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Note from the editor

The economic sociology of price instability and inflation

Marcin Serafin

Since the 1980s, economic sociologists have investigated various topics that were, in the decades prior, seen to be within the sole domain of economics. Yet there is at least one economic topic where the development of economic sociology has been accompanied not by more sociological attention, but by less. This is the topic of inflation. When Albert Hirschman wrote *The Social and Political Matrix of Inflation* in the late 1970s, he distinguished between three approaches to inflation: monetarist, structuralist, and sociological. At that time, inflation was theorized not only by economists but also by sociologists. The British sociologist John H. Goldthorpe had just co-edited the book *The Political Economy of Inflation* and there was much interest among other sociologists in the topic. But as inflation all but disappeared across many Western countries, so did much of the sociological interest. Of course, this interest did not vanish completely. A few historical sociologists, such as Greta Krippner, theorized the significance of inflation in the development of contemporary capitalism, and the topic was discussed by individual sociologists of money, one of them being Nigel Dodd, who sadly passed away recently and is remembered in an obituary in this issue. Sociologists from South America, where inflation remained a major political issue, continued to produce wonderful work on the subject, some of which has appeared in this very outlet (Heredia and Daniel 2019). But if we compare it to other topics, such as financial markets, credit, or consumption, inflation has received relatively little attention from economic sociologists.

We are at a moment when it is worth rethinking this state of affairs. As Fred Block points out in his op-ed, in many countries we are currently witnessing "the return of inflation." It therefore seems worth dusting off old theo-

Content

1 Note from the editor
The economic sociology of price instability and inflation *by Marcin Serafin*

3 The return of inflation *by Fred Block*

5 Towards a sociology of prices: An interview *with Fabien Eloire and Jean Finez*

11 Predictions of electricity prices as embedded devices for coordinating European futures *by Aleksandra Lis-Plesińska*

18 Making inflation visible: How incremental price increases become a public problem *by Marcin Serafin, Marlena Rycombel, Marta Olcoń-Kubicka*

28 Nigel Dodd obituary

29 Book reviews

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ries of Goldthorpe, Hirschman, and others, but also asking whether economic sociologists have learnt something over the last thirty years that could contribute to our understanding of the current situation.

This issue of *economic sociology. perspectives and conversations* investigates this question, but it does so from a very specific vantage point: that of the sociology of prices. Unlike inflation, the topic of prices has been of great interest to economic sociologists, with much empirical and theoretical development taking place since the 1980s. Economic sociologists have studied where prices come from, showing that prices are social phenomena that cannot simply be reduced to the "natural" law of supply and demand, yet their interest in prices did not extend to an interest in inflation. Sociologists focused more on price stability, rather than price instability, and looked at prices within particular markets, rather than across them.

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The idea behind this issue is to bridge the divide between the sociology of prices and the sociology of inflation. It begins with an op-ed by Fred Block, who discusses how inflation is a social and political phenomenon. He argues that inflation is entangled in distributional conflicts and that the way we measure it becomes problematic as the number of goods in the economy drastically increases. Fred Block's contribution is followed by an interview with Fabien Eloire and Jean Finez, authors of the recently published book *Sociologie des prix*, who discuss recent developments in the sociology of prices. According to Eloire and Finez, while economic sociologists have given little attention to the problem of inflation, their work can nevertheless help us think about the issue. They point out how Harrison White's theory helps shed light on how prices change across markets and how the work of Neil Fligstein and others can help us make sense of how states react to inflation. Put differently, these works can help us rethink what, following Albert Hirschman, can be called structural and sociological theories of inflation. Block as well as Eloire and Finez argue that when it comes to inflation, not all prices are equally important, highlighting the significance of energy prices for other markets. The issue of energy prices is picked up on by Aleksandra Lis-Plesińska, who argues that expectations of price increases in electricity – sometimes framed as a problem of "greenflation" – are both a weapon and a stake in political struggles over the future of the European Union. Lis-Plesińska shows how expectations related to price instability are entangled in different political and moral projects, which vary among actors depending on their positions in various fields. This makes the coordination of these different imagined futures difficult. Finally, Marta-Olcoń Kubicka, Marlena Rycombel and I argue in favor of an economic sociology of inflation that looks at the everyday political and moral conflicts around prices and the different ways in which public attention is drawn to rates of inflation that could otherwise potentially be overlooked or ignored. Together, the articles in this issue aim to encourage a conversation about an economic sociology of price instability and inflation.

Reference

Heredia, Mariana, and Claudia Daniel. 2019. "The Taming of Prices: Framing and Fighting Inflation in the Second Half of the Twentieth Century in Argentina." *Economic Sociology: The European Electronic Newsletter* 20 (2): 6–14.

The return of inflation

Fred Block

Back in 1978, when economic sociology was still in an embryonic state, the British sociologist John Goldthorpe published an important paper, "The Current Inflation: Towards a Sociological Account" (Goldthorpe 1978). Goldthorpe rejected the conventional arguments that inflation was the consequence of too much money chasing too few goods or that it could be attributed to excessive public sector spending. He argued instead that inflation was often the result of distributional conflict, particularly between workers and their employers.

Shortly thereafter, Margaret Thatcher and Ronald Reagan launched their neoliberal revolution that included highly publicized efforts to blunt the strike power of organized labor. Almost overnight, inflation ceased to be a problem in the developed market economies during the period 1985–2007. Economists labeled that epoch as "the great moderation." The relative weakness of organized labor was reinforced with the collapse of communism in the Soviet Union and Eastern Europe and China's rise as a global manufacturing center. Threats to shut down production at an auto factory in Detroit or Turin or Dagenham rang hollow as production could be shifted to China or Eastern Europe.

Low rates of inflation meant that Goldthorpe's contribution could be forgotten and economic sociologists could focus their attention on other issues. But the return of inflation during the Covid-19 global pandemic has put the old debates back on the agenda. The Right stands by the old argument that inflation is a result of too much money chasing too few goods. They argue that inflation is a direct consequence of deficit spending and all of those generous programs designed to protect people from the disruptions caused by the virus and the lockdowns. However, the pattern through which the inflation developed suggests something quite different.

First, a large share of the inflation is accounted for by energy expenditures. During the twelve months ending in May, 2022, the Consumer Price Index (CPI) in the US rose by 8.6 percent. However, the cost of energy – petroleum, natural gas, and home heating oil – rose by 34.6 percent. And, of course, enterprises of all sizes pass along those rising energy costs to consumers. This rise in energy prices can be traced to Covid-driven disruptions in supplies, the Russian invasion of Ukraine, and the durable market power of OPEC and the giant energy companies that control the production of refined products.

Second, in the first part of 2020, the Covid pandemic severely disrupted the US labor market. For quite some time, the Bureau of Labor Statistics data on the median real weekly income of full-time workers in the US had fluctuated in a range between $325 and $355 in 1982–84 dollars. However, in the first two quarters of 2020, there was a sudden jump to $393 per week. This represented an 8.6 percent jump over the final quarter of 2019. However, by the first quarter of 2022, the figure had fallen back to $362 a week as inflation ate away at earlier wage gains.

There are some complexities with this data. Some of the initial rise in real wages could reflect the fact that as payroll employment shrank during Covid lockdowns, fewer skilled workers were likely to be laid off. But it is also the fact that the CPI that is used to measure inflation has become problematic as consumption behavior has become less standardized. In constructing the CPI, analysts track the prices of a standard basket of about 80,000 goods. This made sense fifty years ago, but today there are twelve million products available on Amazon, and consumers choose among five or six types of cow's milk as well as almond milk, oat milk, flax milk, and pea milk, all of which come in varieties with different calorie counts. As consumption patterns became more complex, the idea of a standardized market basket becomes ever more problematic.

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Nevertheless, there are good reasons to believe that a part of the current inflation results from employers using price increases to claw back wage gains that were won in the early days of the pandemic. Intensified distributional conflict is also suggested by the rise in interest in union organizing this year, with successful union votes at multiple Starbucks cafes and at a giant Amazon warehouse. Survey data shows that 59 percent of US employees favor increased unionization at their own workplaces. To be sure, actual unionization rates in the US have been falling for years, and it is still uncertain whether this spurt in activism will finally break the decades-long decline.

Moreover, this explanation suggests that inflation might be with us for a while. Even if energy prices moderate, the distributional conflict is likely to continue even if central banks continue to raise interest rates. Back in the 1980s, recessions meant mass layoffs in auto, steel, and other factories that imposed discipline on factory workers. However, it is not obvious that an economic recession today would have a similar effect on the far more diversified service sector. After all, open job listings for the whole US economy are still reported to be at a record level of more than eleven million.

In the meantime, the Federal Reserve's monetary tightening is having a predictably destructive impact on the global economy. There is, however, another less dangerous way to fight inflation. The government can respond to concerns about real wages by increasing the social wage. This would reduce the amount that households have to pay for child care, health care, housing, and higher education. The Biden Administration's initial legislative proposal took steps in that direction, but most of it was blocked in the Congress. We can only hope that progress in that direction resumes.

Reference

Goldthorpe, John H., 1978. "The Current Inflation: Towards a Sociological Account." In *The Political Economy of Inflation*, edited by Fred Hirsch and John H. Goldthorpe, 186–214. Cambridge, MA: Harvard University Press.

Towards a sociology of prices: An interview with Fabien Eloire and Jean Finez

You recently published a book about the sociology of prices.[1] How did you come to this topic and why did you want to write a book about it?

During our respective doctoral research, we were both concerned with prices and we started to exchange ideas on this issue. In fact, our dialogue on pricing is not a coincidence: we did our thesis in the same research laboratory of the University of Lille (Clersé) which includes both sociologists and economists. One of us (Fabien) studied the question of price through a survey of the restaurant industry. In this case, price is a signal of quality and is used to calculate the parameters of a model for market analysis, inspired by Harrison White. Specifically, this work investigates the link between price and quality ratio, and entrepreneurs' profit strategies, and shows how, despite higher prices, gourmet restaurants make less profit than other cheaper and larger restaurants (Eloire 2010). The other (Jean) studied the issue of train ticket prices set by the French state-owned company SNCF from a socio-historical perspective. More specifically, this research studied the implementation of a new pricing technology called yield management, which is aimed at maximizing profits by varying prices according to the level of demand in a sector traditionally removed from market regulation (Finez 2014). From two different fields, we discovered the richness of the literature on the issues of value and prices, especially since the 2000s.

We realized that there was a lot of sociological work on prices and pricing, but that there was no comprehensive book on the subject, either in French or in English. So, we decided to go for it. Numerous studies in the sociology of markets no longer hesitate to study prices and pricing methods. This was not always the case. When they studied economic phenomena, sociologists initially paid little attention to prices, or even deliberately distanced themselves from them, in favor of the question of quality. It took time and a certain maturity for sociology to "dare" to venture into the question of prices, which had long been considered the exclusive domain of economists. As Talcott Parsons expressed it in his time, a division was well-established: to economists the study of value, to sociologists the study of values. The existing literature shows that this "pax parsonia" is no longer relevant: from now on, prices, as well as markets, have become a legitimate sociological topic.

How did you collaborate on this book and what were the major challenges you faced when writing it?

We started to collect a corpus of articles and books in order to have an overview of this field of research. From this first bibliography we realized that many works of sociologists were interested in the question of price setting. We discussed at length and agreed on the possibility of organizing our work around a typology (to which we will return later). The writing was done separately at first, dividing the chapters between us, then going back and forth on the texts to finally read them again and write them together. It's a real four-handed text.

Let's talk now about the difficulties we encountered. The first relates to the format of the book re-

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Jean Finez is a sociologist and assistant professor at Grenoble Alpes University. He received his PhD in economic sociology from the University of Lille. His work is mainly focused on contested markets and prices. He first studied the marketization of state-owned companies, using the case of the French railway sector. He is now working on a project about the transformation of the porn industry in the age of platform capitalism, exploring the complex intertwining of social, economic and moral issues. *jean.finez@univ-grenoble-alpes.fr*

quested by the publisher. La Découverte's "Repères" are a collection of short synthesis books intended for a wide audience, including undergraduate students. The size of the bibliography is limited and has to focus on the literature available in French. So, we had to make choices. One frustration is that we were not able to include reflections on history and anthropology.

The second major difficulty was to decide which works we should include in our corpus. We decided not to mobilize the economists' works and theories on prices. This is obviously not due to a lack of interest on our part, but rather to give internal coherence to our book. We believe it is this choice that makes the book unique, since it really highlights the existing sociological literature. Generally speaking, we notice that economic sociologists feel less and less obliged to position themselves in relation to the economic sciences, particularly in order to criticize them, which seems to us to be a good thing!

The studies dealing with the question of prices and value in economics are so numerous that it would have been futile to try to make an extensive overview of them, and this was not the aim of the book. We considered that the dialogue between economics and sociology is beyond its scope. The interdisciplinary dialogue is therefore not at the heart of the book, but our work will, in our opinion, make it possible and easier. What sociology has already produced allows us to better build this dialogue by developing a clear proposal on the mechanisms of price setting.

Our work thus creates a basis for discussion that will allow us to go further both on a disciplinary and interdisciplinary level. It was a real challenge to try to think about prices and pricing based solely on the work of sociologists. This is part of a process of autonomy of sociology with respect to other disciplines, in accordance with the Durkheimian approach that we adopt.

You start your book by problematizing the notion of price. How do you define what is a price and how does it differ from other definitions both in economics and in economic sociology?

Our book was based on a definition of prices that built up gradually, as we read and summarized research. We ended up adopting a broad conception of prices. We assert that "a price can be conceived as the counterpart in money of a right to acquire or enjoy a good, a service or a labor force" (Eloire and Finez 2021, 6). This implies, of course, that prices emanate from exchanges made in socioeconomic spaces. But these prices are not necessarily the result of free transactions between atomized actors driven by their own interests, nor are they the products of competitive mechanisms. They can also be linked to other institutional processes, based on non-economic values or on public monopolies. This broad conception of prices allows us to include, too, different forms of compensation for work (wages, fees, bonuses, salaries, etc.) and to overcome an opposition which is regularly used in the literature, between prices and tariffs.

Some authors emphasize a structural opposition between, on the one hand, the administrative fixation of tariffs and, on the other, price formation in a competitive market. However, this opposition fails to take into account the hybrid nature of many empirical situations. As current events show, governments regulate the energy sector. It is true that the prices of petrol, gas or electricity depend on the level of supply and demand on the European or world markets. But in times of health or geopolitical crises, they intervene to protect households and firms from sharp price rises. In our book, we therefore propose considering price as a plural entity that can, depending on the situation, be called a tariff, a fee, a rate, a tax, a salary, etc. Thus, the book focuses on the mechanisms of price setting, which are often described in great detail in sociological research, and shows that these mechanisms vary according to the type of object exchanged, the actors involved, and the tools used.

In short, we did not want to limit the notion of price only to market prices, but instead to draw a continuum from the diversity of situations described in the empirical work of social scientists. Our choice to move away from the standard economic definition of price as the result of the encounter between supply and demand was ultimately fruitful. It highlights the plurality of actors, institutions, and practices involved in price setting. It also shows that prices can be set by a variety of mechanisms, such as auction, bargaining or administrative fixing.

What do you see as the relation between how economists and sociologists theorize prices?

When sociologists become interested in prices, the question of interdisciplinarity quickly arises. How to deal with prices, an object that spontaneously belongs to economics? Moreover, to do so in a context where neoclassical economists have produced a theory of market prices, which today dominates the common thought on this issue. This theory is no longer just a body of academic knowledge. It is incorporated into the social representations of prices used by the actors, and it has an effect on their actual practices. This is what Bourdieu calls a "theory effect," or what sociologists like Callon call "performativity."

In our book, we show that although sociological theorizations of prices exist, unlike economists, sociologists do not seek to build a single price-setting model. Rather, they start from specific empirical fields, such as contemporary art, financial products, foodstuffs, etc., in order to draw up contextualized analytical models that take into account the specificities of the goods exchanged and the concrete social practices of actors.

More generally, when reading this sociological literature on prices and pricing, one realizes that to set a single theory of price formation, which would be both ahistorical and universal, is neither likely possible nor even really desirable. This is not to say, however, that the development of theories on prices in sociology is in vain or that, as some authors say, a division of labor exists: to sociologists the empirical descriptions of price setting based on field surveys, and to economists the formulation of a general theory of prices. Rather, we consider that what exists is a plurality of empirical situations which result in the coexistence of different types of prices according to the social spaces considered, and there are therefore different ways of setting them, which do not all derive from the same model.

To consider that all prices are or should be governed by the so-called law of supply and demand, because competition is the basis of market efficiency, is a normative approach, already clearly outlined by Durkheim. This approach is undoubtedly dominant in economics, but it is far from being shared by all economists. In fact, many different schools of thought claim to follow an institutionalist approach (see, e.g., Orléan 2014). These researchers emphasize that regulation by the market, and its corollary the market price, are not the only legitimate form of organization of economic exchanges. If there are epistemological differences between sociology and economics, there also exist divergences within these disciplines. This explains the complexity of understanding prices. It is also what makes interdisciplinarity possible between economists and sociologists, as long as they share the same desire to place institutions at the core of the analysis.

You mentioned Durkheim. In your book you discuss the importance of the Durkheimian legacy in the sociology of prices. What is this legacy and what do you see as its main accomplishments?

Prices are social facts, and we propose considering them as things, without any preconceptions on our part. We do not seek to determine what is a "true" price, a "good" price or a "fair" price … We are interested in the way in which, in practice, social actors make prices.

Durkheim challenged the idea that the law of supply and demand is an explanatory principle of price setting. In his book *The Rules of Sociological Method*, he explains that this "law" is rather a maxim of action than a generalizable rule, which would be valid in all places and at all times. Indeed, historically, there are many situations where the supply and demand balance does not fully play out. It is then appropriate to examine these situations and to understand why some prices do not depend on the supply and demand mechanism. Several studies show that the effect of supply and demand on prices can be neutralized in the name of various religious, moral or political principles (see, for example, Thompson 1971; Zelizer 1994). Prices are also regulated in crisis situations, in an attempt to limit opportunistic behaviors of speculators and forms of enrichment deemed illegitimate, to avoid social inequalities, to limit the risks of revolt, etc.

In fact, investigations allow us to realize that the link between the level of price and the mechanism of supply and demand is not a given, or is in any case strongly tempered by other equally important social factors. And this is the second contribution of the Durkheimian approach: in order to understand the monetary value attributed to things, it is necessary to study prices empirically, considering them for what they are, which is the expression of beliefs and representations attributed to things, manifested in people's tastes and in their desire to appropriate these things. Things have no value or utility in themselves. What interests the sociologist of prices is therefore to know how prices are set in practice and in the reality of the society concerned.

How do the more recent works in economic sociology relate to this Durkheimian legacy? What do they draw from it and how do they differ?

It seems to us that much research in contemporary economic sociology refers, without specifying it, to what we call the Durkheimian approach to prices. In this perspective, price is not only an economic phenomenon, it is also a "worth" whose analysis refers to that of social facts. We realized that if prices are of interest to sociologists, it is because the basis of prices is above all made up of social practices. Price setting mobilizes individuals and institutions; it is a source of conflict, arrangements or strategies; and it presupposes devices, formulas or calculation instruments.

This statement is undoubtedly too general and should be tempered, since not all sociologists claim to be Durkheimians. In order to account for the diversity of sociological analyses of prices, the first chapter of our book is devoted to the presentation of two major perspectives. The first mobilizes the notion of quality

and analyzes prices through the practices of qualification of which they are an element. As for the second perspective, it focuses on valuation operations from before to after market exchanges and places prices within the continuum of measurement practices to which they belong. These two approaches complement, rather than oppose, each other and invite us to consider prices as the outcome of a wide range of pricing methods, which we have summarized into a typology.

You mention your typology. One of the main contributions of your work is to introduce a typology of prices. Could you talk a bit about how you developed your typology and why you think it is useful?

We asked ourselves the question of how to design the book. Several solutions were possible. First, we could have organized it by types of goods exchanged. But this did not seem satisfactory to us because it would not allow us to think about the common ways of pricing shared by different industries and about the existence of generic social mechanisms. Another way of proceeding could have been to draw on the approach of Jens Beckert, who, in his overview of the state of the art of sociological research on price formation, categorizes the studies according to the methodological and theoretical approaches adopted by the researchers. He thus identifies the institutional, cultural and network approaches (Beckert 2011).

We decided to proceed differently and to organize our book around a typology of prices. The identification of different types of prices is not original in itself. For example, economists are led to do this in order to distinguish prices according to how they are set, either by the free market or by the state administration. This is also what some sociologists have done: more than a century ago, Maurice Halbwachs was already engaged in this effort when he looked at the way consumers perceive prices. The sociologist showed that, depending on the situation, prices may be considered as "natural," "arbitrary" or "abusive" (Halbwachs 1912). With regard to our approach, the literature on the sociology of prices has led us to establish a typology of prices based on two criteria: the moment of pricing, and the level of competition.

The intersection of these two criteria leads to the identification of four different types of prices, which have to be seen as ideal types. We thus distinguish *self-regulated prices* (strong competition, and prices set during the transaction), *administered prices* (weak competition, and prices set before the transaction), *composed prices* (strong competition, and prices set before the transaction), and finally *bargained prices* (weak competition, and prices set during the transaction). This typology enables us to classify the multiple price-setting configurations described by sociologists, and to analyze, for a given commodity, the process of shift from one type of price to another. Our approach aims above all to describe plural empirical realities and to analyze, in the same movement, the various configurations that can be encountered in society. Of course, it is possible to develop alternative classifications based on other criteria, and if relevant it would be useful to supplement our typology with these other criteria in order to enhance our analytical framework.

The revival in the sociological interest in prices over the last thirty years largely coincides with a period in time when, in the majority of Western countries, prices were stable as inflation was low. It was therefore natural that sociological theories focused on explaining their stability. We are now in a situation where prices are changing across various markets. You start your book by saying that it will not deal with the problem of inflation. I would nevertheless like to ask whether you think that economic sociology has something to contribute to current discussions about inflation and the problem of price instability. This is something you seem to suggest, for example, when discussing the work of Boltanski and the idea of price as a test during moments of hyperinflation, or when you discuss how administered prices have historically been used as a tool to fight inflation.

Inflation is a phenomenon that is indeed primarily studied by economists, and our state of the art of sociological research on prices confirms it. Few works are really concerned with inflation, and we did not find any that attempt to explain it with a sociological theoretical framework. Will this phenomenon be definitively left to economists? We think it is too early to answer definitively, but if the current economic situation persists, it will certainly encourage sociologists to study it. This research could then be informed by a body of existing studies in the social sciences and humanities. For example, historians look at episodes of rising prices, and political scientists question the consequences of inflation on people, especially when they protest against prices that raise the cost of living.

In our view, the contribution of the sociology of prices is to also recall two elements. The first is that, in a given society, prices are interdependent, as Harrison White's concept of interface clearly shows (White 1981). The interface model asserts that a market is not bipartite (i.e., structured around supply and demand), but tripartite (i.e., based on exchanges between suppliers, producers and buyers). These three levels form a chain of interdependencies in which prices are a component of the market links between economic agents.

Negotiations between producers and their suppliers (called the upstream market) are then taken into account in the prices posted for buyers. And conversely, the success or failure of producers to sell their goods depends on volumes, and therefore on the bargaining power of producers toward their suppliers. The rise in raw material and energy prices – which is currently being observed in Europe and worldwide in the context of high inflation – is therefore mediated through these interdependence mechanisms within the interface structure.

The second element is that prices, even those freely set by private firms, are never independent of government regulations. Indeed, as shown by Neil Fligstein (2001), the state is involved in the formation of markets. Moreover, it can influence prices by various means: by blocking them (as in 1982 in France) or by granting discounts on the selling price (as in 2022 in France on the gasoline price) or even by taking control of an industry or a firm in order to set the selling price directly. Periods of high price instability highlight the dependence of pricing on the state and political power. Conversely, in periods of low inflation, as was mostly the case between the end of the 1980s and the beginning of the 2020s, the prevailing view is that prices are autonomous from all political decisions and freely set by economic agents.

You argue that recent works of economic sociologists show that studying prices can provide a vantage point to study larger historical changes happening in the economy, such as the rise of neoliberalism or the recent emergence of digital capitalism. Could you say a bit more about this?

Let us return to the two criteria of our typology. Changing the degree of competition in an industry, for example moving from a monopoly to a competition situation, affects the way a commodity is priced. The same is true when the timing of price setting changes, for example providing more bargaining opportunities for market participants. Thus, we consider that observing the way prices are set in a given society enables us to qualify the nature of its economic system. For example, the study of prices and pricing make it possible to distinguish a liberal economic system which allows actors to trade and compete freely, and a socialist system where the government intervenes and controls trade.

The rise of neoliberalism, which has been a future of the evolution of Western capitalism since the 1980s, can be analyzed through the way prices are set. This ideology gives increasing importance to competitive market mechanisms. As a result, the prices of drugs, of electricity supply or of hospital care services, which previously depended on state and administered procedures, are increasingly subject to competitive market mechanisms that change their nature and modify the behavior and practices of both producers and consumers.

Similarly, in order to adapt to competition or even to make the most of their quasi-monopoly situation, government-owned companies or firms partially under government control have been forced to change their business policies and increase their revenues by shifting the way they charge prices. Real-time computerized pricing systems have thus been developed since the 1990s. This is why certain train and plane tickets, whose prices were previously administered, are now sold using a yield management system. By using ever more sophisticated algorithms, these companies are now able to adjust their prices in real time, according to the level of demand and the profile of travelers, in order to maximize their profits.

There is a real challenge here for economic sociology to better understand the transformations taking place, since price setting is one of the key issues for companies involved in platform capitalism. The dominant players in these globalized markets, such as Uber, Amazon or Airbnb and many others, often from California and now also from China, are taking advantage of the new possibilities offered by digital technology to evolve their pricing system and sell at prices that are ever more advantageous for them, and ever better adjusted to their customers' propensity to pay. We can thus observe a phenomenon of price singularization, the ultimate goal being to propose a specific price for each buyer based on the digital data collected.

In short, our typology makes it possible to describe prices as they are, but also to consider how setting mechanisms are evolving and thus to see where the economy is moving. As mentioned earlier, depending on the historical period and the country, the prices of train tickets, electricity distribution or health care services may be governed by administered tariffs, or incorporate competition as much as possible, or even take into account the buyers' ability to pay through prices that vary constantly.

Finally, I would like to ask what you see as unresolved questions and fruitful avenues for future research in the sociology of prices?

We conceive of two avenues. The first would be to extend price analysis beyond the question of setting mechanisms. This would involve, for example, looking at the evolution of price levels and their effects, and studying in particular the way these fluctuations disrupt beliefs, systems of representation and the logics of price setting. One way of proceeding would be to link

the question of prices and pricing to other sociological approaches, oriented towards consumer issues or the social studies of finance, or even towards political economy approaches. Such an approach would make it possible to question more directly certain essential macroeconomic phenomena, such as inflation, or microeconomic phenomena, such as price elasticity.

The second avenue, linked to the first, would be to focus on the controversies surrounding prices. Prices are moral objects, which have no intrinsic value in themselves (nominal value) and which are the expression of a certain social power (relative value). The level of prices strongly influences the economic future of individuals (household standard of living, development of inequalities and feelings of injustice, etc.) and of society (economic development of a country, situation of public budgets, dependence of public authorities on the market and on private firms, etc.). This is why prices are at the center of many controversies and conflicts in the political, economic and social areas. Such a perspective would allow us to go beyond a reading that focuses solely on supply-side prices, or an analysis focused on price setting in the context of supply-demand interactions, in favor of an analysis which takes into account the subjectivities of those involved in economic exchanges. For example, how do customers perceive prices? Do they consider them unfair or legitimate, and why? Are they in a position to modify the level of prices, through contestation, negotiation or boycott?

Endnote

1 Eloire and Finez' book, *Sociologie des prix,* was published in 2021 by La Découverte.

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Predictions of electricity prices as embedded devices for coordinating European futures

Aleksandra Lis-Plesińska

Introduction

With the completion of mass electrification projects in Europe, electricity supply seemed to have gradually escaped the political attention of European publics. No more new villages to connect to the national power grid, no more political celebrations of remote communities entering modernity and sharing its achievements. Electricity supply, even if randomly exposed to delivery cuts, became a taken-for-granted good, an invisible, though acutely essential, part of modern economic infrastructure. With the centrally organized and largely state-controlled organization of electricity production and transmission, the European public could turn to other, more controversial goods and get politically excited about them. These times seem to be fading away as the electricity supply becomes more and more costly, driving up inflation in the whole of the European Union. The term *greenflation* was coined to grasp the inevitable increase in electricity prices – signaling that investments in new renewable energy infrastructures are now part of the European project. This project has taken shape from the beginning of the 2000s, when the European member states led by the European Commission started to devise climate and energy policies – turning concerns about climate change into industrial and economic policies for phasing out fossil fuels and enhancing energy efficiency in Europe.

Today, after two decades of the climate agenda being pushed forward and meticulously tied together with energy policies of the EU and each of the member states, the Russian war in Ukraine has shaken the confidence of the European leaders and added an acutely material reality to the debates on the security of energy supplies, electricity included. The threat of Russian aggression on other countries – the Baltic States or Poland – the sanction games touching upon energy fuel trade, and the prospect of a cold winter season bringing about new political unrest vis-à-vis national governments stir up debates about the value of energy supply and its future prices. And while concerns about climate change introduced a new environmental dimension to electricity valuation – one that has already been difficult to fully reconcile with the modernist logic of valuing electricity solely as part of well-functioning economic systems – the war introduced yet another, moral dimension. This new moral valuation puts the value of energy security, of peace and human life into a conflict – making debates about energy inherently linked to the questions of sacrifice and solidarity against the Russian aggressor. And while oil and natural gas made the headlines in relation to the current war, electricity, generated partly with these two highly politicized fuels, entered the spotlight as well.

Moral arguments related to the war inevitably colored the European debates on climate and energy policies and called into question the European future and its projects. The European Commission restated its devotion to renewable energy right after the outbreak of the war, brining in the security argument and calling Europe to become independent of Russian energy supplies by developing renewable energies locally. In this vision, the acceleration of energy transition – even at the cost of future high energy prices – is the best security strategy for contemporary Europe. Renewable energies are “freedom energies,” as German finance minister Christian Lindner recently put it. However, the threat of high energy costs, and the uncertainty of their future predictions, revived some old controversies and divides. In Poland, for example, the pro-coal voices became stronger, reclaiming coal as a guarantor of domestic energy security. Thus, the new moral dilemmas stretching far beyond attempts to reconcile the economic and environmental rationalities of European climate policies carved out a political space for reconsidering coal as a valuable fuel for con-

temporary Europe. All this in a paradoxical situation of the absence of European coal, not its abundance.

This article addresses the complex and ambivalent nature of current discussions on future electricity prices and their relation to national and European political projects. To embed the debates on electricity price predictions historically, I take the reader back to the beginning of 2000s, when the European Union Emission Trading Scheme (ETS) was established to set electrical energy in two regimes of valuation – economic and environmental. Electricity price predictions at that time serve as a point of reference for the builders of ETS – the central instrument of EU climate policies – and as a device for coordinating negotiations of its design. Consequently, the final shape of ETS is a political compromise between different visions of the future of electricity prices in particular member states, with environmental and economic rationales of EU climate policies not fully reconciled. Whether to protect national economies or global environment is still posed as a legitimate question when new climate policy targets are proposed.

In the article, I will address the difficulties in negotiating environmental and economic regimes of valuation for European economies by focusing on electricity price predictions as devices for coordinating future European projects, and the embedding of these devices into different organizational fields. In the time of pan-European inflation, the increase in electricity prices is a timely issue, as costs of energy are part of the inflation calculation. Price predictions, I argue, are devices some actors use to communicate their interests across organizational fields and to coordinate cross-market projects, the EU's green energy transition being one of them. However, as the analysis unveils, price predictions also allow actors to challenge the proposed projects openly, or direct attention toward alternatives – such as national economic growth or energy security – and propose alternative imagined futures to override the EU-driven visions. The focus on price predictions of embedded devices for coordinating European futures opens up broader questions regarding the ability of the EU's institutions to successfully carry out moral projects, especially if they touch upon the existing markets and fragile geopolitical positions of particular member states.

In the following part of the article, I discuss price predictions as market devices and make an argument for studying predictions of electricity prices as devices embedded in various organizational fields. Following in the footsteps of Eloire and Finez (in this issue), I take a Durkheimian perspective on prices, which considers them as things, without any preconceptions on the part of the researcher. Prices should be interesting to sociologists in the sense that they are made in practice by various social actors. From this angle, the law of supply and demand becomes "a maxim of action rather than a generalizable rule" (this issue) – a claim that can empirically be supported by a number of historical cases. I then go on to provide a brief examination of the 2008 ETS reform to develop a historical case about the way in which ETS evolved through various controversies about future electricity prices, especially with the participation of Polish industry and power sector representatives. In the conclusions, I show how these ambivalences and difficulties in reconciling logics of different fields have created difficulties in stabilizing the current discourse on the reasons for the increase in electricity prices.

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Price predictions as embedded devices for negotiating futures

In economic sociology, most attention has been paid to price formation processes as the outcomes of social and political forces (Eloire and Finez 2021; Beckert 2011; DiMaggio and Powell 1991; Fligstein 2001), but not much has been said thus far about the role of price predictions. While Latour said that science is politics by other means, I would say that electricity price predictions are the means of climate politics, and highlight their coordination and communication roles in politics. Price predictions have been studied by Caliskan (2007) in the Izmir cotton market, where he discovered that three types of prices are set during one day of trading cotton. Each type plays the role of "a prosthetic device deployed to further various trading objectives" (242), to end a trading day with a closing price. Caliskan's study (2007) may be the closest to the one I outline in this article. Each price set in the Izmir cotton market is not exactly a price prediction, but it is a proxy for the final price one can expect to obtain at the end of the trading day. While cotton market prices serve to further trading objectives, predictions of electricity prices further various political and economic agendas – at the EU and national levels.

Price predictions are thus a particular kind of expectation, though not necessarily referring solely to financial gains but also to a broader range of political and social objectives. As Beckert (2013) points out, "expectations, under conditions of uncertainty, are pretended representations of a future state of affairs" (226). This reduction makes it possible to make a decision as if the conditions for action were known. For example, in the case of ETS reforms, price predictions come across as exceptionally strong visions, ones that help to imagine potential costs and gains, losses and profits, and future market and political positions of a broad array of actors – businesses, industries, consumers and households as well as voters and the ruling governments. Price predictions can also stir up political conflicts; in the ETS case they functioned as fictional expectations and devices both for reducing and enhancing uncertainty, depending on whether a certain actor wanted to sustain or dismantle the proposed ETS system. For all these reasons, when price predictions are expressed about commodities that are perceived as being central to the performance of the economy – such as electricity – then the mobilization of various affected actors may also be very high.

This mobilization takes place within and across multiple fields and is shaped by their distinct structures. The EU can be examined as a complex organization of different market and political fields (Fligstein 2009), where coordination among them presents one of the main political challenges. Focus on fields, which can most generally be defined as "structures of relations of force" (Bourdieu 2005, 77), introduces the problem of power relations and power struggles to the analysis of price formation and their predictions. For example, a study of pricing looks in the fashion industry shows how the structure of the field of fashion, divided into two circuits of editorial modeling and commercial modeling, shapes the formation of prices for modeling jobs (Mears 2011). Development of these two circuits can be studied as a historical process of the formation of the fashion market as a quasi-artistic field with the economic logic reversed (Mears 2011). Price formation may also be influenced by legal rules as in the example of an oil spill caused by ExxonMobil in the Mexican Gulf, a case analyzed by Marion Fourcade (2011). The ETS reforms and other instruments of EU climate policies use legal rules to change the pricing principles of emission allowances, fuels, and thus also electricity.

As some researchers note, prices play a crucial role in making heterogeneous objects and services commensurable (Fourcade 2004; Aspers and Beckert 2008), thus indirectly coordinating economic exchange and action (Beckert 2011, 759). Prices are thus both formed in social relations and also communicate relations among actors, things, ideas and processes. Some relations, as Zelizer (1981) discovers in the case of insurance for children's life, cannot be priced, as they are regarded as being emotionally priceless and economically worthless (1036). Therefore, a tension may emerge between the socially perceived value of goods and their prices, the translation between which cannot always be achieved and successfully stabilized. Negotiations over the right price for a given value become even more evident when a given object becomes set within distinct principles of valuation (Boltanski and Thévenoth 2006; Stark 2009), or different orders of worth – the concept that fuses the dichotomy between value and values and recognizes "that all economies have a moral component" (Stark 2009, 19).

This is the case for electricity prices, which I examine in this article. Electricity – as a modern infrastructural *spiritus movens* of industrial production, households' daily functioning, state power, and almost every aspect of modern life – lies dormant beneath various things and processes that we explicitly value, such as light, movement, warmth, communication, speed, connection, sound. Sometimes the value of electricity – its worth – becomes apparent when its supply fails, which reminds us of its infrastructural position as we tend to notice infrastructures only when they break down (cf. Star and Bowker 1999). The explicit, policy-driven valuation of electricity in economic and climate/environmental terms is fairly recent and not necessarily intuitive or historically grounded. Debates on future electricity prices problematize this link – positively and negatively – making it possible to relate material futures of various European actors to the European moral projects of climate and energy security.

In this article, I examine one moment of the ETS, its 2008 reform, to examine how electricity prices became technically embedded in the EU's Emission Allowances market. We could argue after Hayek (1945) that in the time of negotiating market reforms, price predictions contain all the necessary information. However, a sociologist would add that this information needs to be interpreted and narrated by actors. Numbers do not speak for themselves, because actors' different embeddedness in market and political fields gives them different perspectives for reading the numbers. The field, with its sociopolitical structure and a cultural context, changes actors' perspectives and their interpretations. Actors' narratives establish links between climate policies and electricity prices to bring about new visions of the future. The political economy of electricity price predictions, I argue, lies at the heart of Europe's future-making, which is contingent on the reconciliation of two distinct regimes of valuation – economic and climate/environmental – differently

perceived by actors positioned within various economic and political fields.

Unpacking ETS: A market-based climate policy instrument for politicizing electricity prices

ETS was established by a 2003 Directive and started to operate in 2005. It is a market for trading allowances for CO_2 emissions and a policy tool for cutting these emissions. Initially, it covered several industry sectors, like steel, cement, paper, glass and electricity production. With time it reformed to include aviation, transportation and housing, though this is still ongoing. ETS is of double nature: it is a market and a policy instrument that commoditizes pollution – a mere externality of industrial production processes in the past (Engels 2006). As a market, ETS is constituted by the relation between supply and demand for European Union Allowances (EUA), and all social processes that stand behind the construction of each of them. One EUA is the equivalent of one ton of carbon dioxide. As a policy instrument, ETS is designed to cut carbon dioxide emissions. The construction of the EUA supply is where the roles of ETS as a market and as a policy instrument meet – making the construction of the rules according to which EUA is supplied to ETS participants the most controversial issue of the consequent phases of ETS reforms.

The supply of EUAs in the ETS is organized according to allocation procedures. Depending on whether allocation of EUAs is free of charge or not, companies from different sectors incur different costs for emitting carbon dioxide and the competition over EUAs shapes up differently. The incurred costs will be accounted for in companies' books (Engels 2009) and should be one of the factors to influence companies' decisions: whether to invest in new technologies to reduce greenhouse gas (GHG) emissions, divest in fossil fuels, or carry on with business as usual and keep buying EUAs to cover their own emissions. Methods of EUA allocation indirectly influence the position of particular companies on markets for goods that they produce – electricity, steel, cement, etc. If EUAs are to be purchased on a common ETS market, a heavy polluter, by bearing high costs of emissions, may lose competitive advantage against a company that pollutes less in the same sector. If prices of EUAs are high, in principle, companies should invest in low carbon technologies. However, by the time all investments bear fruit, the ECB predicts greenflation, that is, an increase in prices of different products due to the high costs of investment into greening various parts of the economy – in particular the electricity sector. Greenflation, even if the term suggests new, green reasons for the increase in prices, in principle means higher electricity prices and higher inflation in Europe.

For all the reasons outlined above, the consequent ETS reforms (2008, 2013/14 and 2018) engaged actors in complex processes of negotiating the construction of the supply side of ETS and the EUAs' allocation algorithms as well as the allocation of revenues from EUA trade. This mobilization, I argue, was organized with electricity price predictions as devices for negotiating the impacts of ETS on the economic and political situations of the European member states and industry sectors. And though ETS does not cover all economic sectors in Europe, its impact on electricity prices linked it to non-ETS sectors as well, including households. Predictions of electricity prices became central to today's debates on green transition and climate policies in Europe, stirring up a lot of emotions and blaming discourses.

While the EU administration persistently welcomed high prices for EUAs, and high electricity prices as the consequence of the former, national governments and some industry sectors consistently fought against it. It is thus at the intersection of national governments and EU-level administration, as well as at the intersection of various sectors of European economy, that electricity prices become embedded in different regimes of valuation: environmental and economic. This in turn makes it difficult to stabilize the discourse of blame and responsibility when electricity prices go up, as they are currently doing, and even harder when new moral concerns and orders of valuation enter debates on how electricity should be valued socially, economically and politically. The political economy of EUA valuation is thus embedded in various market and policy fields and takes place across them, facing the challenge of negotiating variously embedded interests and field-related perspectives.

In January 2008, the European Commission proposed amendments to the 2003 ETS Directive which introduced full auctions of EUAs for the power sector companies and partially free allocation of EUAs to industries based on performance benchmarks for the trading period 2013–2020. At that time, the European Commission assumed that the price of an EUA would be around 40 euros. The Impact Assessment study prepared by the European Commission, as an expert document accompanying the proposal of the new ETS Directive, predicted that the new ETS scheme would cause an average increase in the EU's electricity prices of around 22 percent. This figure served as a communication device that various economic and political actors in the European member states could refer to when evaluating consequences of the ETS re-

form for their economies. However, the 22 percent proved to be a problematic figure because it averaged out the potentially diverse impacts of the reform, thus causing most contention, for example, in Poland, the EU member state with around 90 percent of electricity produced from coal. In Poland, industry and power sector representatives interpreted the calculation of 22 percent as a "statistical hoax" that concealed the actual complexity and diversity of energy mixes across European countries (Interview with an industry expert, Warsaw, January 2009). Polish businesses and the government questioned the Commission's legitimacy to speak on behalf of Poland.

A Polish energy markets expert, Jankowski (2008), argued that full auctions for the power sector would increase electricity prices most harshly in Poland, the Czech Republic, Denmark and Bulgaria and to a much lesser extent in France, Austria, Germany and the UK. As to indirect costs, Poland would be most burdened. Many countries would avoid high costs by having significant proportions of nuclear, hydro or wind energy in their energy mixes. Jankowski argued that nuclear power plants and hydroelectric power stations would enjoy the greatest share of benefits on ETS: "The French EDF [Électricité de France] will be in an especially favorable position in the new ETS" (Jankowski 2008, 18). The Polish reports created a new device – predictions of electricity prices in Poland which could be communicated to the European Commission and compared with its own predictions. According to the Polish power sector and industry lobbying group, these figures represented the actual ("real") relations between the Polish electricity market and the proposed design of ETS.

This device enabled further interpretations and framing of relations between various actors on the electricity market in Europe. In a short article, the main Polish expert in the ETS negotiations, Żmijewski (2008b), outlined the main challenges faced by Poland as a result of the new ETS. According to him, the existing economic inequalities between countries would be perpetuated if industries and power sector companies from all over the European Union would have to purchase emission allowances on a common market. Smaller companies with less capital, like the Polish power sector companies for example, would have to bid against bigger ones in the pan-European auctions. The bigger and richer companies, like E.ON, RWE or EDF, would be able to invest more capital to buy out greater volumes of emission allowances (EUAs) while they were relatively cheap and sell them when they were more expensive and more in demand.

The point about the unequal positions of power sector companies on ETS was important in the light of the then expected privatization of the Polish power sector companies. The method of allocating EUAs through auctions could serve as an instrument for fostering cheap privatization of Polish electricity producers. Once the cost of purchasing EUAs grows, Polish electricity producers may have problems financing new projects and thus may have to look for more capital. One way of raising capital is privatization. And the fear among the Polish power sector companies and the government, the owner of most of the power sector companies in Poland, was that the post-2012 ETS would lower their value on the market. The consequence of the introduction of the new ETS, according to Żmijewski (2008a), would be that rich power sector companies based in, or owned by, old EU member states like Germany or France could more easily buy out companies in Central and Eastern Europe.

After the Commission published its Impact Assessment with price predictions for EUAs and the predicted average increase in electricity prices in the EU, actors started to propose narratives about the expected future on various markets as well as policy innovations for organizing EUA supply in the ETS. First, the Polish Ministry of Environment proposed to allocate free emission allowances to the Polish power sector companies. This was meant as an opt-out option from full auctioning for the existing power plants. Interestingly, however, the solution was soon transformed by the German power sector companies into extending free allocation to coal-fired power plants built in Poland in the future. A Finnish MEP pointed out during an interview with me that the idea of extending the derogation to coal-fired power plants built in the future came from the German power sector companies. Germany's RWE and German MEPs were in favor of free allocation of EUAs to future power generation facilities as they expected that German companies would buy shares in the Polish electricity market. The ETS reform, and predictions of EUAs and electricity prices, helped German companies to see themselves as part of the Polish electricity markets – and made this vision quite specific, and namely with free EUAs.

When the Polish government started to ask for free allowances for power plants, the European environmental NGOs condemned the idea. They perceived the strategy of the Polish government as being manipulated by the power producers, not only Polish companies but also the biggest power companies like RWE, Vattenfall or E.ON. In the NGOs' view, by asking for free allowances, the Polish government was depriving itself of revenues from full auctions that could fund the national budget. Instead, the Polish government protected companies from having to spend more money on climate protection. This way, NGOs argued, the Polish government decided to subsidize companies operating in Poland and the biggest European

utility companies interested in gaining a share in the Polish electricity market. Finally, the negotiated reform of ETS allowed Polish electricity producers to get EUAs for free. At the same time, revenues from EUA trade filled up Poland's state budget and were redistributed at the national level through various green energy support schemes. However, since 2022, electricity producers have to buy EUAs on the market, making the last ten years of the companies' virtually non-existent coal divestment strategies painfully visible on the citizens' electricity bills.

Conclusions

The focus on predictions of electricity prices as embedded coordination devices for negotiating futures opens up opportunities for building a broader research agenda of the political economy of the European Union's climate and energy policies. Predictions of electricity prices conceived of as coordination devices become an analytical lens through which various interests, values, fears, urgencies and concerns are expressed, and thus can be examined sociologically. Looking at the European project of climate policies through this lens allows us to access the complexity of actors' perspectives and make sense of them from the embedded perspective. Realizing that actors are embedded in various market and political fields makes it possible to understand the difficulties of working out common European perspectives.

Through the examination of the ETS negotiation, I argue, the price of emission allowances and electricity prices became systemically interlinked, as the cost of emissions became a permanent component of electricity production. The embeddedness, which I argue for, has several dimensions. ETS placed electricity within two distinct and not easily reconciled regimes of valuation – economic and climate/environmental. Additionally, as the supply of EUAs is administratively managed by the European Commission and profits from ETS trade are managed by national governments, electricity prices became embedded in the EU's complex multilevel governance and its politics. Moreover, as a policy instrument of the European green transition, ETS embedded electricity prices into the future visions of what the EU should be like. This embeddedness, I argue, resulted in the politicization of electricity price debates and opened up new questions about what the value of electricity is about – the performance of European industries, the comfort of European households and consumers, or the well-being of planet Earth exposed to climatic changes.

Today, when a violent war is taking place right across the border of several EU member states, gaining a common perspective may prove to be more difficult than in 2008. While in 2008 the issue at stake was the design of the ETS supply side, in 2022 the stakes are much higher, hinging upon the politically most salient values, such as security, freedom and peace. The relation between these different values and high prices of electricity, among other energy sources, has remained prone to being turned into a controversy about who is to blame. A return to coal and nuclear, the EU exit tendencies, utility monopolies, the controversial normalization of European greenflation, and the Russian war in Ukraine cannot help to stabilize the value of electricity across the EU member states and will lead to more political struggles. Electricity price prediction will remain both a weapon and a stake in those struggles. Electricity prices in contemporary Europe, I argue, lie at the heart of the politics of its future-making, which is burdened with conflictual logics of valuing this essential good – economic, climate/environmental, and today also security, freedom, and peace. The question thus remains whether moral projects proposed by the European Commission are not inherently self-defying by the virtue of having to interest and enroll so many different actors. With this thought, the paper contributes to a political reflection on the possibility of creating moral projects in the European Union where both the political and economic fields are multiple – diverse and multilevel – and actors within these fields have diverse interests and perspectives.

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Making inflation visible: How incremental price increases become a public problem

Marcin Serafin, Marlena Rycombel, and Marta Olcoń-Kubicka

What is "true" about society is more than a reflection of individual experiences, it is also a set of beliefs about the aggregated experience of others.

Joseph R. Gusfield, The Culture of Public Problems *(1984, 52)*

The assumption that inflation is clearly visible to everyone can only be made in the case of hyperinflation or when inflation is high enough that prices are changing significantly from one month to the next across various markets. This direct relation between high inflation and individual experiences of changing prices was well described by Maurice Halbwachs in his posthumously published book *The Collective Memory*. "Merely consider periods of rapid inflation," wrote Halbwachs, "when money plummets in value as prices uninterruptedly increase, and we must fix a new standard of values in mind from one day to the next, even from morning to evening" (Halbwachs 1980, 148). In such situations people can easily see inflation as they experience price increases on a daily basis (e.g., Widdig 2001; Heredia and Daniel 2019; Moreno 2020). It is no surprise that, under such conditions, inflation is not only visible but also quickly becomes a major political issue.

But the assumption about the visibility of inflation cannot be made as easily when we are dealing with what, following the historian Charles S. Maier, can be called "creeping inflation" (Maier 1978).[1] The relation between creeping inflation and individual experience of price increases is a convoluted one (Behrend 1966, 1981; Bates and Gabor 1986; Stanisławska 2019). In contrast to the situation of hyperinflation, in situations of creeping inflation prices do not change on an everyday basis. Their change is incremental. Creeping inflation is therefore much less visible to economic actors (Behrend 1966, 288). Various studies have shown that people's knowledge about both current and past prices is limited (e.g., Evanschitzky, Kenning, and Vogel 2004; Kemp and Willets 1996). Since people tend not to know the exact prices of many goods or how they change, this means that it is more challenging for them to recognize creeping inflation with its minor price variations. With creeping inflation it takes some time before price increases become large enough to be easily noticeable. And even if incremental price increases are recognized, they do not automatically become a political problem (Behrend 1981, 4). In market economies prices fluctuate all the time, usually without becoming a topic of moral indignation or public discussion.

In other words, creeping inflation could, in principle, go unnoticed, be ignored, normalized or explained away by people as regular price fluctuation. Yet, in practice, we often see it quickly turn into a major political issue.

How does creeping inflation become a political problem? This can be investigated by looking at what happened in Poland during the last quarter of 2021. During this time the official annual rate of inflation was between 5.9 and 8.6 percent. The average change in prices from one month to the next fluctuated around 1 percent. Prices grew by 1.1 percent from September 2021 to October, by 1 percent from October to November, and by 0.9 percent from November to December. From December 2021 to January of 2022, this ratio reached 1.9 percent, and the Russian invasion of Ukraine introduced the phase of more rapid changes in the monthly inflation rate. During 2021, the situation was very far from that described by Halbwachs, in which inflation is so high that prices change on a daily basis. Price increases were mostly incremental. Nevertheless, they were quickly noticed by the public opinion, and inflation rapidly became a major political issue.

In this essay we will outline some emerging themes from an ongoing project on the culture of inflation in Poland. We will argue that between September 2021 and January 2022 creeping inflation turned into what, following Joseph R. Gusfield, can be called

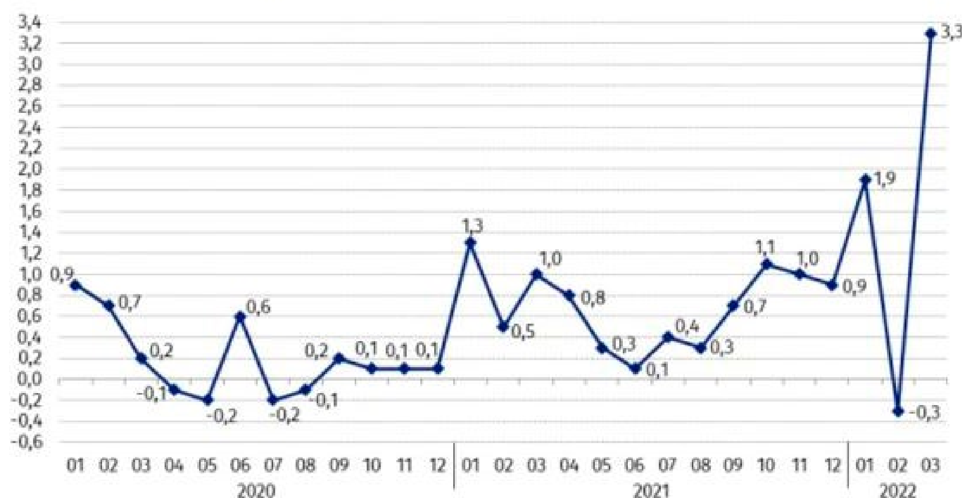

Figure 1. Changes in the prices of consumer goods and services in relation to the previous month (%)
Source: Central Statistical Office of Poland

a *public problem*, that is to say, into "something about which 'someone ought to do something'" (Gusfield 1984, 5). Drawing on Gusfield's theory of the culture of public problems, as well as on much more recent works on the sociology of statistics (Daniel and Lanata Briones 2019; de Santos 2009; Hirschman 2021), the culture of inflation (Neiburg 2006, 2010), and folk economics (Swedberg 2018), we will argue that an extended web of institutions, people, and artifacts helped make inflation visible, turning incremental price increases from a private issue into a public problem. We will focus on how *collective representations of inflation* coupled with a specific *rhetoric of inflation* drew public attention to incremental price increases. We conclude by making a case for an economic sociology of inflation that focuses on everyday experiences of price increases and the political and moral conflicts surrounding them.

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The private knowledge of prices and the public knowledge about inflation

To understand how people experience creeping inflation, we need to start with how individuals acquire knowledge of prices. Hilde Behrend, an industrial economist, studied perceptions of prices and attitudes towards inflation in the UK and Ireland throughout the 1960s and 1970s (Behrend 1966, 1978, 1981). She argued that people's knowledge of prices and their perception of inflation is grounded in "price images" (Behrend 1966). These price images are rarely fully correct, sometimes only more or less accurate, and often vague. Individuals know the exact prices of a limited number of goods, often those they buy frequently and as single items and not together with other goods (e.g., petrol, cigarettes, bread). Beyond a few essential goods, the price images people hold become more blurry (cf. Bates and Gabor 1986). According to Behrend, an individual's price images are influenced by what goods they buy and how often, but also by

their social characteristics: age, class, gender, income, and occupation (Behrend 1966, 286).

The sociologist Maurice Halbwachs made a similar observation when he argued that the images of prices and the experience of how prices change vary between different occupations (1980, 148; cf. Kemp and Willets 1996). According to Halbwachs, brokers, merchants, and wholesalers, who often engage in economic exchanges, are more likely to know current prices and quickly recognize when they change. In contrast, peasants, who engage in market transactions less often, are less up to date with prices and recognize more slowly when they change, as do customers who often have to be made aware of price changes by sellers. Finally, there are those who do not know the price of a product or how it has changed, as they have no experience of buying or selling it. To illustrate this, Halbwachs used Simiand's example of a shepherd living in the mountains who, having given a bowl of milk to a traveler, did not know what price to charge him and had to ask: "What would you have been charged in the city?" (Halbwachs 1980, 147). While it would be easy to dismiss Simiand's shepherd as irrational, in reality everyone is in a similar position in relation to those goods and services with which they have no experience: whether it is the case of a vegan's relation to the price of beef, a non-smoker's relation to the price of cigarettes, or most people's relation to the price of renting shipping containers – a significant cost that impacts the prices of many imported goods.

Although using different theoretical language than Behrend and Halbwachs, the neoclassical economist Kenneth Arrow made a similar observation when he wrote that: "In a world with a large number of commodities, even knowing the prices of relevant commodities involves the costly acquisition of certain kinds of information" (Arrow 1974, 10). This was true in Arrow's time, but it is even more true in the modern economy, in which there are more than twelve million products available on Amazon alone (see Block in this issue). There are simply too many prices to know and people have experience only with a tiny fraction of them.

The limited knowledge of prices in a world with an excess of prices to know means that people can only form their beliefs about inflation by somehow coping with this excess (cf. Abbott 2014). They can establish their beliefs about inflation based on individual goods like bread or petrol, on some individualized basket of goods (Stanisławska 2019), or on collective representations of how prices are changing across the economy, such as the consumer price index (Neiburg and Guyer 2017, 266–67) or inflation narratives (Andre et al. 2021; Müller et al. 2022).

To reiterate, people's price images are far from perfect. Unless prices become the subject of public discussion, which happens only under specific circumstances and usually with certain products such as food or energy (Lis-Plesińska in this issue), individuals usually acquire price images from personal experience. Since people often do not know exact prices for many goods, this means that, at least in principle, individuals could simply overlook creeping inflation for some time either because they are unaware of the new slightly higher prices or because they do not remember the previous slightly lower ones.

If this does not happen and creeping inflation is rarely overlooked, this is because, in contrast to private knowledge about prices, knowledge about inflation is to a much larger extent public knowledge. First, knowledge about inflation is public knowledge because it is collectively constructed and then shared. Knowledge about inflation is dependent on "knowledge infrastructures" (Hirschman 2021): an extended network of people, institutions, and technological devices that continually gather and process data on prices across various markets, allowing for the construction of the annual inflation rate (Daniel and Lanata Briones 2019). In order for inflation to be measured, millions of market transactions across thousands of goods have to be monitored, recorded, and aggregated (see Block in this issue). Once the annual rate of price increases across various markets is constructed, it sometimes becomes a *public number* (Neiburg 2010). As a public number, it begins to travel as people share it even though they have little personal knowledge of all the transactions that have contributed to its creation or understanding of the process behind their aggregation into a single figure. Second, inflation is public knowledge because how inflation is experienced depends not only on how individuals experience price increases but also on what they believe about how others are experiencing them as well. In Richard Swedberg's terminology, knowledge of prices is *primary doxa:* "thick everyday knowledge of economic affairs that is based on experiencing things yourself," while knowledge about inflation is *secondary doxa*: "everyday economic knowledge that is often based on imagined knowledge and knowledge that comes from others" (Swedberg 2018, 10). Put differently, beliefs about inflation are immersed in collective representations (Durkheim 1995).

Individual price increases can be observed directly during market transactions or by talking to others who have engaged in such transactions. In contrast, one cannot simply "see" inflation. Rather, inflation is perceived with the help of "instruments of imagination" (Beckert 2016), which help actors make sense of how prices are changing across the economy even though they have limited or no direct experience with the majority of those prices. As we will show, in

Poland, such instruments of imagination have included official statistics but also alternative "baskets of goods," "receipts of horror," as well as different forms of comedic representations. These collective representations of inflation, we will argue drew attention to incremental price increases that could otherwise have been overlooked.

When the annual rate of inflation becomes a fact-totem

The central instrument of imagination that helped make creeping inflation visible in Poland was the annual rate of inflation. In the course of the last four months of 2021, the annual inflation rate turned from just another economic indicator into a *fact-totem*. According to Martin de Santos, who developed this concept, fact-totems are "public numbers with wide media circulation and public attention that become linked to the central identity narratives of a collectivity" (de Santos 2009, 486).[2]

In 2021, the annual rate of inflation, calculated each month separately by the Central Statistical Office of Poland (GUS) and the statistical office of the European Union (Eurostat), began to capture the attention of not just the experts but also the broader public. The release of each new inflation figure began to be accompanied by a ritual in which economists on Twitter and in traditional media provided explanations of the number and made predictions of what would happen to it next. But, unlike the great majority of other economic indicators, the inflation rate began to circulate outside the small community of experts. It appeared on the front pages of printed editions of newspapers, on morning shows and evening news. The topic was discussed on social media: Facebook, Twitter, Youtube, and even TikTok. The annual inflation rate increasingly became the number through which the condition of the Polish economy was perceived and judged, more than GDP and more than unemployment figures or any other economic indicator.

As a fact-totem, the annual inflation rate began to be at the center of what, following de Santos, can be called *a statistical drama* (de Santos 2009, 483). Each month, the newly released inflation rate became another episode of this drama. The dramatic nature of the dominant inflation narrative can be illustrated by looking at the titles of newspaper articles across time: "Are we going to miss 5% inflation? Soon it may break a new threshold"; "Great increase in inflation. Where is the ceiling? Soon 7–8 %"; "Inflation at the beginning of 2022 'Minimum 10 %.'" Each article provided a micronarrative, a simple story of how prices have changed across the economy and why. Each article created fictional expectations of what will happen in the future. While providing a micronarrative by itself, each article also contributed another episode to the larger narrative of the statistical drama of what increasingly became referred to and collectively understood as a situation of "galloping inflation."

As de Santos pointed out, the power of a statistical drama is often fueled by *records* and *rankings*. On November 30, 2021, the most watched evening news program in Poland, Fakty TVN, opened with a story about inflation. The approximately three million viewers who likely tuned in that day heard the anchor begin the news by saying "Good evening. We start with a peak state of expensiveness (*drożyzna*) and a new peak in inflation." Behind her, against the dark blue screen, "7.7%" was written in large bold red font. The number, released earlier that day by the Polish statistical office, was what is known as "the early estimate" of the annual inflation rate. During the next few days, this early estimate was covered by multiple news outlets and websites, with headlines such as "The highest inflation in the XXI century – 7.7%" and "Inflation devours the income of Poles, it's the highest in 20 years!" One day after this figure was released, the far-right political party Confederation organized a press conference in the Polish parliament entitled "The highest inflation in this millennium."

But the power of the statistical drama of inflation was fueled not only by records but also by rankings. The inflation rate was given meaning by situating Poland in relation to other countries, as the following newspaper headlines illustrate: "In Europe only Hungary has a bigger problem," "Poland is catching up with Romania and running away from Hungary and Czechia."[3] After Eurostat published inflation data for October, a Polish news website published an article entitled "Inflation in the European Union. Poland fell from the podium of shame." In that month, the inflation rate in Poland, 6.4 percent, was lower than in Latvia, Estonia, Hungary, and Romania. Rankings provided power to the statistical drama of "galloping inflation" by showing Poland to be an outlier in Europe.

The way that records and rankings were incorporated into inflation narratives points to the larger issue of a specific *rhetoric of inflation* and the strong emotions at the center of it. Not only in tabloids but also in mainstream newspapers the rhetoric of inflation was full of strong emotions: anger, sadness, fear, and disappointment. Inflation rates below 8 percent and even below 6 percent were magnified with strong adjectives such as "high," "crazy," "raging," "rapid," and "horrendous." The rhetoric of inflation was also full of dramatic metaphors, which too provide power to economic narratives (Beckert and Bronk 2018, 10). Inflation was described, among other things, as if it was a

monster that is "devouring incomes"; an army that is "charging" and has to be stopped; or a fire that is "spreading" and needs to be extinguished quickly. Sometimes, the actual inflation rate was much less prominent than the strong language used to describe it.

In their now classic work, *Risk and Culture*, Mary Douglas and Aaron Wildavsky argued that different societies elevate different types of dangers. According to their theory, "the public perception of risk and its acceptable levels are collective constructs, a bit like language and a bit like aesthetic judgement" (1983, 186). The fact that the annual rate of inflation became a fact-totem illustrates how contemporary societies elevate the danger of inflation and how they collectively construct acceptable levels of it and of the risks associated with it. The statistical drama built around the fact-totem of the official inflation rate with its records, rankings, and a specific rhetoric helped to shed light on price increases at a time when – except for certain individual goods such as petrol, butter, oil, and bread – this change from one month to the next was incremental and could potentially easily be missed, ignored or treated as the regular price fluctuation of a single good, rather than be collectively attributed to the more general phenomenon of inflation.

Folk theories of inflation: State of expensiveness, baskets of goods, and receipts of horror

One way in which inflation was made visible was through the annual rate of inflation and the statistical drama surrounding it. However, parallel to the statistical drama told by experts, there was another inflation narrative shedding light on incremental price increases. This was a story about *drożyzna,* a word that became so laden with meaning over the course of 2021 that it becomes difficult to explain but can perhaps best be translated as "a state of expensiveness." If the annual rate of inflation was the product of scientific knowledge, the discussions around the state of expensiveness were the product of everyday knowledge and folk theories of inflation.

If the official inflation rate was measured by GUS and Eurostat using the annual rate of inflation, the state of expensiveness was measured by the media and consumers using different means. One was with "baskets of goods." Designed to compare two total prices for the same items at two different times, these baskets documented the change in prices of basic grocery items over a given period. In November 2021, a popular tabloid, *Super Express*, started publishing online weekly comparisons tracing how the prices of essential goods changed from one week to the next. Each week they recreated the act of buying the same basket of goods – meat, ham, cheese, butter, etc. – showing how prices are increasing in practice. They explained that they are launching the series because "a state of expensiveness is attacking us." Two weeks later, between November 24 and December 1 (pictured left, below), when the price of the basket of goods changed from 128.14 PLN [27.2 EUR] to 130.38 PLN (27.67 EUR), the tabloid commented "Galloping inflation is causing us to pay more when we shop." Without being spotlighted, such a minor change in prices could easily be overlooked or ignored as a normal price fluctuation.

A particularly popular way of measuring the state of expensiveness was "Duda's basket," named after the president of Poland, Andrzej Duda. Various news outlets and journalists compared prices by buying the same baskets of goods that were bought by the then presidential candidate during his 2015 campaign (pictured right, below). The tabloid *Fakt* wrote about Duda's basket: "**In March 2015 Duda's basket (without eggs) cost 29.13PLN (6.18 EUR), in September 2021 it was already 34.38 PLN** (7.32 EUR)**, and in November 2021, 38.01PLN** (8.1 EUR)**.** This means that **prices in Biedronka** [a supermarket chain] **increased over 10% during a bit more than two months!**" [emphasis in original]. At the time, according to official statistics, prices were changing 1 percent a month on average. Another journalist shared her results of looking at inflation through Duda's basket, explaining: *Compared to 7 years ago, prices increased (…) 80%. (…) And this is the real indicator of both inflation and price increase, of everything that has happened in recent years.*

While the official inflation rate was measured monthly by looking at annual changes in prices, the state of expensiveness was measured much more often and had different temporalities. Those with a shorter time frame highlighted how *quickly* prices were changing; those with longer temporalities), how *much* prices have changed over the years.

One way of measuring the state of expensiveness was with baskets of goods; the other was through "receipts of horror" [*paragony grozy*]. Before 2021, the phrase "receipts of horror" was used to express frustration related to the costs of summer holidays at the Baltic Sea. Receipts of horror symbolized horrendous prices for family meals in local restaurants. Published by tourists on their social media accounts, especially Twitter, the stories of receipts of horror were picked up by the media and became a summer phenomenon. But in 2021 the phrase "receipts of horror" began to be used to describe the everyday shopping experience. The feeling of "horror" that was previously connected to paying a high price for eating out and enjoying a treat during special, holiday time began to describe everyday experiences of prices.

Usually, a receipt is a private document that is exchanged between a buyer and a seller. It provides proof that a transaction has taken place. This proof can then be used, for example, for warranty claims by the buyer and for tax purposes by the seller. In the case of small or everyday purchases, a receipt is often either not taken from the shop, thrown out, or quickly lost. Sometimes, it might be kept to track household expenses (Halawa and Olcoń-Kubicka 2018). Nevertheless, it remains a private document.

But receipts of horror, photographed and shared on Facebook and Twitter, became public objects. This act of sharing a receipt with others drew attention to current prices but it also became a way for people to express their outrage and anger about the state of expensiveness. Receipts of horror turned prices and price increases from a private issue into a public problem, that is to say, into "matters of conflict and controversy in the arenas of public action" (Gusfield 1984, 5). With receipts of horror, prices were no longer something that could be taken for granted or ignored but had to be monitored (cf. Heredia and Daniel 2019, 9). In Halbwachs's terms, prices stopped being "natural" and became "abusive" (see Eloire and Finez, this issue).

This potential of receipts to create public controversy was fueled both by the media and by political parties. One Polish tabloid invited its readers to engage in sharing their receipts of horror, making it a recurring theme that people could recognize, identify with, and feel angry about. The tabloid started publishing portraits of people holding receipts in their hands, often standing in front of local supermarkets. Nowoczesna, a liberal opposition party, initiated the action of sending receipts to the prime minister to show the ruling government "the real image" of inflation: "Today we are launching the #DearPrimeMinister campaign all over Poland! Prices are rising and the government is watching it and not doing anything. Show your receipts, we will show them @MorawieckiM."[4] Through receipts of horror, prices became politicized.

Greta Krippner pointed out that inflation can become a focus of intense social conflict "when exposed" (Krippner 2011, 64). In Poland, creeping inflation was exposed not only by official statistics but also by the concept of a state of expensiveness, baskets of goods, and receipts of horror. These collective representations of inflation emerged from shopping practices and replaced an abstract, official inflation rate with clearly visible and, more importantly, personally experienced shifts in prices. Moreover, they exposed people to how others were experiencing prices and price increases, which in consequence impacted their own perceptions. As collective representations, the state of expensiveness, baskets of goods, and receipts of horror both drew attention to and contested the official inflation rate, helping incremental price increases become a public problem.

Folk humor about inflation

If baskets of goods and receipts of horror represented incremental price increases as a tragedy, the rhetoric of inflation also included the genre of comedy. This was particularly present in social media, where the power over information is more decentralized and wielded both by senders and recipients (Johann 2022). During the second half of 2021, social media became rife with jokes about inflation. During this time, the seriousness and solemnity prevalent in the traditional media contrasted with folk humor present in images, jokes, and TikTok and YouTube videos. While economic sociology has neglected the significance of laughter in economic life (cf. Bourdieu 1998, 112–13), this appearance in the second half of 2021 of an abundance of jokes and memes related to inflation should not be ignored. As Gusfield (1984, 103–04) pointed out, the genre of comedy plays an important role in the constructions of public problems, and this has historically been the case with inflation as well (Heredia and Daniel 2019, 11; Widdig 2001).

The predominant thread present in jocular narratives on inflation was loss. Humor coped with specific mourning – the loss of purchasing power of money and previous consumption lifestyle. On social media,

this detrimental effect of inflation was represented through the metaphor of contraction. While inflation grows, household income shrinks. Minuscule products, goods, and shopping carts represented creeping inflation as what can be called hypershrinkflation.[5]

At the end of October 2021, when the inflation rate was 6.8 percent, the meme pictured above appeared on Joemonster.org, a webpage liked by 250,000 Facebook users. The headline said: *Due to galloping inflation, the government, as a part of the "Full shopping cart for 10 PLN" program, introduces new shopping carts to stores*. An iteration of this meme also circulated on Demotywatory.pl, one of the most popular Polish webpages, with 1.8 million followers on Facebook.[6] Elsewhere, memes showing reduced food portions were jokingly displaying fear of diminished food rations coming with the worsening economic situation, supposedly brought about by inflation. The first headline below says: *Inflation? What inflation? I buy pizza for the same price as last year*. Since memes are replicable, the second headline is similar: *Inflation? What inflation? A pack of minced meat costs the same as last year*.

The threat of the diminishing purchasing power of money recurred in varied visual forms and was also expressed through the sense of the declining value of earnings. One of the most popular inflation memes juxtaposes the official inflation rate with an increase in wages. It reads: *When you got a 3% wage increase, but inflation is 7.8%*.

This image of an older man awkwardly and artificially smiling is often used online to symbolize uncomfortable situations, sadness, and mixed emotions.

It reappeared regularly online, each time with an updated monthly inflation rate: 5.9 percent in September 2021, 6.8 percent in October 2021, and 7.8 percent in November 2021. In each new iteration of the image, the outdated number was crossed out with a red line and replaced by the current rate. The meme demonstrates the informative power of online community – in which one does not have to read a newspaper or watch the evening news to be familiarized with the overall increase in prices. Images similar to this one, which incorporated data on the official inflation rate, helped to elevate the inflation rate to the status of a fact-totem. In this case, folk representations of inflation relied on expert knowledge and the existence of a particular public number to make the joke.

This dichotomy between the official pathos of expert knowledge and playful storytelling evokes Mikhail Bahktin's category of folk humor. The Russian scholar juxtaposed dull, evil, pious seriousness of official institutional narratives with liberating and grassroots folk humor that denies the severity of official life and helps overcome various human fears (Bakhtin 1984). According to Bakhtin, laughter is a response to threats and life struggles but offers recreation, respite, and hope. We see this characteristic of humor relating to inflation, which warned against the economic danger and articulated concerns about price increases. Jokes and memes spread information about price instability but also helped to overcome fears related to it. Laughing at inflation paradoxically facilitated already existing anxiety of a worsening economic situation, but at the same time it mitigated this fear with distancing humor.

Collective representations of inflation in the forms of jokes and memes created a community and provided refuge from the severity of the official inflation narratives. This simple acknowledgment of inflation's existence and its troublesome nature was shared by conventional and new media, expert knowledge and folk theories. Creeping inflation was thus turned into a public problem not only through official statistics becoming fact-totems and baskets of goods and receipts of horror generating anxiety and outrage about prices, but also through shared laughter.

Conclusion

Much of the debate around inflation has focused on explaining where it comes from, with two schools of thought, monetarists and structuralists, providing different explanations (Moreno 2020, 133–40). In this article we have instead focused not on where inflation comes from but how it is represented and experienced (Heredia and Daniel 2019; Neiburg 2006).[7]

We have argued that, unlike hyperinflation or high inflation, lower rates of inflation are not that easy to see. If individuals are nevertheless able to see creeping inflation and incremental price increases, we suggest that this is to a large extent because they have been brought to their attention by society: by the state that collects and processes data on market transactions and constructs the annual rate of inflation; by economists who first help construct this data and later provide interpretations and give meaning to it; by the media that distribute expert knowledge about inflation but also undermine this knowledge with alternative ways of measurement and folk theories of inflation; by political parties who politicize the issue; and by regular people who share their experience of price increases as pictures of receipts or as comic images.

A complex web of institutions, people, and artifacts helps individuals think about inflation. Thus, the fact that we often think of inflation in terms of the *annual* rate, and this annual rate is updated *monthly*, has its roots in this complex web and the rhythms of social life (cf. Durkheim 1995, 353–54). But this complex web also helps individuals feel about inflation: get scared, angry, relieved, disappointed or, much less often, find joy, laughter, and perhaps even, as Max Weber suggested (2019, 311–312), hope in it. As we saw in the case of Poland, there are plenty of strong emotions related to rates of inflation as low as 6 percent, and they should be taken into account, not only because emotions shape cognition and how people think about inflation but also because they impact economic action (Bandelj 2009).

We have distinguished between how individuals experience rising prices as a private issue and how societies turn inflation into a public problem. The latter cannot be understood as a simple aggregation of the former. What individuals believe about inflation is more than a reflection of how they individually experience price increases, as their beliefs about inflation are impacted by their beliefs about the aggregated experiences of others. As we have put it, drawing from Durkheim, how individuals experience inflation is impacted by various collective representations. Moreover, much seems to suggest that these collective representations end up shaping not only what individuals believe about inflation but also their different images of prices. This theory on the significance of collective representations for both how individuals experience inflation and their personal price images might help to make sense of what has been called "the inflation perception conundrum" (Abildgren and Kuchler 2021). It could help to explain such puzzles troubling economists as why "in inflationary periods people expect prices to rise and are likely to believe that the price of an item has gone up even over a period when it has in fact remained constant" (Bates and Gabor 1986, 299; see also Behrend 1981, 3) or why many people believe that prices have increased even during periods of deflation (Stanisławska 2019).

To conclude, Milton Friedman's notion that "inflation is always and everywhere a monetary phenomenon" prevents us from seeing how, to paraphrase Durkheim (1995, 9), inflation is an eminently social thing. What people believe about inflation and how they experience it emerges from a social process, in which some voices are more easily heard than others and some collective representations are more prevalent and powerful than others. It is worth studying this social process and asking such questions as: How do different people experience inflation? How do they measure it? How do they talk about it? How do they explain it? How do they react to it? How is the line drawn between acceptable and unacceptable inflation? Who gets blamed for inflation and who gets credit for fighting it? Economic sociology has much to contribute by studying the culture of inflation and investigating how the private issue of price increases becomes a public problem.

Endnotes

1 Maier distinguished four types of inflation in the twentieth century: hyperinflation with annual inflation above 100 percent, Latin inflation between 10 and 100 percent, creeping inflation under 10 percent, and stabilization and deflation. Other authors use different thresholds for creeping inflation (e.g., 5 percent) or do not use this notion but, for example, characterize inflation under 10 percent as "low" (Samuelson and Nordhaus 2009, 611).

2 For a discussion of the role of fact-totem in the context of the Swiss franc in Poland, see Halawa (2017), and for households see Halawa and Olcoń-Kubicka (2018).

3 In contrast, the main evening news program of the strongly pro-government public television used comparisons to build an exact opposite inflation narrative about how there was record inflation everywhere.

4 Twitter account of Mateusz Morawiecki, Polish prime minister.

5 The term *shrinkflation* has been used to describe the phenome-

non of how companies, rather than increasing prices, downsize packages. The process occurs not only at times of high inflation and often without consumer awareness.

6 In comparison, the most famous Polish tabloid, *Fakt*, has more than 1.1 million followers on Facebook and the most prominent Polish non-tabloid newspaper, *Gazeta Wyborcza*, has 720,000 followers.

7 A central question, much too big for this essay, is how the experience of inflation contributes to future inflation (see Beckert 2016, 125)

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Nigel Dodd (1965–2022) obituary

August 25, 2022

Nigel Dodd passed away in London on August 12, 2022, after a period of illness. Dodd was professor of sociology at the London School of Economics and Political Science, which he joined in 1995. He earned his doctorate in 1991 at the University of Cambridge, with Anthony Giddens as his supervisor. His dissertation was published in 1994 by Polity Press with the title *The Sociology of Money, Economics, Reason and Contemporary Society*. Dodd was the editor of Volume 12 of this publication (2010–2011).

Nigel Dodd belonged to the first generation of economic sociologists in Europe and was among those who actively formed the field. He had a very strong theoretical background. In some ways, the label sociological theory on economic phenomena would have worked equally well to capture the essence of Dodd's work. In an interview, available online, with Riad Azar, Dodd presents his view on theory in general. He wrote two books on money, or better said, on currency and money, a distinction that he felt some failed to draw. In the years between these two books, he published another, *Social Theory and Modernity*. His writing has an interesting and productive blend of sociology, philosophy, and history of ideas. This approach led him to pursue studies of utopian money, which positioned money in the context of society and the larger social movements that aim to reform society. These and other of his works show how well positioned he was not only in economic sociology but in sociology at large. During his editorship of this publication, then called *Economic Sociology: The European Electronic Newsletter*, he put a strong emphasis on money and finance but showed great variety in the voices and views he invited to be part of the conversation. Dodd's larger sociological mission must also be seen in his role as editor of the *British Journal of Sociology*, a mission he pursued to the end of his life.

The first time I had the privilege to meet Nigel Dodd was as a doctoral student at a conference in Stockholm more than twenty years ago. A few years later, I was lucky enough to sit in his office during my postdoc at the LSE and have good conversations with him about sociology and life. One issue we talked about, and from which I learned, was the relation between money and markets, a relation that is obvious but hard to theorize. I also worked with him to co-edit a volume, the title of which was Nigel's idea: *Re-Imagining Economic Sociology*, which connects well with his mission to go beyond the tradition and seek inspiration for theory development also from other spheres of life, including literature. Our paths crossed several times, but our interaction has now sadly come to an end, way too soon.

I am certainly not alone in missing him. He will be missed by his family, who were with him at the end, friends, and colleagues. Nigel was a person about whom people always spoke very well. I will personally remember him as a great scholar and a spiritual, positive, and lovely person.

Patrik Aspers, Professor of Sociology, University of St. Gallen

Book reviews

Adrienne Buller · 2022

The Value of a Whale: On the Illusions of Green Capitalism.

Manchester: Manchester University Press

Reviewer Clara Heinrich
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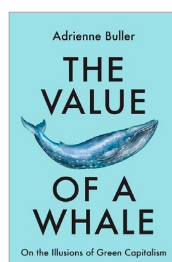

Despite urgent calls from climate scientists, biodiversity loss and global warming are accelerating at a dramatic pace. Against this background, Adrienne Buller, senior researcher at the progressive UK think tank Common Wealth, approaches the question "How is it that we remain so off course for meeting even the outer limits of safety when it comes to the climate and nature crises?" (p. 269). Confronting the globally dominant policy approaches addressing climate change with a reflection on their underlying ideas, institutions, and structures, the author develops a critique of present-day "green capitalism," questioning the objectivity often ascribed to market-based approaches and compellingly arguing that "economics is a social science, a political practice" (p. 56).

The author defines green capitalism as the current politico-economic order, which comprises three aspects: first, the distribution of power benefiting countries in the Global North and, increasingly, private actors in financial markets, such as asset managers, index providers, and rating agencies; second, the accelerating climate crisis; and third, the dominant ideology of what Buller calls "market-centrism," a term denoting "the combination of two perspectives: neoclassical economics and neoliberal statecraft" (p. 24). In this sense, her perspective draws on Slobodian (2018, 24), for whom neoliberalism is the "encasement" of the global economy to protect the interest of private capital, and on what Gabor (2021) has called the "Wall Street Consensus," the de-risking by the state to crowd in private investments. Green capitalism therefore serves two main purposes: generating new sites of accumulation, and sustaining the fundamentally unequal distributions of power and wealth in order to preserve the existing economic system.

Against this analytical scene, the author critically evaluates the instruments green capitalism has at its disposal to mitigate the climate crisis based on two criteria: material impact and additionality. As for carbon pricing and offsetting, Buller states that, aside from poor evidence regarding the effectiveness of measures like the European Union's Emissions Trading System, such instruments disregard the fact that decarbonization hinges on appropriate infrastructure and institutional frameworks, not on a price tag for carbon that too often does not apply to the biggest polluters. Furthermore, calculations underlying carbon-offsetting projects are often based on unrealistic and unproven assumptions, as in the case of carbon offsetting via forestation, where it is conventionally assumed that trees grow to one hundred years old and there is sufficient land and labor that these new domains for accumulation can take advantage of.

Although the chapters of the book are broadly dedicated to different topics, the reader is guided back and forth between learning about the ideological and institutional foundations of green capitalism, the inappropriateness of the measures it puts forward to mitigate climate risks, and the distribution of power serving green capitalism. For example, chapter six discusses the "green-growth" mentality of "replacing rather than reducing" that stands in the service of maintaining the status quo to which green capitalism is dedicated (p. 239). In this regard, Buller identifies the idea of decoupling emissions and GDP as an integral part of green capitalism. However, while the EU, OECD, and World Bank still propagate green growth as a global vision, the author convincingly argues that decoupling works only via outsourcing and eventually hinges on "exploiting the land, labour and resources of 'elsewheres'" – either as sites of accumulation or for externalizing the physical and ecological harm caused by the present economic system (p. 263). These "elsewheres" are in turn defined by power terms, which play a central role in Buller's book. In chapter five, she elaborates on power with regard to the "imperial mode," a concept coined by Brand and Wissen (2021) to account for the invisibility and externalization of exploitation and harm on which the consumption of those living in the European and North American capitalist centers relies. In chapter three, Buller discusses the "major shift in power in finance" (p. 111) with regard to what Braun (2020) has called "as-

set manager capitalism," arguing that the increasing concentration of assets in the hands of a few asset managers gives rise to "new laws of economic power," an "architecture of control, prediction and influence" (102, 111). Dispelling the myth that investing and investment are the same, Buller underlines the increasingly self-referential and extractive role of financial intermediation and argues that the rising power of asset managers, rating agencies, and index providers cements a continuing imbalance of power between poorer and wealthier countries. In light of these structural inequalities, Buller asserts that decarbonization requires the redistribution of wealth, consumption, and resources, both across and within countries.

If there was an argumentative counter-player to the book, it is William D. Nordhaus. He is repeatedly referred to throughout, for example when Buller criticizes the fact that despite being propagated as a basic condition of climate policies, cost-efficiency "does not in any sense require an ethical or fair outcome, nor […] an effective outcome" (p. 33). Cross-reading Nordhaus' recent book *The Spirit of Green* alongside Buller's piece makes for a very entertaining ensemble: Buller making a convincing case for the illusions of mainstream economic models on the one hand and Nordhaus defending these same models on the other, explaining that climate policies must address people's "behavioral anomalies" or "poor decisions" and aim at establishing the equilibrium of "marginal social costs and marginal social benefits of pollution" (Nordhaus 2021, 130, 144). It is precisely this rigid calculus of cost efficiency that Buller convincingly criticizes, stating that, given the urgency of preserving life on earth, "it is indefensible that the efficiency of meeting this life or death target should be placed above our actual ability and likelihood of meeting it" (p. 178).

The merit of Buller's book is not only that it suggests a conceptualization of "green capitalism" but also that it demonstrates how instruments like carbon markets, ESG ratings, the natural capital approach, ecosystem services, or biodiversity offsetting ignore "the complexity of our globalised economy" (p. 39) and are deployed primarily in the service of efficient accumulation rather than the prevention of environmental degradation. The author's well-developed and normative critique of green capitalist thinking underlying these measures could, however, have benefited even more from unpacking the circularity inherent in what she calls market-centrism: at the core of this ideology is a profoundly self-referential momentum that relies on ontological claims of an objective reality (Davidson 1996; Nelson and Katzenstein 2010). Therefore, market-centrist reasoning suffers from the inability to escape its own illusory conditionalities. Notwithstanding the compelling empirical insights and extensive bibliography of scientific literature, official documents, and journalistic articles, it is likely in the partially popular-scientific nature of the book – which makes it an entertaining and easy read – not to exploit this tension.

Buller touches on a wide range of topics and historical facts, each of which could certainly be the subject of a book of its own. More generally, these are questions on the interplay of the fundamental global inequality and financial markets that limits poorer countries' ability to acquire finance and, hence, deprives these countries of political sovereignty. Similarly present are emphases on the normative and political character of prices and ratings as well as the mechanisms and exercise of power through which green capitalism is preserved and continuously adapted. Additionally, Buller pulls together many illustrative examples, from the US project of building a city and nuclear base under Greenland's ice during the Cold War (Camp Century), to the inconsistencies of the oil company Total's "sustainability-linked bond," and the acts of fundamental injustice and environmental depletion surrounding lithium extraction in Chile. This interplay of entertaining anecdotes and a comprehensive account of present-day capitalism makes the book essential reading for anyone – whether academics or a general audience – interested in how the climate crisis relates to today's capitalist world and its injustices.

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Andreas Wiedemann · 2021

Indebted Societies: Credit and Welfare in Rich Democracies.

Cambridge: Cambridge University Press

Reviewer Niamh Mulcahy
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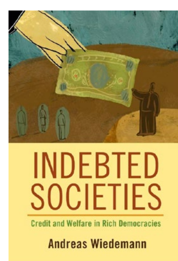

Growing personal debt has become a significant problem across North America and Western Europe, as levels outpace earnings and deplete savings, creating financially unstable households. Legislators and policy-makers have promoted financial literacy in order to educate households about risks, budgeting, and saving. But the causes of financial shortfalls, like unemployment or precarious work, insufficient wages, or time off for retraining, are not always addressed. *Indebted Societies: Credit and Welfare in Rich Democracies* by Andreas Wiedemann, Assistant Professor of Politics and International Relations at Princeton University, examines the turn toward debt as a necessary means of covering financial shortfalls in its relation to declining protection from welfare states. Developing a "social policy theory of everyday borrowing," Wiedemann shows how credit use depends on a "constellation of welfare institutions and credit regimes" (p. 7) that determine whether individuals require debt to help them through periods of income loss in the absence of benefits and social support, and how easily they can access credit markets. "Permissive credit regimes," or countries where borrowing is relatively easy, have higher levels of household borrowing compared with "restrictive credit regimes" (p. 6), where households have little access to credit markets and rely on loans from family and friends, or savings, instead. However, the structure of the welfare state is crucial to understanding how and why households use debt, as stronger systems of social assistance provide more support in a way that reduces the need to borrow in times of crisis. Wiedemann draws on data from Denmark, a permissive credit regime with strong state support, the United States, a permissive regime with weak state support, and Germany, a restrictive regime with strong support, to demonstrate how household credit reliance generally depends on state welfare policy and credit market regulation.

The book is divided into eight chapters, with chapter one, "Credit and Welfare in Rich Democracies," introducing the economic and policy determinants of indebtedness using the three case study countries. Chapter two, "A Social Policy Theory of Everyday Borrowing," elaborates on how welfare state policy and credit market regulation inform household debt use: welfare assistance "insulate[s] individuals from social risk" (p. 27), so that strong welfare states reduce the need for borrowing to cover unexpected shortfalls like periods of unemployment, life course events like pregnancy and raising children, or education and retraining. In the United States, where welfare protections are weak and credit access permissive, people borrow for lack of strong unemployment benefits and parental leave policies, or because of the high cost of education. In Germany, welfare support is stronger and household borrowing heavily restricted, so that people turn to the state for benefits, or draw upon savings and loans from family and friends to cover shortfalls. Denmark serves as an interesting comparison to both, since its stronger welfare state means that households do not have to accrue significant debt, while its permissive approach to credit enables those in a position to take risks to invest more easily in assets, such as a home. The third chapter of the book, "Financial Shortfalls and the Role of Welfare States," examines how welfare states ease income loss by providing payment transfers, such as benefits, that reduce the risk people are exposed to by volatile labor markets or life course disruptions. Wiedemann demonstrates how state support determines whether individuals also need personal debt. In the fourth chapter, "Credit Regimes and Patterns of Household Indebtedness," the author measures access to credit in the three case study countries, showing that credit regulation is key to understanding how much households borrow.

Chapter five is "Borrowing to Address Labor Market Risks" and investigates how households in Denmark, the United States, and Germany cope with periods of unemployment or disruptions to work and income, with Wiedemann noting high levels of borrowing among Americans, compared with greater state protections for Danish households. In Germany, households are encouraged to save: although workers in long-term permanent jobs benefit from a strong network of state support, savings are a primary source of support for everyone, and particularly those in a growing sector of peripheral short-term work with fewer benefits. "Borrowing during the Life Course," chapter six, similarly examines how households support themselves through pregnancy and parental leave, childcare and education, or leaving the job market to retrain. Wiede-

mann's extensive empirical analysis contrasts how families in Denmark and Germany are supported by strong welfare states with the financial burden American households experience when they lose jobs or take time out of work for personal reasons. Chapter seven, "The Political and Socioeconomic Consequences of Credit and Debt," provides a "theoretical framework that explains how access to credit and debt shape social policy preferences" (p. 201), where the lenses of personal wealth, attitudes to borrowing, and political ideology are empirically assessed in relation to support for welfare state policies.

The eighth and concluding chapter highlights the implications that Wiedemann has developed and illustrated throughout the book. Household finances, he notes, are inescapably entwined with financial markets, making debt management a necessity for many people, regardless of their appetite for risk. Debt has become a source of private welfare, with households receiving financial help in the form of credit to cover unforeseen or inevitable expenses. Unlike traditional welfare, which minimizes a host of collective risks by spreading them across society, credit and loans spread personal risks associated with default or high interest rates into the future, leaving borrowers to worry about possible consequences over their life course.

Wiedemann's analysis is highly insightful in its thorough illustration of the links between household borrowing and the availability of social support from the state. He makes a crucial point in arguing that welfare states need to address the social risks associated with flexible labor markets and income volatility that affect the workforce over its entire life course, if the question of problem debt is to be tackled. The transformation of the welfare state itself, however, receives lighter treatment in the book, with the retrenchment of services and restructuring of support that has taken place over a period of about forty years, in an often deliberate and aggressive fashion, described primarily as a failure of policy-makers "to adapt social policies to new labor market and life course realities" (p. 31). It is becoming clearer, in permissive credit regimes such as the United States and the United Kingdom, that welfare provision has not simply been rolled back in an attempt to motivate users into work or higher paying jobs, but has been actively restructured in a way that incorporates an element of risk into service delivery and benefit payments in order to encourage self-sufficiency. Thus, for example, households in subsidized accommodation may find their benefits reduced, or the cost of renting increased to approach market rates, while governments introduce low-rate mortgages targeted at low-income first-time home buyers to encourage homeownership among those who might otherwise only rent. The role that some welfare states play in shifting social policy toward risk-based benefits warrants further consideration when thinking about the insecurity people are exposed to when they acquire debt, and the reasons voters subsequently have for supporting or rejecting a variety of welfare policies.

Despite this, Wiedemann's social policy theory of everyday borrowing carries a lot of weight as an indication of the combined effect of welfare provision, labor market structure, and the accessibility of credit on the ability of individuals and households to mitigate uncertainty over the course of their lives. The notion of life course events as "social risks" (p. 4) emphasizes how easily anyone could go into debt as they manage everyday household decisions. By demonstrating how the question of precariousness is so closely entwined with social policy, in addition to labor and credit market regulation, *Indebted Societies* gives insight into how contemporary welfare states could adapt to best serve households experiencing financial pressure. Clearly written and convincingly argued, it is an interesting and worthwhile book.

Vili Lehdonvirta · 2022

Cloud Empires: How Digital Platforms are Overtaking the State and How We Can Regain Control.

Cambridge: MIT Press

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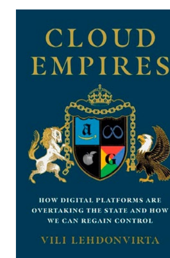

In *Cloud Empires* (2022) the economic sociologist Vili Lehdonvirta identifies how digital platforms are overtaking the state and aims to provide activists, organizers, and policy-makers with practical insights into how we can regain control. In in-depth case studies the author traces the evolution of Western online commerce and contributes to an introductory, long-needed comprehensive update of eco-

nomic history in the digital age. The main argument linking the biographies and ideas of entrepreneurs and political activists with the social structure of diverse platforms is that platform enterprises have become as powerful as nation-states by virtually reproducing and partially replacing their central regulatory authority. It is structured in three main parts addressing economic, political, and social institutions and developed by comparing how platforms, like the state, institutionally underpin the social order that the online market needs.

The book begins in the early 1980s, when online markets started and, in the first instance, virtually failed. The online social order of the day was ruled by cyber-libertarian values: spontaneous, community-based norms of reciprocity enforced by netizens outside of the state's tax-hungry iron cage. Yet, as Émile Durkheim argued almost a hundred years before, moral sentiments and informal social pressures are too weak to prevent and sanction fraud in modern large-scale markets. Trust between strangers as a precondition for market exchange is particularly important in the case of long-distance online markets, where money and goods of dispersed strangers do not change hands simultaneously. Not before private platform entrepreneurs formalized reputation mechanisms and provided identity verification of users on their online marketplace did exchange partners feel confident that each would keep their side of the bargain.

The bigger the online market grew, the more market failures needed to be solved. Delivering on the promise of social order without the state, platform enterprises, like the state, centralize, formalize, and constantly extend the reach of their social control. In software codes and contractual provisions they write the transnational laws of their cross-border marketplace, in which national laws often do not apply. In their interest, platform enterprises enforce their laws through their own dispute-resolution centers, which now resolve more cases globally than the public courts of any nation could handle. They decide on sanctions such as expulsion and on the respective rights and guarantees of each party in each conflict. Similar to states, platform enterprises regulate pricing and competition in labor markets. Upwork, for instance, introduced minimum rates and recommends current rates for self-employed work. Uber commands prices by algorithm. Both platform enterprises intervene in the supply of workers to get the price and their profit margins right. Similar to national borders, platform companies deny new entrants access to their transnational marketplace once demand is saturated. States levy taxes for providing regulatory infrastructures; platform enterprises levy fees for using them. Taxes and market goods are paid in legal tender – money – another precondition of a market economy. Comparable to central banks, private data banks secure trust in digital exchange currencies with repetitive rules, shielding rule enforcement from human intervention by decentralized peer-to-peer blockchain protocols. Machine-based or not, both bureaucracies nevertheless depend on political decisions by their human administrators to ensure that the monetary system works as they think it should. Since ancient times this has raised the political question of who should make the rules.

In the second and third parts of the book Lehdonvirta turns to political and social issues of the new platform "emperors" in the global town. Much like the early modern British Empire, platform companies formalize global rules, but they change and apply them arbitrarily in their own interest. To make matters worse, network effects do not leave many options for "the ruled" to resist usurious fees or unfair treatment. Platform users push back by organizing collective actions, but their chances of success are still slim and skewed in favor of the capital of a new bourgeoisie of business users. In contrast to those who depend on platform work to make their basic living, new wealth lends this digital middle class of business users economic and political clout to back their demands and face potential backlashes of their resistance to the "powerful platform ruler." Also related with social inequality, the platform business model profits from circumventing national labor rights, hollowing out welfare institutions, and avoiding state taxes that fund the latter. They thereby erode the complementary social institutions the state provides to protect human resources and secure social cohesion between social groups with conflicting interests. The market might not need them in the short term, but in the long run they guarantee the macro-stability of the social order the market economy depends on.

What is the solution? The problem of companies developing a dominant power position on the market and thereby accruing political power is not new. Yet, Lehdonvirta concludes that the old solutions of competing monopoly markets away or nationalizing natural monopolies are not effective to regulate platforms. The latter's product is not a commodity like any other, but a particular state-like set of rules, whose general utility diminishes, the smaller the number of users interacting precisely through them. Therefore, failures of a "market for rules" cannot be corrected through more competing suppliers of diverse rule sets. The economic value of platforms lies precisely in the fact that they create and enforce

one uniform and central regulatory infrastructure that enables frictionless global cross-border markets. This is why nationalizing the private infrastructures everybody needs was, for the author, a good option for the nationally bound past, but not for the digital future of a global single market. By nationalizing platform enterprises, the states of their national origin – today dominantly the US and China – would set the rules and values for the rest. Lehdonvirta suggests instead that policy-makers should make "platform rulers" accountable to the ruled by formulating laws and norms that virtually constitutionalize the relationship of platform companies to their users, and by strengthening the bargaining power of platform users' collective actions. Drawing from the social leadership of an emerging bourgeoisie that has successfully challenged the aristocracy of the past, the author proposes an external institutional underpinning of the economic and social forces of today's business users to lead the democratization of the platform aristocracy in the interest of all netizens.

These suggestions leave one wondering: If national solutions are not an option to democratically empower cross-border platform users that are affected by platform rule, where do the legitimate cross-border policy-makers that write a common platform constitution come from? What cross-border institutions have the capacity to enforce it, strengthen the bargaining power of locally disperse groups with diverse and at times antagonistic interests, and provide social welfare, all factors relative to varieties of offline national conditions? The author mentions the EU as a supra-national sovereign. Yet, looking to the General Data Protection Regulation, the EU's institutions are too weak to guarantee enforcement (ICCL 2021). Besides, this ignores the fact that a platform economy also concerns national populations beyond platform use. For example, as Kenney and Zysman (2019) stress, contracting self-employed people to circumvent legal liabilities has become a business trend also in US offline labor markets. If evading state laws drives the competitive advantage of global online markets and is accepted in order to enable them, how can the state prevent this at the national level, make its law count equally, and be accountable to its constituents? Finally, even libertarians should be concerned by a transnational platform enterprise that does what states should not, that is, in its own interest rule over and through the law (especially supply) and mechanism (price) of markets themselves, instead of being ruled by them. Is this, as Pistor (2020) puts it, "the end of markets"?

The politically explosive argument of platform companies as new state-like rulers has been voiced before (e.g., Pasquale 2017) but received little attention. Lehdonvirta gives it the systematic theoretical and compelling empirical support it needs to be heard and reacted to. Plus, the book is fun to read.

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