Value after Lehman

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Abstract
This article considers the status and meaning of the category of value in the wake of the financial crisis that began in 2007. I argue that value is best understood as a form of social wealth constituted by a spatially and temporally generalising social relation of equivalence and substitutability under, and specific to, capitalism – and that a categorial focus shows that despite massive ‘devaluations’, the value-relation is not itself in crisis. On the contrary, it is running at near full capacity, erasing the difference between ‘financial’ and ‘real’ capitals, values, and assets. Consequently, attempts to understand the crisis that rely on material distinctions between ‘real’ and ‘fictitious’ values and capitals overstate the extent and depth of the crisis for capital, and underestimate the virtually uninterrupted consolidation of the rule of the value, i.e. the territorial and historical imperative of equivalence and substitutability.

Keywords
value, crisis, finance, capitalism, fictitious capital

In the flood of political economy written in the wake of the current financial crisis, much has been said of the ‘destruction of value’. 1 As debt- and equity-markets collapsed, the idea featured particularly prominently in the pages of outlets such as the Financial Times and the Wall Street Journal, and in economists’s and policymakers’s apologias.2 This ‘destruction of value’ involved the ‘disappearance’ of trillions of dollars via plummeting asset-prices and associated write-downs. But a slightly different ‘critical’ variation on this ‘destruction’-analysis has also circulated. This analysis holds that the crisis has entailed, not the destruction of ‘real’ value, but, rather, the exposure of a

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long-standing and elaborate world of ‘fictitious’, ‘artificial’ or ‘virtual’ capital and value. Indeed, some on the populist Right and Left go so far as to claim that the crisis did not ‘destroy’ value so much as precipitate finance-capital’s ‘emperor-has-no-clothes’ moment, when the value of its fantastical derivative-creations was finally uncovered for the Ponzi-scheme it always was, leaving only a tangle of ‘real’ value from which the sophisticated chicanery had originally been conjured.

In both its conceptually rigorous and its conspiratorial varieties, this analysis – based on distinctions between the ‘real’ and ‘financial’ economies, or ‘real’ and ‘fictitious’ or ‘virtual’ capitals or values – is mistaken, and what follows is an attempt to explain why, partly via an engagement with David McNally’s compelling analysis of the crisis in the pages of \textit{Historical Materialism}. The mistake arises because insufficient attention is paid to the category of value in capitalism, and, while McNally’s contribution is immensely productive in many ways, his analysis inadvertently reproduces it. The meaning of the current moment lies not in the destruction of value, the end of ‘fictitious’ capitals and ‘artificial’ assets, but in the movement (or otherwise) of the category of value itself. The question of value after Lehman (or AIG and so forth) has several potential answers, some of the most useful of which are obscured by talk of destruction of value in the quantitative sense.

This is not to say that nothing really happened, that what you thought was a crisis was not. When the financial system gasped in 2007, and temporarily held its breath in the autumn of 2008, very real problems were exposed, and regulatory alternatives hitherto ridiculed were all of a sudden openly discussed. Similarly, it is no accident that the rhetoric of ‘green shoots’ (presumably, a ‘regrowth’ of value) that began to pepper the media in early-2009 coincided with the fading of much of the hope for fundamental transformation in the wake of the crisis. By mid-2010, that reassessment appears irrefutable: I write as Greece collapses, Spain and Ireland try to muffle the sound of their knees knocking, and the G20 applauds the imposition of ‘austerity’ on peoples who only months ago were coercively indebted in a socialised effort to save the financial system. If ever there was a ‘tragedy of the commons’, it is the one constructed over the last two years by capital, central banks, treasuries and multilateral institutions across the planet.

Yet, while there certainly was, and is, a crisis, the idea that there are ‘real’ values, that stand in some distinction from complex financial-asset values, is based on a claim that there is something particularly pernicious or ‘illusory’ about ‘fictitious’ forms of value which lends itself to a qualitatively more meaningful, more totalising crisis. This leads us to exaggerate both the magnitude of the crisis for capital, and, more importantly, the instability of modern capitalist political economies. When complex financial instruments are drastically reduced in price, become worthless, or even cannot be priced, it need not signal a crisis of the very concept of price or value. These instruments do not represent a qualitative change in value in capitalism; they are, rather, the same value-relation in a different, and increasingly dominant form. In the operation of value in contemporary capitalism, there is nothing in the character of such financial instruments that meaningfully distinguishes them from other, more ‘real’ values, and there is no guarantee that a massive collapse in the price of one set of exchanges means the system as a whole is at risk. ‘Financial fragility’ à la Hyman Minsky, a concept that has become essential to the mainstream-analysis of the crisis, is not a threat to the régime of capital-as-a-totality. As Rick Wolff puts it, ‘the crisis in capitalism today is not, or not yet, a crisis of capitalism’.\(^6\) There is no necessary relation between the trillions that vanished following the supposedly ‘artificial’ expansion of credit which supposedly started it all – the ‘destruction of value’, fictitious or not – and a crisis of value, the central organising category of capitalism.\(^7\) Consequently, it seems important to take some time to ask ourselves a question that at first seemed so obvious no-one bothered to utter it: What exactly is this a crisis of?

A focused consideration of the problem of value at this moment, of the category of value-in-capitalism, suggests fairly strongly that, whatever this is a crisis of – and sometimes it seems like a crisis of the possibility of a ‘Left’ that does not include Joseph Stiglitz – it is not a categorial crisis of value. To see this, we must differentiate an analysis of value-as-category and the current talk of ‘destruction of value’. The latter refers, not to the destruction of the category of value or the value-form, but to a quantitative decline in the magnitude of value, with the tacit – and correct – assumption that the category of value is not itself at risk.

A categorial analysis of value, in contrast, problematises not the magnitude of value, but value as an historically-specific category in capitalism. It demands that we move beyond what Moishe Postone calls ‘traditional’ Marxism’s ‘critique of capital from the standpoint of labour’, which is in the end a

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\(^6\) Wolff 2009, p. 3.
\(^7\) Marazzi 2010, p. 37.
critique or theory of the distribution of value. Instead, what is necessary is a ‘critique of labour in capitalism’, and consequently of the category of value itself. Value, in other words, is not a ‘good’ that labour produces but is unfairly denied access, but, rather, is the organising principle of capital, and the essence of the commodity-form that wealth takes in capitalism. Capitalism is worthy of critique not, principally, because labour does not get enough of the value ‘produced’; capitalism is worthy of critique because, in it, labour is condemned to the production of value.8 Under capital, producing value is what labour must do; as Elson famously put it, the ‘labour-theory of value’ should really be a ‘value-theory of labour’. Marx himself said it well:

Political economy has indeed analysed value and its magnitude, however incompletely, and has uncovered the content within these forms. But it has never once asked the question why this content has assumed that particular form, that is to say, why labour is expressed in value, and what the measurement of labour by its duration is expressed in the magnitude of the value of the product. These formulas bear the unmistakable stamp of belonging to a social formation in which the process of production has mastery over man, instead of the opposite…9

The ultimate goal of a Marxist and/or critical-political practice is not ultimately a fairer distribution of value to its ‘producers’ – although this is an important task – but the abolition, destruction, overcoming of the category of value itself. The aim is for a world in which value is not the organising principle. As Postone puts it,

[It] is value that constitutes the foundation of capitalism and is necessarily bound to it. The use value dimension is, to be sure, constituted in a form that is shaped by capital; unlike value, however, it is not bound necessarily to capital. The logic of Marx’s presentation suggests that the abolition of value would allow what had been constituted as social labor’s alienated use value dimension to exist in another form.

As such, value is distinct from ‘material wealth’; ‘value is a determinate form of wealth, historically specific to capitalism’, and the end of the value-form, i.e. commodity-being, is essential to an overcoming of capital’s hegemony.10

Recentring value in analyses of the crisis requires explicit attention to this historical specificity. An historicised notion of value that recognised

8. This is part of what drives Marx’s attack on the Gotha Programme’s call for ‘just distribution’; Marx 1978, pp. 528–9; Bensaïd 2002, pp. 135–40.
capitalism’s own dynamism must re-examine value-theory’s attachment to its ‘labour’ predicate, to recognise that the historical specificity of value is not only to capitalism in all its forms, but to each capitalism. To see value as historically determinate is also to understand that – while value remains ‘value’, the organising principle of capitalism – as capitalism changes, so too will the way in which value operates. While it appears to hold true across the capitalist era that labour under capitalism is condemned by the social formation to the production of value, it is also the case that, if abstract labour constituted the ‘being’ of value when Marx theorised it, one can see this as one (dominant) aspect of the quality constituting value at that time, but that value as such has more recently escaped labour’s bonds.

The abolition of value, in such an analysis, would involve the abolition of the two imperatives of valorization – the necessity for ever increasing productivity and the structural necessity that immediate labor time be expended in production. This would allow both for a great quantitative change in the social organization of labor – that is, a socially general large-scale reduction in labor time – as well as for a fundamental qualitative transformation of the structure of social production and the nature of individual labor as well.\textsuperscript{11}

The critique of value, and its abolition, then, are labour-oriented strategies, limited neither to a critique of the political rôle or emancipation of the proletariat alone, nor to social struggles limited to (some limited vision of) it.

This means the labour-theory of value, as conventionally understood, is dead. Not because we have passed into a ‘new phase of political history’, the moment of real subsumption, although Negri is correct to highlight this shift.\textsuperscript{12} The conventional labour-theory of value – i.e. workers performed the labour, so they should get the value – is dead because it misconstrues value. A focus on the category of value, as opposed to this essentially distributional critique of ‘traditional Marxism’, demonstrates that the problem is ultimately not that all value comes from labour, and is expropriated from its rightful owners, but that labour in capitalism is condemned to the production of value. Elson’s argument for a value-theory of labour makes the clearest case that Marx himself went far beyond this distributional critique ‘from the standpoint of labour’ – what she calls the theory of value as a theory of exploitation – but, whether he did or not, we certainly must. To put labour-as-sole-producer-of-value front and centre is to fall victim to the idea that capitalism’s fundamental flaws are quantitative, not qualitative. Moreover, unless we are willing to tread into the mire of what

\textsuperscript{11.} Postone 1993, p. 362.
\textsuperscript{12.} Negri 1996, p. 149.
constitutes ‘real’ labour, and take on what seems to me the futile task of itemising the ‘labour’ behind all commodities in circulation (is a specialist in financial combinatorics who ‘produces’ a new derivative a labourer producing value?), then we are faced with a choice: either we categorically deny that the CDSs, ABSs, and CDOs that sloshed around the world until recently are values, or we accept that capital can generate value. Indeed, in its current form, it may even be limited to doing only that: much of the point of the Marxian critique is that labour could do so much more if not for capital’s domination. Capital can do nothing other than what it does.

Value is best understood as a form of social wealth constituted by a spatially and temporally generalising social relation of equivalence and substitutability under, and specific to, capitalism. I stress both equivalence and substitutability because both are essential to the operation of value. Equivalence, as Marx emphasised, enables exchange and comparison; the status as ‘general equivalent’ is precisely what grants a particular commodity its ‘money-ness’, and the extraordinary power with which money is endowed. But equivalence alone is insufficient to explain the value-relation, because it does not specify the movement that must constitute value, which consists not only in equivalence, but also in the unfolding process of substitution, of one commodity for another, of one production-process for another, of one capital for another. When mainstream-economists speak of ‘capital-labour substitution’, they identify a crucial mode through which the value-relation operates: a social process through which one form of capital (constant) is rendered not only equivalent, but is substituted for another form (variable).

As Marx showed, money is of course essential to this movement for capital. Value not only finds its social expression in money, it is realised in and inseparable from the money-form. Today, money wields value like a weapon, and the rule of value is the ongoing reconstitution of governmentality and state-power qua and via money. If we have moved into a ‘new phase of history’, the process is perhaps best described by the relative decline in the critical power of ‘abstract labour’ and ‘surplus-value’ as a way to specify the generation and appropriation of value. Of course, contemporary capital’s power still lies to a significant extent in the expropriation of labour’s surplus-product, but the exercise of that power resides more fundamentally in the hegemonic-categorial logic of value: the territorial and historical imperative of equivalence and substitutability. Abstract labour remains a crucial manifestation of this relation, but our current condition demonstrates that value itself is not beholden to labour. The present hegemony of the category of

value is buttressed by capital’s own accumulatory dynamic, but also by larger transformations in the way that the state exercises its capacity to govern. These include changing ideas of how the state in capitalism should exercise authority and those particular shifts in regulatory arrangements that liberate capital, via accelerated financialisation, from a dependence on labour’s productive capacity, without hindering its mandate for self-expansion.\textsuperscript{14}

On this account, value remains essentially supersensuous and non-material – ‘not an atom of matter enters into the objectivity of commodities as values’ – but no less real for that, and no less imperial.\textsuperscript{15} These qualities help explain value’s amenability to capital’s famous mystifications (which, it is important to note, are not equivalent to magics or fictions): supersensuous, non-material qualities are hard to keep track of, hard to pin down. But again, that does not make them fictitious, virtual or artificial. We must emphasise a critique of the distinction between ‘real’ and ‘fictitious’ value, because rejecting it is essential to the theory of value posited above, and to identifying the political and theoretical work the theory suggests. A critique of the current crisis as the product of fictitious capitals, of ‘imaginary’ assets whose unreality has now been exposed, is fatally flawed, a complement to both the critique of capital ‘from the standpoint of labour’ and its associated focus on the quantitative ‘destruction’ of value: all three lead us to substitute a transhistorical quantitative critique of the distribution of values in capitalism for a qualitative and historically-specific critique of the category of value in capitalism. Only the latter affords us the lens on the fundamental features of capitalism necessary for substantial qualitative change.

To illustrate this point, let us turn to McNally’s detailed examination of the crisis. McNally’s analysis is worth considering in some detail, not only because he is justifiably one of the most influential contemporary radical political economists. Rather, it is of interest because he is, on the one hand, one of the few who explicitly brings the question of value to an analysis of the crisis, and, on the other, among the many wedded to a critique of the ‘fictions’ of modern financial capital. The problem, however, is that a commitment to the latter greatly limits what one can do with the former. In the end, a categorial critique of value in capitalism is foreclosed by a commitment to a distinction between ‘real’ capitals and values and their pernicious, ‘fictitious’ counterparts.

McNally describes what he calls a ‘curious conjunction that has defined capitalist globalisation in the neoliberal era’: an ‘intensification of capitalist

\textsuperscript{14} Lapavitsas 2009.

\textsuperscript{15} Marx 1977, p. 138.
value-logics’ that has unfolded, somewhat paradoxically, ‘through the medium of more unstable and volatile forms of money. As a result, value-forms have been extended at the same time as value-measures (and predictions) have become more volatile’.16

He then goes on to suggest that

[t]he heightened instability of world-money, the explosion in foreign-exchange trading, and the rise of instruments designed to hedge risk (derivatives) and, finally, the speculative activities associated with these have all encouraged a whole range of financial instruments designed to capture future values; that is, shares of surplus-value that have not yet been produced. The result has been a proliferation of fictitious capitals, such as mortgage-backed securities and Collateralised Debt Obligations.17

With this laid out, McNally reminds us that in the Marxist tradition, ‘fictitious capitals’ are not exactly ‘fictional’ or ‘imaginary’ capitals, but something more specific:

First, fictitious capitals are paper-claims to wealth that exist alongside the actual means of production, stocks of goods and reserves of labour-power that capitals mobilise. Yet, they can be bought and sold many times over, as if they were that wealth itself: this is why the prices of stocks can come to bear an absurdly inflated relation to the actual value and profitability of a firm. Secondly, fictitious capitals lay claim to future wealth, that is, to shares of profits or wages that have not yet come into existence. So, when a bank creates a financial asset that provides the right to the principal and interest-payments from my credit-card debt – a process, as we have seen, known as securitisation – it is not selling an existing asset but a claim to income that may be created in the future. Should I lose my job, however, and default on my credit-card debt, then the ‘asset’ sold by the bank is revealed to be totally fictitious, a mere piece of paper – nothing more than an IOU that will never be repaid. And, during the neoliberal period, for the three reasons I have outlined, we have seen an extraordinary build-up of fictitious capitals (paper-claims to future wealth) within the system.

The proliferation of these fictitious capitals – i.e. fictitious value-in-motion – opened up a ‘huge field of speculative activity’ and ‘financial gambling’. The consequent collapse in the price of these assets, he says, is precisely what Marx meant by ‘a destruction of capital’:

[V]alues of fictitious capitals – stocks, bills and all kinds of paper assets – which were previously treated as if they were real assets (and against which financial

16. McNally 2009, p. 57. Unless noted, all emphases are in the original.
institutions borrowed), enter a freefall. At the same time, real capital is destroyed, as factories are mothballed, corporations go bust and sell off their buildings, machines, land, customer lists and so on at bargain basement prices.\(^\text{18}\)

So, here, we have some indication of what constitutes ‘real’ capital, ‘real’ values: factories, buildings, machines, land, customer-lists. But the problem with the real-fictitious opposition lies not only in the fact that it tacitly buttresses exactly those liberal commitments to the relative independence of the real and financial ‘sides’ of the economy which justify theories of monetary neutrality and the supposed distance between Wall Street and Main Street. Just as importantly, in its more precise ‘fictitious’ formulation as much as in a looser critique of ‘fictions’, it elides the thorny – and ultimately unanswerable – question of just what, in capitalism, makes an asset, capital, or value ‘real’. Where is the cut-off point? The astounding power of the category of value in capitalism lies precisely in the fact that it ‘really’ renders these distinctions meaningless.\(^\text{19}\) If value is a form of social wealth constituted by a spatially and temporally generalised social relation of equivalence and substitutability under, and specific to, capitalism, then the category of value is essentially defined by its relation to money qua equivalent value-form. This is its irreducible feature, and on these terms there is no meaningful distinction to be made in the category of value in capitalism, i.e. between value deemed ‘fictitious’ and value deemed ‘real’: both relate to the equivalent-form, both are commensurable as value by abstracting their qualitative features, and both, if substituted for money, can buy you a drink. The very real consolidation of the category of value holds precisely in the relation of equivalence and substitutability that erases qualitative difference. To say, with Robert Guttmann (in what is perhaps the clearest account and application of the concept of fictitious capital of which I am aware), banks’ ‘money creation ex nihilo is in itself a source of fictitious capital and the reason why credit-money has no intrinsic value’, is to fundamentally misconstrue the stakes in the category of value.\(^\text{20}\) On this score, Schumpeter, for whom the private creation of bank-credit money was the distinctive feature of capitalism, is far more helpful. If credit-money has no ‘intrinsic’, i.e. ‘non-fictional’ value, then capitalism makes no sense.

Consequently, a critique of ‘fictitious capital’ or imaginary assets is, in fact, not necessarily a critique of value, nor, ultimately, of capitalism. Indeed, one could argue that the various regulatory reforms currently being considered,

19. On the acknowledged analytical difficulties confronted in an attempt to maintain the ‘chaotic’ distinction, see Chesnais 2006, pp. 82–3.
from Basel to Bahrain, are testimony to the possibility of a liberal critique of fictitious capital that only functions to further protect the category of value.

In fact, rather than stamping factories as real assets and derivatives as fictitious assets unveiled by crises for what they ‘really are’ – ‘some kind of money bet on production that does not yet exist’ (in the words of David Harvey) – it seems to me much more pertinent to an understanding of contemporary capitalism to see them as just another, albeit extremely sophisticated and mystifying (again, that is not to say magic or imaginary), commodity – one that the crisis has not so much exposed as fictional as rendered just plain valueless.\(^{21}\) Indeed, the categorial analysis of value in capital demonstrates that it is the web of social relations that determines value; Colletti calls it ‘the social unity itself in its hypostatized form’.\(^{22}\) Surely, in a social formation in which capital’s hegemony is acknowledged by virtually all, a theory of value that relegates a substantial part of value in circulation to the realm of the fictitious can do little but distract our attention from the fact that the capitalist dynamics which fundamentally determine our lives and possibilities depend not on artificial variations on value, but on value \textit{per se}.? A similar critique holds for any analysis of contemporary capital’s ‘speculative’ character as somehow novel. What aspect of capitalism is not ‘speculative’ in a meaningful sense? Certainly shareholding, almost as old as capitalism itself, is speculative; not in the same way as a CDO, to be sure, but the idea that values produced by speculation are not ‘real’ is to misunderstand capital’s most fundamental accumulatory dynamic, which is always speculative. Fiction, speculation, etc. – the distinction between these ideas and their supposedly ‘real’ opposites is entirely arbitrary. We cannot pretend that the current crisis shows that capitalism is all an elaborate sham. If it is, it is a very real sham, and the category of value that stands at its foundation will not crumble because we say that some of it is real, and some of it is not. That leaves the category, and its rule, intact.

McNally exposes the political limits imposed by this critique himself. For he is correct to suggest that in the current situation ‘a classic crisis of capitalist measurement is manifesting itself, in part in the form of a breakdown in risk-measurement and derivatives-pricing’.\(^{23}\) This adds up to an argument regarding the declining powers of money to price ‘reliably’, i.e. ‘to provide relatively predictable measures of value’.\(^{24}\) Yet, if this is so – and it is – a critical response cannot be limited to the itemised evaluation of values or capitals that ‘should be’, since they are real, and those that should not be, because they are fictitious.

\(^{21}\) Harvey 1990, p. 107.

\(^{22}\) Colletti 1973, p. 275.


\(^{24}\) McNally 2009, pp. 70–1.
This is to tacitly participate in precisely that house-cleaning which capital itself has undertaken. And it also, perhaps unwittingly, opens the door to a social-democratic critique of capital ‘from the standpoint of labour’, i.e. the problem with capitalism is really just a distributional problem: there are real, ‘good’ values, and these must be better distributed. From this perspective, the crisis of ‘value-measurement’ or the ‘destruction of values’ presents an opportunity to correct this mess. Unfortunately, although perhaps unsurprisingly, it is only a reinvigorated capital that has taken up the task.

In fairness, and unlike almost all other accounts, McNally’s does not ignore the categorial critique entirely. Indeed, at the end of his article, he turns to what he calls the ‘value-struggles’ of social movements like MST and Via Campesina, which implicitly challenge the domination of society by the capitalist value-form. They assert the priority of life-values – for land, water, food, housing, income – over the value-abstraction and the violent economic and social crises it entails. It is, as we have seen, the logic of the value-abstraction to express utter indifference to use-values, notably to the needs of the concrete, sensuous beings who are bearers of labour-power.

True. Still, it must be said that, despite his claim that such value-struggles ‘are posed with a dramatic urgency in the midst of a crisis such as this’, McNally is unable to connect the current conjuncture to them either historically or theoretically. Instead, these movements appear as dynamics independent of our present turmoil, if not unaffected by it. The only struggles that McNally does directly connect to the crisis are less fundamental challenges to the rule of value – again, essentially distributional critiques of capital from the ‘standpoint of labour’:

[T]he politics of massive government-bailouts, in which the debt of major financial institutions is assumed by the state, raises important openings for campaigns to reduce and eliminate working-class debt and debts in the global South. At the same time, it opens political space for mobilisations to use the massive funds designed to save banks in order instead to build social housing, repudiate the South’s debts to the North, socialise failing industries, convert them to green production, and preserve jobs.

27. McNally 2009, pp. 74–5; emphasis added.
We would have reason to cheer any such developments, of course, but that does not mean they represent challenges to the sanctity of value. Indeed, while they are certainly unlikely given current state-priorities, they are not incompatible with the state-sponsored stimulus behind the bailouts and fiscal policy’s so-called ‘comeback’ – the so-called ‘return of Keynesianism’, however little Keynes himself might have recognised it.28

The rule of value

There is a good reason McNally cannot connect categorial value-struggles to the current crisis: they are, at least at present, disarticulated. To return to a problem raised earlier, a categorial critique of value suggests that a crucial aspect of the current crisis is what is not in crisis: the category of value. Indeed, the news is perhaps even worse. The rule of value has been significantly strengthened by the crisis.

This is to dispute the idea that, even though it is now hard to see, the initial stages of the crisis made manifest not only the ‘destruction of value’ via crisis, in the quantitative magnitude-of-value sense, but also exposed the edges, if you will, of the category of value itself, buried as it is in the firmament of our social structures. For a moment, according to this logic, when it seemed like the political-economic skeleton of the world had disintegrated, and the world-economy had become one big boneless chicken, the relation of equivalence and substitutability was momentarily exposed, and precisely that relation became the implicit Alamo in the state’s and capital’s frantic defensive efforts. For what was at risk was the capacity of price to signal anything meaningful; the very status of equivalence as a relationship worthy of confidence, the ability of money to command the fulfillment of obligation.

This is to overstate the matter, however. Clearly, the difficulties involved in what Ben Bernanke delicately calls ‘price discovery’ were an important reason financial markets went from freefall to frozen solid in 2008.29 But we must not mistake what are essentially epistemological problems for a generalised ontological instability at the heart of modern capitalism. To do so would be to fall victim, again, to the idea that a crisis in the distributional-quantitative operation of value in capitalism constitutes some more fundamental categorial incoherence. The problem never posed itself as a challenge to the logic of equivalence and substitutability as such. As the

Governor of the Bank of France put it, ‘the current crisis is about valuation’, and valuation is ‘without any doubt an accounting issue’ – in McNally’s words, it is a ‘classic crisis of capitalist measurement’, and nothing more. The chaos in the securities-markets that began in the late summer of 2007 was not due to the vaporisation of finance-capital’s ‘fictitious’ assets, but to the difficulty they faced in determining what they owned was worth. I think one can say quite confidently that, despite what we may think, those so-called fictional assets have not disappeared at all, nor has their ontological status as value, capital, or assets been unsettled in any meaningful way. There are millions of them still out there – mostly in the hands of central banks and other government-agencies – and they will certainly be back in circulation quite soon, and when they are, we will never know they returned – until the next one hits.

In fact, the idea that we will need to find a new means to create the next bubble may be naïve. Aggressive re-financialisation, via the very same ABSs, CDOs and CDSs that supposedly imploded, is at the top of many powerful states’ priority-list: the US-government has become perhaps the single largest holder of these assets. As such, consider the following. With the failure of the financial system to handle the crisis, attention has turned to two broad areas of reform: institutional and/or regulatory restructuring of the financial industry to mitigate the risk of future crises, and augmenting state-capacity to deal with future crises which, despite reform, will inevitably arise. The first is not, for the most part, organised to restrain or limit the processes of financialisation so widely noted in recent years. Rather, regulatory reform is concerned primarily to reduce the information-problems that plague global finance-capital: improve interagency and international co-operation, increase capital-requirements and prudential standards, state-registration of hedge-funds and other private pools of capital, comprehensive oversight of OTC-trading and securities-origination. The point is not to de-financialise, but to financialise with state-oversight.

The second focus – increasing crisis-management capacity – is, again, not aimed at reducing the rôle and expanding reach of finance, but at reducing the systemic risks thereof. Including increased international co-operation and standardisation, the range of possibilities on the table in the dominant capitalist economies are relatively few, mostly involving the effort to deal with what John Lanchester calls TBTF (firms ‘too-big-to-fail’) – not, it should be noted, to prevent their emergence – and to increase the linkages of

31. See, for example, Martin 2002; Blackburn 2006.
the treasury to the central bank in its rôle as lender-of-last-resort.\textsuperscript{32} Both regulatory strategies are meant to get us back to the same capacity for financialisation, the main difference being that we will be safer when we get there than before.\textsuperscript{33}

If these regulations come into effect – and, despite some opposition and suggested alternatives, in the US and Western Europe, some set of regulations roughly resembling the Obama-administration’s proposals seems likely – many on the Stiglitz-Krugman Left will approve.\textsuperscript{34} Even if we go further – which seems unlikely – and follow the far more interventionist advice of someone like Robert Wade or Robin Blackburn, we must acknowledge that we will not have put value-as-organising-principle into question.\textsuperscript{35} Relative to what we will probably end up with, any of Wade’s proposals would be welcome: banking reform to protect consumers from investment-bank wheeler-dealers, state-oversight of financial ‘innovation’, anti-trust tactics to prevent TBTF, increased levels of national macroeconomic planning and global regulation, reduced global imbalances (i.e. working toward a situation in which the dollar and US-debt is less central to the global economy), and re legitimising capital-controls (something the IMF itself recently mumbled in a staff position-paper).\textsuperscript{36} But it must be remembered that, like the Keynesian framework from which it draws inspiration, these superficially ‘radical’ reforms are explicitly oriented to the promotion and stabilisation of capital.\textsuperscript{37} The point is not to reduce, but rather to rationalise, the rule of value: witness the furious pace at which economists have turned to explaining the crisis as a problem of ‘massively inefficient capital allocation’, as if the fundamental problem, in the end, is just a bad case of information-asymmetry.\textsuperscript{38}

If we put the category of value at the centre of our lens, it seems clear that the new measures implemented or proposed, in the context of existing pre-subprime state-regulatory frameworks, are focused almost single-mindedly on the reassertion of the rule of value. Moreover, this newer set of regulatory responses is actually a means through which to extend the rule of value to new institutional and social arenas, and to fortify the unassailability of money – the expression of value – as mode of governance. Any world in

\textsuperscript{32} Lanchester 2009; Financial Stability Forum 2008; Group of Twenty 2008; United States Department of the Treasury 2009.

\textsuperscript{33} Crotty 2009.

\textsuperscript{34} See, for example, the contributions in Part 4 of Vanden Heuvel and the Editors of The Nation 2009.

\textsuperscript{35} Wade 2008; Wade 2009; Blackburn 2008.

\textsuperscript{36} Ostry, Ghosh, Habermeier, Chamon, Qureshi and Reinhardt 2010.

\textsuperscript{37} Negri 2009, p. 4.

\textsuperscript{38} Stiglitz 2010, p. 17; Financial Stability Board and International Monetary Fund 2009.
which finance is the source of value, or where it is the principal channel through which economic regulation is enacted, will require not just a stable measure of value – witness the constant agonising over the fate of global money – but a stable and hegemonic category of value, i.e. a spatially and temporally generalised – and unassailable – relation of equivalence and substitutability. Indeed, the category is a precondition of the measure. To govern via money *qua* expression-of-value is effectively to enforce, as much as is practicable, the dependence of social institutions on the stability of value’s monetary expression and the redemption of social relations according to the logic of equivalence and substitutability. Indeed, this is where the problem really lies: it is not merely that ‘the financial system has achieved a degree of autonomy from real production unprecedented in capitalism’s history’, as Harvey put it two decades ago, but that the growing power of the rule of value erases, *under and for capital*, the boundary between finance and the rest of capital, between a financial instrument and a ‘real’ commodity. The fact of the matter is that, in modern capitalism, the mezzanine-tranche of a CDO and a bushel of wheat are equally subsumed by the rule of value. We must not confuse devaluation of the former with the devalorisation of the latter. That is our task, and this financial crisis has not yet hinted at.

**References**


