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Valuing as a social process: Embodiment, relevance, and commensuration

Stefan Ecks
University of Edinburgh, UK

Dave Elder-Vass, *Inventing Value: The Social Construction of Monetary Worth*, Cambridge, Cambridge University Press, 2021, 250 pp., £75.00 (hbk), ISBN 978-1-009-19933-9

Value continues to mystify. Where does it come from? What is true value, what is only a semblance of it? How can value be measured? Can value only be established in exchanges, or can it be intrinsic? How should value be distributed? Can value be fairly extracted? Value has been theorized from many different disciplinary angles. Philosophy, linguistics, psychology, anthropology, and economics all developed a range of theories. Despite all the thinking about it, a general theory of value remains elusive.

In *Inventing Value,* Dave Elder-Vass (2022) proposes a new value theory, which holds that value is 'what an item is worth'. His book presents a broad discussion of how value has been theorized by economists and sociologists. Drawing on sociological works that see at the economy as a set of social conventions, Elder-Vass argues that value is a set of beliefs about items that are strategically propagated to increase profits. In the sense of a social convention, value is 'invented'. In this review essay, I will first outline what I understand as value, before turning to Elder-Vass's work.

Value is *what makes life better*, and valuing is a decision-making process toward better life (Ecks, 2022). When two or more possibilities present themselves, 'to value' means to choose the one that enhances life more than the other. The word 'value' comes from the Latin verb *valere*: to be well, healthy, worthy. *Valeo* means both 'I cherish' and 'I am healthy'. It also means 'to wield' and to be strong. The salutation *vale!* wishes the other to 'be well!'. Value is deeply embodied, and aims to increase health, vitality, and longevity. Valuing does not require a reflexive, rational mind, though this can enhance the decision-making. Living beings value because all living beings need to make decisions that enhance life (and avoid death). The first axiom of embodied living is: one cannot not value. To value means to compare two or more possibilities and to choose the one that enhances life most.

Making 'the most' can be about survival and reproduction, but it can also be about other valued enhancements. Beauty, truth, and profit are all enhancements of life. Conflicts of value,

Corresponding author:
Stefan Ecks, Social Anthropology, School of Social and Political Science, University of Edinburgh, 15 George Square, Edinburgh EH8 9LD, UK. Email: stefan.ecks@ed.ac.uk. https://doi.org/10.2218/finsoc.8800

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for example when beauty, truth, and profit cannot be realized at the same time, are common and unavoidable. Not all roads can be taken at the same time, and one can never know with any certainty that the road taken is the best in the end: "Two roads diverged in a wood, and I—/ I took the one less travelled by,/And that has made all the difference" (Robert Frost).

Valuing is always a process of comparison. Will this dish taste better than that dish? Will these stocks return higher profits than those stocks? Does paying £4 for a loaf of artisan bread return better value than paying £1 for a packet of white toast? Any act of comparing needs to find at least one feature that is common to the two items. Finding common features for comparison is easy because the number of features shared by any two items is *infinite*. Any two things can be compared and be 'similar' in infinite ways. Two things can be in the same place, have the same weight, have the same colour, or be both made on a Monday in October. Similarity is everywhere. As the philosopher Nelson Goodman found, "similarity" is "insidious": "Similarity, ever ready to solve philosophical problems and overcome obstacles, is a pretender, an impostor, a quack" (Goodman, 1992: 13). All comparisons are "relative, variable, culture-dependent" (Goodman, 1992: 14) because what kind of similarities are relevant is unavoidably contextual.

The only way that infinite similarities can be reduced is by *relevance*. Relevance can only be determined in relation to what makes *life* better. 'Relevance' comes from the same word as to relieve, to bring out of trouble, to rescue. From among endless risks and threats, relevance shows what choice is better. For life to maintain life, it cannot remain in a state of indecision. Living beings "must decide; they must selectively process the difference between information and utterance if they are to achieve adaptive 'resonance' with their environments" (Wolfe, 2010: 23).

Value is expressed in embodied image schemata. Value goes 'up' or 'down'. Better value is 'more', worse value is 'less'. 'Moving forward' is usually better than being 'stuck' or 'going backwards'. Image schemata are the bodily basis of all perceiving, thinking, and valuing. All comparisons are made relevant through experiencing oneself as a living body in a surrounding space:

> given the nature of our bodies (how and what we perceive, how we move, *what we value*) and the general dimensions of our surroundings (stable structures in our environment), we will experience regular recurring patterns … that afford us possibilities for meaningful interaction with our surroundings, both physical and social. (Johnson, 2017: 21, emphasis added)

'Being there' in a body means that we are not detached observers of the world, but active in it. Embodiment does not make valuing entirely objective, but it strongly constrains what can be valued subjectively. Food is about taste, and taste is, to some extent, 'subjective'. *De gustibus non est disputandum*, as the Scholastics put it: there are no logical proofs that one taste is better than another. And yet the way that humans are embodied, there is no society in the world that values eating dirt over eating good food. Embodiment structures all valuing, though the items valued can reach such high levels of abstraction that valuing cannot be done from the gut. Deciding between different financial instruments, for example, requires much expertise and analytic thought. Kahneman's (2011) two systems, one for thinking fast and the other for thinking slow, shows how these decision processes work under experimental conditions.

That 'up' and 'forward' are usually valued as good, and 'down' and 'backward' as bad, makes sense to humans because of their bodies. The head is 'up' and the easiest direction of movement is 'forward'. Humans value the world in the way that their bodies are shaped. Other

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life forms have different bodies, hence different values: "Value … is intrinsic to the broader nonhuman living world because it is intrinsic to life. There are things that are good or bad for a living self and its potential for growth" (Kohn, 2013: 133).

Valuing means putting two or more items into a pragmatic comparison towards what makes life better. Most of these comparisons are commensurations, in the sense that the items have disparate qualities and their relative value cannot be established along the same standards in every way. The sociologists Wendy Espeland and Mitchell Stevens (1998) analyze commensurations as social processes. Commensurations establish the relative value of things, ideas, and actions. The pragmatic goal of commensurations can be to evaluate how an entity can be exchanged for another entity, or how the loss of an entity can be compensated, or how two entities could be deemed to be of equivalent value. Their concept of commensuration entails both numerical and nonnumerical valuations. That means that a commensuration-based theory can go beyond value measured in money.

All good commensurations are consensual. Even though consensus is never complete, commensurations can be more or less acceptable or 'good enough'. Commensurations between entities differ by how routinized and technologically elaborated they are. Valuing the taste of a sourdough bread over the white toast does not require expert knowledge, routinization, technological elaboration, or institutionalization. But valuing the nutrient content or the long-term health effects of these two types of bread requires all of these other levels, and to a high degree. Commensurations must be studied empirically because of "the conventional character of classification and the need to understand convention as a collective accomplishment" (Barnes et al., 1996: 55). Enormous work in consensus-building is required to establish and maintain commensurations as valid.

Valuations are easier when all the relevant features are known. Price, expressed in money, is a feature of many items. Price makes comparisons easier because it can be clearly known. Bread X might cost £1 in shop A and £1.10 in shop B. If only prices are compared, then the bread from shop A is better value than that from shop B. However, there are an infinite number of other features that could be compared, and dozens of features that could be compared *and* be relevant. For example, how fresh is the bread; how far away is each of the shops; what other items could be bought at the same shop; which pays employees a fair wage; and so on. Most decisions have to be made between entities where price is only a minor criterion, or where price is irrelevant. Deciding between Thai, Italian, or Indian food on a night out does not hinge on price, it hinges on taste and pleasure. What sort of food would make life better in this moment is irreducible to money. Of course, in many other instances, price is relevant, e.g. when choosing between a cheap and an expensive Thai restaurant.

Then there are value comparisons where the relevant features are not known, or where one does not even know what the *relevant* features might be. Prospect theory explores heuristics in difficult decisions (Kahnemann, 2011; Barberis, 2013). This work shows that price alone never determines value. For example, the loss aversion heuristic makes people prefer 'not losing' to 'gaining'. Exactly 'the same' amount of money feels different depending on expected utility. Prospect theory also shows that absolute value parity is impossible, even when two items appear to be, by price and relevant features, 'the same'. Some choices can be harder than others, but incommensurability does not exist. Every item is different from any other item, and yet the work of commensuration is to arrive at a sense of parity. All there is are judgments about relative value, with some more straightforward than others. No two things are ever of equal value, there is only better or worse value.

Even commodities, which are thought to be always fully interchangeable with each other, are all distinct. The anthropologist Hayden (2013) illustrates this in her work on generic

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pharmaceuticals in Mexico. The country's leading chain of budget pharmaceuticals is Dr Simi, their motto is "the same, but cheaper!" (*lo mismo, per mas barato!*). There is also a glut of generics marketed as 'biosimilars' or 'bioequivalents', where the producers try to differentiate between items that are 'the same' in terms of their key properties. Labels for sameness, such as 'similar' and 'equivalent', introduce *different kinds of difference*:

> if 'equivalence' and 'interchangeability' are themselves forms of concrete difference and specificity, the very basis for our understandings of the relation between sameness and distinction must be reorganized. Parity situations, no more. (Hayden, 2013: 632)

The commodity has, in fact, never been fully fungible. As commodities are infinitely similar, they are also infinitely dissimilar from each other. Labels that make the similar different do not 'invent' differences between commodities, rather they only highlight *existing* difference for marketing purposes.

In *Inventing Value*, Elder-Vass proposes a new theory based on socially constructed worth. After an introductory overview, Elder-Vass discusses other theories of value. He limits himself to economics and the social sciences, explicitly excluding other fields as beyond the scope of the book. He identifies three major socio-economic value theories: marginalism, the labour theory of value, and social value. Elder-Vass (2022: 39) finds that "no single theory of value … will ever be able to fulfil all of the roles that these authors want it to", which strikes me as self-defeating when the book sets out to develop a general theory of value.

Marginalism, also known as the subjective theory of value, remains the standard in mainstream economics. Marginalism describes value through price, which is produced by the interplay of supply and demand. Ideally, price is the point of equilibrium between supply and demand. In reality, however, prices are never at equilibrium. Elder-Vass does excellent work analyzing this flaw in marginalism.

The next theory Elder-Vass critiques is the labour theory of value, which is so central to Marxist theory. According to the labour theory, the value of a commodity is the amount of socially necessary work that is embodied in it. Elder-Vass detects many problems of the labour theory and concludes that it was right to discard it within mainstream economics. He also calls for social and critical theory to discard the labour theory, where Marxian concepts of "surplus" and "extraction" remain highly influential.

The third theory Elder-Vass critiques is that of social value theory, which he credits to Mazzucato (2018). This theory shares many ideas with Marxist theory, especially that capitalism is a structure for the unfair extraction of surplus value from the people who create true value. Elder-Vass (2022: 33) rightly points out that social value theory conflates two separate issues: "the problem of what activities are socially desirable and the problem of what rewards people deserve from their contribution to those activities". He also argues, rightly, that "social value … cannot be definitively measured or determined, and is always open to debate" (Elder-Vass, 2022: 35). Social value is an ongoing, difficult, contentious negotiation, but that does not mean that the theory itself is wrong. It is also a strange objection to social value theory because it would contradict his own assertions about value being 'invented'.

That social value theory was incapable of analyzing 'the other important (though neglected) sector of our contemporary economies: the gift sector', which is 'ruled by care for others' (Elder-Vass, 2022: 36), is unconvincing. Elder-Vass reiterates a Maussian distinction between gifts and commodities as the two essential items of exchange that is misleading and reductive. Even anthropologists have started to disown this absurd binary (Widlok, 2017). That the "care" produced in the gift sector is neither "equilibrium value, labour value or social

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value" (Elder-Vass, 2022: 36) makes no sense: if care is not some kind of labour with social value, what is it?

The middle chapters of the book develop the idea that value is related to norms and that social conventions modulate what is deemed valuable. Elder-Vass holds that "lay theories of value" are distinct from "conventions". 'Lay' is usually the opposite of 'expert', but this does not seem to be the argument. The conclusion is that the value of a thing "is the price that it ought to exchange at, and this is a subjective quantity in the sense that different individuals may take different views of it, but also a constructed quantity in the sense that in doing so they draw on socially or intersubjectively shared lay theories of value" (Elder-Vass, 2022: 64). This sounds to me like a marginalist notion, maybe with the addition that the subject of the subjective theory of value is not only individual actants but larger groups. But the subject in marginalism never was only an individual human to begin with, so it is hard to see if Elder-Vass's addition of intersubjectivism constitutes a substantially new theory.

The same could be said about his notion of financial value, defined as "the monetary value of a financial asset: a belief or claim about what it is worth" (Elder-Vass, 2022: 65). Apart from emphasizing that financial value is also intersubjective, I do not see what this adds to the common sense understanding of financial assets. That they are about money, and their worth depends on the beliefs and claims by humans about them, seems incontrovertible.

The concept of "asset circle" is introduced as one of the key innovations of the book. An asset circle is "a set of potential investors who see a particular security as investible in the sense that they are aware of its existence and would be prepared to purchase it in the right circumstances" (Elder-Vass, 2022: 90). An asset circle, then, is a group of people who share the same beliefs about the future value of an investment. Elder-Vass's recurrent description for what asset circles do is to *believe*. Members of the circle *believe* that an asset will turn a profit, and this belief is intentional for getting a profit from the asset. The question of what a belief is (or is not) is, however, never even asked. Belief has received a few centuries of philosophical discussion, but this is not part of the book.

Also missing from Elder-Vass's theory is why these groups should be imagined as circles. The circle image comes with considerable conceptual baggage. The circle image imposes an abstract shape onto these groups that they do not have in reality. If we are talking about norms, conventions, and beliefs, then their locus is a group of human actants in interaction with each other. The circle concept adds nothing to this. Other imagery has been used in social theory over the past decades, such as network, assemblage, or sphere. They all have advantages but also drawbacks and blind spots. Circle is probably the least useful of these concepts because it is static, flat, and unspecific.

The third part of the book presents three case studies: on venture capital and unicorns; on Bitcoin; and on the structured subprime securities that triggered the global financial crisis. The case studies are well-researched and the interpretation is generally convincing. However, to characterize the subprime crash as 'asset circles breaking down' is too vague a description of what has happened in the late 2010s. I am also not convinced that the sheer magnitude of the global financial crisis can be retraced to asset circles holding an inflated 'belief' in the value of subprime mortgages.

Elder-Vass's *Inventing Value* is an important intervention in the burgeoning field of value theory. His analysis and critique of previous value theories is overall compelling. The emphasis on value as a social process is particularly welcome, as this is the most fruitful direction for understanding worth. But the book leaves most of the important questions unanswered: who or what creates value, how to distinguish real and fake value, or how value can be best created and redistributed, are all left out of the discussion. A general theory of value remains elusive.

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