

CURRENT SCHOLARSHIP

The Key to Value: The Debate over Commensurability in Neoclassical and Credit Approaches to Money

Author: Christine Desan

Neoclassical and credit approaches to money represent dramatically different theories of value. For many within the neoclassical tradition, the market exists as a conceptual enterprise – a place where independent agents compare and rank real goods, exchanging them afterwards to in accord with their preferences. That theory reflects a particular approach to value, identifying it as a pre-existing quality ranked by individual choice. The theory also generates a particular approach to money, assuming that a term of measurement naturally imports commensurability into evaluation.

By contrast, public credit approaches suggest that creating commensurability in a world heterogeneous in so many aspects is a profound challenge. Modern political communities have responded by substantiating value in a unit that is cognizable to all: they issue credit tokens that can be set off against widely shared public obligations. That means, first, that value cognizable in money follows rather than pre-exists market activity: it is produced as individuals use credit money as a medium. Second, because value is produced as people use money, the character of that money matters: its nature as credit carries with it an allocative bias. Both governments and private lenders (banks) advance credit in order to spend selectively: they create a credit medium by providing credit to some people relative to others. According to the way money is created, definitionally we might say, individuals will not be equally situated in the process that generates prices. Decisions about value are made in the wake of that fact. The essay closes by contrasting the democratic visions at stake in

neoclassical and public credit approaches to value. That exercises suggests that, if the public credit approach better describes money and market, their potential can only be realized by promoting rather than assuming equality.

Christine Desan, *The Key to Value: The Debate over Commensurability in Neoclassical and Credit Approaches to Money*, 83 *Law and Contemporary Problems* 1-22 (2020)

Available at:
<https://scholarship.law.duke.edu/lcp/vol83/iss2/2>