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Abstract

For many economists, gold is no longer seen as the safe haven asset that it was as gold once was. This paper argues that this shift has been undertaken by financial markets in response to the increased role of derivatives in global finance. Derivatives allow investors to compare the value of assets across different currencies. In so doing they can be seen to be imposing a competitive benchmark into the management of financial assets. Indeed, via this benchmarking, derivatives bring the management of labour to the fore in the stabilization of global financial markets, just as it was at the centre of the international monetary system under the Gold Standard in the nineteenth century. The paper explains this role of derivatives at the centre of contemporary global finance via a comparison with the way in which gold anchored the globalization of the late nineteenth century.

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