Book reviews

Adrienne Buller · 2022

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

Manchester: Manchester University Press

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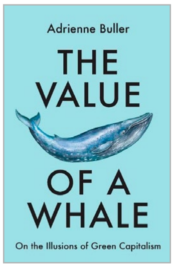

Despite urgent calls from climate scientists, biodiversity loss and global warming are accelerating at a dramatic pace. Against this background, Adrienne Buller, senior researcher at the progressive UK think tank Common Wealth, approaches the question "How is it that we remain so off course for meeting 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 "asset 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

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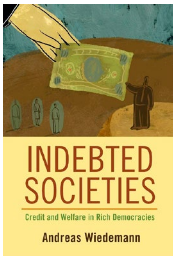

Growing personal debt has become a significant problem across North America and Western Europe, as levels outpace earnings and deplete savings, creating financially unstable households. Legislators and policy-makers have promoted financial literacy in order to educate households about risks, budgeting, 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. Wiedemann'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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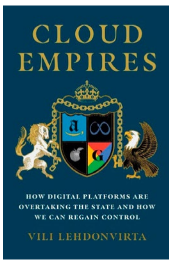

In *Cloud Empires* (2022) the economic sociologist Vili Lehdonvirta identifies how digital platforms are overtaking the state and aims to provide activists, organizers, and policy-makers with practical insights into how we can regain control. In in-depth case studies the author traces the evolution of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