Towards a Sociological Critique of the De-politicization of Inflation – Exploring Inflation Rates Across Social Classes

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To economic sociologists, it has become received knowledge that the economic discipline not only describes but actively 'performs' the modern market economy. Thus, certain economic technologies, metaphors, and concepts enter our ordinary lifeworld and shape how we think about the economy at large. A case in point is inflation.

Over the past century, inflation has evolved into one of the most central concepts of economic policy, and the inflation rate has emerged – both within and beyond the realm of economics – into a 'quasi positive' and 'de-politicized' standard that reflects changes in prices along a single metric. Unlike markets, prices, and competition, inflation has received little attention from economic sociology, potentially due to emergence of 'new' economic sociology as a discipline only after the inflationary period of the 1970s in the West. Further, even if sociology has engaged with inflation, it often implicitly adopted the understanding of inflation as a uniform rise in prices from economic orthodoxy.

Here, we make the case that inflation needs to be regarded as a complex socio-political construct pervaded by social class relationships. First, we sketch the history of the quantification of inflation, highlighting its politically contested role in performing various economic and social functions. Specifically since the stagflation crisis of the 1970s and with the rise of central-bank capitalism, the 'single-metric' inflation rate has emerged as a key indicator for policy-making. Against this historical background, a 'quasi-positive' understanding of inflation has become dominant in orthodox economic theory and public discourse. This understanding dovetails with an 'ideology of unpolitical money' and is at odds with the political history of inflation. By depicting rising prices in a technocratic and politically neutral way, such a perspective obscures distributional effects and underappreciates class differences in the impact of inflation.

Second, we explore empirically how – throughout the last years – increasing prices have affected classes differently. To do so, we match inflation rates for ECOICOP-2013 categories at 2 structural levels from the HCIP to household consumption bundles from the HBS. Our analysis covers 28 European countries and three time points (2005, 2010, and 2015). In a first step, we examine differences in inflation rates for classes, split up by income quintiles and occupations (manual, non-manual, self-employed, unemployed). In a second – future – step, we seek to test if observed differences between countries are accounted for by theoretically-informed contextual variables.

Our research adds to an incipient sociological perspective on inflation by exploring if the exclusive focus on a 'quasi-positive' inflation rate conceals significant distributional effects. In as much as rising prices affect classes differently, a sociology of inflation must not rely on the conceptualization of inflation as brought forward by orthodox economic theory, but rather lay bare its performative role and develop a more nuanced understanding of inflation as a complex socio-political

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phenomenon. In that, its mission is located at the intersection of the burgeoning field of the 'sociology of money' – that views money as a social relation – and a heterodox economics perspective – that zooms in on various drivers of inflationary dynamics.