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Mariana MAZZUCATO, *The Value of Everything: Making and Taking in the Global Economy* (New York, PublicAffairs, 2018)

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In seeking to understand and redress the conditions that have led “a tiny elite” to capture “nearly all the gains from an expanding economy” over the past four decades, Mariana Mazzucato’s *The Value of Everything* joins a large and growing body of scholarship on the sources of economic inequality. Unlike much of this work, however, Mazzucato does not orient her story around a cabal of neoliberal elites, or the structural conditions of post-Fordism, or the income effects of automation or globalization. Rather she wants to draw attention to “the stories we are being told about who the wealth creators are” (XIII)—stories rooted in the circuitous intellectual history of value. According to Mazzucato, this deep history has quietly shaped the moral logic and established practices of our governing institutions, and those who seek to “change this state of things” (XVIII) need to begin by reopening long-dormant questions about how value should be defined and measured.

In service of this goal, the first three chapters provide an engaging and broadly accessible survey of past definitions of “value” and the metrics used to track it over time. Mazzucato traverses Sir William Petty’s and Gerald King’s pioneering attempts at national accounting, the physiocrats’ emphasis on the primacy of the land, Ricardo’s and Marx’s elaborations on the labor theory of value, and finally the marginalists’ turn toward subjective preferences as measured by prices. Overall, however, Mazzucato emphasizes a transition from the “objective” criteria of value perceived by most theorists prior to the marginalist revolution, to the “subjective” criteria that became widespread thereafter. Even if the search for intrinsic sources of value yielded variable and contingent results, Mazzucato laments the incapacity of the marginalists to establish criteria beyond the price mechanism for determining whether an action creates or destroys value. Instead, for over a century the regnant neoclassical theory of value has led policymakers to believe that “income from rent must be productive,” and that “*unearned income*” [74; emphasis Mazzucato’s] is a contradiction in terms. She argues that this “reasoning is circular,

a closed loop,” in which “incomes are justified by the production of something that is of value,” and the value of an activity is measured “by whether it earns income” [12].

During the 20th century the subjective approach to value gained increasing influence over the calculation of national accounts, culminating in the decision of the United States government in the 1970s to include the financial sector in calculations of GDP. The result was an institutional embodiment, in Mazzucato’s phrasing, of “marginalism’s ultimate tautology: finance is valuable because it is valued, and its extraordinary profits are proof of that value” [141]. While some may see the fine points of GDP as a technocratic concern, Mazzucato emphasizes their social power: they provide incentives for favorable treatment from growth-oriented politicians, and provide validation for activities that had previously been suppressed or discouraged. Indeed, she suggests that the marginalist conception of value—and the revised methods for calculating national accounts—have fostered and encouraged many forms of value extraction, ranging from the opportunistic late-stage investments of venture capitalists, to the predatory pricing of pharmaceutical companies, to the tactical maneuverings of patent lawyers. Meanwhile, other forms of work have remained inadequately represented in calculations of GDP, including the provision of government services, the resource-intensive early stages of research and development, care work, and transactions on the black market. The “comprehensive” boundary is therefore highly contingent, Mazzucato argues, and the perceived growth of the American economy has become commensurately unmoored from the value it produces.

*The Value of Everything* ranges adroitly across moral philosophy, the history of economic thought, the policy history of government statistics, and the practices of the contemporary financial industry to arrive at an impassioned plea for a reinvigorated public discussion about value. Mazzucato’s critique of the neoclassical theory of value, and its role in validating practices of dubious social worth, is timely and compelling. But if she aims to supplant it, the question necessarily arises: what alternative will take its place? In this regard *The Value of Everything* remains vague. Throughout the book Mazzucato confidently indicates that specific activities create and extract value, suggesting some underlying definition that allows her to arrive at such conclusions; but elsewhere she declines to identify a “stark divide” [14] between productive and unproductive activities, and demurs from providing any specific criteria for making these determinations.

Instead Mazzucato suggests, with little elaboration, that the concept of value is inherently a social construction, and that it should be adjudicated through a political process. Its definition, she writes, “is always as much about politics, and about particular views on how society ought to be constructed, as it is about narrowly defined economics” [14]. Our goal, she suggests, should be to arrive at “a more dynamic understanding of what making and taking are in the context of the societal objectives we have” [279]. Readers of *The Value of Everything* are left with a vivid understanding of the contingencies underlying prior conceptions of value, but with no obvious alternative that seems any less epistemologically insecure. Is the question Mazzucato associates with the very meaning of value—that is, “whether what it is that is being created is useful”—to be adjudicated wholly by social and political collectivities rather than on the basis of individual preferences? Or is she merely seeking to decouple the concept of value from the price mechanism, and to advocate for new political constraints on the excesses that might emerge from an excessive credulousness toward the latter?

*The Value of Everything* also provides little sense of the pathways that would loosen the marginalists’ grasp on the popular imagination. The neoclassical theory of value has proven remarkably resilient, persisting as a predominant heuristic even in societies with highly developed democratic institutions. Those who seek to overturn it will need to understand the conditions that have enabled it to remain so influential, despite the limitations and pathologies Mazzucato foregrounds. Should we attribute its tenacity to a lack of popular engagement with technocratic metrics and the philosophy of economics? Or to the self-interested advocacy of elite groups who have captured the relevant arms of the state? Or to a populist suspicion of collective mechanisms for determining and adjudicating questions of value? Or to the ingrained proclivities of the economics profession? If Mazzucato hopes to foster alternative conceptions of value, it will not be sufficient to gesture toward the primary of democracy in determining “the outcomes that we want”: she needs to consider the institutional structures, disciplinary incentives, and patterns of persuasion that would enable the displacement of a settled logic.

Mazzucato refrains from pursuing such questions by presenting *The Value of Everything* as a “preliminary” [280] or a way of “reinvigorating” without necessarily resolving a long-standing debate. By this more modest standard the book is a substantial accomplishment: it reveals the extraordinary heterogeneity embedded in the

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history of theories of value, provides a forceful and engaging account of the contingency of the neoclassical framework, and highlights a range of behaviors that are well-rewarded by the price mechanism but appear to contribute little to the social good. Readers who are convinced by these aspects of Mazzucato's critique, however, may not share her optimism about the incipient emergence of a new "economics of hope." The displacement of a settled paradigm has always required much more than the determined revelation of its fallacies and felt limitations.

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