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Note from the editor

Economic sociology in times of war

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Content

Since it was launched, *economic sociology. perspectives and conversations* (or, as it used to be known, *economic sociology_the european electronic newsletter*) has combined a focus on global topics, such as financialization, inequality, and climate change, with attention to important topics related to specific regions, such as the future of the euro, capitalism in Latin America, or economic sociology in Asia. Over the years, the local topics discussed have covered much of the globe.

This issue focuses on Central and Eastern Europe, a region already discussed before in this publication. In 2007, Nina Bandelj edited the issue "Economic Sociology of Postsocialist Transformations." At the time, the change from state socialism to capitalism was the central topic of economic sociology in this region. After 1989, the notion of postsocialism provided scholars with what, following Andrew Abbott, can be called a "generational paradigm" (Abbott 2001, 23–25), which shaped much of economic sociology from the region for more than two decades. Since the issue edited by Nina Bandelj was published, this interest in postsocialist transformation has been gradually fading, as many economic sociologists from the region have moved on to other topics, such as consumption, credit, housing, digital platforms, or illiberal backlash and the rise of populism.

Originally, this issue was supposed to spotlight this development or, to put it differently, to look at economic sociology after postsocialist transformations. But the Russian full-scale invasion of Ukraine and the horrors of the war changed those plans. Instead of looking more broadly at the recent developments of economic sociology in Central and Eastern Europe, this issue focuses on the war in Ukraine and its impact on the region and beyond. The impact of the war is, of course, mainly on and within Ukraine. But the war has also greatly impacted Russia, if only as a result of the extended economic sanctions. And the war is also widely felt in other countries of the region, which are in the position of having an armed conflict take place so close to their borders. The consequences of the war, however, also reach outside the region, as the war in Ukraine is not only a historical event, in the full theoretical sense of the term (Sewell 2005), but also a global one.

This issue sheds light on economic sociology from a region at a time of war. But it also aims to highlight the more global consequences of the armed conflict and, at the same time, contribute to the debate on the importance of what can be called an economic sociology of war. In their comprehensive overview of the significance of war in the history of social thought, Hans Joas and Wolfgang Knöbl (2013) pointed out the limited attention devoted to the subject in contemporary sociology. Criticizing this state of affairs, they argued that the study of war is not something that can be left to a subdiscipline of "military sociology" but rather should "provide points to the construction of a more empirically convincing sociological theory and theory of modernity" (Joas and Knöbl 2013, 5). While economic sociology, like much of contemporary sociology, has neglected the topic of war, focusing instead on economic processes in times of peace, the articles in this issue show that economic sociology can nevertheless contribute to such a theory. The theories developed in economic sociology can help us understand the various economic aspects of war and engage in debates on its causes and consequences. Moreover, studying economic processes in times of war can tell us something about them in times of peace as well, in a similar way as studying illegal markets helps us understand legal ones (Beckert and Dewey 2017).

In the first article of the issue, Fabio Parasecoli and Mihai Varga investigate how the war has impacted wheat markets and how this impact has reverberated around the globe. Their article shows how control over wheat trade became an element of the war. Parasecoli and Varga argue that, while the weaponization of food during war is not a new strategy, the consequences of this strategy have been amplified both by local structures of agriculture in Ukraine and by the globalization of supply chains and the deregulation and financialization of food commodities. Their article thus continues the topic of price instability and inflation of the previous issue, which made the point that in an economy not all prices are equally important. Since the previous issue came out, this idea has been put more formally by Isabella M. Weber, Jesús Lara Jáuregui, Lucas Teixeira, and Luiza Nassif Pires, who proposed the concept of a "systemically significant price" (Weber et al. 2022). Parasecoli and Varga show how a systemically significant price can not only contribute to inflation in times of peace but also become a weapon in times of war.

Their article is followed by Karolina Mikołajewska-Zając's, which focuses on the role of Airbnb during the war in Ukraine. In recent years, digital platforms like Twitter, Facebook, or Airbnb have become important actors during wars. Platforms have impacted the logistics of fighting and have played a central role in the distribution of information and misinformation. They have been used both for fundraising to finance war and humanitarian aid aimed at mitigating its effects. Mikołajewska-Zając's article on Airbnb's humanitarian aid shows that platforms are used to coordinate bottom-up activism but at the same time engage in top-down diplomacy as global political actors. She points out the dangers of digital philanthropy and discusses how philanthropy helps platforms establish legitimacy, which is crucial for them at a time when the legality of some of their actions are in question. If Parasecoli and Varga show that studying wheat trade in times of war helps us understand the financialization of food commodities, Mikołajewska-Zając shows that studying platforms in times of war can contribute to our understanding of the processes of digitalization and the emergence of what, following Katharina Pistor, can be called "digital statehood" (Pistor 2020).

The third article, by Maciej Kassner, revisits Karl Polanyi's writings on war. Polanyi has been a central figure in economic sociology, yet his writings on war have received little attention. Kassner argues that the topic of war was central for Polanyi not only in his magnum opus, *The Great Transformation,* but also in his other writings. Kassner shows that Polanyi's views on war can be opposed both to liberal and Marxist ideas on the subject, as the former often saw war as something that would become impossible in advanced

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capitalism and the latter saw war as an inevitable result of it. Kassner argues that Polanyi's ideas of war as a social institution and his critique of psychological and purely economic theories of war remain relevant today, as those types of theories have been used to explain the war in Ukraine.

Finally, the article by Gábor Scheiring provides an analysis of the specific moment in which this war is taking place. This moment is very different from the one in which the issue edited in 2007 by Nina Bandelj came out. At the time, this was just before the financial crisis, there was much optimism in Central and Eastern Europe about the future. Scheiring's article focuses on the decay of liberal democracy and the rise of populism and nationalism that has taken place since then. He ascribes this development to the exhaustion of the export-led growth model, which characterized many of the region's countries after 1989. He argues that by the end of the 2000s, this growth model had generated disillusionment and social disintegration and gave rise to different populist coalitions in Poland, Hungary, and the Czech Republic. The different composition of the coalitions in these three countries depended on how the exhaustion of the growth model and the social disintegration it created was managed by what Scheiring calls, following the growth models literature, the dominant social bloc. While contributing to an important regional discussion, Scheiring's article makes a more global theoretical claim as to the origins of democratic backsliding.

What these articles share is that, like much of the work that has appeared in this publication over the years, they look across the local and global dichotomy. They provide a glimpse into economic sociology from a region at a time of war, but they also outline some of the possibilities related to a larger research agenda on an economic sociology of war.

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War in the Ukrainian fields: The weaponization of international wheat trade

Fabio Parasecoli and Mihai Varga

The cost of food rose all over the world in 2022. The spike in the prices of bread was swift and shocking, partly because of its symbolic value in many countries and its importance as a staple, which turns its scarcity into a political issue. This phenomenon is particularly worrisome in low-income countries that import large amounts of wheat and where bread and flour constitute an important percentage of populations' daily food expenses (Abu Hatab 2022; ECLAC 2022). According to the FAO (Food and Agriculture Organization of the United Nations), while the global Food Price Index dropped 14.9% from its peak in March 2022, it is still 2.0% higher than in November 2021; when it comes to cereals, the Cereal Price Index remains at 11.1% above its November 2021 value (FAO 2022a). Even the EU, which according to the European Commission is more than self-sufficient for food, "with a massive agri-food trade surplus" (European Commission 2022, 2), has seen a sharp increase in consumer prices in general, including bread. In August 2022, its average price was 18% higher than the year before (Eurostat 2022a). However, in that same month, while in Central and Eastern Europe the bread price increase was around or above 30% (with a peak of over 60% in Hungary), in Switzerland, France, and Norway it was less than 10% (Eurostat 2022b). Such price spikes are a consequence of Russia's invasion of Eastern and Southern Ukraine on February 24, 2022.

Although various drivers have contributed to the rise in bread prices, including the cost of other ingredients, energy, and labor, in this article we focus on wheat, using it as a lens to examine broader and interconnected dynamics ranging from shifts in international relationships to the crisis of the ideal of free trade and changes in the global agricultural sector. We suggest that the empirical examination of the impact of the Ukrainian crisis on the flow, availability, and prices of wheat can shed light on the functioning of the contemporary circulation of food commodities and its impact on the living standard of millions of people around the world. Moreover, we frame our study of the impact of the Ukrainian war on wheat trade within the emerging debate on weaponized interdependence, applying its hypotheses and analytical tools to a global network based on the circulation of a physical commodity rather than on information and finance, which so far have constituted the main objects of research on weaponized interdependence (Drezner 2021).

After examining the global impact of the war on the wheat market, we analyze it in the framework of weaponized interdependence. We then proceed to explore the multilayered connections between the wheat market and the financialization of food commodities, the markets for energy and fertilizers, as well as swings in exchange rates and inflation. We next look more closely at the situation in Ukraine itself, showing how, in order to understand the full effects of the Russian attack and the Kremlin's ability to weaponize wheat trade, structural conditions and policy decisions need

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to be assessed at various levels, from the local to the regional, the national, and the global. We conclude with a brief reflection on how the weaponization of wheat trade in the Ukrainian war may be the harbinger of broader shifts in international diplomatic and global commercial arrangements.

Wheat and war: Weaponizing trade interdependence

From its inception, the war in Ukraine has stoked great fear of global shortages of wheat. Between 2000 and 2020, Russia grew 8.4% of the world's wheat, while Ukraine produced 3.1% (World Economic Forum 2022). However, the importance of the two countries in international wheat trade cannot be overstated: Russia is the world's largest exporter, with 13.1% of total global exports, while Ukraine is the fifth with 8.5% (Workman 2022). Their production constitutes all of Somalia's wheat imports and 80% of Egypt's (Harter 2022). Many Asian and African countries came to depend on the export potential of post-Soviet agroholdings in Kazakhstan, Russia, and Ukraine, often not only amassing land but also controlling the entire supply chain for wheat, from seed production to exporting from their own storage facilities in Black Sea ports.

Another factor increasing the risk of global food insecurity is that the UN World Food Programme (WFP) is highly dependent on Ukrainian wheat, covering close to half of its needs from Ukrainian producers before the war (Harter 2022). The WFP came under heavy pressure not only because of the disrupted Ukrainian exports but also because of a 44% increase in its operational costs due to lengthier freight routes and costlier fuels. The war directly affected the UN's capacity to respond to hunger emergencies in the Sahel region and Yemen, as there has been no sourcing from reserves of richer countries and no participation of richer countries in wheat purchases to support the WFP. The only intervention so far has been the Grain Initiative, the Turkey-intermediated Russia-Ukraine deal that has reopened ports in the Odessa region, allowing smaller farmers also to ship up to 30% of their production (fb/jd 2022). However, Russia's threats in the fall of 2022 to abandon the agreement show the fragility of the arrangement, which can suffer at any moment from war events (Holroyd 2022).

Because of the dependence of so many countries on Ukrainian and Russian wheat, its prices were immediately projected to increase right after the invasion. The blockages imposed by Russia on the Ukrainian wheat trade routes have compounded the limitation of wheat exports from Russia, due to international sanctions. Predictably, the prices of wheat have spiked all over the world. By March 8, 2022, the price of wheat futures increased 77% compared to January, to later decrease by 18% (Suppan 2022).

As a consequence, countries relying on wheat imports from Ukraine and Russia have seen a deterioration of their food security, which had already worsened in previous years due to the disruptions in global supply chains and the decrease in investments during COVID. This slump, however, was followed by a sudden rebound of demand when concerns about the pandemic started receding and the global economic outlook improved (FAO 2022b). Immediate policy responses during and after the pandemic in many countries have included restrictions on commodities exports, controls over prices, increase in subsidies to consumers, and renewed attention towards national grain reserves, all of which are likely to worsen shortages (World Bank 2022).

The centrality of Russian and Ukrainian wheat in terms of global food security has been weaponized, as the constant threats from the Kremlin to stop ships that transport grain out of Southern Ukrainian ports demonstrate. Facing sanctions and isolation from commodities trade and international financial flows, Russia has tried to leverage access to maritime exports – both its own and Ukraine's – for diplomatic and geopolitical purposes, while blaming the West for the rising prices of staples and high inflation. It is not the first time that food has been used as a weapon. Almost a million Russians starved to death during the Nazi siege of Leningrad in World War II. In 1967, the Nigerian army used hunger to overcome the secessionist rebellion in the eastern territory of Biafra. More recently, combatants in civil wars in Mozambique, Somalia, and Sudan have used access to food as part of their military strategies (Giovetti 2021). However, in this article we suggest that the current state of affairs is different. The impact of the war in Ukraine on wheat flows needs to be examined in the light of the broader dynamics that have shaped the global market for staple commodities in the past few decades. Such dynamics, based on the idea that an unfettered market is the best way to allocate global resources, include the push towards a reduction of trade barriers, the reduction of government interventions in the economy, and the privatization of resources.

At the same time, financial markets and their actors are increasingly involved in non-financial sectors, imposing their logics, practices, goals, and priorities on all economic activities, including food commodities markets (Epstein 2005). This phenomenon became particularly relevant after the 2008 financial crisis, when investors, from hedge funds to commodity index funds, venture capitalists, and sovereign wealth funds, turned their attention to food commodities and land markets as viable opportunities for profit (Baines 2017; Clapp 2014; Field 2016; Schmidt 2016). Such financialization has coincided with the expansion of the market for "futures," or agricultural financial derivatives, which the international community fails to properly regulate (Clapp and Helleiner 2012).

These decades-long developments have caused the governance in the global food system and its integrated supply chains to become greatly asymmetric and imbalanced. Rather than having a leveling effect, the current model of globalization has caused the emergence of "hierarchical economic networks" (Narlikar 2021, 290) organized around a few nodes controlled by a limited number of actors. These networks appear to have organized themselves according to a "hub and spoke" model in which certain actors find themselves in more strategic and more intensely connected positions that allow them to exert greater power (Aaltola 2005; Hafner-Burton, Kahler, and Montgomery 2009).

We argue that these structural arrangements make the food system vulnerable to new forms of weaponization (Farrell and Newman 2019). As Paul Krugman has observed, "conventional trade wars – in which nations try to exert economic power by restricting access to their markets – are no longer where the action is. Instead, economic power comes from the ability to restrict other countries' access to crucial goods, services, finance and information" (Krugman 2022). As the Russian strategy in the Black Sea indicates, the control over geographical hubs and nodes of the global food system allows well-positioned players to exert pressure on strategic points where they can choke the flow of goods and take advantage of vulnerabilities. However, such interventions can backfire in the long run, as these players' behavior can jeopardize their centrality in the network if other players try to sideline those who abuse their position (Drezner 2021, 1).

In the case of the wheat trade, however, it is not only the flow of grain (or lack thereof) that determines prices but also the overlapping but overall autonomous network of global stock markets in which futures for wheat and other food commodities have increased in volume and rapidity of circulation. Stock markets operate through completely different technologies: while the trade of physical wheat requires storage, shipping, and other material infrastructures, the trade of wheat futures works with information and communication technologies that, although depending on computers and energy, are increasingly cloud-based.

The former network is still anchored to temporalities of production depending on seasonality, plant biology, and soil ecologies, although the possibility of keeping wheat in stock for eight to twelve years, if stored well (Palmetto Industries 2022), affects both circulating amounts and prices, thus influencing the organization of the global market in relation to time (Dobeson and Kohl 2020). Financial trade operates instead in a temporal dimension where orders to buy and sell can be given instantaneously from any corner of the world, at any point in time. Moreover, the two networks also differ from the point of view of governance: while physical trade sees the presence of private and public actors, ranging from national government to international institutions, futures trade is dominated by private investors, with few regulatory limits.

The physical trade networks have been heavily impacted by war events in Ukraine. Their effects are in turn reinforced by the production landscape within the country, which we will examine closely to better understand interconnections and dependencies at the regional, national, and international levels. Although operating around different hubs, nodes, and choke points, both the physical trade networks and the financial futures networks are extremely relevant in conditioning the global prices of wheat and, ultimately, in determining to what extent whole populations around the world are able to nourish themselves. So far, only the physical trade network appears to have been intentionally weaponized, also because of the inability of international organizations to intervene effectively; nevertheless, the impact of such weaponization has been amplified by the dynamics within the financial futures network, regardless of the intentions of its actors, who carefully avoid taking a position on the war itself while focusing exclusively on profit.

The multilayered drivers behind the wheat trade crisis

The exploitation of wheat trade flows as just another instrument of war has had an immediate and intense impact on countries that depend on Russia and Ukraine for their wheat imports. Important to note, the rising food prices drive hunger in wheat-importing countries *without* any windfall for agricultural producers in Ukraine, who receive far lower prices than those prevalent in the global market (if they can sell their production at all, given the transport and storage problems detailed below). The high volatility of wheat prices is a major hunger-causing problem, although the steep price increases that followed the start of the war only partly depend on quantities available on the global markets or on the availability and price of inputs. Other mechanisms are in play, which we identify in this section.

As we mentioned, the role of the financialization of commodities trade in wheat price increases cannot be ignored. The futures market operates as a formidable device for amplifying scarcity, creating incentives for producers and traders in areas unaffected by the war and capable of export to postpone wheat sales (in the expectation of future price increases in the short- to mid-term) or to refuse buying up (and further distributing) wheat at inflated prices (Good 2022). Thanks to access to large datasets and fast computerized analysis, financial speculators can take advantage of risk, while other food system stakeholders instead experience crises and instability as terrifying, as they are not able to turn them into opportunities for profit. Currently, none of the international organizations working on the global response to the Ukraine crisis, such as the UN WFP and the World Bank, has taken on the regulation of the futures market as a key area of intervention. Furthermore, financialization dynamics are also in place in the market for farmland, connected with the value attributed to yield increases in a landscape of rising agricultural commodities prices, and with the unique consideration of land as both a factor of production and a reserve of value.

The war has also caused energy prices to experience sudden and wide swings, with direct effects on the cost of agricultural production, fertilizers, and transportation (Vo and Le 2021; Vu et al. 2020). Countries including the EU members, the United States, and Japan have imposed sanctions on Russian oil and natural gas. As a consequence, some energy corporations have suspended operations in Russia, while many traders have limited their involvement in Russian oil, as the sanctions have made transactions, insurance, and transportation more difficult. The US has contributed to limiting price spikes by releasing oil from strategic reserves, while many countries have tried to reduce their dependence on Russian energy, both through short-term strategies of substitution and deal-making with other energy-producing countries and through long-term plans focusing on transitioning away from fossil fuels. At the same time, however, China and India have increased their energy imports from Russia, while OPEC has diminished its output to avoid an excessive decrease in oil prices (Krauss, Stevenson, and Schmall 2022).

It is not the first time that uncertainties in the energy market have exacerbated a food crisis. It happened in the mid-1970s, following the first oil price shock in 1973, when the cost of agricultural inputs suddenly surged at the same time as crop failures in Russia forced the Soviet Union to buy huge quantities of wheat and corn from the United States at subsidized prices, decreasing the availability of wheat on the global market and causing its price to soar (Burns 1979, 9; Mooney 1975). It happened again in 2008, when the transmission of price instability was further complicated by the substitution of fossil fuels with biofuels, which in turn took land out of food production and put pressure on food prices (Ajanovic 2011). At the same time, in 2008 the impact of the food price spikes was amplified by the decision of some governments to isolate themselves from international markets in order to protect their populations. This has not been the case so far during the Ukrainian crisis, but other factors have come together to destabilize the global wheat market.

Connected with the rise of oil and natural gas prices, the cost of fertilizers has increased as well, worsening a global market that had already been negatively affected by worker shortages, factory shutdowns, and transportation issues during the COVID crisis (Jenkins 2022). Of the world's nitrogen fertilizers, 25% originate in Russia and are not available; what is more, the product that traders in European countries had already bought is not being sold because of the sanctions (Northam 2022). The sanctions have also been responsible for an increase in the cost of natural gas, used to manufacture fertilizers already made more expensive by the shortages in nitrogen; while US companies are less impacted, due to the local availability of natural gas, EU producers have been negatively affected.

The relatively high value of the dollar, caused both by the move of international investments towards a currency that is considered stable and safe and by the decision of the United States Federal Reserve to raise interest rates to reduce domestic inflation, has hit many importing countries. As commodities are often traded in dollars, governments have seen their expenses for wheat and other food commodities further increase (Belasen and Demirer 2019; Zhang, Dufour, and Galbraith 2016). Last but not least, global transportation is still reeling from the disruptions and supply chain bottlenecks caused by the COVID crisis, while the sanctions on Russian exports are deterring freight companies and shippers from moving any products coming from Russia. As a result, the decrease in export volumes of wheat from Ukraine has been estimated at between 16 and 19 million metric tons, in addition to a gap of 2 to 3 million metric tons from Russia (McKinsey & Company 2022).

The increase in prices for energy and food, amplified by monetary and fiscal interventions meant to alleviate the impact of COVID on national economies and the rise in demand that has followed the end of the pandemic emergency, has contributed to high worldwide inflation, although countries may experience it differently depending on their specific context. Inflation is causing higher wages, higher costs of storage and transportation, and higher costs of borrowing, which in turn raise the costs of production of commodities in a vicious circle worsened by consumers' built-in expectations of increasing prices.

The impact of commodities financialization, energy flows, input availability, and exchange rate swings is particularly felt in countries that, from the 1980s, have embraced the structural adjustment policies sponsored by the World Bank and the International Monetary Fund. These institutions financed the debt many countries had incurred in the previous decade, when interest rates were low, in exchange for reforms inspired by the neoliberal economic theories of the so-called Washington consensus (Harvey 2005). These measures included the privatization of public enterprises and natural resources, as well as the opening to free trade and foreign direct investments, refocusing agriculture towards export, and limiting the role of governments through the elimination of subsidies and the export marketing boards that maintained price stability. Such policies caused a reduction in long-term investments in agricultural research and development, extension, and rural infrastructures while allowing a surge in imports of cheaper crops from richer countries and increasing dependence on them. In the following decades, the structural adjustment policies also facilitated the concentration of production and distribution in the hands of agribusinesses operating on principles of efficiency, high yields, and profit, often applying intensive agricultural techniques, labor arrangements, and land ownership practices that are dangerous for both social and environmental sustainability.

Neoliberal principles were also reflected in the agreements that established the World Trade Organization in 1994. Among these, the Agreement on Agriculture promotes the progressive conversion of non-tariff barriers (quotas, sanctions, embargoes) into tariffs, ensuring equal access to all members' markets; it aims to reduce export subsidies, thus increasing international competition, and it promotes the transition from subsidies to direct payments to farmers and other forms of support that are not directly connected to agricultural yields. The new international arrangements have not been favorable to most Global South countries, which however accepted them back in 1994 as their economies were still shaken by the structural adjustment policies and they did not enjoy strong negotiating positions. Specifically regarding wheat and other staple products such as rice and maize, which play an outsized role in ensuring food security in low-income countries, many governments have reduced their strategic stocks, partly taking advantage of the growing circulation of cheap commodities in the global market, partly to avoid the necessary immobilization of capital and cost of storage (Kask 2020; Wesseler 2020). The interdependence between exporting and importing that resulted from these changes was ripe to be weaponized.

The current situation in Ukraine

Because wheat is grown in specific places, each with its own characteristics, the global issues affecting the physical wheat trade and the impact of its weaponization cannot be decoupled from the dynamics on the ground within Ukraine. The Russian invasions of wheat-producing regions caught the post-communist Eurasian area utterly unprepared, as throughout the decades following the fall of communism reformers and international advisors focused on property rights over agricultural land, and not on building inclusive and resilient supply chains in the food economy; private property over land was the single (silver) bullet approach holding the promise of unleashing the area's agricultural potential, home to the world's most fertile agricultural land. But rather than highly productive entrepreneurial farms emerging from the introduction of property rights, post-communist Eurasia experienced a trend of extremely concentrated land use. Some of the world's largest agricultural corporations ("agroholdings") emerged on the ruins of former collective farms, each of the larger agroholdings controlling by the mid-2000s on hectares in the hundreds of thousands. Meanwhile, land ownership nominally remained in the hands of highly fragmented small agricultural producers (smallholders) and, more generally, rural and peri-urban dwellers. Smallholders and agroholdings together formed the "dualist" landscape of post-communist agriculture: agroholdings depended on smallholders for access to land (they most often lease rather than buy the land – especially in Ukraine – from smallholders), and smallholders depended on agroholdings for cheap inputs, allowing them to feed their families and local markets (Visser, Kuns, and Jehlička 2021; Varga 2023).

Only little attention was given to developing inclusive supply chains, leaving millions of smallholders to produce informally for local markets, in a pattern that international organizations like the IMF and the World Bank referred to as subsistence farming (Varga 2018). The current crisis reaches a Ukrainian population that – as in many other countries of post-communist Eurasia – combines consumption with production in peri-urban and rural areas; both consumers and producers, millions of Ukrainians (and Moldovans, Romanians, Tadjiks, etc.) not only consume food imported or produced by large agricultural producers but also produce food on their household plots, which they either consume in their households or sell on local markets.

This dual "prosumer" role of local populations at first sight suggests that they are highly resilient, as in past crises – most notably the transition recession of the 1990s, which saw a more disastrous deterioration of living standards than the US depression of the 1920s–1930s (Ghodsee and Orenstein 2021). In the 1990s, smallholders fed their families and communities, relieving welfare budgets and – through the substitutes they produced, such as potatoes – supporting Ukraine's and other countries' move to reach world market prices for wheat; smallholders thus directly contributed to the later success story of Ukrainian exports. But the approach advocated by states and international organizations vis-à-vis post-communist populations of small-scale producers was largely one of neglect, coupled with a near complete abandonment of the communist procurement system that bought up small farmers' production locally and processed it in specialized units. Instead, authorities and international organizations (the World Bank in particular) expected that land markets would "consolidate" agriculture to produce farmers more akin to Western European ones, incentivizing those "too small to grow" to sell their land and leave agriculture (Varga 2018).

Ukraine, a latecomer to land market liberalization, faced particularly intense criticism from the European Union, World Bank, and IMF for its agricultural land sales moratorium and lifted it following intense IMF and World Bank pressure in March 2020 (Bretton Woods Project 2020). But the workings of markets are trickier than assuming that higher prices for agricultural products or land drive production growth and investments; uncertainties abound over marketing possibilities and exclusion from credit, subventions, and leasing schemes. Three decades after the collapse of communism and facing a largely unprecedented combination of drought and war-induced production cost increases, smallholders in Ukraine and elsewhere in post-communist Eurasia are still alone with the task of commercializing production. In Eastern European EU member states, they are excluded from subventions (Kovács et al. 2022), which are usually available to larger actors – above one hectare – only, and they have no political representation (Velicu and Ogrezeanu 2022).

The start of the war plunged Ukraine's agriculture into an extremely challenging situation. Russian advances around the Azov Sea left Ukraine without the ports nearest to its highly productive Eastern region; attacks on Black Sea ports around Odessa and Mykolaiv and the occupation of Snake Island interrupted the Black Sea's role as the country's main export route for agricultural products to markets in Africa and Asia. Rocket attacks on the train connection that was nearest to Odessa – and that would have allowed Ukraine to more easily export via its Western neighbors' territory – destroyed the railway bridge over the Dniester estuary. The only export possibilities left for Africa- and Asia-destined production were lengthy and costly rail and road (truck) connections via Moldova and Romania, taking Ukrainian products to Romania's Black Sea port of Constanța; these routes were supplemented by railroad connections to Poland and Lithuania, helping reach Western markets.

The Russian retreat from Snake Island coupled with the Grain Initiative of summer 2022 – the latter being a rare instance of Russian-Ukrainian cooperation – provided relief by allowing ship transports from Odessa again. But the prices paid to Ukrainian producers were very low – despite the global explosion in food prices – as the last year's harvest could only leave the country slowly (before the Grain Initiative, at only one fifth of prewar export levels, as exporters had to replace Odessa with lengthy train, truck, and Danube ships to Romania). Due to the Grain Initiative, Ukrainian wheat exports went from one fifth of prewar levels in summer to three fifths by the end of October 2022 and Ukraine could cover more than half of the wheat quantities it shipped to the UN WFP before the war (APK-Inform 2022).

Despite the relief brought by the Grain Initiative, the situation remains difficult: major wheat-producing regions east of the Dnipro are occupied or severely affected by the war, with the harvest difficult to organize because of security threats, mines, the destruction of agricultural equipment, and the collapse of imports from Russia and Belarus, from fertilizer to diesel (Wengle and Dankevych 2022). Because of the threat of rocket attacks, ships willing to enter Odessa area ports do so without insurance and with great difficulties in attracting and retaining their crew members (Garcaliuc 2022). The 2022/23 harvest in Ukraine is projected to fall below usual levels by more than 30 million tons (equivalent to a 30% to 45% reduction) due to unharvested crops, reduction in planted fields, and decreased availability of inputs such as fuel and fertilizers (McKinsey & Company 2022).

The availability of transport and storage for agricultural products within Ukraine is highly unequal, with larger companies and agroholdings far more capable of covering the costs of transport routes lengthened by hundreds of kilometers. The Ukrainian government exempted farmers from military service, but not transporters (truck drivers), while those evading military service were insufficient in number given the steep increase in demand for their services. However, Ukraine's food security depends on helping farmers of all sizes, as smaller farmers are important for feeding local markets. While able to harvest in much of unoccupied Ukraine (including in the wheat-producing region of Odessa), the increases in input costs and the reduced availability of storage facilities are formidable challenges. There is little experience with reorganizing supply chains under extreme crisis conditions. This is unsurprising given that – following international advice, the same as for most of the region's countries – there was little concern for ensuring coordination and planning across food production chains. Such coordination could ensure, as in Soviet times, some centralized collection system for agricultural products, and centralized purchase and distribution of production inputs such as fertilizers.

Is weaponization of food commodities inevitable?

The examination of the impact of the war in Ukraine on global wheat trade and the multilayered physical and financial networks determining it points to the impact of local, regional, and national socioeconomic contexts in the establishment of nodes and chokepoints that generate power imbalances and allow for various levels of weaponization. The events on the field in Ukraine and their impact on various wheat export routes, the behaviors of Ukrainian agroholdings and smallholders, as well as Russia's tactical moves on the ground, have repercussions well beyond the region, with consequences for international diplomacy, global commercial arrangements, and worldwide financial institutions. Is the idea that free trade promotes peace through integration and interdependence defunct? Is a high degree of interdependence a liability, as it can be easily weaponized? Are we looking at the dawn of a new era of isolationism or, at least, of limitation of the free flow of goods that was presented as inevitable to diminish transaction costs and give rise to greater market efficiencies? Is it the end of what has been described as "hyperglobalization" (Subramanian and Kessler 2013)?

The advance of populist or illiberal governments in many countries, together with a growing emphasis on their political sovereignty and a critique of the existing power relations, have caused changes in international relations that are reflected in global trade. Populist politicians have been asserting that countries need to be more self-sufficient to limit the risk of widespread food insecurity and to ensure resilience against shocks ranging from disasters caused by climate change to pandemics, financial crises, and wars. However, these strategies would require investments in research and development to improve agriculture, diversification of staple production, and an increase in well-stored strategic reserves of grains and other staples (Stober 2022).

The World Trade Organization does not seem to be able to rethink itself (Di Sisto 2022). Its inability to implement the reform proposals put forward in the 2001 Doha meeting of the member states' trade ministers led to its failure to face crises such as that of 2008. Moreover, crucial functions of the organization, such as dispute settlement and negotiation, appear to have become ineffective, also due to the turn of major powers towards bilateral agreements. The recent agricultural trade wars between the US and China, started by the Trump administration and not halted during the Biden presidency, are examples of the new dynamics that have come to dominate global trade.

Against this background, countries have been trying to create new alliances and coalitions within the Global South in order to achieve better bargaining positions. The BRICS members (Brazil, Russia, India, China, and South Africa) have been questioning established arrangements and forms of interdependence that are considered as expressions of hegemony on the part of the US, the EU, and other countries such as Canada, Japan, and Australia. Their more flexible position towards Russia in terms of energy, finance, and food trade shows that the BRICS countries are looking for greater autonomy and power.

The shifting political landscape makes the weaponization of food commodities flows harder to defuse. Such dynamics cannot be addressed without taking into account what happens on the ground in both exporting and importing countries. Moreover, attempts at deweaponizing the physical trade of staples are likely to fail if the financialization of food commodities trade is not brought under control, which entails dealing with vastly different networks, actors, and technologies. Multilateral agreements regulating both the physical and the financial networks would seem necessary. Considering the current state of international relations, however, the planning and implementation of interventions in that direction is an issue that goes well beyond the scope of this article.

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Airbnb's humanitarian aid during the war in Ukraine: Indispensability, dependence, and platform politics

Karolina Mikołajewska-Zając

Introduction: Vernacular vs. scaled digitally organized humanitarian aid

When Russia attacked Ukraine in late February 2022, I immediately saw an outpour of bottom-up organizing amongst my Polish friends and colleagues that was oriented at providing shelter, food, and clothing to the hundreds of thousands of incoming refugees. Their work relied on an array of generic collaborative platform tools, such as countless Google docs and spreadsheets that were circulated via social media. Their actions relied on their embeddedness in the local context: their networks of contacts, including previous collaborations with nonprofits, the resources at their workplaces, and the information about most pressing needs coming from emergent volunteer groups. For instance, Warsaw's Grupa Zasoby, which launched on Facebook on the day the war began, turned into a professionalized volunteer collective that helped find homes for 5530 refugee families by April. The collective of about 600 volunteers set up a hub at Warsaw West Station, created an "online office" and its own bottom-up platform infrastructure connecting refugees with hosts (Bieńkowski 2022). This is just one of the rapidly formed and effective civil society initiatives that helped some of the 8.5m refugees who crossed the Polish border in 2022,[1] indispensable especially in the early weeks of the invasion when large-scale humanitarian aid institutions were nowhere to be seen (Dunn and Kaliszewska, 2023).

Their *vernacular* organizing practices, employing digital platforms "on the ground," can be contrasted with a *scaled*, top-down approach to helping those in need, leveraged by some of the biggest digital platform corporations. SpaceX provided Ukraine with Starlink terminals, which has not only been critical to the war effort but also kept the government and citizens connected (Iyengar 2022).[2] Social media clamped down on Russian state-run news outlets. Tech companies and their founders donated millions of dollars to humanitarian aid. Amidst those efforts, Airbnb announced it would shelter 100,000 refugees just four days after the war broke (Airbnb 2022a) and reported its dedication to further support Ukrainian refugees after fulfilling that goal (Airbnb 2022c). These are just some examples illustrating the point that digital platforms play a vital role during the war in Ukraine.

However, their engagement triggers questions regarding platform *dependence* in the context of war effort and humanitarian aid. In this paper, I analyze the activity of Airbnb in response to the war in Ukraine as an example. Drawing on Airbnb press releases, previous research on Airbnb's growth, and platformization more broadly, I place its current actions in the ecosystemic context of the company's earlier trajectory and its role in the growing platform dominance. The aim of the paper is to shed light on what it means for democratic societies when for-profit platforms become engaged in humanitarian aid – or participate in "philanthrocapitalism" (McGoey, Thiel, and West 2018).

I zoom in on three developments: the Airbnb users' initiative to "book" nights with Ukrainian hosts without intending to visit; the pledge of Airbnb.org, a charity associated with Airbnb, to house 100,000 Ukrainian refugees; and the platform's decision to deactivate listings in Russia, Belarus, and the Donbas region. I draw on the notion of platformization as an ongoing process of configuring people and things into specific kinds of economic relations by means of digital technology (Mackenzie 2018) and the notion of platforms as an emergent third institutional form alongside states and markets (Bratton 2015). In that context, Airbnb has been analyzed as a novel "constitutional actor" (Sheffi 2020), carving new modes of political action, such as "platform-mediated citizenship" (van Doorn 2020). With that in mind, my analysis remains attuned to the ecosystemic effects of platformization (Márton 2021; Mikołajewska-Zając et al. 2022). First, I analyze the pitfalls of directly donating to Airbnb hosts as likely supporting rather wealthy citizens and fueling Airbnb's corporate narrative that may help the company's lobbying efforts. Second, I posit that large-scale humanitarian aid organized *via* a charity with privileged access to the Airbnb platform not only redefines charitable activity but also runs the risk of making governments dependent on dominant platforms' humanitarianism. Finally, I discuss platform power that comes from deciding where to engage in relief efforts as part of the emergence of platforms as global political players, pointing to the danger of further reinforcing the cleavage between the Global North and South.

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"People-to-people": Donating to Airbnb hosts

In early March 2022, over 60,000 nights with Ukrainian hosts were booked by Airbnb users around the world, about half of them by US clients (Airbnb 2022b). The initiator of this action suggested this would be an effective way to "send immediate monetary assistance to people in hard-hit areas" (@quentin.quarantino 2022). Seeing an uptick in bookings with Ukrainian hosts, Airbnb quickly waived its fees.[3] While recognizing the genuine intentions of donors, the action became critiqued as an example of "thoughtless activism" fanned by "action bias," as doing something feels better than idly reading the news (Comerford 2022). This argument is underpinned by the recognition that those donations could be channeled to less privileged segments of the Ukrainian society, as Airbnb hosts are, for the most part, owners of investment properties.

But there is more to this critique if we consider Airbnb's search engine. While the details of its algorithms remain opaque, there are certain categories of hosts and properties that get promoted. These include "Superhosts," who need to have at least 10 bookings per year and to maintain an impeccable digital reputation (which requires responding to emails rapidly), and curated, high-end "Airbnb Plus" properties (whose hosts pay a fee to benefit from top placement). These are just two examples of mechanisms that promote *professional* Airbnb hosts, who oftentimes manage multiple listings. Airbnb has recently been described as putting in gear uneven business development using such computational mechanisms (Bosma and van Doorn 2022). Evidence from 167 countries shows that, on average, 59% of Airbnb listings are "professional accommodation offers" and only 8% are a room in a single home (Adamiak 2022). Moreover, professional hosts who operate multiple listings bring most earnings. New York City offers an extreme example of this dynamic: together, its top 10% hosts make nearly half of revenue and the bottom 80% earn just above 30% (Wachsmuth et al. 2018). In 2019, as much as 80% of Ukrainian Airbnb listings were based in cities (Adamiak 2022). Even if we do not know the exact breakdown of hosts' earnings, it is safe to assume that many donations reached some of the most privileged Ukrainians.

What we should also consider are the broader consequences of this initiative for the platform corporation. The idea to donate directly to Ukrainian Airbnb hosts was quickly picked up on Twitter by Airbnb cofounder Brian Chesky, who praised it as "such a cool idea from our community" (@bchesky 2022). In a press release, the bookings in Ukraine were described as a "grassroots movement" oriented at supporting local hosts (Airbnb 2022b). The grassroots movement is a trope with a longer history at Airbnb. The company has been positioning itself as a "people-to-people platform," a global movement aimed at positive social change, which involves economic and civic empowerment (van Doorn 2020). Over the years, it has been presenting carefully curated groups of middle-class homeowners renting out a spare room and using this side-revenue to provide for their families, suggesting they are representative of the entire community behind the short-term rentals platform (Yates 2021) – a picture that remains in stark contrast with the evidence from 167 countries cited above. Research shows the company has been engaging in "grassroots lobbying," that is, strategically mobilizing the hosts' communities as political advocates to lobby for lenient short-term rental regulations (van Doorn 2020; Yates 2021).

Such efforts have been particularly intensive in cities around the world experiencing over-tourism, which has been exacerbated by Airbnb's growth. There is growing evidence that amidst the broader "assetization" of housing stock (Birch and Muniesa 2020), Airbnb is one of the forces driving gentrification. The platform intensifies mass tourism and creates a "rent gap," as landlords recognize it is more profitable to turn rental units into holiday apartments. This results in the growth of rents for *all* long-term tenants, which over time erodes the affordable housing stock in cities (Garcia-López et al. 2020; Wachsmuth and Weisler 2018). Furthermore, many cities see a replacement of essential services (such as grocery shops) with instagrammable cafes, especially in areas with an influx of "lifestyle migrants" occupying Airbnb rentals (Maldonado-Guzmán 2022). In a self-reinforcing dynamic, this further boosts tourism, resulting in even higher accommodation prices and an intensified loss of residential housing (Yrigoy 2019). Some tourism-heavy cities, such as New Orleans, which initially welcomed the revenues from short-term rentals, began to see this dependency as increasingly problematic, as it intensifies housing problems (Lindeman 2019).

Cities such as Barcelona, Paris, Berlin, or San Francisco have been fighting against Airbnb growth on their own, but that has proven to be an uneven battle with uncertain outcomes. Seeking a systemic solution, 18 European cities formed a coalition to exert pressure on the EU to regulate short-term rentals transnationally (Erdem 2021), which made Airbnb shift the main focus of its lobbying in Europe to the EU level. The charitable engagement of Airbnb hosts may render the platform's "corporate harms less apparent to the public" (McGoey et al. 2018, 29) and as such may come in handy when the platform needs to battle against EU-wide regulatory frameworks curbing their business. In that context, the initiative to directly donate to Ukrainian hosts sets in motion a legitimacy exchange (Bowker 1993): the donors are validated, while Airbnb gains a novel narrative of members' generosity that is likely to boost its "grassroots lobbying" efforts to stifle short-term rental regulation.

Airbnb.org and the "generative entrenchment" of individuals and states

The pledge to provide free temporary housing to 100,000 refugees in vacant Airbnb rentals across the world, including Poland, Germany, and Hungary, which was orchestrated by the charitable organization Airbnb.org, further extends this narrative. Airbnb.org collaborated with 40 humanitarian aid organizations and reported it had reached its target at the end of August – and that it would continue to support Ukrainian refugees (Airbnb 2022c). To be clear: there is nothing disingenuous about this initiative, which relied on a global outpour of support, including not only free accommodation but also care work performed by Airbnb hosts, on top of donations to Airbnb.org. But it is crucial to consider the long-term effects of platformized humanitarian aid for the future resilience of democratic societies. Two elements in the earlier trajectory of aid programs at Airbnb are important in that context.

Airbnb describes its first humanitarian aid action as an idea of one of its New York hosts, who reached out to the platform's headquarters, asking "if she could offer her place for free to people who had to evacuate" in the wake of Hurricane Sandy in 2012 (Airbnb.org, n.d.). Apart from how this feeds into the narrative of Airbnb's "platform-mediated citizenship" (van Doorn 2020), the wording is very telling: a home owner *asked for permission* to let people other than Airbnb clients into her private property. The platform celebrates its hosts as industrious micro-entrepreneurs, but this narrative unveils them as subordinate to a de facto property arrangement encoded in the platform's Terms of Service – a user agreement that remains "contractual in form but mandatory in operation" (Cohen 2017, 154). It demonstrates the depth of hosts' "generative entrenchment" (Bratton 2015), that is, the consolidation of digital systems to reduce users' costs to invest more transactions into a platform and increase the costs of moving to another provider. A warning often raised in the context of the broader platform capitalism's logic of "trapping" or "captivating" people (Seaver 2019) is that participants become reduced to "users" whose protections are eroded when a dominant platform changes the rules of the game (e.g., the Terms of Service). An argument brought up less often is that the erosion of freedoms which comes with entrenchment pertains not only to consumption choices but also to civic society, a point to which I shall return shortly, after shedding light on the second element in the context of Airbnb's housing of Ukrainian refugees.

As indicated above, the initiative to host 100,000 refugees was coordinated by Airbnb.org, a public charity in the US established in 2019, which describes itself as an entity independent from Airbnb corporation but leveraging its digital platform. Before the formalization of Airbnb's charitable activities as a distinct organization, Airbnb launched numerous programs to help people fleeing wars and disasters, as well as frontline workers (for an overview, see Dolnicar and Zare 2021). But the legitimization of Airbnb.org as a charitable organization by US authorities is much more than merely another step in this unfolding trajectory. It sets a precedent whereby platform dominance in business terms, often achieved by evading or breaking local laws, becomes sanctioned as a valuable (or even indispensable) resource for humanitarian relief. Airbnb's tactic in many US cities is a case in point. For instance, in San Francisco, anti-hotelization provisions, shielding housing stock from being transformed into holiday rentals, were introduced decades before sharing economy platforms were established. Any use of Airbnb in its hometown prior to 2014, when short-term rentals first became regulated was simply illegal (Mikołajewska-Zając 2022). The foundation's humanitarian aid boosts Airbnb's legitimacy while strategically obscuring Airbnb's engagement in illegal business practices or in undermining the emergent regulations (see Beckert and Dewey 2017).

When Airbnb becomes a player in humanitarian aid, it may set in gear a self-reinforcing dynamic whereby it will increase its importance in that sphere by leveraging *data, scale,* and *rapid access.* Given its previous engagement – including the most recent program for housing Ukrainian refugees across the world – Airbnb.org is likely to build its legitimacy by emphasizing its *efficiency* in organizing aid *at a scale,* thanks to massive troves of data it amassed as a by-product of its previous humanitarian aid, a result inaccessible to smaller organizations without a privileged access to a dominant for-profit platform. This has a potential for dislodging smaller charities whose knowledge of local contexts may be critical for providing relief, or pushing them towards collaborating with Airbnb.org.

Previous research on platformization traced how platforms extend into ever more industries and sectors of society (Srnicek 2016; van Dijck, Poell, and De Waal 2018), emphasizing unique qualities of digital technology, such as open-endedness or product agnosticism (Kallinikos, Aaltonen, and Márton 2013). Adding to this debate, my argument echoes Shoshana Zuboff's (2019) concerns of platform capitalism working to undermine democratic institutions. Airbnb.org will be able to respond *rapidly,* offering access to vast resources which can be mobilized during a disaster: housing resources which are either dormant or can be temporarily reoriented to serve a non-business purpose, and hosts' free care work. In that way, it carries a double promise to act faster than bureaucratic states, thus relieving the latter from (part of) their responsibility and to reproduce civic, bottom-up mobilization *at a scale*. When lives are at stake, no government or civil society organization will say "no" to such help, and this is fully understandable.

However, leveraging short-term rentals in another domain is precisely what allows Airbnb to become "an increasingly central part of global urban infrastructures" (van Doorn 2020, 1815), as it enters a domain other than the business of short-term rentals. While this may not yet be raised often, there are suggestions that *governments* should pay the hefty bills for platform-mediated humanitarian aid (e.g., see Dolnicar and Zare 2021). Such a development would further exacerbate the self-reinforcing logic described above. And – returning to Hurricane Sandy and user entrenchment – it has also the potential to reinforce the notion that civil society engagement happens *via* corporate platforms. This would contribute to the erosion of the public sphere: those coming of age amidst platform dominance may increasingly encounter platforms as a "one-stop-shop," an infrastructure for all sorts of pursuits, including charitable and other civic engagement. This could not only diminish the visibility of established charitable organizations; it might also erode the collective knowledge of how to effectively organize. A study of social media organizing during Occupy protests serves as a cautionary tale: it shed light on a mass mobilization which quickly folded due to the lack of strategic organizational capacities (Tufekci 2017). These considerations should be brought back to the future of the democratic state. The potential erosion of civil society's capacities, including the loss of knowledge and of the diversity of organizational forms platforms are likely to contribute to, may make the latter even *more indispensable* for states.

Philanthropic platforms as global political actors

The points above should be considered together with Airbnb's role as a global political actor in the context of the company's decision to withdraw from Russia, Belarus, and the Donbas region (Airbnb 2022b), which came as part of a wave of multinational corporations shutting down their business in Russia, not only in compliance with sanctions imposed by their home counties but also on their own initiative (Isidore 2022)[4]. Recent research describes the dominant digital platforms as emergent transnational sovereigns, extending but also rebuilding the notion of transnational corporations as *private* sovereigns competing with the state (see Cohen 2017, 2019). Like corporations, platforms leverage economic power to enter relations with states outside the country where they are headquartered. But unlike multinationals, global digital platforms have *territories* (albeit created by means of protocols, data systems, and algorithms) and *populations*, whose day-to-day experience is shaped by platform corporations to an unprecedented degree (Cohen 2017, 199-203). As evident in the case of platforms' withdrawal from Russia, Airbnb and other platforms engage in *diplomacy* (Cohen 2017), leveraging precisely their territory and population characteristics (for instance, Facebook claims about 2.5b users, more than the combined population of China and India, and suggests it is more akin to a government than a company, see Pistor 2020). These developments invite a careful consideration of the effects that such platform diplomacy may give rise to in a longer perspective.

Preceding helping Ukrainian refugees was Airbnb's engagement during the 2015 earthquake in Nepal, the refugee crisis in the Balkan countries, in the aftermath of the 2016 Pulse nightclub shooting that affected the LGBT+ community in Florida, and hosting Muslim travelers affected by Trump's travel ban in 2017, to name just a few examples. Previous research analyzes the role these causes play in forging Airbnb participants as political subjects. The platform's Terms of Service become a "constitution" that creates "Airbnb citizens," who have consumer rights and civic obligations (Sheffi 2020). The latter include fighting discrimination and fostering "diversity, equity and inclusion" (Airbnb.org, 2022). But what I am also hoping to illuminate here is that Airbnb – as well as other platforms and multinationals – has great powers in deciding where to engage or disengage. I would argue that the list of conflicts or disasters where Airbnb has been offering aid is rather noncontroversial in the sense that it focuses on causes broadly supported in the Western liberal/progressive public sphere. Airbnb does not appear to take sides in long-lasting, complex conflicts. For instance, it was called out for offering listings on Occupied Palestinian Territory (OPT). Amnesty International described the platform's business there as illegal under international law (Amnesty International 2020). Airbnb reacted by declaring it would take those listings down, but that, in turn, triggered accusations of discrimination from Israel. Caught between a rock and a hard place, Airbnb announced it would not delist properties in OPT but would send all the profits from West Bank rentals to international aid organizations (Williams and Pierson 2019). In that case, Airbnb chose a solution that appears temporary and reversible, arguably to remain "neutral" and satisfy conflicting accusations.

Altogether, the criteria by which Airbnb.org decides where to help are nontransparent and may fluctuate over time. But we may suspect that the choices will not endanger Airbnb's bottom line. If Airbnb.org continues to grow by strategically leveraging the Airbnb platform, we may observe a bias towards humanitarian aid in the Global North, where Airbnb business has been well-established. In other words, platformed humanitarian aid has the potential to further exacerbate inequalities between the developed and developing regions of the world rather than diminishing them.

Conclusion

Russia's attack on Ukraine in early 2022 triggered widespread mobilization, which largely relies on digital technology, to help Ukrainian society. In contrast with local, bottom-up activism such as that of Grupa Zasoby in Warsaw during the early weeks of the war, the actions of global digital platforms attract much public attention due to the scale of their interventions. Importantly, their engagement increasingly redefines humanitarian aid in terms of *platform access*: as in its regular short-term rentals business, Airbnb connects those seeking shelter with its hosts. Its free care work is an indispensable part of Airbnb.org's offer. Their solidarity allows Airbnb to extend the narrative of its participants as a "people-to-people movement" that ultimately supports the company's bottom line. Airbnb's engagement in humanitarian aid – including the effort to house 100,000 Ukrainian refugees – is likely to be leveraged to support its "movement for deregulation" (Yates 2021), which contributes to the erosion of housing resources, especially in cities experiencing over-tourism. But this is not the only reason we should be wary of the growth of platformized "philanthrocapitalism": if the tech industry – such as Airbnb – is to "disrupt" charity and humanitarian aid, we should be vigilant of its potential to make governments ever more *dependent* on their systems.

The ethnographer Anna Lowenhaupt Tsing (2019) suggests that the notion of "growth" and its sibling "scalability" have been deeply ingrained in Western culture ever since the colonial plantations and the industrial revolution. What is the legacy of this growth today, she asks, and what might be the legacy of platformized digital growth as we know it? In the context of digitalization, as in the earlier history of growth, "scalable" projects can be expanded without changing their properties. In that way, Tsing posits, where scalability acts, meaningful diversity that is capable of deeply transforming society, is erased (Tsing 2019, 145). In the long term, we should be concerned about the effects of platform growth, which have the potential to erode the diversity of organizational forms (and the strategic capacities they carry) in the wider civil society. Their unchecked growth can contribute to the rejection of non-scalable knowledge apparent in local organizing practices and foster the notion of solidarity, care work, and charity as inevitably mediated by dominant commercial platforms. Altogether, we should be worried about the danger of a new form of platform dependency (Márton 2021; Mikołajewska-Zając, Márton, and Zundel 2022) fueled by widespread impulses of solidarity. Rather than relying on a single type of digital organizations, we should actively preserve a diversity of (digital) organizational forms in the charity and aid sectors, including highly effective ad hoc, ephemeral collectives like Grupa Zasoby, to maintain social resilience when facing the next crises to come. Over-specialization, such as reliance on a single type (and a limited number) of scaled-up digital organizations, does not equip us to cope with them well (Mikołajewska-Zając and Márton 2022).

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Endnotes

1 The current estimate is that about 1.5m of the refugees stayed in Poland for at least six months (see Buras 2022).

2 However, in early February 2023, SpaceX curbed Ukraine's use of Starlink for operating drones, stating that the company never allowed use of their technology for military purposes, only for civil and military communication purposes (Roulette 2023). While this remains outside the scope of this article, it is a case in point of platform dependence.

3 Airbnb has a split-fee business model, whereby the platform charges both clients and the hosts a percentage of the booking sum (the percentages may vary between countries, but the former group bears most of the fee costs). Waiving intermediary fees meant that the payments were transferred to Ukrainian hosts in their entirety.

4 However, a study published nearly a year after the invasion began states that only 8,5% of Western firms have divested from Russia (Evenett and Pisani 2023).

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Karl Polanyi on issues of war and peace

Maciej Kassner

The Russian full-scale invasion of Ukraine, which started in February 2022, forcefully brought war to the forefront of public and scholarly debates. In this essay, I propose to address the topic of war through the examination of Karl Polanyi's political writings.

At first sight, it may seem to be an odd choice. Admittedly, Polanyi's writings concerning war are scattered and relatively obscure.[1] There are, however, at least two reasons to engage in such inquiry. First, the experience of war is central to understanding Polanyi's life and thought. Between 1915 and 1917 Karl Polanyi served as an Austrian cavalry officer. During his time in the army, Polanyi suffered from depression, read and reread Shakespeare's Hamlet, converted to Protestantism, and contracted typhus, which led to his hospitalization (Dale 2016a, 41–71). Reflecting in 1919 on the meaning of World War I, Polanyi declared that "4 August 1914 shattered forever the materialistic blind faith in automatic progress."[2] From then on, he devoted considerable time and energy to the study of forces that tore apart nineteenth-century civilization. His opus magnum, *The Great Transformation*, can be read as an attempt to explain how the breakdown of international order resulting in World War II came about. Hence, examining Polanyi's views about war is important for understanding his intellectual *oeuvre*.

The second reason is more connected to contemporary events. Karl Polanyi was an eclectic thinker capable of learning from opposing traditions and conflicting currents of thought. In his political writings, he critically examined psychological theories of war, engaged in dialogue with the emerging tradition of political realism, and offered an interesting critique of Marxist theories of imperialism. Since the viewpoints Polanyi encountered display curious parallels to those that dominate contemporary debates, his arguments merit close examination. In this essay, I reconstruct Polanyi's writings on war and offer some speculations about the relevance of his ideas for understanding the present conflict in Ukraine.

War as an institution

In various lectures and addresses published posthumously in the collection *For a New West*, Polanyi formulated a thesis that war is a social institution (2014, 68 ff.). What does it mean? Polanyi is not very precise on this point. Or, to put it another way, it is clearer what he rejects than what he affirms. What Polanyi rejects are psychological theories of war that would seek to explain it by appealing to human nature. A psychological theory exists in conservative and progressive versions. As far as conservative theory is concerned, Polanyi referred to Luther's and Calvin's understanding of original sin (Polanyi 2014, 70). From this vantage point, war, like all political institutions, appears to be a manifestation of the old Adam. One variant of progressive theory was offered by Bertrand Russell in his book *Principles of Social Reconstruction*, which was first published in 1916. Russell distinguished there between the possessive impulse, responsible for capitalism and war, and the creative impulse credited for our capacity to enjoy love, art, and other good things in life. The upshot of Russell's argument was the thesis that capitalism, by overstimulating our possessive impulses, would eventually lead to war.

Polanyi believes the reasoning behind psychological theories of war to be fallacious. His argument

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here resembles the famous critique of the notion of *homo economicus* offered in *The Great Transformation* (Polanyi [1944] 2001, 45). Anthropological evidence suggests that people's behavior differs from culture to culture and no type of motive can be regarded as universal. Arguing against conservatism, Polanyi points out the existence of communities, such as Australian Aboriginals or Eskimo, that have lived for a long time without war. Great historical empires managed to abolish war on the territories for considerable periods. Finally, the conservative explanation is too general. After all, wars are waged for more specific reasons than deprived human nature. Against progressive theorists, Polanyi maintains that the question of war and peace needs to be treated at the institutional level. To say that war is a social institution is to maintain that it serves a purpose, namely the resolution of conflicts between territorial groupings. The problem is not so much that of replacing possessive impulses with constructive ones, as Bertrand Russell would have it, or of finding a "moral equivalent of war," as William James has famously argued (James 1995). Wars do not erupt because people derive some perverse pleasure from fighting but because there is no other way to settle disputes over contested territories.

How exactly can we construct international order in which war would not be necessary? Polanyi's answer to that question can be divided into two parts: economic and political. As far as the former is concerned, Polanyi maintained that peace depends on the proper ordering of economic life between nations. In his view, autarky or semi-autarky would lead to a drastic lowering of the standard of living and create incentives for imperial struggle over raw materials and access to colonial markets (Polanyi 2014, 87, 191). At the same time, an international regime should allow for freedom to regulate domestic markets and determine internal economic organization of a given country, be it capitalistic or socialistic. Hence, the two principles on which the new order should be based are "economic collaboration of governments" and "liberty to organize national life at will" (Polanyi 2001, 262). Lenin and Trotsky associated socialism with economic planning on a global scale. Polanyi refused to follow that route. In an essay called "Universal Capitalism or Regional Planning," he advocated for regional economic blocs cooperating through managed trade (Polanyi 2018a). In the concluding chapter of *The Great Transformation*, Polanyi envisioned a more multilateral solution like "federation" or "closer cooperation of friendly countries that could even be contemplated under nineteenth-century sovereignty" (Polanyi 2001, 261–62). Some scholars believe that the international regime created in Bretton Woods has met these objectives (Ruggie 1982).[3]

Balance of powers

Let us return now to the political dimension of international order. Some of Polanyi's contemporaries outlined institutional alternatives to war. For instance, John Dewey believed that war should be outlawed and disputes between nations settled by the international court (Howlett 1976). Others, like Bertrand Russell, put their faith in world government (Russell 1943–44). Karl Polanyi refused to follow such routes, which he considered hopelessly utopian. In a booklet called *Citizen and Foreign Policy* published in 1947 as a teaching manual for the Workers' Educational Association, Polanyi admits that no institution at present could replace war (1947a, 6–10). In the absence of some international authority, war cannot be permanently ruled out. Hence, Polanyi settles for a second best and tries to outline "constructive peace policies" that are designed to minimalize the probability of war.

To apprehend Polanyi's thinking on this matter we should briefly examine his relationship with the tradition of political realism, especially with the version of that doctrine held by Edward Carr.[4] In *The Great Transformation*, Polanyi famously characterized laissez-faire as a stark utopia. A similar claim was previously made by Carr in his *Twenty Years' Crisis*, a classic treatise on realism in international relations first published in 1939. Carr argued that a liberal attempt to reach peace through free trade is unrealistic for two reasons. First, it ignores the role that power plays in politics between nations. Peace cannot be achieved by alleged harmony of interests resulting from trade but must be based on a balance of power between main states. Second, laissez-faire ideology falsely assumes that the economy can be separated from politics. From Carr's perspective, a country's economic potential is simply one component of its total strength. As debates about such issues as imperialism, foreign investment, use of sanctions, or the degree of economic self-sufficiency required for national defense demonstrate, in international relations, politics and economy are closely entangled.

Following Carr, Polanyi believes that peace has to be based on the balance of power between superpowers or multiethnic empires. Interestingly enough, he illustrates this principle with a thought experiment. Polanyi invites his readers to imagine how a war can occur even if no state is initially willing to wage it. As he explains, "an unwanted war between countries A and B may, for instance, be caused by the disappearance of organized power in a country C which geographically lies between A and B" (Polanyi 1947a, 8). Here is why: The lack of a strong state in C creates a power vacuum. Under such circumstances, various domestic parties in country C will seek favors from neighboring superpowers. As a result, both A and B are likely to become engaged in the domestic affairs of C, even against their wishes. A similar scenario was played out in China after World War II, where both communist and nationalist leaders asked for foreign help in their domestic struggle (Polanyi 1947a, 8). Potential solutions for the problem of power vacuum include dividing the country into zones of influence, creating a condominium or a buffer state. In either case, the balance of power has to be restored. Peaceful coexistence between states could only be maintained by dividing the world into regional power blocks, even at the expense of the right of small nations to national self-determination. Apparently, Polanyi was willing to pay that price (Dale 2016b). Still, he maintains that "sane realism is the realism that takes the moral and spiritual factors as *realities*" (Polanyi 2014, 76). Morality, international public opinion, and international organizations all had their role to play in striving for peace.

Imperialism

In a pamphlet called *Imperialism, the Highest Stage of Capitalism*, Lenin (1916) formulated a thesis that has become a cornerstone of subsequent Marxist theories of imperialism: capitalism by necessity leads to war. According to Lenin, the new phase of capitalist development can be characterized by the replacement of competition with monopolies, the dominance of financial capital, and the increasing role of the export of capital in comparison to the export of industrial goods. With the advent of monopolistic capitalism, possibilities for internal accumulation of capital were exhausted and territorial expansion remained the only option open to those who wished to prolong the existence of a decaying system. Lenin's thesis was soon reversed by Schumpeter, who claimed that capitalism by nature leads to peace since warlike attitudes are incompatible with the bourgeois mentality. Besides that, war is simply bad for business. While it is true that individual capitalists may profit from imperialism, the interests of the entire capitalist class are likely to be negatively affected by it. As the social influence of old feudal elites wanes, Schumpeter prophesized, the world is destined to enter a new era of capitalist peace (Schumpeter [1919] 1974). While Polanyi explicitly criticized only Lenin's views, I believe that his approach is incompatible with any general economic theory of imperialism, including one formulated by Schumpeter.

In *The Great Transformation*, Karl Polanyi criticized Lenin's theory of imperialism as being empirically inadequate. While Polanyi admitted that financial and capitalist interests were indeed responsible for various colonial wars, he maintained that they cannot be responsible for war on a global scale, such as World War I. The reason is simple. Large-scale military conflict is likely to disrupt global trade and destroy international financial infrastructure, which for capitalists can mean only heavy losses. Hence, as Karl Polanyi famously argued, *haute finance* was in fact a force working for peace (Polanyi 2001, 10–11). More generally, the breakdown of nineteenth-century civilization "was not the outcome of alleged laws of economics such as that of falling rate of profit or of underconsumption or overproduction" (Polanyi 2001, 257). According to Polanyi's explanation, the real cause of calamity was not so much the imperialistic rivalry but the institutional contradiction between democracy and international economic order based on the gold standard. Under the gold standard, countries had to face a stark choice between full employment, which required expansive fiscal and monetary policies, and retaining the parity between local currency and gold, which required the opposite. Such pressures eventually led to the destruction of the international economic system, which in turn pushed countries towards imperialism and autarky (Polanyi 2001, 227).

Karl Polanyi also had other reasons to distrust Marxist theories of imperialism. In *The Great Transformation*, he offers the following characteristic of Marxist political reasoning:

> In popular Marxism this led to a crude class theory of social development. Pressure for markets and zones of influence was simply ascribed to the profit motive of a handful of financiers. Imperialism was explained as a capitalist conspiracy to induce governments to launch wars in the interests of big business. Wars were held to be caused by these interests in combination with armament firms who miraculously gained the capacity to drive whole nations into fatal policies, contrary to their vital interests. (Polanyi 2001, 158)

Polanyi suggests that the error behind popular Marxist reasoning lies in disregarding the role played by political aspirations and moral ideals. Such concepts as justice, national interest, or freedom seem relatively ineffective when compared with "hard" facts like class interests or economic incentives. Polanyi labels this way of thinking an economistic fallacy and warns that it may lead to a "decline of political thinking" (Polanyi 1977, 8). According to him, economistic fallacy has its historical roots in nineteenth-century market economy, which infected both Marxist and liberal political thinking with a virus of economic determinism (Polanyi 1947c). Such "obsolete market mentality" consisted of a false image of man as being motivated solely by material incentives and a false image of social institutions as being determined by the economic system (Polanyi 1947b, 110). Polanyi's persistent criticism of what he variously labeled "economistic fallacy," "obsolete market mentality," or "economic determinism" suggests additional reasons for his rejection of economic explanations of imperialism and war. From the vantage of Polanyi's critique, both Lenin's and Schumpeter's theories can be regarded as parallel forms of economistic fallacy, a form of nineteenth-century prejudice maintaining that economic factors ultimately determine political developments.

Lessons for our time

One of the benefits of reading Polanyi is that his main concerns resonate with the problems of our times. The same is true when it comes to his writings about war. Following the Russian full-scale invasion of Ukraine in February 2022, psychological, realist, and imperialist theories of war returned to the mainstream of public debate. The initial shock that the war caused among publics and political elites of EU countries can be partly attributed to the quasi-Schumpeterian belief that global capitalism will make large military conflict unprofitable and therefore unthinkable. The psychological theory took the form of endless speculations about whether Vladimir Putin is sane or otherwise. Concerns with a balance of power and spheres of influence led some card-carrying realists to blame NATO for the Russian aggression (Mearsheimer 2022). Some leftist intellectuals reached a similar conclusion through the theory of imperialism (Harvey 2022; Hann 2022). Others, however, maintained that Putin's Russia is the only imperialist power in this conflict (Ost 2022). What should we make of these arguments?

Political realism is difficult to assess. Carr and Polanyi were right to believe that international politics and economics are closely entangled. Neither widespread sanctions nor contemporary weaponization of credit and finance would surprise them.[5] Still, I believe that Polanyi was mistaken when he asserted that the realist principle of a power vacuum is the only "law of political science that holds with absolute rigour" (Dale 2016b, 419). Concepts such as power vacuum, national interest, and balance of power strike me as rather imprecise and open to various interpretations. Another problematic aspect of realism lies in its tendency to justify the misbehavior of great powers on the grounds that they are entitled to their spheres of influence. While several commenters draw on realism to relativize Russia's responsibility for starting the war, I do not find their arguments convincing. Carr's and Polanyi's opinions notwithstanding, the principle of national self-determination seems a much safer ground for international cooperation than belief in the goodwill of imperial powers. Finally, contrary to what Polanyi's fictional scenario might suggest, there was no power vacuum in Ukraine in 2022, as Russian soldiers were soon to discover.

Gareth Dale noted that Polanyi "spoke of imperialist phases and policies" but did not have a theory of "imperialism as systemic totality, i.e. a hierarchical world system in which economic and geopolitical rivalries fuse" (Dale 2022). Contrary to Dale, I do not believe that such theories are helpful in elucidating political events. Recall that one of Polanyi's main objections to Lenin's theory was that it assumed an oversimplified view of the interests and agency of the capitalist class. This observation seems pertinent in the present context. It is hard to see how the Russian oligarchs as a class could profit from the war in Ukraine. Similarly, the withdrawal of a great many Western companies from the Russian market hardly fits the Leninist image of expansive capitalists bent on conquering foreign markets. Still, Karl Polanyi did not dismiss the term imperialism and neither should we. Imperialism is a form of political domination, which may or may not be motivated by the prospect of economic gain. American philosopher Sidney Morgenbesser usefully distinguished between Greek and Roman types of imperialism (Morgenbesser 1973, 17). The former works by acquiring distant colonies, and the latter by conquering neighboring lands. Russia's invasion of Ukraine can be justly described as a case of imperialism of the Roman type. What is particularly striking in this case is not so much the use of military force, barbarian as it may be, but the open embrace by Russia of the policy of territorial aggrandizement, which remained a taboo in Europe after World War II.

Finally, I believe that Polanyi was right to dismiss psychological explanations of war.[6] Speculations about Putin's mental health are as unenlightening as other versions of a psychological theory of war. Equally important was Polanyi's insistence that nonmaterial factors are necessary for interpreting politics. It is impossible to understand this war without taking into account the ideological convictions of Russian elites.[7] Similarly, Ukrainian resistance cannot be comprehended without acknowledging the strength of the ideal of national freedom and self-determination. To believe otherwise is to succumb to yet another version of the economistic fallacy.

Endnotes

1 Arguably, there is no such thing as Polanyi's theory of war. Polanyi's views are not discussed in the otherwise comprehensive study *War in Social Thought: Hobbes to Present*, written jointly by Hans Joas and Wolfgang Knöbl (2013).
2 Polanyi quoted in Congdon (1976, 176). On August 4, 1914, Great Britain declared war on Germany.
3 Though not necessarily Polanyi himself. In an essay called British Labour and American New Dealers, Polanyi views talks in Bretton Woods with suspicion as an attempt to reinstitute the gold standard (Polanyi [1947] 2018b).
4 Polanyi referred to Carr's The Twenty Years' Crisis in The Great Transformation ([1944] 2001, 213; 272). In The Citizen and Foreign Policy, he mentioned several other of Carr's publications (Polanyi 1947a, 31). It seems fair to say that Polanyi's own thinking on foreign affairs was significantly influenced by Carr's version of political realism.
5 For contemporary discussion, see Farrell and Newman (2022). While the technology behind weaponization of economic networks is novel, the very principle is not.
6 For a brief discussion and critique of psychological explanations, see letter to *The Guardian* written by Prof. Allan House (2022), a working psychiatrist.
7 See the infamous essay by Vladimir Putin (2021) "On the Historical Unity of Russians and Ukrainians," and an article by Santiago Zabala and Claudio Gallo (2022), who examine the influence of Vladislav Surkov, Ivan Ilyin, and Alexadr Dugin on the ideology of Putin's Russia.

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The politics of growth models and populism in East-Central Europe

Gábor Scheiring

Introduction

The simultaneous rise of populism and the decay of liberal democracy in East-Central Europe is in striking contrast to the optimism prevalent in previous decades about the region's future. Without exception, each country in East-Central Europe embraced a dependent export-led growth model in the 1990s (Ban and Adăscăliței 2022; Bohle 2018; Schedelik et al. 2021). This model leveraged the appetite of Western manufacturing export companies in search of opportunities to reduce production costs to bolster their competitiveness. For a decade and a half, it seemed that the dominant social blocs managing this growth model could combine rapid economic growth, industrial upgrading, and democratization, soothing the inherent tensions of dependent export-led growth.

By the end of the 2000s, the legitimacy of this growth model had started to crumble. Populist social forces questioned the liberal narrative legitimating the model and pushed for institutional change.[1] Poland was the first to produce a populist government in 2005, under the authoritarian-populist Law and Justice party (PiS), which was elected again in 2015.[2] Hungary followed in 2010, under the leadership of Viktor Orbán's Fidesz.[3] The Czech Republic also experienced waves of populism. In 2017, the populist ANO 2011 party[4] created by billionaire Andrej Babiš swept to power, while hardline populist Miloš Zeman also won the presidential election in 2018.

The rise of populism in the Visegrád region has generated veritable body of academic literature. One strand emphasizes political-economic factors, interpreting populism as a countermovement to the region's neoliberal models (Czech and Kassner 2021; Hann and Scheiring 2021; Johnson and Barnes 2015; Orenstein and Bugarič 2020; Shields 2015; Toplišek 2020). However, the emerging literature has not thoroughly engaged with the discussion on growth models and their internal tensions. This is problematic for two reasons. First, the growth model framework is on the verge of becoming the dominant analytical lens in comparative political economy. By neglecting this discussion, the studies on Eastern Europe risk isolating themselves from broader theoretical movements in the literature. Second, the growth model framework allows for an elegant, critical synthesis of economic and political factors, thereby bringing conceptual clarity into a field burdened by a mushrooming of concepts.

In this essay, I extend on my previous analyses of the political economy of populism (Ban, Scheiring, and Vasile 2021; Scheiring 2022; 2021; Scheiring and Szombati 2020), rooting the argument in the growth model perspective. I deploy the conceptual apparatus developed by Baccaro and Pontusson (2022; 016) and Amable and Palombarini (2009) to analyze the politics of growth models in the Czech Republic, Hungary, and Poland. I show how the dominant social blocs constructed the institutional underpinnings of the model and managed its tensions by pacifying the relative losers in the popular classes and among the ranks of the national business class. I argue that the different forms of politically managing the growth model resulted in various degrees of economic and social disintegration, which opened the way for varying populist social coalitions that modified the growth model to different degrees.

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The politics of growth models

The growth model perspective (GMP) emerged in response to the limitations of the varieties of capitalism (VoC) approach, the dominant analytical apparatus in comparative political economy until recently. The novelty of the GMP is threefold. First, it brings macroeconomy back into comparative political economy. This shift also entails a correction to the neoclassical bias of the VoC approach, infusing heterodox economics (post-Keynesianism and the Regulation School) into the analysis. The VoC approach focuses on firms and competitiveness, and how this translates into different institutional configurations. The questions of demand and distribution are neglected. By bringing back the macroeconomy, the GMP foregrounds the role of demand and its main components. Second, inequality and distributive struggles take center stage in the GMP. Fundamentally, wages or profits can carry different weights in a growth model, and these aggregate components are mutually exclusive. A given amount of added value can only be either the source of profits or wages. The wage and profit share of the economy make up the total income generated. These aggregate components of demand are not entirely defined by supply-side factors, such as competitiveness, technology, or comparative advantage – institutions and politics play a central role.

This leads us to the third novelty of the GMP: it puts the "political" back into comparative political economy. Unlike institutional structures in the VoC framework, growth models are not automatically reproduced; they rely on social coalitions and politics for long-run stability. Each growth model is institutionalized by a dominant social bloc, with a particular set of institutions/policies that satisfy the members of the dominant bloc. In the case of democracies, these dominant blocs also must ensure their electoral majority. Thus, they also entail a set of political strategies, narratives, and policies to legitimize the model and secure enough votes. The dominant social blocs typically comprise various factions of the business class, with lower classes playing a secondary role. Thus, the members of a social bloc form a hierarchy, they are not equal, and there is always a degree of distributive conflict among them. The solution to stabilize the bloc is always temporary. This way, the GMP brings change back into comparative political economy, offering a powerful analytical toolkit to analyze the evolution or rupture of institutions. It is this third novelty that I rely on in this essay.

Growth models can run into crises, be destabilized by external shocks, or gradually become exhausted under the weight of their own internal contradictions. Such punctuated or gradual crises act as historical contingencies that throw the class compromise between the segments of the dominant social bloc into question. "Capitalists organize politically in response to economic crises and attempt to redefine the political-legal arrangements in ways that facilitate capital accumulation" (Prechel 2007, 6). In these situations, the constituent members of a growth coalition need to reach a new consensus and reconstitute the dominant social bloc (Amable and Palombarini 2009). The balance of power determines whether the response to these crises leads to a new growth model or the modification of peripheral aspects of the prevailing model.

Identifying the critical factions of the business class that constitute the dominant social bloc is central in analyses based on the GMP. In the dependent export-led growth models of East-Central Europe, the business class is polarized based on access to international markets and technology. Compared to transnational capitalists, national capitalists have less access to the most successful sectors of the global economy. Therefore, the national bourgeoisie of these states is structurally prone to relying directly on its informal political connections to compete with transnational companies (Bandelj 2016). However, transnational capital must also compromise with domestic political and economic elites to secure the conditions of accumulation (Gates 2008; Schrank 2008). Depending on their structural power and direct connections, national capitalists carried different weights in the dominant social blocs in the Visegrád region. Still, they were always secondary to foreign-owned manufacturing export corporations.

Technocrats – policymakers with high cultural and social capital in decision-making positions who also occupy critical roles in the business sector – provide interpretative schemes elaborating the narrative structure of the compromise cementing the social bloc. They also play an essential role in aligning the interests of businesses, politicians, and the broader electorate, thereby legitimizing and normalizing the institutional setup of the growth model. In the absence of a capitalist class in the early 1990s, technocrats played a crucial role in the first phase of the market transition in East-Central Europe as conduits of the interests of the future business class (Eyal, Szelényi, and Townsley 1998). The political systems of these countries were liberal democracies; thus, the dominant social bloc also had to pay attention to the electorate's needs. These popular classes had varying degrees of influence over policymaking.

In the rest of this essay, I rely on this conceptual apparatus to analyze the politics of the region's growth model. First, I focus on the rise of export-led growth models. I show the variegated surge of populism in the period following the 2008 global financial crisis, also highlighting that the choices of managing the model's tensions in the preceding period influenced how much populists in power tried to change the model after the crisis.

The rise of the dependent export-led growth model

In the dependent export economies of East-Central Europe, transnational corporations (TNCs), technocrats, and liberal-minded politicians comprised the key constituents of the dominant social blocs in most of the 1990s and 2000s. Foreign capitalists were at the top of the hierarchy, followed by technocrats and politicians. This growth coalition institutionalized an industrial policy based on economic openness and a strict preference for transnational capital.

The model also incorporated redistributionist strategies to partially offset the pain caused by declining/stagnating real wages and the falling share of labor income in GDP. These compensation strategies led to a combination of austerity to maintain fiscal balance and recurring deficits and cycles of indebtedness. National capitalists played a secondary role and had varied influence over policymaking. They had the most significant impact on institutions and policies that did not conflict with the interests/expectations of transnational capitalists, such as public procurement, retail, or agriculture. National capitalists grew more potent by the second half of the 2000s.

Economic liberalization and global economic integration from the end of the 1980s unleashed a wave of contemporaneous economic shocks: the collapse of the former socialist market (Comecon), rapid import liberalization, declining internal demand, and deep-seated institutional reforms. In the long run, many companies that might have had a chance failed to survive these shocks (Amsden, Kochanowicz, and Taylor 1994).

The degree of deindustrialization varied according to the strategy adopted. Hungary was the first to open its markets and fully embrace the dependent export-led growth model at the end of the 1980s/ early 1990s. At the same time, Poland and the Czech Republic invested more time and money to build their domestic economies. The number of bankruptcies completed was highest in Hungary throughout the first part of the 1990s, even though Hungary's population is four times smaller than Poland's (Scheiring 2021). The Czech Republic also attempted to avoid mass plant closures until 1996. In Hungary, a considerable share of state-owned enterprises with extensive business and technological cooperation systems was destroyed, contributing to the loss of economic linkages. In contrast, a higher number of former socialist enterprises survived the transition in Poland and the Czech Republic, some of which ended up in domestic ownership, thus reducing the disintegration of their economies compared to Hungary.

International economic integration also opened the opportunity for dependent reindustrialization through foreign direct investment (FDI) (Bandelj 2008; Bohle and Greskovits 2012). Again, Hungary spearheaded the competition for foreign capital in the 1990s and 2000s. The Czech Republic turned from constructing national capitalism to the FDI-led model in the second half of the 1990s, followed reluctantly by Poland.

The export economies emerging in the region were dominated by foreign – predominantly, German – industrial companies. Over time, they engendered significant industrial upgrading; thus, the region's economies became exporters of complex, technology-intensive manufacturing products. Remarkably, the share of technologically complex exports is usually significantly lower in advanced countries (such as Germany or Austria) than in the region's dependent export economies. Therefore, complex exports cannot be taken as an absolute measure of economic development: the technological component of a country's total exports does not reflect the production processes in which an economy specializes within global commodity chains.

TNCs did not have a substantial spillover effect on the domestic economy (Iwasaki and Tokunaga 2013; Jensen 2006) but, again, Hungary's severely foreign investment-dependent development model performed the worst. The ratio of domestic value added of Hungary's total exports compared to the foreign value added is also low, between 25% and 30%. Domestic value added is highest in Poland, reaching around 80% of the foreign value added, followed by the Czech Republic (43%) (OECD 2020). The national capitalist class was much more sidelined by the dominant social bloc in Hungary than in the region's other countries. This has significant consequences for populism and institutional change in the 2010 period.

In addition to generating tensions within the business class, the dependent export-led growth model also caused tension within the popular classes. The export-led model was not particularly successful in job creation. Again, Hungary's dominant social bloc adopted the most extreme policies; thus, the collapse of employment in Hungary exceeded that of the other countries. The more cautious, more gradual approach to company restructuring in the Czech Republic and Poland slowed the loss of employment. In the 2000s, Hungary had the lowest employment level in the European Union (Eurostat 2020a), contributing to workers' anger. Poland has also experienced several spells of jobless growth, from 1998 to 2004 (2005 saw the first PiS government) and from 2008 to 2014 (2015: second PiS government). By 2017, the Polish and Hungarian employment rates had increased to new heights, with the populist rule in Poland and Hungary corresponding with creating jobs.

Furthermore, a large share of the new jobs created during the transition were precarious. Poland boasts the highest percentage of temporary employment among all 34 OECD countries, by far surpassing other countries in the Visegrád region (OECD 2019). The share of temporary jobs had been rapidly increasing before the first electoral breakthrough of the populist PiS party, reaching 28.2% by 2007 and 28.4% by 2014, declining slightly to 24.4% by 2018 under the second PiS government. The Czech Republic managed to avoid mass plant closures and unemployment and to protect the quality of jobs and the security of labor relations (Sil 2017).

The expansion of the market in the 1990s increased psychosocial stress. However, because of its more radical approach to economic restructuring, Hungary was the only country in the region that also experienced a mortality crisis in the early 1990s, with male death rates rising to levels last experienced in the 1930s (Scheiring, Irdam, and King 2018). Deindustrialization was a significant factor behind the excess male deaths during the postsocialist mortality crisis. The economic benefits of hosting transnational corporations did not translate into better population health and might have contributed to health inequalities (Scheiring et al. 2021). This demographic crisis captures the impact of the postsocialist transformation better than abstract economic indicators: a significant part of the population experienced the market transition as a social shock, which contributed to the later loss of legitimacy of the growth model.

The economic success of the export-led model depends on repressing wage growth to boost the cost competitiveness of export companies. Throughout the region, real wages declined in a large part of the 1990s, growing slowly in the 2000s. On top of low employment, the psychosocial shock of the transition and wage repression also fueled workers' disillusionment, especially in Poland and Hungary. One year before Viktor Orbán came to power in 2010, real income per capita was only 11% higher than in 1978 (HCSO 2020). The Czech Republic was the first country in the Visegrád region to see its real wage level climb back to the 1989 level in 1996 (UNICEF 2001). Polish wages were below the Czech level until 2015. The growth of Polish wages was low between 2000 and 2005 (before the election of the first PiS government), while the pace of Polish wage growth started to overtake that of the other countries around 2015 and continued to do so under the second PiS government.

Trends in average wages masked increasing income disparities. The rise in the Gini coefficient in Eastern Europe was almost three times as fast as that recorded in the Western countries where inequality rose most rapidly in the 1980s: the United Kingdom, the Netherlands, and United States (Milanovic 1998).

Strategic social policies, such as early retirement, in the 1990s and debt-fueled consumption in the 2000s contributed to the temporary legitimation of the growth model. In this respect, the region's economies diverged from the classic export-led economy of Germany. They behaved like hybrid models, characterized by Southern European-type consumption growth fueled by household debt. However, many of these consumer loans were financed by foreign currency lending, and this scheme exploded with the global financial crisis. The proportion of households unable to cover unexpected expenses in Hungary increased from 57% to 75% in the 2005–2009 period (Eurostat 2020b). Poland also saw a large share of people unable to cover unexpected expenses in 2005, the highest in the region at that time, which corresponds to the first electoral breakthrough of PiS.

In sum, the countries of East-Central Europe all embraced dependent export-led growth. This contributed to significant industrial upgrading in the export economies. Still, the technological gains did not spill over to the domestic economy, especially in Hungary, where domestic capitalists were sidelined more than in other countries. At the same time, export-led growth required the repression of wage growth. Employment growth also remained sluggish. Debt-financed consumption emerged as a temporary fix to stagnating consumption, especially in Poland and Hungary. Industrial and social policies used to calibrate the growth model and pacify the victims diverged across the region's countries. Industrial and social policies failed in Hungary. Poland was stronger in industrial policy but weaker in social policy. The Czech Republic was most successful on the two fronts, thus allowing for a solid domestic bourgeoisie and a pacified working middle class. The divergent economic and social disintegration trends opened up varied opportunity structures for populist social coalitions.

Populist fixes of the growth model

In socially and economically disintegrated Hungary, precarious workers and the indebted middle class grew disillusioned with the growth model in the 2000s (Pew Research Centre 2009). Research has demonstrated that the collapse of neoliberalized left-wing parties is strongly related to their economic policy agenda: voters severely punish left-wing parties at the ballot box for moving to the right on economic policy (Bodea, Bagashka, and Han 2019). Working-class support for the Hungarian Socialist Party[5] dropped significantly during the 2000s. In comparison, Fidesz and Jobbik[6] had gained support among workers by the end of the 2000s (Enyedi, Fábián, and Tardos 2014, 553). After the financial crisis, support for Fidesz and Jobbik was also higher among indebted families with foreign currency loans (Enyedi, Fábián, and Tardos 2014).

However, this working-class revolt is not the real driver of Fidesz's political-economic strategy. The high level of economic disintegration contributed to the rising popularity of economic nationalism among Hungarian national capitalists, which helped Fidesz's electoral success in 2010 and has contributed to the regime's stability ever since. Hungary's populist countermovement is particularly strong because domestic capitalists have also embraced it. Domestic capitalists were increasingly alienated by the left-liberal governments and had a keen interest in helping to power a new government to facilitate their capital accumulation better.

Orbán allied with transnational capitalists in the productive sector, but his signature achievement is the emancipation of domestic capitalists. National capitalists are integrated into the dominant social bloc as secondary actors and receive benefits in non-tradeable, non-technological sectors over which the state has considerable influence, such as retail, public procurement, or banking. However, these sectors are outside the core of the growth model. The dynamic center of the economy continues to be dominated by foreign export capital. The Fidesz government intensified the key tenets of the dependent export-led growth model.

Integrating national capitalists into the dominant social bloc comes at a price; it precludes catering to the needs of workers, who had high hopes that Fidesz would change their fate. The accelerated capital accumulation of national capitalists and the embourgeoisement of the upper-middle class required several measures that reduced the bargaining power of labor and contributed to continued wage repression. The Fidesz government changed the existing structure of social rights, dismantled trade unions and all primary institutional forms of the interest representation of the socially vulnerable, and abolished social policy regimes to redistribute money upwards.

To make this highly conflictual growth model politically sustainable, Fidesz's nationalist-populist strategies use identity politics to appease the losers of export-led growth – the discursive software of authoritarianism in Hungary. In addition, Orbán also curtailed democracy – the institutional hardware of authoritarianism. No elections in Hungary since 2010 have been free and fair, and the country has degraded into a competitive authoritarian, hybrid regime. Orbán's illiberal project is, in essence, an elite-based project exploiting popular sentiments against liberal elites to execute a nationalist half-turn in economic policymaking to integrate national capitalists in the growth coalition.

Despite a strong record of economic growth, Poland also experienced severe social disintegration in the form of jobless growth, high income and regional inequality, labor market precarity, and indebtedness. As inequalities grew, people became dissatisfied with their country's economic situation in the mid-2000s (Grosfeld and Senik 2010). Although overall disillusionment with capitalism was lower in Poland than in Hungary, it was still very significant among low-income earners: 50% of the bottom 40% of income earners in Poland thought that the establishment of the market economy in Poland was not beneficial (Paczynska 2005). The working-class countermovement kicked off by neoliberal market-making policies was thus crucial for the rise of populism in Poland.

However, in Poland, the disintegration of the economy did not reach the same level as in Hungary. Industrial policy tools implemented by various governments helped domestic capitalists to accumulate capital and prevented the emergence of a sharp dualism between the transnational and domestic economic sectors. Consequently, the nationalist populists of PiS cannot claim a monopoly over representing the interests of national capitalists in Poland. Although economic patriotism continued after the populist turn, it is not a prerogative of PiS: the main oppositional party, Donald Tusk's Civic Platform (PO), has excellent connections to national capitalists, who were successfully pushing for developmental state policies already before the populist PiS government (Naczyk 2021).

Therefore, the socioeconomic strategy of PiS significantly differs from that of Fidesz (Raț and Szikra 2018; Toplišek 2020). There is less push to dramatically change the economy's fundamentals to accelerate domestic capital accumulation. This also leaves more room to focus on the needs of the lower classes, although in a markedly conservative, antiliberal way (Grzebalska and Pető 2018; Raț and Szikra 2018). The social policies of PiS (such as the flagship family 500+ initiative)[7] are more popular than those of Fidesz, entailing a lower risk of alienating the working-class electorate. Income inequality has been declining under the PiS government and increasing under Orbán. From 2015, social policy expenditures were dramatically cut in Hungary and grew in Poland. Severe poverty declined in Poland following the populist turn in 2015 and increased in Hungary after the populist turn in 2010.

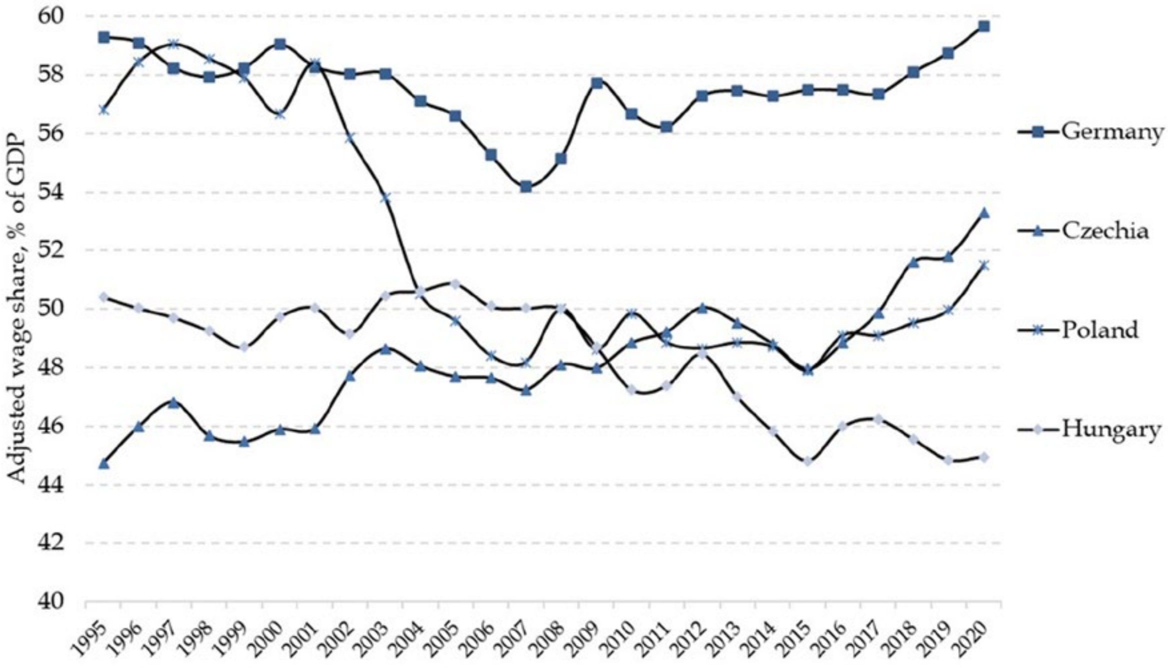

Figure 1. The evolution of the wage share in East-Central Europe
Source: European Commission (2022)

Although it would be a mistake to idealize the Czech model, it is evident that the Czech Republic has avoided severe social and economic disintegration. With lower levels of social and economic disintegration, there is a lower chance of a virulent populist countermovement. Although populist parties and politicians in the Czech Republic also draw on the support of the disillusioned rural working class, this has not been enough for a fully-fledged illiberal breakthrough or a profound modification of the growth model. Although some of PM Babiš's moves eroded democratic quality, his attempts at putting pressure on courts or civil society have so far failed. His government acted more as a technocratic populist twist on the same growth model without any significant change in the underlying economic structure and the composition of the dominant social bloc (Guasti 2020).

The Czech developmental state allowed a more integrated domestic economy and a more robust national capitalist class. Czech capitalists are, therefore, less in need of seeking the protection of nationalist populists. As the Czech national bourgeoisie was not pitted against the institutions of dependent capitalism, as in the case of Hungary, there is less drive to amend the growth model fundamentally. The Czech bourgeoise has been an integral part of the dominant social coalition and does not need to rely on the protection of nationalist populists. As the founding leader of the ANO party, Andrej Babiš, one of the country's billionaires, entered politics in 2012, serving as minister of finance and deputy prime minister from 2014 to 2017, then as prime minister from 2017. Babiš embodies the integration of Czech financial interests into the post-socialist state.

Figure 1 summarizes a vital aspect of the changing politics of growth models in the region, showing the evolution of the wage share in the Czech Republic, Poland, and Hungary, compared to Germany, the archetypal export-led country. The figure strongly underpins the narrative presented in this essay. The wage share had declined significantly in Poland and Hungary in the 1990s and 2000s, except for a brief social-democratic period in 2002-2004 in Hungary. In contrast, the Czech Republic combined export-led growth with a continuous rise in the wage share, albeit from a comparatively low level. However, Poland and Hungary diverged recently. While Poland's populist government modified the growth model by paying more attention to the needs of the rural working class, Hungary's populist government doubled down on the dependent export-led model while making some concessions to the national capitalists. The cost of this partial economic nationalist turn was borne by the workers, who have seen a dramatic decline in their share of income under Viktor Orbán's government.

Concluding discussion

This essay has shown how East-Central Europe's dependent export-led growth models gave rise to different populist social coalitions. These coalitions changed some features of the growth model without altering the fundamentals. However, the degree of change differs strongly across the countries. The article has explained these differences by referring to the differences in how the dominant social blocs politically managed their country's growth model.

Hungary's national-populist neoliberal strategy under Viktor Orbán is built on a robust social coalition between nationalist-populist politicians and national capitalists, accepting the dominant role of foreign investors in technology-intensive export sectors. Workers initially also supported this new growth coalition, hoping the nationalist turn would improve their fate. However, workers are not the primary beneficiaries of the populist turn; they pay the price for the accelerated capital accumulation of the national bourgeoisie. To make the model politically sustainable, Orbán relies on nationalist-populist legitimation strategies and authoritarian attacks on liberal institutions.

Poland's populism is built on an alliance between nationalist-populist politicians and the working class in deindustrialized rural areas who revolted against the liberalism of elites. There were fewer incentives for a nationalist-populist turn among national capitalists. Thus, Polish populists are less embedded in the economic elite, leaving more room for social policies with more mass appeal and a lower risk of alienating the working-class electorate. Thus, the wage share started to increase in Poland under the rule of the populist PiS, in stark contrast to Hungary. Inequality has also been declining, again in contrast to Hungary. While PiS continues to support national champions, this is neither new nor a radical break from the patriotic industrial policies of the preceding periods.

The Czech version of dependent export-led growth achieved something remarkable, managing the export-led growth in a way that allowed for a continuous rise in the wage share. Robust social policies ensured that fewer people lost out than in Hungary or Poland. At the same time, industrial policies allowed for a strong national bourgeoisie. In this respect, the Czech Republic resembles Poland: populists cannot claim a monopoly over representing the interests of national capitalists. Thus, the growth model in the Czech Republic required only minor fixes. The room for a populist big bang was smaller.

Applying the "politics of growth models" framework to analyzing populism has significant benefits. Though the empirical material covers East-Central Europe, the causal mechanism identified here is relevant to other semi-peripheral countries that followed a dependent export-led growth model. Local class configurations vary according to geographically diverse histories; however, the tendency of dependent export-led growth to generate social disintegration is likely to play into the democratic malaise elsewhere, too.

Endnotes

1 This essay defines populism as "a form of political claims-making—that is, a way of formulating appeals to a mass public using a Manichean logic that opposes the virtuous people to corrupt elites and affiliated out-groups" (Gidron and Bonikowski 2013, 24). When populists are elected to power, this does not necessarily lead to democratic backsliding. The more authoritarian and anti-liberal populist parties, such as Fidesz, are more inclined to engage in illiberal practices. This illiberalism entails a set of practices of government and social relations in the economy and culture, comprising a divergence from the norms and practices of pluralist, constitutional liberal democratic governance leading to varying degrees of regime change towards hybrid or autocratic regimes (Levitsky and Way 2002). It is also important to point out that liberal democracy is not the same as neoliberalism. Neoliberalism is not a fixed ideology but a constantly evolving and hybridized political project that emerged in reaction to embedded forms of capitalism with the aim of strengthening the profitability and power of the business class (Mudge 2008). Consequently, some liberal democracies are less neoliberal than others. Also, while some illiberal governments openly break with liberal democracy, they might remain within the framework of neoliberalism.

2 Prawo i Sprawiedliwość (PiS)

3 Fidesz–Magyar Polgári Szövetség (Fidesz–Hungarian Civic Alliance)

4 Akce Nespokojených Občanů (Action of Dissatisfied Citizens)

5 MSZP – Magyar Szocialista Párt (Hungarian Socialist Party)

6 Jobbik Magyarországért Mozgalom (Movement for a Better Hungary)

7 The Family 500+ is a benefit scheme that aims to improve birth rates and provide financial support to families. All Polish families with children under 18 receive a tax-free benefit of PLN 500 (~100 euros) a month.

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Book reviews

Benjamin Braun, Kai Koddenbrock, eds. · 2023

Capital Claims: Power and Global Finance.

London: Routledge

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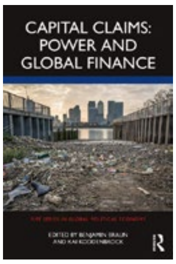

The remarkable importance and resilience of financial markets has given rise to academic analyses from a myriad of perspectives and disciplines. Trying to decipher how modern financialized capitalism operates and reproduces itself, *Capital Claims: Power and Global Finance*, edited by Benjamin Braun and Kai Koddenbrock, constitutes an attempt at reconciling these perspectives by providing a common vocabulary for the study of power relations within financialized capitalism as well as bringing forward a theory to bridge the gap between scholars from diverse disciplines. Most notably, the book speaks to scholars of comparative (Culpepper 2005; Zysman 1983) and international political economy (Strange 1988; Walter 1993), sociology of finance (Krippner 2005), and finance studies (Arjaliès et al. 2017; Jordà et al. 2019), but it tries to go beyond disciplinary borders and cater to a broader audience. Accordingly, researchers from diverse disciplinary backgrounds contribute to the volume to answer the motivating question of the project that is the result of the Politics of Money network funded by the German Research Foundation (DFG): "Does the capacity still exist to envision ways of planning and coordinating economic activity that is guided by the logic of social and environmental purpose, rather than by the logic of private profit?" (p. 251).

Two important distinctions are made in the introductory chapter of the volume that set up the remainder of the book. First, the focus is shifted from capital flows – the concept commonly used by scholars of finance – towards capital claims, especially cross-border claims. In this way, Braun and Koddenbrock bring to the foreground the fact that financial instruments, defined as "priced and traded claims on future value creation," by their nature are associated with power relations. Additionally, through the analysis in terms of claims, the hierarchical relationships between creditors, debtors, intermediaries, and states are highlighted. Second, the editors divide these power relations into three novel concepts corresponding to the three phases of the "life" of a financial instrument – creation, circulation, and enforcement – which are leverage power, infrastructural power, and enforcement power. After the introduction by the editors, the three power concepts reflect the three parts of the volume. The first four chapters are devoted to leverage power, the next three to infrastructural power, and the last four topical chapters to enforcement power. Pistor then pulls the different threads together to answer the motivating questions of the volume in her conclusion.

In the first part of the volume, leverage power, defined as the ability to issue debt or equity liabilities, is exemplified by four case studies. Elucidating the main actors in this regard, Beck, Knafo, and Sgambati dissect the modern banking system that is increasingly indistinguishable from the activities of proprietary traders and how this development spread across the globe. In doing so, they bring forward a critical political economy theory of banking finance that posits that contemporary banks use their leverage power by constructing suitable assets to fund their claims on money markets, in effect empowering themselves. Subsequently, Dutta critically assesses the notion of "definancialization," which he theorizes not to be contingent upon the reversal of liberalization trends but rather on a political agenda that emphasizes the leverage aspect of the modern financial system and how the ability to borrow is used to empower certain actors. He does so highlighting the process of financialization of non-financial corporations (NFCs), which he argues is not due to the commonly depicted exogenous force of financial actors but to a conscious choice of these corporations as part of an institutional process that dispossesses other actors and inflates asset values. Following this, Binder highlights how offshore money markets have, through the bifurcation of currency and jurisdiction, provided sovereign borrowers with leverage power. She uses the cases of Mexico and Brazil in the 1970s to show how sovereign borrowers of offshore money can, under certain circumstances, use their leverage power to gain liquidity and resist the creditor's enforcement power. Sahr concludes the section on leverage power by laying out two competing understandings of what money is, alluding to what can be understood as the leverage power of states. He posits that in the classical "technical imaginary" of money in mainstream economics, money creation by the government to increase spending must be understood as fraud, as money must reflect a claim on already existing goods. In "Modern Monetary Theory" (MMT), on the other hand, money's "political imaginary" dictates a more active inclusion of monetary policy, and thus central banks, into the state's toolkit, as money is understood as a claim to redemption.

The second part of the volume, consisting of three contributions, revolves around infrastructural power, which is exercised by actors who provide the services that facilitate the creation and circulation of financial claims, thus by actors who do not create, hold, or trade financial instruments themselves. Fichtner, Heemskerk, and Petry point to index providers as prominent examples, who act as "gatekeepers" in the world of asset manager capitalism by defining the rules on inclusion and exclusion in their indices and thus wield considerable infrastructural power over companies and even countries. Considerable parts of international financial claims can be indirectly moved by index providers, dictating adherence to their privately determined criteria of inclusion. From a perspective that highlights the unavailability of public infrastructure in the financial sphere, Thiemann explains the emergence of private, profit-oriented central counterparties (CCPs) that act as a quasi-insurance for derivate trading. Their emergence has been deliberately pursued by policymakers, underscored by the central bank backing of CCPs that takes away the risk of default for these entities. Thiemann highlights the profitability of these private enterprises against the backdrop of the state's incapacity to provide a public solution to the derivate conundrum in cross-border claims, thus making them critical infrastructure with an accordingly high degree of infrastructural power. In a similar spirit, Nölke points to the infrastructural power wielded by a global payment system, SWIFT, that is in private hands but has been politicized as a geo-economic weapon, which has led to the emergence of alternative payment systems and digital central bank currencies. According to Nölke, SWIFT had acquired such a high degree of infrastructural power that non-western players in the global financial system were forced to come up with alternatives, thus showing that the weaponization of SWIFT ultimately hurt its infrastructural power.

The third part of the volume shines light on enforcement power in its four chapters. Enforcement power is exercised by creditors and their lawyers seeking repayment, mostly through the legal system. First, Mertens and Metz show how non-performing loans – "zombie" financial claims – have been turned into profitable assets through deliberate legislation in Germany and the EU by tracking the legislative process that led to this outcome. This leads the authors to conclude that the expiration of financial claims is ultimately a political decision. Following this, Dafe and Phillips Williams elucidate how arbitration of investor-state disputes has also been used strategically by private actors to prolong the lifespan of financial claims. The authors trace how this has been achieved through the introduction of third-party funding that helps creditors enforce their claims vis-à-vis foreign governments, thus wielding enforcement power. Conversely, Reurink and Garcia-Bernardo show how transnational corporations use fragmentation of their firms to avoid tax claims from states. Thus, they call into question the attainability of some states to achieve growth via FDI, as they show that considerable parts of FDI is used to shift assets to subsidiaries for reasons of tax avoidance rather than being invested productively. In the final topical chapter, Lemoine and Piganiol take a closer look at the case of Greece in the era of "Troika-"enforced privatization of public assets. In their tracing of the political legal battle that successive Greek governments fought over privatization, they show how the strategic use of different jurisdictions in cross-border claims can be used to either wield or escape enforcement power.

In her concluding chapter, Pistor then closes the arc by addressing the main question posed in the introductory chapter. Connecting the findings of the volume with her own work on the legal theory of finance (Pistor 2019), she comes to the conclusion that financial actors have indeed acquired autonomous power independent from the state in the spheres of claim creation, trading, and enforcement.

Overall, the sections of the volume flow into each other logically. What can be criticized, though, is that while the sections are coherent in themselves, the interplay, interdependency, and connectedness of the different power concepts is left largely unexplored. It can be contended that the relational power dynamics of leverage, infrastructural, and enforcement power do not only coexist, but rather intersect in the current status quo and have shaped the emergence of each other that is explored in the topical contributions to the volume. This could be understood as a fruitful avenue for further research. Scholars of the sociology of finance might also note that the role of "the state" in the emergence of the proposed areas of autonomous power of finance is given too little attention in the volume. Focusing on the state as an actor that either actively pushed for more autonomy of the financial sector or created it as an unintended consequence of its actions could add theoretical depth to the understanding of the emergence and status quo of the different power concepts laid out in the volume.

Nonetheless, the book's merits far outweigh its shortcomings, as *Capital Claims: Power and Global Finance* succeeds in reconciling the different academic debates around financialization, financial power, and state capacity by creating a common glossary of terms and concepts and showing promising and important directions for further research. In doing so, it is an essential read for social scientists from all specializations and for anyone who is interested in understanding the underlying power dynamics at the heart of contemporary capitalism.

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Jonathan Levy · 2021

Ages of American Capitalism: A History of the United States.

New York: Random House

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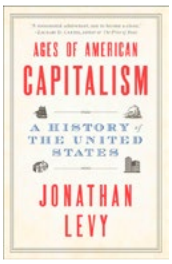

Strange as it sounds, nine years ago, in an online conversation between leading American economic historians, Stephen Mihm announced that "this thing we call 'the history of capitalism' is new." It's not that historians hadn't studied capitalism, but that history's many subfields tended only to look at the portion of the capitalist "elephant" that concerned them. The "new" history of capitalism is a conscious attempt to use multiple angles and disciplines to see the whole animal.[1] It was also a product of a post–financial crisis reckoning with the post–Cold War belief that capitalism was the only economic form standing.

Jonathan Levy's nearly 800-page synthesis provides an astonishingly rich tour of this field although, as its title suggests, it's not a history of capitalism so much as a history of the United States and the variants of capitalism in which its history is embedded. Americans have for so long taken for granted that capitalism was synonymous with their national origin story that Levy felt the need for a corrective. "Not coincidentally," he writes, "the United States, perhaps the most capitalist of all countries, has long been distinguished from other countries for its pronounced historical amnesia" (p. 740). So what is it exactly that Levy wants Americans to remember?

He starts with three definitional "theses" about capitalism, and traces them through four distinct "Ages" of US history: Commerce (1660–1860), Capital (1860–1932), Control (1932–1980), and Chaos (1980–). He defines capitalism not as a mode of production nor the pursuit of profit, but as a "process" that sees assets for their "pecuniary value," namely their capacity to yield future pecuniary profit. His third thesis is less definitional than historical, but the two are connected: "The history of capitalism is a never-ending conflict between the short-term propensity to hoard and the long-term ability and inducement to invest." Capitalism's fluctuating "liquidity preferences" cause it to swing between "orgies of speculation" and panicked "hording" (pp. xiv–xxv). Understanding these cycles requires tracing how pecuniary anticipation affected – and is affected by – historically specific conditions.

Levy's periodization is conventional enough. "Commerce" involved the transition from mercantilism to "Smithian growth," that is, the moment when triangular trade between England, the American colonies, and the West Indies created such an extended market that we see the features Adam Smith had identified as self-sustaining growth: increasing specialization, divisions of labor, banking systems (the credit which fueled speculative moments), and enough income in taxes to create a "fiscal military state." Levy reminds us it was also undeniable that the cornerstone of this take-off was an "imperial commitment to black slavery" (p. 28–29). Likewise, the "domestic economy" of America, built on "free land," and the laws of female coverture, underscored the indispensable role played by violent dispossession and labor expropriation to the later emergence of wage labor capitalism.

The forgetful side of US history always assumed that free labor simply overwhelmed the logic of the south's plantation system. Levy insists that "nothing about the development of capitalism, per se, fated the end of racial slavery" (p. 151). Slaves were a "fixed-cost investment in potential labor," and in that sense a pecuniary bet on future profits. As the price of cotton recovered from the Panic of 1837, and fed England's industrial mills, America embraced "'slave racial' capitalism" (p. 151). But the north also developed its own westward trajectory, dependent on "free waged male labor," steam power, and the sphering of home from work. Over time, the gap in social formations between the two systems became untenable and the fight was set for the zero-sum domination of the nation's political economy.

The Age of Capital thus sprung from the settlement of this struggle, in which the post–Civil War Republican state committed itself to industrial development, through land grants to railways (across Indigenous land that had to be cleared by force), high tariffs, and a national currency and banking system that funneled credit through New York City. The twin dynamics of this Age were a linear increase in productivity and regular cycles of speculative boom-and-bust. All this led to the familiar Gilded Age story of how corporate concentration, high tariffs, labor unrest, and ethno-racial violence led to the first Populist revolt of the 1880s and 1890s. Its energy was diverted into "Progressive income politics" (p. 323). That is, liberalism picked up Jacksonian ideas of antimonopoly and attached them to new efforts to contain but not weaken corporate power through modest regulation.

At this point Levy turns to the extraordinary importance of Henry Ford, when industrialism moved from capital to mass consumer goods. Ford's Promethean project was not for mere profit; it was about creating "a new man" (p. 328), a worker as devoted to production as a soldier to warfare, and rewarded with a wage that enabled him (and the target was always the white male earner, who was the 20th century's version of Jefferson's yeoman farmer) to buy the consumer goods he assembled. The boom this created in the 1920s collapsed *because of* the twin combination of productivity and a concentrated credit cycle. Levy argues that the problem started with the government's orthodox insistence on restoring the gold standard after the war. This required higher interest rates, which created a high bar for future expected profits. Yet because of Fordism, the expectation of high profits had never been greater, so investment grew even under these costs. Ironically, the very success of mass production in making average Americans wealthier became part of the problem: more people had money that could either promote investment or suddenly sap it if it got too excited or too nervous. In pre-industrial America, where wealth was fixed on land, there was more resilience during credit panics. When the 1920s cycle started to reverse, and US money that had been invested in Germany to fund reparations and war debts pulled out, global liquidity collapsed, and with it, international trade. The psychological shock to Americans was unprecedented.

Roosevelt's New Deal and, more importantly, the mobilization of the US state during the Second World War ushered in Levy's Age of Control. Regulation of banking restored confidence, and the stabilization of the incomes of the most vulnerable (through Social Security and union protection) were important in the long run. But Levy also notes with approval that the New Deal had a critical developmental arm: public investments in infrastructure. But it retreated in the end to regulatory management for political reasons. Opposition to FDR triggered a new "*politicized* liquidity preference": resist New Deal regulation, or capital would pull back its investments (pp. 427–28). The patriotism of the Second World War shielded the New Deal state for a few years, during which, Levy insists, public spending – not private investment – ended the Depression.

The immediate postwar decade was therefore the most important "hinge" in the history of American capitalism because of the way the US transitioned to a high-employment economy in the context of a volatile postwar environment. The keystone was Bretton Woods, which provided cross-border capital controls to prevent the capital flight that triggered the Depression's global contagion. Conservative resistance emerged with a reluctant acceptance of greater union density, progressive taxation, and modest regulation. More remarkable was the discovery of the Keynesian "fiscal multiplier": the government spent during recessions to achieve economic growth but retreated from public investment in development (p. 466). With highways and suburbs also came shopping malls, and an entirely new landscape for consumption and living, prosperous but segregated through self-consciously racist zoning policies.

By the 1970s, the system was in trouble, however, as the high US dollar under Bretton Woods made its manufacturing sector uncompetitive. Nixon capitalized on white working-class resentment to buttress his power, but abandoned America's postwar role as the currency of confidence, and that, combined with the OPEC oil crisis, a tax cut, and countercyclical spending, created the "stagflation" of the late 1970s. Enter Levy's "Age of Chaos," dominated by a new form of post-Fordist post-Keynesian capitalism. Paul Volcker's "shock" tamed inflation and, by 1982, confidence was back. But the new macroeconomic expansion was "led by a speculative investment boom" (p. 588). The Reagan administration celebrated the "magic of the market," but manufacturing had moved overseas, the budget deficit ballooned, and there was no surge in national investment or savings, and no great reduction in welfare spending.

Like the 1920s, this was an era of abundant capital under conditions of high interest rates. "Speculative investment was back as the dynamic factor in economic life, joining hands with an insatiable American consumerism" (p. 589). For the first time on record, macroeconomic expansion was accompanied by a declining level of fixed investment in GDP. None of this came from a precise economic philosophy. "Instead, a new, persistent pattern of expectations arose, defined by a … busy eventful speculation that had no particular purpose or end in itself" (p. 632).

When the Cold War ended, Bill Clinton's "New Democrats" celebrated the optimism of an emerging Silicon Valley which generated massive investment – sometimes in real things, but often in things that had not yet figured out how to make a profit. As in the 1920s, this speculative enthusiasm for a dawning "internet-based economy" that had not yet emerged, posed a question whether "financial asset appreciation" could actually break free of profit-making altogether. The post-dot.com collapse tempered that optimism, but under Ben Bernanke the Fed's aim was to elongate "macroeconomic expansions" (p. 670–72). Under Bush Jr., though, the goal was the expansion of home ownership for those who couldn't afford it. The "politics of income" was replaced by the "politics of asset possession/price appreciation," which still mostly flowed to people who had financial assets in the first place. The catch was that this stood entirely on the back of a housing bubble that was unsustainable.

The book ends, then, with the Great Recession and its aftermath. Levy is both entertaining and exasperated by the tortured story of how mortgage debt was converted into a speculative asset until it wasn't, forcing the state to rescue the institutions that had been treating the national economy like a giant pyramid scheme. The Age of Chaos, Levy concludes, celebrated flow, risk, individualism, collapsing borders, and small government. The result was not only widening economic segregation in America but a stiffening of national borders.

After this impressive *tour d'horizon* of American capitalism, it's clearer where Levy's loyalties lie. He admires the energy that capitalism unleashes, particularly when its wealth generation is more equitably shared. But he is intellectually and ethically frustrated by its predictable flights of speculation, its indifference to suffering, its environmental costs, and its structural complicity in racial, sexual, and global inequity. (If Levy doesn't always go out of his way to emphasize these political faces of capitalism, he also doesn't fail to mention them). At one exasperated moment in his examination of the Great Recession, he writes simply of the unmistakable "stench of moral rot."

This is a superb one-volume history of the United States seen through the continuous interplay of markets and political authority. For Levy, what has defined the structural characteristics of the four "Ages" of US capitalism has, intriguingly enough, been "state action." In the Age of Chaos, state action lagged behind the speed of global capital in search of new speculation in asset expansion. In the days after the arrest of Sam Bankman-Fried and the collapse of his cryptocurrency trading platform, it's clear these are lessons not easily learned. And this, Levy hopes the long history of American capitalism shows, will be to our detriment.

Endnote

1 See: Sven Beckert, Angus Burgin, Peter James Hudson, Louis Hyman, Naomi Lamoreaux, Scott Marler, Stephen Mihm, Julia Ott, Philip Scranton, and Elizabeth Tandy Shermer. "Interchange: The History of Capitalism." *The Journal of American History* 101, no. 2 (2014): 503–36.

Michel Callon · 2021

Markets in the Making: Rethinking Competition, Goods, and Innovation.

Princeton, NJ: Princeton University Press

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Markets in the Making is Michel Callon's ambitious attempt to theorize and explicate his understanding of key economic concepts – and realities – in the actor-network framework he and Bruno Latour have developed in past decades in their French Science and Technology Studies (STS) school. It is a rich book attesting to the scope of Callon's reading in far-flung literatures of economics, sociology, and anthropology, in particular related to market processes and commercial and noncommercial transactions. It must be appreciated that the French scholar helped to bring STS – social studies of science – to the study of social sciences, and he certainly provokes curious audiences with an emphasis on the "active qualities" of material things and devices in close proximity to the epistemic actor status of human agency. Most social scientists continue to privilege human agency embedded in a material world, of course. Another major intellectual contestation undertaken by Callon is curiously absent in the book if we consider the literature to which Callon does not refer much arguably due to his objection to a close association of markets and capitalism: the Marxist body of work on markets[1] and the Marxist claim of the need to overcome capitalist modes of market economies in order to end commodity fetishism and to enable human emancipation. In Callon's imagination exists an alternative agenda of designing markets. Scholars from different disciplines could and should participate in this effort in addition to economists who are considered to be involved by default. Although he considers market shaping admittedly difficult, he advocates a pragmatic attitude and thinks of it as a viable route to pursue in light of the insights he gains in his writing. This is the core of his older performativity argument, of course (see MacKenzie, Muniesa, and Siu 2007). But let us first consider his new book more completely.

Callon opens with observations of market transactions of street merchants in London and in the gaming venues of Las Vegas. From these lively observed processes, he distills four common elements: building the edge (attracting attention), flashing (making the case to buy), ramping and batting (establishing the competitive price), and twirling the edge (expanding attention to additional potential customers). Relying on anthropological accounts of such experiences moves the attention away from the customary supply and demand curves in economics to introduce a wider range of aspects and factors involved in what he holds are the myriad of commercial transactions.

What is a market? Put this way, the question is already phrased in a Callonian sense, since it does not ask: What is *the* market? The latter question would suggest the possibility of an abstract theoretical answer somehow uniting all sorts of different markets. In economics, markets are considered the economic institution that mediates acquisitions and sales and generates a price. Callon calls this general common understanding and similar exchange-focused identifications in traditional economic sociology the "interface model." For Callon, this understanding comes from the reference to a site that brings together buyers and sellers (interface). The interaction is governed by mechanisms of competition and requires rules or conventions, i.e., institutions in the sociological sense (p. 35). Callon proceeds to deconstruct the constitutive abstractions of sellers, buyers, and (platform) goods, and standard notions of competition and institutions. Contrary to what we all think we know about the meaning of these abstractions, Callon introduces multiple meanings that render a unifying understanding unsatisfying or possibly misleading. Instead he alerts us to the relevance of different understandings of each and multiple dimensions involved in *market processes* that require a redefinition of markets. To this end he enters his own model of "market agencement," which is introduced more fully in the fourth chapter of the book. There he discusses the devices that are developed to organize market encounters, which he introduces with the matchmaking analogy of varieties of marriage arrangements (from family to milieu to dating platforms). To mitigate against the preconceived interface model understanding of markets, Callon speaks about the different elements necessary to study market processes as framings, of which there are five different sets that operate conjointly. To each he devotes one chapter of his book.

Before getting to the third framing of market agencement, he introduces two other framings corresponding to operations held to prepare and format commercial transactions in conjunction with the other framings (hence operations). The first two framings refer to the split between goods and evaluations, which Callon holds to require a range of different efforts. The formatting of entities for commercial transaction is called market-oriented passiva(c)tion, involving a range of activities including the qualification of goods in the process of their making. A table on page 144 alerts readers to relevant differences between entities subject to commercial transaction, such as land or labor or money, and thus the potential of resistance to commercialization. Callon is always eager to emphasize the material dimension of processing goods and their transformations (raw materials become a car becomes scrap material), and the dependency of specific goods on wider preconditions (a car needs roads), which sometimes makes for rather trivial statements and left me wondering about the public noncommercial activities needed to enable commercial transactions, for example; and not only, but also: what about the state? The attribution and transfer of property rights are Callon's second framing. The valuation process requires what he calls "qualculation" devices. What is frequently conceived as quantification in economics in fact needs to be considered a mix of qualitative and quantitative constructions frequently (if not always) aided by technical devices that acquire their own agency in the process. It is nice and helpful in this context to read about Callon's early work assignment in a company where he was invited to observe and assess innovations (p. 173f.). To his surprise, his study, for which he was liberally drawing on calculative devices developed by consultancies, helped to save projects within the company that were still relatively far from market stage, because executives managed to use Callon's study to legitimize their value. The biographical example sheds light on Callon's conception of device agency, although one might also conceive the processes leading to the outcome as a complex interaction of different human parties drawing on supporting material rather than breathing an independent soul into the product of a shop-floor student written in conjunction with consultancy lyrics. The first two framings, tackling separation of goods and evaluations (passiva(c)tion and qualculation), in any case are tackled in chapters two and three, respectively.

The fourth chapter, on "market agencements," is devoted to the broad range of situated calculative devices with different technical-material components (matching algorithms, fairs and trade shows, etc.), with textual and audiovisual elements of the participants' encounters in the commercial transactions and with the "human components" (p. 59) that are of course also involved, such as intermediaries or consultants. Once the making of encounter arrangements is covered, Callon directs attention to what he calls the co-constitution of the good and the buyer, involving emotional dimensions (affect) in particular. Such emotional connection between good and buyer is considered highly relevant in addition to, and even more important than, interest, use, etc. The fifth and last framing refers to the ways in which the price for a good is established beyond the supply and demand equation type of understanding of neoclassical economics. Callon calls this "price formulation" to emphasize both qualitative and quantitative procedures involved in the outcome of a given price, which also has functions beyond the agreed-upon value of a specific good.

The final chapters are devoted to the evolution and transformation of market arrangements, in which again the agency of the arrangement is noted, thence the "agencement." Historical studies of concrete markets such as French funerals and British housing construction are perused to drive home points that challenge "efficient market" ideas in economics and highlight the interplay of commercial and nonmarket spheres – pardon, agencements. Reasons for limited economic universality are found in different sets of "qualculations" and participating producers, customers, and the like that are easily overlooked if economic calculations in a narrow sense only are applied to the cases. Arrangements are dynamic and subject to quite different concerns. There is no general trajectory in the commercialization and financialization process where Marxists would probably see an expansion of the capitalist dynamics at the expense of nonmarket concerns, but Callon admits to an increasing relevance and complexity of market agencements that in his reasoning are always subject to influences that need to be considered diverse.

Callon gives us the reason for writing the book in the last chapter. Unsurprising in light of his emphasis on varieties of influence, he raises the question of option and opportunities of political engineering and market design following public deliberation instead of behind-the-scenes direction by (economic?) experts. While answering requires an additional book, he says, he proceeds to make the case for responding in the affirmative by way of looking into concrete examples of market issues in finance, climate change, and genetically engineered crops. In a surprisingly stylized way given his taste for historical and anthropological detail, he argues for pragmatic approaches and the belief in fourth best ways that would easily be dismissed by the old-school economists he considers to anyway now belong on the list for species extinction. The alternative would be resignation, which Callon surely does not fathom, even if he addresses the many constraints that fourth best solution designers have to consider due to the different positions of participating powers and devices. Given the relevance of economics and economists in policy-making nowadays, he suggests following them first to understand their proposals, and then inverting their messages. Rather than going for an optimum, Callon suggests we need to strive to get as far a distance from the *pessimum* as possible. Theorizing all along the "cycle of agencements" is the way to get this done, according to Callon: raising new concerns, reframing, designing new frames, and so on. Evidently Callon returns to his previous claims of the performativity of economics and the particular role of economists, among others, in the constant reengineering of market processes that are not considered inherently adverse to human well-being. For those interested in the comparatively greater role of big corporations and their assignment of roles to economists, I can refer to the work of Mirowski and Nik-Khah (2008). For those who will probably think Callon's recognition of market-engineering economists occasionally subject to shifting mainstream as suitable partners of problem-solving rather to be an element of the fortification of capitalist market relationships, Marx's *Grundrisse* still remains the place to study the reasons for searching for alternatives to markets altogether rather than submitting to taking part in market reforms. Callon certainly shares with critical sociologists the recognition of "wicked problems," but the "clumsy solutions" he proposes seem to err on the side of markets. While such a market pragmatism might still be preferable to voluntarism and revolutionary illusions, a stronger recognition of both Marx and Weber with regard to the larger dimensions of the capitalist and bureaucratic relationships in which social actors in conjunction with nonhuman components nowadays have to make their history might still be desirable as an additional compass to seek ways out of the labyrinth of commercial transactions and the myriad of market agencements.

Endnote

1 Marx shows up briefly in the discussion of the difference between gifts and sales following Marcel Mauss and in a short consideration of the transformation of human labor into labor power as a vivid and brutal example of what Callon calls commercial passiva(c)tion, the process rendering noncommercial entities into goods for sale. For Callon, the interesting aspect of this transformation is in the detachment of labor from specific milieus (e.g., subsistence farming) necessary to be reattached to other worlds (e.g., industrial production, p. 107), which of course has already been subject to many Marxist works on historical materialism and class formation, for example.

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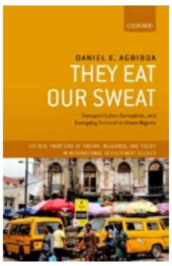
Conversation



between the book review editor Sebastian Kohl and Daniel Agbiboa on his recent OUP book "They Eat Our Sweat: Transport Labor, Corruption, and Everyday Survival in Urban Nigeria" (Oxford University Press, 2022)

Sebastian Kohl: Hello Daniel, thanks for agreeing to answer some questions from the editor on your recent book *They Eat Our Sweat* in which you offer an ethnographically very rich account of corruption practices in everyday road transportation in Lagos.

Daniel Agbiboa: Thank you for the opportunity to share some insights into my recent book. In any society, social norms dictate the extent to which individuals engage and expect others to engage in corruption. There is a common tendency in Nigeria to see corruption as a way of life, so much so that we routinely speak about a "culture" of corruption. A key motivation for writing *They Eat Our Sweat* was to go beyond such culturalist explanations by showing that corruption is not embedded in Nigerian culture but is in fact shaped by popular efforts to manage insecure lives. Which is to say, the struggle for economic survival compels many ordinary Nigerians, notably the commercial transport workers that I studied, to participate in the reproduction of the transgressive system they denounce. The implication is that ordinary Nigerian citizens are not passive in the face of corruption but instead use it in a variety of ways to minimize risk and impose predictability on their precarious labor. A related motivation for writing *They Eat Our Sweat* was to challenge the dominant paradigm of simplifying corruption into "petty" and "grand," and instead show how they interpenetrate and shape each other. Given the vital role of social norms in the diffusion of corruption, particularly on risky if profitable roads, *They Eat Our Sweat* closely examined the complex intertwining of street- and state-level corruption. This is why mutuality and complicity are key concepts that sew the book together. Nowhere is that mutuality more conspicuous than at the motor parks, bus terminals, and junctions on Nigerian roads where state and nonstate actors – and formal and informal logics – regularly collide and collude. As constitutive elements of the political economy of everyday life, these transit spaces meld state politics and subaltern politics, giving rise to a shared moral economy of corruption.

How would you summarize the book's main argument?

The main argument of *They Eat Our Sweat* is that a proper understanding of corruption must first locate it within the everyday contexts out of which it emerges and with which it routinely interacts. Corruption may be a global phenomenon, but it is intelligible only in its local context. To grasp corruption, one must attend to the underlying narrative and interpretative frames that ordinary people deploy to negotiate with power and make meaning of life's events. Many average Nigerians who participate in corruption feel that the context of political and moral economies in which they live compel them to do so. Although they recognize and denounce corruption in the abstract, these subalterns feel locked into a *system* of corruption. While the road transport workers whom I studied in Lagos, Nigeria's commercial capital and Africa's largest city, resented corruption and were generally in favor of stamping it out, the pursuit of survival forced many to reproduce the corrupt practices that they routinely denounced. This is why a core argument of *They Eat Our Sweat* is that ordinary Nigerian citizens are not passive but ambivalently complicit in the face of corruption; they deploy corruption in various ways to minimize risk and impose some order and predictability on their workaday world. The commercial driver, for example, is not just a victim; invariably, he is a participant in a state-society "dance."

Could you elaborate a bit more on how you were able to study corruption empirically?

To study everyday corruption in a megalopolis and struggling economy like Lagos, it was important for me to immerse myself in the practice of city life, and to experience how people encounter, navigate, survive or subvert corruption and coercion in everyday life. And there was no better way to do that than to become a minibus (*danfo*) conductor, one of the most stigmatized occupations in Nigeria. Throughout my fieldwork, I was constantly aware of my precarious positionality as a researcher navigating a terrain of insecurity, risk, and radical uncertainty, as well as the social stigma attached to bus conductors. The spaces occupied and navigated by the conductor – the motor park, bus terminal, and junctions – are popularly seen as cesspits of corruption, violence, drug dealing, prostitution, and magic. And yet, at their core, motor parks, and the markets surrounding them, are microcosms of social life, which facilitate the unceasing flow of goods, passengers, and information. The conductor embodies all that is wrong with the city. He is a sacrificial lamb onto which anyone can displace their daily frustrations with a dysfunctional urban system. At the same time, being a bus conductor was perhaps the most effective, if dangerous, way for me to experience first-hand the extortion and brutality of the mafia-like National Union of Road Transport Workers (NURTW), the most politicized and violent trade union in Nigeria. The fact that many conductors have been shot dead for resisting union or police demands for bribes reinforces the ephemerality of life on Lagos roads. For me, being a bus conductor was a process of *learning by doing*, consistent with the apprenticeship approach that emphasizes the participant dimension of fieldwork, turning researchers into observing participants more than participant observers. My positionality as a bus conductor raised the kind of self-reflective questions that Laura Routley encountered: "Was I an observer or a participant? Was I working with them, or studying them?" (Routley 2016, 13). These are the kind of boundary-crossing questions that I believe ethnography and economic sociology are well-placed to negotiate. I believe that participant observation is most authentic and reliable when the researcher can go unobserved, because it provides critical access to "naturally" unfolding events. This is particularly true for a phenomenon like corruption, which is located in twilight zones between the legal and the illegal, embedded in ordinary forms of sociability, and shaped by violent and shifting mutualities between formal, informal, and semi-formal actors.

What would you say are the key takeaways of your book for economic sociology, the sociology of money, or financialization scholarship in sociology?

In 1958, the sociologist Everett Hughes (1962) used the phrase "dirty work" to describe occupations that are perceived as disgusting or degrading. This term well describes the workaday world of the minibus drivers that I studied in Lagos, many of whom are partially blind and suffer from hypertension. Despite lengthy workdays, these drivers take home meager incomes due to the exacting demands of minibus taxi owners, bribe-eating law enforcement agents, and especially the extortionate powers of the *agberos*, a cohort of dreaded male youths who survive through their parasitic dependence on the spatial regulation of public transportation in Nigeria. These bribe extractors roam transit spaces, collecting onerous fees from minibus drivers on behalf of the NURTW, as well as the notorious Nigeria Police Force. Rough estimations show that at least N200 billion ($514 million) (Olawoyin 2019) is generated yearly from bribes collected by *agberos*, representing about one half of Lagos State's internally generated revenue. Moreover, during elections (and Nigeria is gearing up for one in a few weeks), *agberos* transmogrify into political thugs used by the incumbent to attack rival political candidates, coerce members of the public, and for rigging. An important takeaway of my book for economic sociology, specifically the sociology of money, is a need to better understand the shifting mutuality, complicity, and political settlements at the heart of corruption by *following the money* that flows between formal and informal economies. Where, for example, do the vast revenues generated by *agberos* end up? How are they distributed? Who are the beneficiaries of this extortion racket? What, exactly, is the trickle-up and trickle-down economy at play here?

What are some recommendations for public policies concerning corruption based on your findings?

Evidence presented in *They Eat Our Sweat* suggests that it may be more constructive for public policy to reroute corruption as a collective action-social trap problem rather than the more conventional principal-agent mode of thinking. My findings break with normative analytical models of corruption based on comparative macrolevel econometric data. Specifically, they challenge the continued public policy reliance on perception-based data and the conflation of data aggregation from various surveys into one figure used in international corruption barometers such as Transparency International's Corruption Perception Index (CPI). It calls into question the dominant paradigm of simplifying corruption into "private" and "public," and instead shows their overlapping logics. The problem with an evaluation such as the CPI is that because corruption varies so much from country to country, no single number can accurately compare the wide range of forms that corruption takes from one country to the next. Can a polyvalent phenomenon such as corruption be measured at all, let alone reduced to a single number? As my book attests, corrupt practices are extremely difficult to extricate from other social behaviors due to their embeddedness in wider everyday practices that are not corrupt sensu stricto but tend to enable and legitimize corruption. This is why public policies concerning corruption must go beyond the essentialist, culturalist, and functionalist explanations that constrain dominant approaches to corruption in Africa and the Global South generally. *They Eat Our Sweat* offers us an approach to corruption from street-level that is always in dialogue with corruption from state-level.

Finally, what are some limitations of your book? If you could go back into the field or do the book over again, what would you change?"

My fieldwork in Lagos spanned an extremely difficult four-month period (July to October 2014), when the sprawling metropolis suffered the outbreak of the deadly Ebola Virus Disease (EVD). The resultant fear of contagion in everyday life forbade intimacies and the usual gathering of Lagosians, from public spaces (e.g., motor parks) to sacred grounds (churches and mosques). The tentative mood during this period was palpable in the unwillingness of many Lagosians to be interviewed by a random stranger. I was a bus conductor in Lagos during these difficult Ebola months and recall many occasions when a poor passenger would pay for two extra seats – one to his left, the other to his right – so as to reduce the chances of bodily contact with fellow passengers. The Ebola months in Lagos affected the quality of social interactions. As one journalist neatly summed it up at the time: "Once rated in a United Nations survey as the 'happiest people' in the world, Nigerians seem to have lost their natural good humor and increasingly more people are scared of shaking hands with or hugging other people, especially strangers, for fear of getting infected with the virus" (Punch 2014). At that time, of course, few people could have foreseen that another viral disease, COVID-19, would tear across the entire world, threatening all that is normal and disrupting daily routines and social practices in every corner of the globe. The politicized and violent nature of the NURTW presented its own challenges as I navigated crowded transit spaces, non-places where collective fear has become a way of life for many. Conversations with some *agberos* were frankly quite intimidating, and some rival union gangs did not particularly appreciate my constant presence in the motor parks and terminals. This led to considerable fear and anxiety, as I was uncertain about whose toes I was stepping on at any point in time. As my fieldwork unfolded, it became clear that I was becoming too familiar with a mafia-like world in which people could suddenly disappear, and that keeping me under surveillance would allow those implicated – the NURTW, local government, and law enforcement agents – to maintain a unified front that concealed the mutualities at the epicenter of corruption. But, as I ask in the book, does one abandon urgent research simply because a predatory trade union and a complicit state government do not want their extortion racket to be documented and exposed?

Thank you, Daniel, for taking the time.

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