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Abstract

For many economists, t l anchor such as gold once was. This paper contends that in an important way the anchoring function is currently undertaken by financial derivatives. These contracts are not just about risk management and speculation. Critically also, they are commensurating the values of different financial assets, including 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 adjustments 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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