labour to manage risk emerging from that tension.* In this framework finance does neither extract nor produce value but facilitates the process of valorisation alone. This framework situates finance passively within the process of production. The notion that financial factors do not shape accumulation in a substantial way is further substantiated by Bernards' position that there exists no distinct finance capital 'power bloc' (p. 76).

The next section challenges the 'process view,' and argues that it is inconsistent with Marx' ontology of production. To substantiate the claim, an alternative epistemology for finance within a Marxian framework based on Arrighi is presented, highlighting that finance actually plays a major role for the contemporary global political economy. Concretely, I argue that financial expansion solves underlying economic crises through symbolic suspension, and spatial relocation of capital.

The contradiction between production and realisation

In capitalism it is not individualised concrete labour that produces value but 'labour as such.' Individual labour forms the organs of abstract labour—it performs abstract labour. That is because value in capitalism is not use value but exchange value. Money transforms use values into exchange value and exchange value into use values. Thus, money mediates the contradiction between concrete and abstract labour, and ultimately actualises exchange value. Money, however, does not solve this fundamental contradiction but instead, labour is dialectically preserved and internalised in the commodity.

Concrete abstractions are abstractions that became true in and through practice. Marx writes that Adam Smith was able to 'discover' labour as the ultimate source of value because at that time concrete, i.e. specific, labour already performed as a social body, forced into its capitalist form—malleable, quantifiable, divisible, and measurable by time—to function in accordance with the rhythm of machines and to allow exchange value to emerge. The abstraction had already become true in practice.

The commodity covers and contains the contradiction between concrete and abstract labour. This tension exacerbates with the expansion of capitalist production and the deepening of the relations of production, and is expressed in crises, such as overaccumulation. In Marx's view the fundamental contradiction of the commodity cannot be overcome by capital itself but only by a socialist revolution.

In the most general terms, production refers to the generation of value from anew. In capitalism, production generates use value and exchange value, whereas a part of the latter is appropriated as surplus value to be accumulated. Importantly, for accumulation to occur, surplus value must not only be produced and appropriated but also realised i.e. exchanged and actualised as capital. Contradictions between the production and realisation of surplus value are first and foremost mediated by the market.

These markets did by no means emerge smoothly or peacefully. Violence and force in its various forms have actualised markets and the law of value around the world. Violence is also to this day the first and primary solution for the mediation of capital in motion; concrete abstractions are implemented violently.

Giovanni Arrighi's *Long Twentieth Century* (2010) develops the theory of 'systemic cycles of accumulation' that captures the historical and spatial development of capital on a world scale, and thus deals with both the expansion of commodity production and its link to realisation. Arrighi divides capitalist history into periods of material expansions followed by typically shorter periods of financial expansion. The former deepens production while the latter temporarily suspends it.

According to Arrighi, production has in principle the capacity to expand endlessly. This is in contrast to the market that sets a limit to the expansion of production by blocking the realisation of surplus value. These limits of the market are given by specific configurations of the actually existing concrete

form of social reproduction at that time.

For example, according to the theory of 'systemic cycles of accumulation, the in principle endless expansion of capital under British world hegemonic leadership in the 19th century was limited by its specific organisational form of social reproduction, expressed for instance in atomised competitive firms and an international regime of value appropriation based on the management of markets and direct colonial exploitation and robbery. At that time, these organisational configurations had been more or less universally adopted across all imperialist nation-states giving rise to an international ensemble of 'globalised production and realisation of surplus value.'

Global production under US hegemonic leadership, in contrast, that gave rise to the 'Golden Age of Capitalism,' had been characterised by generalised conditions of monopoly capital such as vertical integration of production, widespread unproductive labour, absurd commodity abundance, *intensifying* accumulation based on substantial increases of relative surplus value. Globalisation, violently implemented by the World Bank and the International Monetary Fund amongst others, integrated this new global social order into a coherent whole reigned by capital. This distinctly different organisation of production and realisation had been embedded in a particular form of reproduction of world capitalism and created the conditions for accumulation to go beyond limits experienced in the British cycle.

Arrighi's financialisation

For Arrighi, these material limits of the market are overcome by periodic restructuring of the particular form of production and realisation that is facilitated by global financial markets. This transformation, that intensifies in the so-called B-phase of Arrighi's systemic cycles of accumulation (2010, p. 231), includes the relocation of capital across space and the symbolic solution of capitalist crises. This expansion of finance, however, does not solve the contradiction between production and realisation directly, which is itself an expression of the sharpening contradiction between concrete and abstract labour, but temporarily absolves it. It introduces the necessary time, space, flexibility, and fluidity necessary for a reorganisation of the entire apparatus of the world economy, so that a new capitalist version of social reproduction can emerge that further contains and preserves the contradiction of labour in a new organisation of production and realisation.

Financial expansion is managed from financial markets and via financial institutions and financial actors. The penetration of these actors into social reproduction (locally and globally) and the subsequent insertion of the financial logic into diverse social realms such as corporate governance is a result of financial expansion and not its main driver, following Arrighi. The period of global restructuring that is overseen by finance—Arrighi’s B-phase—gives rise to ‘systemic chaos.’ Systemic chaos is in fact a centrepiece of Arrighi’s theory of systemic cycles of accumulation. It refers to social upheaval, inter-imperialist rivalry, and chaotic overall organisation of production and realisation, and is fundamentally related to the economic dynamics of financial expansion.

Although the solution that finance offers is primarily symbolic, as only a restructuring of the organisational form of the production and realisation of surplus value can further contain the contradiction between concrete and abstract labour and subsequently ensure capital’s endless expansion, these financial profits also have a concrete dimension: financial actors relocate capital to ‘states and regions capable of ensuring a more secure and profitable spatial-temporal fix to the overaccumulation crisis’ (Arrighi, 2006, p. 536). Financial expansions actualise surplus value elsewhere, thereby expanding the world capitalist system. The transformation of world capitalism that *can* take place because finance transforms fixed capital into more liquid forms is organised by global finance. The universal form of value and particular organisations of society to the immanent needs of capital produce abstractions that temporarily absolve the complexities of contradictions so that the organisation of production that deals with the tension between concrete and abstract labour can be reorganised.

The transformation of the Political Economy

The point of view I have just advanced offers a framework that engages with *concrete* transformations of the contemporary global political economy in a way that financial factors play an essential role for the production and realisation of surplus value and subsequent accumulation of capital. In reply to *Fictions of Financialization*, which reminds us about the imperative for theory that is embedded in fundamentals, I argue that defining finance as concrete abstraction and conceptualising financialisation along the lines of Arrighi serves as a more promising entry point to study contemporary capitalism in a dialectic (and not eclectic) way that understands finance as a

social relation (and not as a factor of production).

The reorganisation of production and realisation that is periodically necessary for capital to expand endlessly transforms the entire organisational apparatus of capital on a global scale (Chesnais, 2016; Sassen, 2001). This solution for capitalist crisis—la belle époque—monumentally expands credit (Fine, 2013; Gabor & Ban, 2016) to fuel income growth (Köhler & Stockhammer, 2022) and centralises capital in the hands of financial agencies (Aglietta & Breton, 2001; Palley, 1997). The expansion of finance as such materialises in an overhaul of the banking system (Beck, 2022; Dos Santos, 2009), the dynamics of stock and other financial markets (Braun & Christophers, 2024; ?, ?), the logic of international trade (Milberg, 2008), as well in a fundamental transformation of corporate governance (Aglietta & Rebérioux, 2005).

The issue of overaccumulation has wide reaching consequences but essentially boils down to a blockage in realisation of surplus value embodied in commodities. The search for profitable investment of capital that is facilitated by finance has radically altered the immediate experience of most people. Housing has been transformed entirely (Fields, 2018; Peck & Whiteside, 2016), essential infrastructure has been subjugated to the financial logic (Christophers, 2023; O'Neill, 2019), along with many other social-reproductive practices that are now governed by finance (Horton, 2022; Langley, 2020).

The capitalist system continuously solves the tension between production and realisation of surplus value extending the commodity form that contains the contradiction between concrete and abstract labour. Ultimately, according to Marx, this compulsion is geared towards surplus value production as the propellor to extend the real substance of any stock of money under capital. Finance shapes this process and financialises it when its inner logic becomes dominant. Looking at capital as a social relation reveals this process as highly complex and dialectic, suggesting that the issue will remain to be theoretically contested.

Bernards' *Fictions of Financialization* presents a novel reworking of financialisation that is grounded in processes of production, in a way that explores how finance might be considered strictly subordinate to production, and in doing so integrates a new consideration of the role of risk; although in doing so, I argue, he obscures the insights developed by Arrighi regarding the major role finance actually plays for the contemporary global political economy.

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