Is Justice an Option?

Politics after Evil [DRAFT]

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After over forty years of teaching and writing on anti-liberal thinkers such as Marx, I have come to understand that my job all along has been to put the option of justice—historical justice—*back* on the table of both academic political economy and insurgent political practice.[[1]](#footnote-1) I say, “back,” for I have concluded that the ideological effect of the most influential philosophical and legal thought since the 1970s has been to remove it.

I will be attempting in this paper to restate the idea of historical justice as a project for our day from inside the techniques of wealth preservation as they now operate and control our financialized mode of capitalism. My re-conceptualization of historical justice, against the grain of both liberal and neo-liberal ways of thinking about this subject, and is in my view a continuation of the Marxian way of thinking. By Marxian thinking I here mean the modern secular project of integrating economics and politics to realize both justice and abundance in a way that redeems (or harvests value from) the *in*justices of the past rather than letting go of them and moving on. Like most Marxists, I am especially interested in the economic and social gaps attributable to past injustices that tend to increase over time and not those that fade away and eventually disappear. And, like most Marxists, I refuse to be distracted from historical justice by the abstract argument that there may be *some* persistent inequalities that do not have unjust origins.

It is *because* the economic gaps that are attributable to past injustice often widen, but could also diminish, that there is a specific question of *when* the differential gains attributable to that injustice should be harvested as the collective product of bad history and whether they should, rather, be allowed to run up in the hands of their current beneficiaries. I therefore see economic justice through the lens of Marx as a problem of the accumulation of surplus value and *also* through the lens of finance as a problem of liquidity: if the assets in which accumulated wealth is held became illiquid, the surplus value they embody would *disaccumulate*, perhaps to the point of vanishing. Together, these two perspectives define the role of capital, and especially of capital markets, in capitalism.

My argument in this paper draws out an implication of this parallax view of capitalism. If the cumulative value of past injustice *fluctuates* over time, then the option of settling historical claims *later* would have value now, even if it cannot presently be exercised. I’m thinking here of the value of an “out of the money” option that would allow one to *force* the purchase or sale of an asset at a price other than the then-current market value, based on the contingent occurrence of future events. The idea that options are conditional rights to impose non-voluntary transactions in the future is an important part of my argument; equally important, however, is the related idea that such an option *itself* has a price in the present that can be split off from the price of the underlying asset. The split-off price of the option is related to the time remaining for the event that makes it exercisable to occur—or *not*—and to the degree of variance (volatility) that is expected to occur in the meanwhile.

This simple description of a market stripped of optionality in the relation to the market in options themselves, provides at least a crude account of the role of capital (or financial) markets within capitalism. In pre-financialized capitalism, liquidity is mainly achieved by hoarding money, which ultimately leads to falling prices and capital disaccumulation fully *financialized* capitalism the capital markets provide liquidity for *any* asset (investment) by pricing the option of turning it into money (currency) at any given moment. By *manufacturing* liquidity in this way, financialization allows any well-priced asset to be used instead of hoarding cash as a vehicle for preserving and accumulating surplus value. It is the liquidity of financial assets that allows capital accumulation to continue, including the cumulative (and potentially increasing) benefits of past injustice.

In this paper, I build upon the concept of liquidity[[2]](#footnote-2) briefly sketched above to develop an account of economic justice, and especially reparative justice, that functions something like an out of the money option within the politics of capitalist democracies. By this I mean much more than the obvious point that justice, seen as a *forced* disaccumulation of the benefits of past injustice, is an option exercisable only at moments of revolution that are largely foreclosed in capitalist democracies. To say only this, however, would be to imply that justice is *not* an option today in the colloquial sense that it is not achievable except by a revolution that would make the gains from past injustice worthless in the future.

My point is, rather, that the *intrinsically* justice-achieving aspect of revolutionary force is, functionally, an event of illiquidity in capital markets that renders worthless, because unmarketable, the assets in which the cumulative gains from past injustice are preserved. This could occur, of course, through efforts to liquidate (i.e., monetize) in a context where there is no market because there wouldn’t be enough currency in the pre-revolutionary economy to hold all wealth in its money form and then redistribute it. But it could also occur through nationalizing or collectivizing assets that could, then, no longer be priced. From a political standpoint, however, what one wants from *demanding* justice is to *preserve* the cumulative benefits of past injustice while redirecting them away from present beneficiaries, even if their disgorgement would be just in itself.

This is why I think it important to insist that justice *is* an option even if (and especially when) it can’t be exercised: it is the *rollover* of the option to force disaccumulation, seen as an event of illiquidity, that has real, economic, value in capitalist democracies. And it is this value, essentially the price of a systemic liquidity premium, that can be redistributed without substantially reducing asset values.

In conceiving of justice as an option that can be *priced*, even when it can’t be exercised, I mean to shift political focus away from raising average (or expected) returns of a choice that must be exercised *now* and toward a focus on the spreads (more technically, the volatilities) in possible outcomes that are relevant in valuing the option to decide something *later*.[[3]](#footnote-3) To put justice back on the table of capitalist democracy today I believe that it is necessary to conceptualize its postponement as having a present value that fluctuates over time, depending on changing levels of inequality, instability, illegitimacy and so forth.[[4]](#footnote-4)

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The argument I here present is an extension of my previous book, *After Evil*, which was a critique of what I called Human Rights Discourse as an aspect of the global triumph of financialized capitalism that stressed resilience rather than reparation as the new bridge between past and future. There I analyzed the functioning of human rights today—not as a revolutionary claim for social transformation through popular democracy—but, rather, as an ideological framework for a very unequal compromise through which beneficiaries of past historical injustice were allowed to keep the accumulated gains from it by acknowledging the evils of the past (seen now as a different *time*) and imposing a political consensus that continuing and compounding advantages from that earlier time are not to be seen as a perpetuation of that evil. This was, I argued, the “humanitarian” compromise that allowed the self-described “post-conflict” society to “move on” by saying that *now* is never the time for justice: it will always be too soon until it is too late.

The humanitarian deal, put bluntly, had been that the beneficiaries of past injustice would get to keep their gains in return for granting the victims of historical injustice a moral victory. That victory—the achievement of a moral consensus that the past is evil—implied a demonization (marginalization and possibly criminalization) of those who continue to insist that the struggle for justice continues. It thus also required a presumed political consensus that the evil is past, and that anyone who sees its present beneficiaries as continuing it would be guilty of “dredging up” that past and reviving historical animosities that impede future progress.

The argument of *After Evil* was that both distributive and reparative historical justice have been effectively disarmed as political projects by being assimilated to the topic now known within liberalism as “transitional justice” and within finance as the continuous rebalancing of portfolios. That topic confined itself to whether (and within what limits) *unjustified* inequality should be allowed to interfere with or encumber the flourishing of markets in the present that can themselves produce vehicles for mitigating or accelerating the effect of change. To the extent that this argument takes hold, justice as a settlement of historical claims becomes politically “optional” in the colloquial sense of losing urgency, of no longer being necessary. It gets replaced by the idea of a non-directional, and permanent, transitional state in which the ongoing beneficiaries of past *in*justice are off the hook for the aftereffects of an historical evil that they now no longer wish, or need, to defend.

By means of Human Rights Discourse, the beneficiaries of discredited regimes would get to keep their gains while repudiating the bad histories that produced those gains. This would occur despite overwhelming evidence that the after-effects of such histories are cumulative in the straightforward sense that the economic and social gaps attributable to such injustices persist and tend to widen.

While writing *After Evil* however, I came to realize that the late-twentieth century development of transitional justice is not the whole story. Long before the fall of communism, most of my peers in the liberal academy professed confusion about the very possibility of historically-driven claims to justice to be pursued over a longer term. Even orthodox Rawlsians (except for Thomas Pogge)[[5]](#footnote-5) typically argued that historical justice (the kind often advocated by Marxist revolutionaries) involves transferring resources *from* people who did nothing wrong *to* people who themselves suffered no wrong. This, they said, comes closer to a paradigm of *in*justice than to a program for justice. As both ethical and a practical matter, they argued, the distributive justice envisioned by Rawls must thus await the supersession of historical grievances and animosities, if only because it will not then appear to be improperly retributive, and thus unjust rather than impartially redistributive, and thus just.[[6]](#footnote-6) So, liberalism itself, even prior to its neoliberal deformation, would seem to have denied the conceptual justification for large scale historical redress and to have lacked the financial tools for bringing such redress.

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The guiding question of my next book—tentatively titled *Just Optionality* (or maybe just *Optionality*)—is whether thinking about justice in the register of financialization (of preserving value) can provide keys to understanding the redistributive project in a way that stressing the register of production (creating value) no longer does; could stressing finance provide the conceptual basis for historical redress while at the same time helping us in figuring out how to fund it by showing us where the money presently is.

My argument begins with Randy Martin’s early insight that financialization has become an organizing metaphor and worldview for describing our present way of life in much the way that commodification once was.[[7]](#footnote-7) I’m here suggesting that optionality—the hedging of one’s life portfolio by making “better choices”—now functions even from below as a category through which financialized subjects, as distinct from merely commodified subjects, negotiate the relation between increasingly unwaged labor and the marketing of consumer products that both substantiate and presuppose one’s creditworthiness. (Purchasing them can sometimes even establish the creditworthiness of the purchaser.) There is thus a frequently-noted “tendency of finance to penetrate and subsume economic activity and social life as a whole …in it voracious quest to permeate nonfinancial domains” that it can then data-mine to create new financial products.[[8]](#footnote-8)

Financialization is a totalizing point of view of the present not just from the standpoint of Foucault’s *homo oeconomicus* (the owner of the self), but rather from the position of the *investor* many possible alternative selves, for whom capital as an abstraction itself is *never not invested* even if it is held in the form of money. The question from an investor’s point of view is always *what to fund* if one is to forego the liquidity of money*.* And the answer depends on how highly one values the option of liquidity—the right to invest later—as compared to the options available for investing now. From the investor’s standpoint, it is always necessary that all asset classes be compared with money, and thus valued in terms of the options that can be derived from them and how easily those options can be monetized.[[9]](#footnote-9)

The financial theorist Emanuel Derman expresses the value of optionality by saying that time and the right to choose are worth money—that they can be expressed quantitatively in terms of an amount of money, which is the price of the option that would give one time and the right to choose. I read Derman’s point as an explanation of the paradoxical way in which Marx states his General Formula for Capital. In capitalism, Marx says, you can make money by investing money (M-C-M1, where M1>M). The implicit paradox, according to Marx, is that you cannot explain the systematic growth of surplus value (reflected in the valuation of asset markets) as an expansion of the opportunities to buy and sell the same commodity (C) at two different prices (M and M1) simultaneously (where M1 is greater). Derman’s point is that (even in the absence of arbitrage) surplus value can be created through the formal exchange of commodities only if a *byproduct* is greater optionality in a form that is liquid—the creation of more time in which there will still be a right to choose that can itself be cashed out at any moment in the meanwhile or rolled over to further extend the present expiration date.[[10]](#footnote-10)

What is relevant here is not choice per se, but the value of choice—which depends on how much extra time one has to make it and the degree to which the spreads, or differences, among the alternative outcomes will widen and narrow during that time. This means that liberty and equality, which are often described as incommensurable values in liberal political thought, can be commensurated by means by means of a methodology that values the option to choose later, rather than now, based on how much time one is ‘buying’ and the degree of variance (spread) in what economists call the “event space” of possible outcomes during that time.[[11]](#footnote-11) Options-pricing theory is based on intuitively obvious point that the present value of making a choice later—and not now—will depend on how widely future scenarios can vary.

The crucial move in seeing justice through the lens of optionality is to focus on the degree of variance in possible outcomes rather than the mean (or expected average). A measure of variance assumes that the scenarios (whether states-of-affairs or social positions) can be ranked and that spreads are thus measurable as the gaps between ranks. Economic justice could here be described as a special case of scenario planning, with special attention being paid to the best- and worst-case scenarios as they bear on convergence/divergence between the extremes. But how much attention should be paid to this outside spread? Here as elsewhere, however, debates will hinge on the weight given, e.g., to the gap between these and the next-best and next-worst, respectively and whether to focus instead on deciles, quintiles and so forth rather than the end-points.[[12]](#footnote-12)

However one answers these questions, an approach to justice based on optionality—the value of having more time in which to choose when outcomes are volatile—would constitute a significant departure from the approach of my teachers. My graduate supervisors, Isaiah Berlin and Michael Walzer, taught me to think of distributive justice as a problem of achieving the right relationship between equality and liberty. They saw these as separate social goods that were also potentially in conflict because greater *in*equality could result from greater liberty—a point that they thought Marx exaggerated, but that was nonetheless true. Their optimistic rejoinder to Marx was that this conflict, while logically possible, was not historically inevitable—greater liberty could coexist with greater equality, which had indeed occurred in the mid-twentieth century as part of the “great convergence” described by Simon Kuznets, who held forth the promise of the social welfare state as an alternative to communism.[[13]](#footnote-13) From a mid-twentieth century liberal perspective question of distributive justice was no longer revolution versus counter-revolution, but whether to constrain liberty (and its potential to produce economic growth) when it did *not* produce greater convergence in the gaps between ranks.

This was the question directly addressed in the debate between John Rawls and Robert Nozick, whose major books on justice emerged when I was in their classes.[[14]](#footnote-14) They were writing at the cusp of the mid-twentieth century’s “great convergence” in advanced industrial societies when economic growth was indeed accompanied by greater equality of incomes. Situated in the 1950s through the early 1970s, a period that in retrospect seems historically exceptional, they chose to focus whether diminishing the *magnitude* of inequality during periods of growth was normative for purposes of justice—whether those least advantaged at the outset were entitled to benefit *maximally* from further economic growth as though it were, hypothetically, a collective product to which their unforced contribution (or at least consent) was a *sine qua non*.[[15]](#footnote-15)

If the question of justice for Rawls and Nozick was what effect incremental growth should have on incremental equality, the most important issue dividing them was why, or in what circumstances, the magnitude of gaps between ranks (aka inequalities) mattered at all. For Rawls, the only spread that counted in assessments of distributive justice was the outside spread between the best-off and worst-off positions in a hierarchy. Because it didn’t matter for the justice of basic institutions who occupied each rank, the magnitudes of the inside spreads could be justly widened or narrowed, but only in order to minimize the magnitude of the outside spread. Nozick, however, did not see abstractly why people in the middle who had done nothing wrong should have a different pattern of social and economic relations imposed upon them for the benefit of the poorest, whose positional improvement would not necessarily be funded by the richest alone, or even by the richest at all, provided that they were made as well off as they could possibly be. Why should some nomads (Deleuzian? Pastoralist?) who traverse the social structure at the lowest income level, without affecting those above, potentially trigger a *just* rearrangement of all other income spreads solely for the purpose of making the nomads better off? And why should other nomads passing through (in weeks, months, generations) at any intermediate point between the best-off and the worst-off have no redistributive effects on the relative gaps between the full range of ranks in the income hierarchy? According to Nozick, “nomads”—those with no causal effect on the rest of the structure—should have no claims to justice based on purely structural inequalities nor should they have title to make demands that present patterns of distributions be disturbed for their benefit.

Nozick’s stated point was the distributive justice should be based on causal—in this case “historical”—arguments that something wrong was done, and not solely on the “pattern” of social outcomes. Instead, he argued that unjust enrichment from wrongdoing, whether by the richest or not, should be *entirely* reversed regardless of whether the historical victim was deserving of the entire cumulative gain.[[16]](#footnote-16) Thus, the only gaps that mattered were those that were the outcome of wrongful acts, i.e. illegitimate choices to benefit at the expense of others, in which case he believed that the resulting *benefit* should be disgorged regardless of whether it was commensurate with the harm done.

Although Nozick’s *Anarchy, State and Utopia* was completed in 1973, the same year as the Black-Scholes-Merton formula for pricing options, it is instructive to recast his critique of Rawls’s 1971 book in as a stepping stone from utilitarian concepts of social justice, based on maximizing averages, and toward the emerging language of options based on hedging spreads that move dynamically. His version of historical justice could be more rigorously stated as the right to put a grievance to a beneficiary for a more than it would have cost to compensate for the present value of a harm, i.e. without regard to whether the structural gaps arising from it have deepened or diminished over time. In contrast, Nozick might describe Rawlsian justice as a call sold by the best-off that allowed them to extract an immediate premium for what might otherwise have seemed to be a ‘natural’ advantage in return for capping their potential upside. The result, described as a financial derivative, would be a “knock-out” of a certain band of rising inequality, after which the benefits of growth would “knock-in” as the sold call was exercisable and the revenue streams of those otherwise most-advantaged by the growth scheme (as it turns out) would be swapped with the revenue streams of those occupying the least-advantaged position. For Rawls, the magnitude of spread between these two purely ordinal positions should be maximally reduced, outside the protected band, regardless of who actually occupies them. A mere change in the identity of the occupants of the two outside positions would not affect the size of the gap between them, which is what pre-eminently matters for Rawls.

Although the Rawls-Nozick debate can now be stated in the language of options, it is also true that when Rawls and Nozick completed their major works on justice there was no accepted method for valuing options that could not be exercised because they were still, in the parlance of finance, “out of the money.” For this this and other reasons, both Rawls and Nozick would probably have regarded a real choice as indistinguishable from what we would call the opportunity to exercise it: e.g., the opportunity to bring about a revolutionary redistribution of wealth would be equated with an *exercisable* option for social justice that *should* in principle take effect without a revolution being necessary. Similarly, a scheme of preferential admission to higher education would consist of an *opportunity* to attend rather than a contingent claim, perhaps based on completing an online course, that could have value as a tradeable option whether or not one has the additional qualifications necessary to put it “in the money.”[[17]](#footnote-17)

What happens when, as in neoliberalism, people can be given “options” that are detached from the opportunity to exercise them? The 1973 papers by Black-Scholes-Merton foregrounded uncertainty about the future, and especially about whether it will be like the past, as a reason for *dynamically* pricing options that can always be bought and sold at their present value without *ever* being exercisable. The key factor in the price, in addition to their term (or “time value”) is the variance (“volatility”) of possible outcomes. For this reason, someone buying and selling options as such is not benefitting from the expected direction of change (e.g., whether prices go down or up, and by how much), but rather from changes in volatility (“the volatility of volatility”) as time elapses.[[18]](#footnote-18) The “market itself” (and here I mean the market in financial derivatives”) continuously offers a price for people who are coming to believe that history is against them and are willing to cash in their potential upside in return for mitigating their downside risk. (Consider, e.g., Robert Shiller’s proposal to mitigate being left behind by economic growth, modeled on his proposal for mitigating the downside of real estate markets)[[19]](#footnote-19)

Since 1973 this mode of thinking has worked to the detriment of programs for distributive justice, which have been made to appear as proposals for a kind of historical closure that is incompatible with the logic of scenario-planning that is constantly sensitive to new evidence about the volatility of volatility. When discussions of justice are raised at all, the political point (as my late colleague Randy Martin often said) is to prove that “we are never the *right people* for historical justice or that it is never the *right time*, or (usually) both.” Justice is here represented as a choice that the people we happen to be will perpetually lack the opportunity to exercise at any given moment. So why not take it off the table and focus on improving our capacity to make the best choices available based on the ever-changing evidence of how volatility is changing—i.e., of how confident we can be that the future will be like the past? In most ‘serious’ policy circles the evidence-based valuation of options (both real and financial) has replaced concerns with justice as such for agent-based theories of human development aimed at making people “better choosers” regardless of their level of “human capital.”[[20]](#footnote-20)

My suggestion in this paper was at the outset that we consider historical justice dynamically as, itself, an option? We can now see that the bad rap on pursuing justice is something like what used to be said about a “capital strike:” that it would lead to illiquidity such that capital markets “seize up,” resulting in a significant write-down in asset values. This is what Marx would have called an event of disaccumulation, amounting to the devaluation of physical capital and the elimination of all forms of wealth held as financial capital the only use value of which is to have a price. Bringing on a liquidity crisis is, *of course*, a threat to destroy accumulated wealth, which Marx himself rightly regarded as “*fictitious*” in the indisputable sense of being contingent on the preservation of historically specific political arrangements that underlie the liquidity of financial markets. But the degree to which they are politically contingent claims is what also makes these financial forms of wealth accumulation *real* in the sense that their liquidity can, and should, be preserved by exacting a political *price*.

To regard justice in my sense as an *option* is to use the liquidity-destroying effect of a Marxian revolution for analytical purposes as a measure of whether there will still be capital markets that preserve the value of accumulated wealth including that which has compounded as a result of past injustice. I thus repurpose what is right about his concept of “fictitious capital” by regarding the reproduction of liquidity as a chokepoint in the system of capital accumulation that is potentially vulnerable to both direct sabotage and intervention by the state, which is already charged with the primary duty of protecting it. Justice is the revolutionary option to bring about an event of disaccumulation in capital market that would eliminate the gains from past injustice (as well as those that were justly acquired) but without significant redistributive effect. Politics under capitalism is thus about extracting a price in the form of redistribution for *not* exercising the option of justice.

When viewed as an option of this kind, justice could have value even (or especially) when it can’t be exercised. The present value of justice as an option would depend upon viewing the social structure dynamically, and also as a whole, so that the gaps between ranks and the rank orderings themselves would be in play. What are the rates of change in the spreads between any pair of spreads? And what are the relative rates of change among pairs? How rapidly are the gaps between the ranks narrowing or widening? Is crossing the same gap worth a jump of, say, two ranks at one part of the structure and only one rank at another. From this perspective, the value of rolling over the option of just disaccumulation (legitimate disgorgement) would vary with the volatility of volatility which is itself a function of how much uncertainty there is about whether future risks will be like those of the past or whether *something new* will be seen to have happened.

When I try to work at the philosophical level of my teachers, my project as a Marxist is to restate the question of justice, *not* as a tension between equality and liberty, but rather in terms of optionality, which returns to the concept of valuation as such. The core idea is that we no longer need to speak of a conflict between equality (spreads) and liberty (choice). We can now speak, rather, in financial terms about how choice itself has greater time value when volatilities are greater, and why rolling over an option is a way of harvesting present value from future changes in the volatility of those spreads. We will have thus moved from a conceptual distinction between equality and liberty as competing social goods to a unified historicized frame for understanding *value* itself as the cumulative product of past injustice.

Following Derman back into Marx, I thus claim that the value of having more time in which to exercise the right to choose is more precisely described as having an option to choose at a later time when the spreads will be greater or smaller. So, how highly we value choice (optionality) today will depend upon how well it hedges us against changes in the volatility of social gaps (the volatility of volatility) and not merely how well it hedges us on the expected returns for occupying a particular position, for example, as owners of financial instruments or even of human capital (such as a professional qualification).

Here we can easily see how the language of finance has superseded that of free market libertarianism in which the value of choice itself is simply assumed, rather than (as in finance) being constantly repriced based on changing volatilities in the spreads among spreads. This, I think, marks the change between the neo-liberal moment anticipated by Foucault’s 1978 lectures on the “Birth of Biopolitics” (which is all about self-ownership and human capital) and the financialized moment which now extends beyond the financial sector itself to the production of commodities and of the self (not merely in the sense of worker-as-entrepreneur, but in the sense of having a more-or-less hedge portfolio of attributes, the content of which is always changeable).[[21]](#footnote-21)

The aim of my (post-Rawlsian/post-Marxian) approach to social justice is to restore it as a political option in the ordinary sense by allowing actors in the present to redefine it as a contingent claim on the wealth of society. This is of course an option in the financial sense, but also represents the concrete threat to cumulative forms of material inequality that is implicit in the Jacobin potential of democracy itself.[[22]](#footnote-22) It is only when justice is a live option that democracy itself is distinguishable from a technology for manufacturing consent to the status quo.

Unlike liberalism’s framing of the question of justice in our time, my approach is not reducible to regarding historical justice as a final settlement, a liquidation, of claims on the cumulative benefits of past injustice, for example as a one-time cash payout. Rather, I see these cumulative benefits as the result of *not* having settled historical claims for their liquidation value and, instead, having allowed the cumulative benefits of past injustice to run. These benefits are a collective product, but not in Rawls’s sense of being the outcome of an agreement about how to distribute the benefits produced by deviating from strict equality in order to stimulate heightened productivity. They are rather the result of a non-revolutionary peace in which the question of disgorgement by beneficiaries has been indefinitely postponed while remaining an option.

Here, of course, I am playing with a semantic ambiguity in the concept of optionality itself. For me, the fact that justice is optional in the colloquial sense simply means that it has value as an asset in the technical, financial sense even, perhaps especially, when historical settlement would threaten the liquidity, and thus reduce the value, of other financial assets.[[23]](#footnote-23) The optionality of justice in this dual sense is thus an essential feature of capitalist democracies, which can make the holder of capital pay a political price to preserve the wealth unjustly accumulated, especially when this accumulation itself occurs through assets that are themselves increasingly held in the option form. This means for me, here writing as a political philosopher, that the deferral of justice is intrinsic to the practice of democracy, which then turns out to be all about extracting a price for that deferral.

It follows that the question of historical justice, which was once the revolutionary project, can be reanimated for our time by focusing attention on the social machinery by which unequal wealth is preserved and accumulated. Are the ongoing and increasing benefits of past injustice being *held* somewhere, at least virtually, as a *fund*?[[24]](#footnote-24) If so,can those benefits of past injustice be redescribed (and possibly repurposed) in a way that expresses the present value of justice as an *option* in the financial sense that is worth something even when it can’t be exercised? Could these relative payoffs knock-in and knock-out within various bands as they do in the design of so-called “exotic” options? Raising such possibilities is my way of reopening the question of historical justice by suggesting that—today—it is a way to *name* the social and political question that is available by the technologies of finance. These are the technologies that allow large-scale transfers of wealth to occur without destroying assets values through a reassignment of collateral and a redirection of funds.

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To move toward justice is, thus, most simply a critical confrontation with how the preservation and compounding of injustice is presently *financed*. Why isn’t the problem of justice itself, then, a matter of addressing why reversing these effects *isn’t* being financed, and how it could be? I am here advocating an approach to justice that makes the problem of funding it *intrinsic* rather than *extrinsic*. (I’m arguing against the view that justice *no longer* an option if its cost is more than we, as a society, can afford.) If historical justice is to be a serious goal in the era of finance, it cannot remain merely an abstract ideal that it is always too soon or too late to pursue. There must, rather, be a *value* in demanding justice *now*, even if it is the price of having to *wait*.

This insight allows me to expand the critical view of transitional justice that I offered in *After Evil*. Instead of merely pointing out that transitions allow beneficiaries of past evil to keep gains that they no longer need to justify, I now describe justice *as itself an option on the cumulative value of past injustice*. This option in my sense would be defined as the right (but not the obligation) to impose a *gain-based remedy* against the ongoing beneficiaries of past injustice. Viewing justice as an option on accumulated gains, rather than as a reparation for past harms, avoids the problem of imposing a loss-based remedy against those who were not direct perpetrators and do not deserve to be punished for the benefit of people who were not themselves victims. It also avoids, as I say in *After Evil*, seeing reparations as an unpaid debt that compounds in value as a square of time. My view is, rather, that justice is an option that fluctuates in value as a square of volatility, which is simply what the BSM formula says.

In *After Evil*,I explored the question of what happens if putting injustice in the past does not coincide with the beginning of justice. What comes in between? Using the perspective I later gained from studying finance, I believe that the accumulation of present asset value in relation to historical justice is best expressed in two ways: (1) As the result of *not* having exercised the option of justice in the moment of putting *in*justice into the past; and (2) as the result of preservingthe *option of justice to come* as the basis for politics in the *meanwhile*. Hence the subtitle of this paper, “Is Justice an Option: Politics After Evil.”

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Let me now expand on the political idea behind my concept of historical justice as on option on the accumulated value of past injustice. Suppose you think of the beneficiary problem I present in *After Evil*, not as a matter of compensating historical victims for their losses in the past, but as a matter of what political gains will continue to accrue and compound as a result of injustices that are now disavowed rather than defended. And suppose, further, that you think of the historical *in*justice itself as a social process of producing wealth, the accumulation of which depends entirely on its continuing liquidity in capital markets. It would follow that a “liquidity crisis,” defined as an event of *disaccumulation*, can be brought about by any collective action that threatens either the valuation or repossession of the collateral through which financial assets can be turned into actual funds at something close to their present market value. This kind of threat can occur, as we saw in 2008, through refusal to trade an asset unless it is recollateralized, where this recollateralization amounts to an effective transfer of underlying wealth. It might also occur (as we saw in the 2011 anti-Wall Street protests) by physically occupying assets that financial markets otherwise assume can be repossessed by the very same financial technologies that are used to net-out asset positions at the end of the trading day without any physical asset transfers occurring. This, too, could effectively upset present market valuations in a way that could be simply reflected in the volatility of credit default risk or, more menacingly, in heightened uncertainty and whether credit instruments can be either marketed or pledged.

If we make these suppositions, then it is possible to think of Wall Street financiers in the same register as capitalist terrorists who used the chokepoint of liquidity to extract whatever price there was to be paid for allowing the cumulative gains of past injustice to run. We now know how large that price turned out to be as measured minimally by the nominal value of the unmarketable toxic assets that central banks took on their balance sheets and off the market, and maximally by the size of the guarantee they gave to purchase such assets at their face value, thereby essentially turning them into money[[25]](#footnote-25) (Did anyone pay a premium for this ability to “put” illiquid assets to the state? No, the banks got it for free.)

A more general point, however, is that the price extracted is, and was, political and came at the expense of lowering the value of the options available to people on the downside of rising gaps in income and wealth.[[26]](#footnote-26) The alternative, as they were told then (and as the Greeks were told thereafter), would be massive disaccumulation of the wealth resulting from past injustice leaving that whole bad history with no net positive result. Viewed within my framework, the option of historical justice is truly off the table if what we assume in times of crisis is that the social product of past injustice must always be preserved no matter who possesses it. I am thus arguing that justice becomes an option if we, rather, regard the cumulative value of past injustice as a *fund* (or constructive trust). In this case, we must ask why the beneficiaries of past injustice can seize what I’m now calling the entire liquidity premium necessary to keep their asset valuation intact. This liquidity premium is precisely the amount available to fund greater justice, and its value will become *greater* at moments of high volatility that are associated with financial crisis.

When I, thus, speak in this paper of the financial institutions that collected the liquidity premium as “suicide bombers”, I mean to evoke the possibility that a similar event could be generated by sabotage or terrorist attack and *also* by political action. Indeed, the financial markets would not have recovered after 2009 if investors did not believe that the U.S. government can secure the capital markets from terrorist attack or sabotage by means of metadata on ordinary financial transactions that would allow it to distinguish in real time between the kind of crash that would be allowed to occur because of ordinary financial greed and the kind that would be stopped because the market has been hacked by malicious actors.[[27]](#footnote-27) The problem now is that we wouldn’t *have* a market if we did not trust the government to make this distinction secretly but it would no longer *be* a market if we believed that the government could openly decide when to stop crash when to allow it to occur. Why, then, couldn’t the market be hacked? Or regulated? Or even socialized? How can we continue to say, as Hayek did, that the Market is the best computer because there is no metadata on transactions that works better than market “price” itself? Today, the existence of the market depends on our simultaneously knowing and not-knowing that such metadata exists?

In popular culture this means that political movements bringing about an illiquidity event will be accused of sabotage and subject to anti-terrorist controls, much strikers were treated as industrial saboteurs in the late Nineteenth and early Twentieth Centuries. And like strikers during the period of capitalist industrialization, today’s financial saboteurs must learn to harness the language and practices of democracy to legitimate their strategy and distinguish it from terrorism.

Once we understand the perpetuation of injustice from within the categories of finance, it should be possible to conceive of popular actions that move the levers of financial accumulation. We could, potentially, use this power to develop long-range strategies and short-term tactics to raise the present value of justice, considered as an option, that are analogous for our time to the nineteenth-century notion of disrupting agrarian and industrial forms of capitalist exploitation could have been roll-overs of the political option to collectivize the land and nationalize factories.[[28]](#footnote-28) Isn’t the objective of political struggle now to somehow make those who transact in vehicles of capital accumulation pay more to keep what they have? Doesn’t Marxism become more fully itself when capital formation as such, rather than industrialization (as an historically specific example of it) becomes the site of such struggle? Isn’t austerity the attempt to take the option of justice off the table as something that capital markets can no longer “afford” to subsidize?

The moment for such political struggle arrives when we say that, if justice *is* an option, then there must be a higher *price* extracted to keep markets liquid as volatility, both political and economic, increases. *How large* this price is and *who gets* to appropriate it are, of course, the questions to be resolved by political struggle rather than abstract financial theory, which can tell us only what price might have been *implied* by various applications of the “shock doctrine” in the past.[[29]](#footnote-29) Financial theory further teaches, however, that the answers to the questions of who gets paid do not necessarily affect asset valuations themselves, and that any negative effects on aggregate accumulation would be the result of applying external (and most typically political) force to bring on an illiquidity event, and then to extract a liquidity premium for resolving it.

An important lesson learned in 2008 is that liquidity comes at a price, which is the *political* cost of preserving the value of financial assets at a moment when justice-as-an-option is rising in value. This political cost can be further raised by movements such as Occupy, Strike Debt, Syriza, Podemos, etc. So, one question is how large the politically-driven cost of re-establishing liquidity can be, from which follow further questions about who pays and who appropriates the liquidity premium, and in what form? It could for example take the form of an option—a contingent claim—on future revenue streams or on the collateral that secures them. The simplest version of such an option would be a “call” on the amount by which the rise of an underlying asset value exceeds a specified level. Selling a call option that limits one’s upside is a common way financial actors to fund the purchase of a “put” option that fully or partially protects them from a fall in asset prices. When asset prices are about to fall precipitously, as in a “crash,” the question is often what kind of call (or upside participation) must be given up to protect them from falling further.

Before going on to address this question in instances of financial crisis, however, we must recognize that the cost of making financial markets liquid (of *not* disaccumulating) can fluctuate enormously. At the low end, it can be paid to dealers (market makers) in the Repo market as the “spread” they take for underwriting the ability to instantly convert safe collateral, such as U.S. government debt, into funds (money). At the high end, it can be as large as the guarantee put up by the U.S. government to underwrite the global market: it pledged $13T (the size of its entire tax-base, the U.S. GDP.); and it actually swapped about $5-$7T of U.S. government debt for toxic collateral that was supposed to be synthetically equivalent to U.S. treasuries at 100 cents on the dollar, while declining to re-trade it so that its actual market value would never be established.

In this way, the U.S. taxpayer acted as what monetary economist Perry Mehrling calls the “dealer of last resort,” effectively underwriting private credit with public credit so that global financial markets, especially in derivatives, could continue to be funded. Ironically (or perhaps intentionally), the bailout made the U.S. government more beholden to the very bond markets it was trying to rescue and regulate.[[30]](#footnote-30) They could make the government spend less so that it could borrow more by threatening to raise the interest rate on bonds if the government pursued Keynesian policies of spending more to stimulate the economy.

The existence of this, perhaps ephemeral, window of opportunity for government to incur low rates on higher borrowing is the reason why, according to many economists, financial asset markets recovered globally while underlying economies did not. At near-zero interest rates the U.S. government *could* have simply borrowed to finance major social and infrastructural programs without having to tax, thereby getting capital markets rather than citizens to fund greater socioeconomic convergence. Instead of this, the government was, effectively, “printing” trillions of dollars to support financial asset prices without effectively buying for this money any kind of option to call back some of that appreciated value when asset prices recovered. Giving up 100% of the upside is *not* how an ordinary financial institution behaves when it underwrites illiquid assets through a pledge or swap of good (liquid) collateral. Normally, the price of such a private sector bailout would take the form of giving up a call on all or part of recovery of asset values outside a limited band.

At the time, however, the U.S. government was under *no* political pressure from an organized and militant left to receive a call on asset market recovery. The U.S. political left, was almost entirely without ideas about these matters. So, instead of the bailout being considered a bought call option on the upside of financial recovery, it was treated in the financial media as the exercise of a virtual right to put bad assets to the U.S. government at par, even though no premium had ever been paid to the U.S. government for selling such a put and the banks were still receiving interest, however minimal, on the U.S. Treasury obligations they received in exchange for otherwise unmarketable private debt.

The culminating insight of my six-year collaborative project on “Rethinking Capitalism” in an era of finance[[31]](#footnote-31) can be stated simply. It is that the Black-Scholes-Merton (BSM) model for pricing derivatives is also a technology for manufacturing synthetic public debt (the equivalent of U.S. Treasuries) out of private credit and other forms of capital. This is not, as some financial journalists suggest, an undesirable side-effect of the financial innovation BSM enables. Rather, BSM operates by means showing what private credit instruments would be worth if their all identifiable risk components (other than liquidity risk) were stripped out and a synthetically risk-free asset were produced. So, such synthetic Treasuries must actually be produced as a necessary byproduct of manufacturing (i.e. by pricing) other credit instruments, thus effectively privatizing the process of producing U.S. government debt. At a conceptual level this means that the BSM options-pricing formula can be rebalanced as an equation hypothetically commensurating *all* asset prices with U.S. Treasuries. Financially, it means that, as new asset classes are created by the private sector, it will also be creating U.S. Treasury- equivalents that can be pledged as safe collateral for those assets in whatever amount is demanded—assuming that the market for these assets remains liquid.

The political significance of this insight is that when these synthetic Treasuries became *il*liquid, and thus worth less than government obligations, their model-based equivalence must be *performed*, and thus made true, by swapping them for real US Treasuries at par in whatever quantities are necessary to stabilize the financial markets. In 2008, this swap could only be accomplished in the necessary quantities by using Treasuries obligations paying a risk-free interest rate that was near zero—a form of government borrowing that would not be inflationary because the dollars received from bondholders would not be circulated back into the economy.

On paper the “bailout” thus consisted of government getting to “borrow” for free from the financial sector on condition that government would not *spend* the additional funds it raised as a necessary side effect of issuing safe collateral.[[32]](#footnote-32) Since then, there has been no doubt that asset market liquidity in a larger sense—the question of whether there will *be* a market—is ultimately guaranteed by large states that are willing to step in and trade their own debt, backed by currency that they themselves can print, for privately issued debt that would otherwise be illiquid.

My claim here is that this swap has *both* theoretical and political significance. Politically, it means that the capitalist state no longer borrows more in order to spend more as it did in Keynesian capitalism. In austerity capitalism, it rather spends less so that it can borrow more cheaply. A correlative definition of austerity is that this can happen only because the option of justice is taken off the table (valued at zero) at precisely those moments when it should be possible to command a higher premium for a rollover. If we put justice back on the table—and treat it as an option (indeed *the* option) that is always present in the politics[[33]](#footnote-33) surrounding capitalism, then the paramount political question is *always* how to reappropriate the cumulative benefits of unjust enrichment without destroying them in the process. Otherwise, all that bad history will have been a waste.

In concluding this paper, I want to stress my earlier point that the price of maintaining the liquidity of asset markets is now a known quantity that was paidby the U.S. government in the form of assuming of swapping or pledging $5-13T of U.S. government debt in return for illiquid private debt. The market value of the accumulated wealth preserved in this way is much larger. Using Thomas Piketty’s metric (asset market valuation as a multiple of annual GDP), that multiple, could be 5x-7x if we consider the value of the Total Credit Market Debt that can be pledged as collateral; perhaps 13 -75x if we consider the extent of leverage on that collateral to produce more collateral.[[34]](#footnote-34) My point for now is that the price is likely to be very large and that for the purpose of historical justice there’s already plenty to go around.

My conclusion is that “we” (in some sense collectively) must develop the theoretical and activist tools to value the option of justice more highly. Wasn’t the restoration of liquidity in effect a nationalization of the means of financial production that redirected (and then reprivatized) flows of funds and collateral without, rather, socializing them? If so, then militant social movements should orient themselves around setting a *political price* for preserving the liquidity of accumulated wealth, and preserving it *now* in order to make actions that heighten political volatility more valuable *later*.

I’m thinking here of the twentieth-century welfare state as the price of *not* exercising the option of a General Strike, a price that could amount to as much as one third of GDP. What share of global asset values can be extracted as the price of *not* exercising the option to bring on a liquidity crisis? We now know that the assets are *there* and that funding justice is a price that capitalism *can* *afford* to pay for liquidity. I believe that *funding* justice must be the number one problem for social movements today. How these funds should be used must be the subject of another paper.

1. I would not have done this without the enthusiastic support of the late Randy Martin, and later Ben Lee and Ed LiPuma, who responded enthusiastically to some side remarks on Rawls and Nozick in my last book, *After Evil* (New York: Columbia University Press, 2011) that opened the possibility of restating mid-twentieth century theories of justice in the language of options theory. [↑](#footnote-ref-1)
2. For further elaboration, see Robert Meister, “Liquidity” in Benjamin Lee and Randy Martin, eds., *Derivatives and the Wealth of Society* (Chicago, University of Chicago Press, 2016), pp. 143-173. [↑](#footnote-ref-2)
3. My argument for thinking of justice itself in the register of options is a direct response to the ways in which a Marxian, directional, politics of historical justice was taken off the table of democratic politics, beginning in 1973 when the newly-developed formula for manufacturing and pricing options allowed capital accumulation to continue regardless of the magnitude or direction of GDP growth. The classic papers on option pricing are Fischer Black and Myron Scholes, “The Pricing of Options and Corporate Liabilities” *The Journal of Political Economy*, Vol. 81, No. 3 (May-June, 1973), pp. 637-654; Robert C. Merton, “Theory of Rational Option Pricing” The Bell Journal of Economics and Management Science Vol. 4, No. 1 (Spring, 1973), pp. 141-183. [↑](#footnote-ref-3)
4. My approach views historical justice asan option on the cumulative *gains* of historical beneficiaries rather than an unpaid debt to compensate historical victims for their *losses*. In a loss-based approach, the value of the unpaid debt would grow exponentially with the mere passage of time. The value of an option on the differential gains of past injustice would be an exponential function of their volatility, which can itself fluctuate over time. I believe that my approach more fully expresses the role that demands for historical justice can play in capitalist democracies. See, Robert Meister, *After Evil: A Politics of Human Rights* (New York: Columbia University Press, 2011), chapter 8. (For identifying defects in the debt-based approach reparations by Randall Robinson and others, I am indebted to Paul Held.) [↑](#footnote-ref-4)
5. See, e.g., Pogge, *Realizing Rawls* (Ithaca: Cornell University Press, 1989). [↑](#footnote-ref-5)
6. For some Rawlsians (and also Habermasians), a postponement of justice could be for the best in circumstances where renewed *demands* for justice could revive long-standing animosities that preclude agreement on the *principles* of justice as such. It is in this vein that post-conflict discourses of humanitarian “aid” often focus demands for “adequacy” and “choice” rather than greater equality through the reversal of cumulative social injuries that might be redistributive and therefore “divisive.” See, e.g., the substantial literature on “subsidiarity” in the EU. [cite]. [↑](#footnote-ref-6)
7. See Martin, *The Financialization of Daily Life* (Philadelphia: Temple University Press, 2002). For the alternative view, stressing the commodification of everyday life, Cf. Moishe Postone, *Time, Labor and Social Domination: A Reinterpretation of Marx’s Critical Theory* (New York: Cambridge University Press, 1996). [↑](#footnote-ref-7)
8. Sandro Mezzadra and Brett Neilson, “Operations of Capital,” *South Atlantic Quarterly* 114:1 (January 2015), p. 2; See also Mike Beggs, Dick Bryan and Michael Rafferty, “Shoplifters of the World Unite! Law and Culture in Financialized Times”, *Cultural Studies* 28:5-6, pp. 976-996; Bryan and Rafferty, Political Economy and Housing in the Twenty-first Century –From Mobile Homes to Liquid Housing? *Housing, Theory and Society*, 31:4 (2014), pp. 414-412 (on the financialization of household spending). See, also, Bryan, “Navigating in a Fog: Plotting a Marxist Political Economy, *Journal of Australian Political Economy*, no. 77 (2016), pp. 36-50. [↑](#footnote-ref-8)
9. From a semiotic perspective, price is the metaphorical relation of any financial asset to money, and money is the metonym for price that is realized in the market. The concept of liquidity expresses the relation between an asset’s price and its equivalent in money as inherently contingent, thereby calling into question one’s access to finance as a source of the funds that can be obtained by creating and selling an option. I am grateful to Ben Lee and Ed LiPuma for leading me to grasp this point, and thus the relation of the market to (other) forms of ritual. [↑](#footnote-ref-9)
10. Emanuel Derman, “Remarks on Financial Markets,” in Lee and Martin, eds. *Derivatives and The Wealth of Society*, pp. 199-240. [↑](#footnote-ref-10)
11. Kenneth Arrow and Gerard Debreu, "Existence of an equilibrium for a competitive economy". *Econometrica* 22 (3): (1954), pp. 265–290. [↑](#footnote-ref-11)
12. Cass Sunstein, *Worst-Case Scenarios* (Cambridge, Mass., Harvard University Press, 2009). Cf. Thomas Piketty, *Capital in the 21st Century* (Cambridge, Mass., Belknap Press, 2014). [↑](#footnote-ref-12)
13. Simon Kuznets, “Income Growth and Income Inequality” *American Economic Review* 45 (March), pp. 1–28. Compare Thomas Piketty, [*Capital in the Twenty-First Century*](https://en.wikipedia.org/wiki/Capital_in_the_Twenty-First_Century) (Cambridge, Mass: [Belknap Press](https://en.wikipedia.org/wiki/Belknap_Press), 2014); Daron Açemoglü and James Robinson, *Why Nations Fail: The Origins of Power, Prosperity, and Poverty* (New York: Crown Publishers, 2012). [↑](#footnote-ref-13)
14. Rawls, *A Theory of Justice* (Cambridge, Mass. Belknap Press, 1971); Nozick, *Anarchy, State and Utopia* (New York: Basic Books, 1974). [↑](#footnote-ref-14)
15. We might express this in Derman’s terms by using the language of swaps: would those left worst-off at the notional ‘end’ of a growth scheme be able to swap revenue streams with those who would (otherwise) have been most advantaged by it? And would such a scheme still be put into place if this were expected to occur? [↑](#footnote-ref-15)
16. This debate is at a practical level about how to interpret the great mid-Century decision of the U.S. Supreme Court, *Brown vs. Bd. of Education*, striking down public school segregation as unconstitutional. What followed was a half-century of debate about whether what’s wrong with racial discrimination is that it produces cumulative inequality—or whether what’s wrong with cumulative inequality is that it results from racial discrimination. For one of my early attempts to address this question from the perspective of comparative law, see Robert Meister, “Discrimination Law through the Looking Glass.” (Review of Marc Galanter) *Wisconsin Law Review*,1985. [↑](#footnote-ref-16)
17. Bob Meister, “Can Venture Capital Deliver on the Promise of the Public University?” n+1 (May 17, 2013) http://nplusonemag.com/authors/meister-bob. [↑](#footnote-ref-17)
18. The original derivations of BSM stressed the technique of pricing “redundant” securities. See, e.g., Fischer Black, “How We Came up with the Formula” and Nicolas Gisiger, “Risk-Neutral Probabilities Explained,” <http://dx.doi.org/10.2139/ssrn.1395390> . There are now many accounts of the surpluses that can be generated by trading the “volatility of volatility” of which the most focused is Saleh Neftci, *Principles of Financial Engineering* (New York: Elsevier, 2008), esp. ch. 8. [↑](#footnote-ref-18)
19. Shiller, *Macromarkets: Creating Institutions for Managing Society’s Largest Economic Risks* (New York: Oxford University Press, 1993). For a popular presentation of his approach see, *Finance and the Good Society* (Princeton: Princeton University Press, 2012). [↑](#footnote-ref-19)
20. David Chandler, *Freedom vs Necessity in International Relations: Human-Centered Approaches to Security and Development* (London: Zed Books, 2013). Add note on how ‘capacity-building’ theory has replaced ‘human capital’ as the foundation of development studies. [↑](#footnote-ref-20)
21. Michel Foucault, *he Birth of Biopolitics* (New York: Picador, 2010)*.* Cf., Dick Bryan, *op. cit*., and Randy Martin, *The Financialization of Daily Life* (Philadelphia: Temple University Press, 2002). [↑](#footnote-ref-21)
22. Jacques Rancière, *Hatred of Democracy* (New York: Verso, 2007); Cf. Robert Meister, *Political Identity: Thinking Through Marx* (Cambridge, Mass: Blackwell, 1991), esp. ch. 5. [↑](#footnote-ref-22)
23. I am grateful to Lisa Wedeen for insisting that I clarify this point. [↑](#footnote-ref-23)
24. On the peace process in Colombia see Robert Meister, “Trauma and Injustice: Two Kinds of Truth about the Past.” [↑](#footnote-ref-24)
25. See Meister, “Liquidity.” Cite recent books on central banking and MMT, e.g. Wynne Godley and Randall Wray. [↑](#footnote-ref-25)
26. In Robert Shiller’s view consumers of housing, for example, should be able to by downside protection against market volatility by selling part or all of the upside. This tradeoff in my view a fair proxy for the class division created by financialized capitalism that I am trying to overcome by treating justice itself as an option, which it is not for Shiller. See, e.g., *Macromarkets*. [↑](#footnote-ref-26)
27. On the measures taken, see Marieke de Goede, *Speculative Security*: *The Politics of Pursuing Terrorist Monies* (Minneapolis: University of Minnesota Press, 2012). [↑](#footnote-ref-27)
28. Some of these themes are taken up in “Liquidity.” [↑](#footnote-ref-28)
29. Naomi Klein, *The Shock Doctrine: The Rise of Disaster Capitalism* (New York: Picador, 2008). [↑](#footnote-ref-29)
30. Perry Mehrling, Zoltan Pozsar et al., “Bagehot was a **Shadow** banker: **Shadow** Banking, Central Banking, and the Future of Global Finance *Shadow Banking Within and Across National Borders*: The 16th annual International Banking Conference in Chicago (2105) pg. 81-97. (2013). [↑](#footnote-ref-30)
31. I am grateful to Stephen Bruce for funding the Bruce Initiative at UCSC and the IPK for funding “Cultures of Finance” at NYU. [↑](#footnote-ref-31)
32. Cite Henry Simons, Milton Friedman, and John Gurley on the anomaly of government spending the money it prints. This anomaly is the foundation of neoliberal ideology. [↑](#footnote-ref-32)
33. I am here speaking in a broad sense of the political that is shared by Lenin, Weber, Arendt and Schmitt. [↑](#footnote-ref-33)
34. Piketty, *Capital in the Twenty-First Century*. [↑](#footnote-ref-34)