The Empire of Value

A New Foundation for Economics

André Orléan

translated by M. B. DeBevoise

The MIT Press
Cambridge, Massachusetts
London, England
Contents

A Note on the Translation vii
Tables and Figures ix

Introduction 1

Part I Critique of Political Economy

1 Substance Value 9
   The Substance Hypothesis • Barter and the Exclusion of Money
   • The Undervaluing of Exchange • Order from Disorder • The
   Fetishism of the Commodity • A Singular Science

2 Market Objectivity 37
   The Utilitarian Relationship to Things and the Problem of
   General Equilibrium • Walrasian Adjustment and Mediation by
   Price • The Mimetic Hypothesis • Asymmetric Information,
   Quality, and Conventions • Uncertainty and Money • Market
   Objectivity and Ideal-Type Models

3 Scarcity and Status 85
   Utility versus Prestige • Scarcity Reconsidered • Veblen’s
   Theory of Emulation • The Mimetic Model of Competition
   • A Return to Value

Part II The Institution of Value

4 Money 107
   Money versus Value • The Conceptual Origins of Money
   • Currency Crises • The Objectivity of Value • The Quantity
   Theory of Money • Economics and the Social Sciences
5 A New Approach to Value 141
Money and Confidence • Common Emotion • Durkheim's Theory of Value • The Role of Religion • The Liberal Conception of Money • Monetary Miracles

Part III Market Finance

6 Financial Valuation 175
The Probabilistic Postulate and the Intrinsic Value of Shares • The Efficiency of Financial Markets • Radical Uncertainty and the Irreducible Subjectivity of Individual Valuations

7 Liquidity and Speculation 197
Enterprise and Speculation • Liquidity as a Social Institution • Self-referentiality and Conventional Belief • The Inefficiency of Financial Markets • Excessive Volatility, Speculative Bubbles, and Blindness to Disaster • Liquidity and Convention

Part IV Self-referential Finance and the Subprime Crisis

8 Euphoria: 2003 to 2007 241
The Real-Estate Bubble • The Credit Bubble • The Mechanisms of Euphoria • Securitization and the Role of Economists • The Underestimation of Credit Risk • Bubble or No Bubble? • The Market Weighs In

9 The Crisis: 2007 to 2008 285
The Panic of August 2007 • Deleveraging • The Role of Financial Liquidity

Conclusion 311

References 325
Index 343