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Note from the editor: Climate change - what economic sociology has to offer

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Note from the editor

Climate change – what economic sociology has to offer

Anita Engels

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Welcome to crisis mode. Anthropogenic climate change is not only globally recognized as a well-established scientific analysis of what is currently happening to planet Earth, but it even seems to be accelerating recently. While governments are trying to contain the Covid-19 pandemic and struggle with its dramatic short- and long-term effects, the global climate crisis is building in the background with maybe even more far-reaching consequences. This next series of the Newsletter is dedicated to exploring the potential contributions of economic sociology to analyzing causes and consequences of the climate crisis.

I happily accepted the invitation to serve as editor for these coming issues, as my own academic career was built around what I call the sociology of climate change.

Let me say a few words about how I look at climate change and why I find it important that economic sociology engages much more with this topic.

In the mid-1990s I started to do research on how discourses of climate change transformed an (uncertain) scientific hypothesis into the certainty of a pending catastrophe (Weingart, Engels, and Pansegrau 2000). For a student of sociology with backgrounds in Science and Technology Studies (STS) and in the sociology of developing countries, there were many obvious issues to explore. I found environmental sociology a good field to guide my research. However, at some point I felt that the field was not pushing me enough towards the core of the climate problem, which seemed to lie in economic processes. If we want

to understand why the carbon lock-in is so persistent despite decades of good reasons to switch globally to a non-fossil fuel base, we need to look at the ways in which we organize and (e)valuate the production and consumption of goods and services. This was a strong motivation for me to learn about economic sociology and enter a new field, which coincided with the beginning of my postdoc life, so a good moment for a new start. When I applied for a postdoc fellowship to go to Stanford University, I became engaged in the new institutionalism and how this approach looked at companies – those economic actors that I found most central to understanding the carbon lock-in.

At that time, in 1999, there was a fierce debate about the role of markets and market-based solutions in dealing with climate change. I dedicated my research proposal to applying new institutionalist approaches to the concept of carbon markets. The basic policy idea was to create a market for tradable emission rights on which emitters could buy allowances should they want to emit more than granted by a pre-established limit. In theory, such a market scheme would allow the emitters to react to price signals and base their investment decisions on price calculations – e.g., investments in technologies that would lower their emission volumes. While defined by critics as “the right to pollute,” I found emission trading to be just the right topic for an economic sociology perspective. The introduction of emission markets was discussed both globally, under the Framework Convention on Climate Change, and in some polities, such as the US, a few Scandinavian countries, and the European Union. Economists fought over the question of the right discount rate that should be represented in a carbon price, and strongly favored the building of one global market for CO₂ allowances. The discussion was more often than not structured along an imagined *market versus state* demarcation line. Carbon markets were hailed as the one way in which economic freedom could be reconciled with the goals of the climate agreements, because the state would not decide where and by whom emissions would be reduced – this would be done by the market and the price signal it generated. From an economic sociology perspective, this reasoning had to be modified substantially. The more we looked at how such carbon

markets (or comparable earlier markets in the US) were actually constructed, the more we could see that this was actually intense regulation rather than an antidote to regulation (Engels 2006). Making a carbon market function required heavy institutional work – both to set it up and to maintain it over time. The price of an emission allowance would always depend on the political decision over how many allowances to allocate in the first place. I simplify here for the sake of brevity, but economists often argued for emission markets that covered the entire globe, because only then would the enormous differences in the costs of reducing emissions help reduce the overall costs of climate mitigation. Buyers would turn to the sellers who were offering reductions at the lowest price – the market would lead the way. From sociological or political

Anita Engels is Professor of Sociology at the University of Hamburg. She has worked on the topic of climate change since the mid-1990s, when she graduated from the University of Bielefeld. Initially she applied the perspectives of STS and the sociology of science to climate research, climate discourses in society, and science-policy interfaces. After finishing her doctoral thesis in 1999, she switched to the perspective of economic sociology and worked on carbon markets. She did empirical research on companies in the EU Emissions Trading Scheme and later on the emerging Chinese carbon markets. Her research covers the whole spectrum from basic research to transdisciplinary methodologies such as Real World Laboratories. Currently she conducts a long-term qualitative panel study on high-emitting companies in high-emitting countries, asking if, why, and how fast companies are entering pathways towards deep decarbonization. The study is built on a cooperation between colleagues from sociology, sustainable finance, business studies, and law. Anita Engels co-directs the Hamburg Cluster of Excellence Climate, Climatic Change, and Society (CLICCS, DFG EXC 2037) and the German-Brazilian Klimapolis Laboratory at the University of São Paulo. anita.engels@uni-hamburg.de; Twitter: @Engels_Klima

science perspectives, it was almost the opposite – the more border-spanning the market was, the more governments were involved, the higher were the chances of fraud and compromise.

I was particularly interested in looking at these emerging markets from the perspective of emitting companies. What they experienced was an extended period of fundamental uncertainty about how the market regulation would actually turn out for them, how many allowances they would receive, and along which allocation rules, how strict the monitoring and enforcement would be implemented, etc. Through my postdoc period I was in the very lucky position to be able to start a research grant looking at companies in the newly created European Emissions Trading Scheme (EU ETS) right after it started in 2005 (Engels, Knoll, and Huth 2008; Engels and Knoll 2014). Later, I extended this research interest to Chinese experiments with carbon markets (Engels and Wang 2018). Economic sociology provided fascinating theoretical tools for critical analysis of these new phenomena – looking at varieties of capitalism and national styles of regula-

tion to understand the huge differences in company behavior across countries, at the way those markets were constructed in the first place and at the power games that were involved in this process, and at valuation processes that transformed greenhouse gases into a commodity.

Even though this varies over place and time, many companies are now anticipating a carbon-constrained business world. High-emitting companies experience growing pressure, and whole industries, be they energy, cement and minerals, automobile, food, or agriculture, feel the need to transform their business models. But how do these economic actors make sense of what is ahead of them, and how do they fix an understanding of their business future that enables investment decisions? The perspective of imaginary futures, advanced by Jens Beckert, has been very useful to grasp the specific circumstances under which companies have to operate (Engels, Kunkis, and Altstaedt 2019).

My own role as an academic has diversified over the years. I have engaged in problem-oriented basic research as well as transdisciplinary urban transformation labs. Currently I am conducting a long-term qualitative panel study on companies' responses to decarbonization pressures on four continents, together with colleagues from sustainable finance and from law. This latest research is embedded in the Cluster of Excellence on Climate, Climate Change, and Society (CLICCS, <https://www.cliccs.uni-hamburg.de>), which is funded by the German Research Foundation (DFG) from 2019 to 2025.

As a teacher I have seen that a growing number of students in sociology and interdisciplinary teaching programs are interested in climate change as a topic. In the natural and geosciences, I see a rising interest in understanding the societal foundations of climate change and finding a way to break away from the carbon lock-in and to start a transformation towards a low-carbon or even net-zero carbon society. Finally, I serve on expert committees and engage in public sociology. In all these roles I see how much sociology in general, and economic sociology in particular, has to offer to feed into these debates.

This impression is my main motivation to serve as the Newsletter's editor for a year. Economic sociology has great potential to engage in meaningful ways with the topic of climate change. However, this potential is currently not sufficiently exploited. Expert discourses on climate policies are dominated by economists and engineers, leading to some blind spots and biases. I therefore want to open the series with a set of three interviews that I conducted with scholars in the field who all have some special viewpoint on what economic sociology can contribute, how it can improve

its visibility and make its voice heard more effectively in public and in expert circles in debates on climate policies, and on the possibility of deep transformational change.

The issue starts with an interview with Andy Hoffman, who is the Holcim (US) Professor of Sustainable Enterprise at the Ross School of Business and the School for Environment and Sustainability, University of Michigan. Before teaching at a business school, Andy Hoffman worked as a consultant, construction manager, and in the U.S. Environmental Protection Agency. I was interested in how he sees his role as a teacher and researcher who is trying to form the next generation of business leaders.

The second interview is with Benjamin Sovacool, Professor of Energy Policy at the Science Policy Research Unit (SPRU) at the University of Sussex Business School in the United Kingdom, where he serves as Director of the Sussex Energy Group. Since 2003 he has worked as a researcher on energy and climate issues. He interacts with academic, public, policy, and expert audiences alike. I was interested in meeting him because he co-founded a network and a journal around *Energy Research & Social Science*.

In the third interview I talk with Simone Pulver, who is Associate Professor and Director of the Environmental Leadership Incubator at University of California, Santa Barbara. She has been a pioneer working as a sociologist on oil companies' responses to climate change. A few years ago, she became involved in the American Sociological Association's Task Force Sociology and Global Climate Change, which tried to bring together what sociology had to offer to the analysis of climate change. I was interested in learning from her experiences gained in this task force and similar academic settings.

The idea is thus to learn from three types of experiences: teaching current and future generations of business leaders, organizing a sociological assessment on climate change, and establishing a journal and a new publication network.

In addition to these interviews, the Newsletter contains a paper written by Eve Chiapello, who holds a chair in the sociology of the transformation of capitalism (*Sociologie des transformations du capitalisme*) at the Ecole des Hautes Etudes en Sciences Sociales in Paris. She became known as the co-author of *The New Spirit of Capitalism* (with Luc Boltanski, in 1999). Since this seminal publication she has analyzed capitalism through the lens of new management and policy tools, in particular tools of financialization. In her contribution, which is a shortened and translated version of a chapter in an edited volume in French, she looks at the emergence of green finance in the context of an increasing financialization of the economy and

the ongoing delegation of responsibility for solving the climate problem and other sustainability issues from the state to the private sector. Her analysis is, unfortunately, very sobering with regard to the question of whether and how capitalism can be transformed into a “climate-friendly” version.

The focus in this series of the Newsletter on the environment and economic sociology follows the last series’ focus on digital transformations. Many thanks to Akos Rona-Tas for editing three fantastic issues on

this topic. Finally, the last point concerns the section on the book reviews that typically complete each issue. On behalf of the editorial board, I would like to express thanks and gratitude for the impressive work that Dr. Lisa Suckert has invested in this section since November 2016 (Newsletter 18.1). She continues to work as a senior researcher at the Max Planck Institute for the Study of Societies. In her role as the book reviews editor she will be succeeded by Dr. Sebastian Kohl, who is also a senior researcher at the same institute.

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