MONEY TALKS

EXPLAINING HOW MONEY REALLY WORKS

EDITED BY NINA BANDELJ, FREDERICK F. WHERRY, AND VIVIANA A. ZELIZER

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To the Princeton University Sociology Department,

where it all started

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PREFACE

ON SEPTEMBER 12, 2014, a group of scholars came together at the Yale Law School, the School of Management, and the Center for Cultural Sociology for the Money Talks Symposium, which we organized to celebrate the twentieth anniversary of the publication of *The Social Meaning of Money* (1994) by Viviana Zelizer. Daniel Markovits at the Law School proved to be an excellent co-convener. Participants included legal scholars, behavioral economists, economic anthropologists, social psychologists, political scientists, and economic and cultural sociologists, as well as historians who had developed or extended different aspects of Zelizer's landmark book. They ranged from established leaders in their fields to some of the most innovative younger scholars working on money. They all welcomed this pioneering effort to engage in sustained dialogue across our disciplinary boundaries. None had previously encountered collaborative sites such as the one afforded by the symposium. All became fully engaged in discussions about different approaches to exploring money's new forms and about policy-sensitive issues such as those involving low-income household finances as well as considerations of money's moral impact.

We were deeply inspired by conversations that flourished at the Money Talks Symposium and left the conference with a firm belief that a broader audience should have an opportunity to benefit from these conversations. With this purpose in mind, fourteen essays were further developed specifically for this volume. In this process, it became inevitable to recruit Viviana Zelizer as our coeditor. While her book provided the impetus for the conference, let us note that the book that has emerged from that meeting is not a festschrift to Zelizer, as the chapters develop new approaches to our understandings of money, and aside from Bandelj and Wherry, none of the contributors are Zelizer's former students or close collaborators. Moreover, we also found out about a meaningful conversation between Zelizer and her cherished collaborator and friend, Charles Tilly. A decade ago they had discussed editing a volume of the kind that we have now assembled. Building on Zelizer's *The Social Meaning of Money*, their envisioned volume would, in fact, include some of the same authors that are now part of this project and would forge an interdisciplinary conversation.

Then, the idea for the Zelizer and Tilly volume was filed into a manila folder, reopened by Zelizer a decade later. The time for collaboration had come. The volume before you fulfills that early Zelizer/Tilly vision about money talking across disciplinary domains, which continues to brim with relevance today, as we expect it will for decades to come.

Nina Bandelj
Frederick F. Wherry
Irvine, California and New Haven, Connecticut, July 2016

Acknowledgments

Despite Georg Simmel's famous warning about some of the risks involved in triads, our editorial trio worked together with exceptional harmony. The making of *Money Talks* became an energizing joint adventure. We were not alone. We were fortunate to receive support from numerous institutions and colleagues.

We were able to convene the volume's contributors at Yale University thanks to the generosity of a number of offices and colleagues. At Yale we thank the Office of the Provost, the Center for Cultural Sociology, the Yale Law School, the Yale School of Management, the Center for Comparative Research, and the Sociology Department. At the University of California at Irvine we thank the Center for Organizational Research, the Sociology Department, and the Office of the Dean of Social Sciences. Viviana is grateful to Princeton University and the Russell Sage Foundation for providing precious sabbatical support at RSF's stimulating and congenial community. Special thanks go to Miguel Centeno, chair of Princeton's Department of Sociology. Nina gratefully acknowledges support from the National Science Foundation Grant no. 1328172.

A number of colleagues offered suggestions, advice, and encouragement, including Daniel Markovits (who co-hosted our symposium at Yale Law), Jeffrey Alexander, Richard Breen, Julia Adams, Frances McCall Rosenbluth, Andrew Metrick, Olav Sorenson, and Alice Goffman. Our introductory chapter benefited from valuable comments from Rene Almeling, Christine Desan, and Eldar Shafir. We are also grateful to Nancy Folbre, Marion Fourcade, Shane Frederick, Kieran Healy, Akinobu Kuroda, Daniel Markovits, and Stephen Vaisey, who presented papers at the 2014 conference. Heba Gowayed and Nicholas Occhiutto served as the symposium's scribes and its promoters, writing up a report for the American Sociological Association's Economic Sociology Section newsletter, *Accounts*. Nadine Amalfi coordinated us all with great care and with assistance from Carolyn Ly, Till Hilmar, and Shai Dromi. At Yale, Pam Colesworthy handled other troubles before they could become a bother. Yader Lanuza ably assisted with the references, as did Ashley Fournier with the copyright permissions.

The sustained efforts and warm collegiality of our contributors made this book possible. We hit the jackpot with a set of brilliant colleagues that met every deadline and responded to each of our suggestions.

We could not find a better home for our book than Princeton University Press. Under the stewardship of its director, Peter Dougherty, PUP is an author's dreamworld. From day one, Meagan Levinson's enthusiastic and skillful

editorial support helped guide our efforts. We greatly benefited from her advice as well as comments from three demanding but constructive anonymous reviewers. Our good fortune extended to the superb production team led by Kathleen Cioffi, with Samantha Nader's assistance, as well as Beth Gianfagna's gifted copyediting and Jim Curtis's indexing prowess.

Our families endured our distraction, our enthusiastic late night notes back and forth, and our solitary retreats to think things through. Nina's mother, Olga, a masterful practitioner of relational work, heard about the very beginnings of this amazing venture and would have been the loudest one to celebrate its culmination. *Draga mami, vedno si z mano*.

MONEY TALKS

INTRODUCTION

Advancing Money Talks

Nina Bandelj, Frederick F. Wherry & Viviana A. Zelizer

MONEY MESMERIZES AND MYSTIFIES. Its influence extends far beyond the steely confines of numbers, ledgers, and rational calculations. Yet, for a long time economists managed to keep monetary analysis safely constrained within technical territory. Coinciding with Gertrude Stein's (1936: 88) sober dictum that "whether you like it or whether you do not, money is money and that is all there is about it," economic analyses demystified money's range. They did so by certifying that a dollar is a dollar, no matter how it is earned, who earns it, or how it is spent. In short, when it behaved, money functioned as an impersonal medium of exchange and, therefore, could move efficiently.

But money has been escaping its narrow domain. At the start of the twenty-first century, novel investigations challenge and reshape our understandings of how money works. Breaking down artificial barriers between the worlds of money and social life, analysts from multiple disciplines document money's integration into the spheres of interpersonal relations, cultural practices, moral concerns, legal regulation, historical variation, religious meaning, and political disputes. Within economics itself, new analyses of money have reshaped the conversation. Most notably, the influential mental accounting theory developed in the late 1970s to early 1980s by Richard Thaler, Daniel Kahneman, and Amos Tversky, redirected economic thinking about money by introducing unexpected evidence about monetary differentiation.

Monetary innovations transcend academia. In recent years, the surge of new currencies and payment systems has transformed how we use money and how we think about it. Along with cash, credit cards, debit cards, and checks, we can now pay with Square, Google Wallet, Apple Pay, Venmo, as well as with a multiplying set of cryptocurrencies, most notably Bitcoin. Or consider how m-pesa, the mobile phone–based money transfer service, has opened up a crucial new form of payment for people in developing economies. And around the world, emerging local currency communities, barter arrangements, and other peer economies further broaden forms of exchange and payment. Meanwhile, leading economist Kenneth Rogoff in his *The Curse of Cash* (2016) advocates doing away with paper money.

Bringing together a set of scholars from seven disciplines—namely, economics, anthropology, communication, sociology, political science, philosophy, and law—*Money Talks* represents a pioneering effort to document the multiple advances in monetary analysis and the changes in monetary forms. As they draw from a dazzling panoply of theories and empirical cases, the chapters illuminate money's past, present, and future. Along the way, our authors grapple with perennial questions but also confront novel dilemmas about money's constitution, its effects, and how we account for it.

The chapters explore the vagaries of monetary practices. What explains the multiple ways in which we use, give, or save money? Are the monies we exchange in our private transactions fundamentally different than those used to trade in financial and corporate markets? Under what conditions, to what extent, and how does the expansion of monetary exchanges transform the prevailing quality of social life? Given the availability of money, how do people incorporate it into transactions that are not explicitly for market exchange? They also tackle macro-level issues involving the creation of money. What are the historical, institutional and political processes underlying the making of state money, and can its fungibility actually be understood as a political and legal construction? Does the expansion of more extensive politically backed monetary systems constrict the range within which local monetary arrangements operate? If yes, does the state dominate as the exclusive creator of money? If not, when, how, and why do new currencies emerge? Should we welcome monetary innovations, such as Bitcoin, or should we be alarmed? When does money offer freedom and equality and when does it serve to oppress?

These questions find surprising answers in this volume, enriched by its unique multidisciplinary dialogue. Our authors bring to the discussion not only varied analytical frameworks but a diverse set of methodologies, including interviews, ethnographies, experiments, and archival historical research. While the book may not provide conclusive answers to every question surrounding money, it launches a provocative research agenda that should invigorate the field on two broad fronts: for those interested in the social meaning and relational earmarking of multiple currencies, as well as those concerned with money as a matter of law and the state. As this volume's contributions attest, the relational creation and the state creation of money are not at odds with one another but represent different features of money that an interdisciplinary approach reveals.

Together the chapters radically depart from standard accounts of modern money, which rest on four entrenched assumptions: first, that money is a neutral, asocial, medium of exchange; second, that money ultimately refers back to a single standard most often identified with government-backed legal tender; third, that money is fungible across uses and contexts; and fourth, that money possesses extraordinary powers to shape social life by reducing it to economic calculation.

In their effort to revamp what money is and what it does, contributions to this volume challenge all four assumptions. As such, they belong to a much broader and also multidisciplinary critique of orthodox economic approaches to markets and economic activity. This critique pushes us beyond the individual as the primary unit of analysis to the ongoing social relations and institutions that shape money. Our book's efforts to rethink money thus become a centerpiece for broader attempts to offer new visions of economic life.

The book, moreover, builds on revisionist interpretations of money in the social sciences that began taking shape in the late 1980s, significantly expanding in the 1990s and into the early decades of the twenty-first century. As late as 1979, for example, Randall Collins had complained that sociologists ignored money "as if it were not sociological enough" (190). That changed as new studies recognized money's social and moral realities, demonstrating that money bears culture and carries a history. Important contributions within sociology and anthropology included two edited collections, Jonathan Parry and Maurice Bloch's (1989) *Money and the Morality of Exchange* and Jane Guyer's *Money Matters* (1994); Viviana Zelizer's *The Social Meaning of Money* (1994); Nigel Dodd's *The Sociology of Money* (1994); and Bruce Carruthers's *City of Capital* (1996).

Since the beginning of the twenty-first century, innovative accounts of money have picked up speed, with contributions such as Keith Hart's *Money in an Unequal World* (2001), Michel Aglietta and André Orléan's *La monnaie entre violence et confiance* (2002), Arlie R. Hochschild's *The Commercialization of Intimate Life: Notes from Home and Work* (2003), and Geoffrey Ingham's *The Nature of Money* (2004). Most recently, Nigel Dodd's *The Social Life of Money* (2014), Christine Desan's *Making Money: Coin, Currency, and the Coming of Capitalism* (2014), and Bill Maurer's *How Would You Like to Pay? How Technology Is Changing the Future of Money* (2015) have brought forth fresh theoretical insights and empirical findings.

Recognizing money's malleability, social scientists across disciplines have thus begun exploring money's sociality, functions, and its varied forms in modern settings. Notably, within anthropology, scholars disputed longstanding assumptions about money's "grand transformation" from the socially embedded primitive currencies to socially detached capitalist money (Weber and Dufy 2007). (For a multidisciplinary bibliography on money focusing on work published after 2000, see the Selected References at the end of this volume).

These studies launched a radical debunking of standard assumptions about money. Our book forcefully moves the agenda forward. Indeed, its contributors put minor effort into critiquing what's wrong with classical notions of money and instead propose alternative frameworks. On the whole, they do so in five key areas. First, explaining monetary differentiation: they acknowledge that challenging fungibility is only a first step and propose varied accounts of how monetary diversity actually works in intimate as well as market transactions. Second, they historicize money's neutrality along with the fungibility paradigm. When, how, and why, they ask, did the assumption of monetary fungibility and impersonality emerge, and what accounts for its enduring power? Third, they challenge time-honored theories that assert state monopoly of monetary creation. Taking seriously the significance of alternative monies, they advance an expansive definition of money. Money, from this perspective, includes state-issued legal tender but also other currencies, including credit and debit cards, electronic currencies, frequent flier points, food stamps, gift certificates, and more.[1] Fourth, our authors reassess standard commodification theories, vividly documenting varied ways in which money mingles with intimate transactions. Fifth, they tackle contemporary innovations in forms of money and forecast money's possible futures.

Notice a historical paradox: while turn-of-the-twentieth-century analysts, including Georg Simmel in his magisterial 1900 *Philosophy of Money*, asserted money's singular and impersonal character, deeply worrying about money's seemingly unstoppable raid into social spheres, our twenty-first-century experts portray an increasingly diversified monetary world and reveal its social grounding. Most notably, as they document the cultural, political, and legal processes involved in creating state money, they trace the unexpected increase of personalization in emerging monetary arrangements.

Collectively, the chapters also demonstrate why, during times of growing economic inequality, when money's symbolic and social meanings may seem irrelevant, they still matter. Concern with poverty and income disparities by class should not mislead us into assuming that the form and significance of different kinds of money make no difference. As Jennifer Sykes, Katrin Kriz, Kathryn Edin, and Sarah Halpern-Meekin (2015) discovered in their analysis of the Earned Income Tax Credit (EITC) refund's special meaning for its recipients, those distinctions can be consequential, often shaping institutional and social practices.

Our introduction identifies major themes in the burgeoning literature on money in order to guide further work. Our hope is that *Money Talks* will reverberate, opening up opportunities for a more focused interdisciplinary dialogue that can lead to joint future investigations. The sections in the remainder of this introduction orient our path.

1. Beyond Fungibility: Moving away from money as a homogeneous medium, we explain in what ways social relations, emotions, and moral beliefs create profound differentiations among categories of monies.
2. Beyond Special Monies: We debunk the view that nonfungibility applies only to special cases or to money in households and other intimate economies by demonstrating the pervasive earmarking of market monies.
3. Creating Money: We challenge conventional explanations of money's emergence as a unit of account by presenting alternative historical, cultural, and political interpretations.
4. Contested Money: Having established relational, emotional, moral, and political dimensions of money, we examine the conditions under which it becomes morally contested. Are there things money shouldn't buy? When does money serve to reinforce moral values and relations?
5. Money Futures: How have technological innovations and emerging social arrangements transformed money? And what is the impact of the new twenty-first-century currencies on our social relations?

Our agenda is ambitious. It pushes us toward a view of money and more broadly economic behavior as socially grounded as well as historically and politically constructed. And it forces us to take seriously the significance of monetary objects beyond legal tender. We turn first to fungibility.

Part 1. Beyond Fungibility

Classical economists proclaimed money as a neutral medium of exchange serving as a universal payment instrument, a source of stored value and means of accounting. Money was theorized to emerge in response to the need for equivalence in economic transactions. Its fungibility was declared indispensable: money remained the same, regardless of the particular social setting or the specific participants in the exchange.

The staunch fungibility assumption began to crumble in the 1990s as social scientists rediscovered money as a social, cultural, and political object of analysis. People and organizations, they noted, regularly mark consequential distinctions among categories of monies. The challenge, however, was explaining why and how people introduce such distinctions into a seemingly anonymous medium of exchange. Two main reasons have emerged: one, the mental accounting theory that focuses on individual cognitive patterns, and two, a theory of relational earmarking centered on how social relations shape monetary differentiation.

Introducing the concept of mental accounts, behavioral economists undermined fungibility by demonstrating a pervasive range of monetary distinctions. Thaler, the field's pioneer, defines mental accounting as "a set of cognitive operations used by individuals and households to organize, evaluate, and keep track of financial activities" (1999: 183). People, for instance, often allocate their rent money, entertainment money, or investment money to separate nonfungible mental accounts in ways that influence their consumption and savings choices. Thaler recognizes that these budgetary compartments often lead to questionable, suboptimal spending decisions. But Thaler also acknowledges the efficiency of such strategies, suggesting they "evolved to economize on time and thinking costs and also to deal with self-control problems" (1999: 202). Social class matters as well. Sendhil Mullainathan and Eldar Shafir (2013), for instance, find that poor people who experience scarcity and the necessity of making trade-offs are less likely to segregate accounts, and are less susceptible to cognitive biases (see also Shah, Shafir, and Mullainathan 2015). This does not mean that poor people do not have a meaningful relationship with money; it does suggest that the set of practices attached to mental accounts sometimes resemble those of a textbook economic actor. With its vivid examples and practical applications, mental accounting theory has become an influential view that frequently informs policymakers about how individuals use their money.[2]

The second explanation, relational earmarking, moves beyond the individual cognitive process by focusing on the social ties and dynamic interactions that shape how people make sense of money and spending. Earmarking is a practice of monetary differentiation by which people accomplish what we call relational work. What does that involve? It is a process by which people create, maintain, negotiate, or sometimes dissolve their social-economic relations by searching for appropriate matches among distinctive categories of social ties, economic transactions, and media of exchange (Zelizer 2012; Bandelj 2016). Relational work explanations thus attach multiple monies and monetary practices to social relations by arguing that people regularly differentiate (or earmark) forms of monetary transfers in correspondence with their definitions of the sort of relationship that exists between them. How and when we pay a tutor, for instance, will involve a different kind of relational work if that tutor is also our cousin. Do we expect a discount or even free services from a relative? If free, should we buy our cousin a gift? Or should we insist on paying a regular fee to keep the relationship professional? Of course, this matching process may fail when people offer the wrong currency for a particular relation, or suggest an offensive economic transaction in another. Correcting mistakes may require additional reparative relational work to restore relations.

An integral part of relational work is the earmarking of money. For example, by earmarking their budgets for different expenditures and managing the labels and flows of earmarked funds, people situate themselves in a web of meaningful relationships. The various monies serve to build or reinforce some relations but can also undermine or threaten others. To be sure, this extensive relational process operates within boundaries set by historically accumulated meanings, legal constraints, and structural limits (for a different kind of relational explanation, see Ingham 2004). Because the marking of money is most commonly explained as mental accounting, relational earmarking often remains invisible. Yet attention to relational earmarking broadens our analysis from a psychological construal of budgeting categories toward the relationship concerns, as well as the underlying emotions and moral imperatives that infuse these earmarks with power to affect people's decisions.

Consider the case of a child's "college fund." Marketing professors Dilip Soman and HeeKyung Ahn (2011: 67) recount the dilemma one of their acquaintances, an economist faced with the option of borrowing money at a high rate of interest to pay for a home renovation or using money he already had saved in his three-year-old son's low-interest rate education account. As a father, he simply could not go through with the more cost-effective option of "breaking into" his child's education fund. Soman and Ahn focus on the consequential emotional content of this particular mental account. Their anecdote coincides with Thaler's (2015: 77) assertion that "the most sacred [mental] accounts are long-term savings accounts," which include children's education accounts. For Thaler, this sacralization of certain monies renders them nonfungible via a cognitive process that sets them apart from unrestricted funds such as cash, which, Thaler quips, "burns a hole in your pocket [and] seems to exist only to be spent" (2015:76).

However, from a relational work perspective, people's reluctance to spend the money saved into their children's education funds transcends individual mental budgeting. These funds represent and reinforce meaningful family ties: the earmarking is relational. Suppose a mother gambles away money from the child's "college fund." This is not only a breach of cognitive compartments but involves a relationally damaging violation. Most notably, the misspending will hurt her relationship to her child. But the mother's egregious act is likely to also undermine the relationship to her spouse and even to family members or friends who might sanction harshly the mother's misuse of money (see Zelizer 2012: 162). These interpersonal dynamics thereby help explain why a college fund functions so effectively as a salient relational earmark rather than only a sacred or cognitive category.

Relational monetary differentiations are clearly documented in studies of the highly successful Earned Income Tax Credit (EITC) program, the refundable federal tax credit aimed at low-income working parents. Sykes et al. (2015), in the study we mentioned earlier, conducted in-depth interviews with 115 EITC recipients and discovered how and why those refund checks acquired special social meaning, distinct from their wages or welfare funds. The money was closely associated with recipients' middle-class aspirations for themselves and their children. How they received the money (a mainstream delivery system via the Internal Revenue Service instead of a stigmatized welfare transfer) and the conviction that the money was fair compensation for their labor affected how recipients labeled and used that income. As Sykes and colleagues report, recipients "often anticipated the refund throughout the whole year and thoughtfully earmarked it for specific purposes" (250).[3]

Parents used the money for paying bills or debts, to increase their savings, and also to offer their children special treats or to subsidize a family trip to see relatives. The purposes to which recipients put the money and its intended beneficiaries (family members) meant that these lump sum payments would be disaggregated and some of its parts deemed nearly nonfungible. Again, this was not only the outcome of a cognitive process of classification as mental accounting would suggest. Rather, monetary differentiation was wrapped in relationships and moral concerns, as people managed their EITC monies to work on their social ties.

Consider, too, the case of immigrant remittances. Migration scholars have amply documented the economic and social significance of these monetary transfers (see, e.g., Levitt 2001; Parreñas 2001; Smith 2006; Abrego 2015; and Singh in chapter 11 of this volume). Drawing from his childhood memories, Junot Díaz, the brilliant Dominican-American novelist, offers his own poignant report on remittances' special meaning:

> All the Dominicans I knew in those days sent money home. My mother certainly did. She didn't have a regular job outside of caring for us five kids so she scrimped the loot together from whatever came her way. My father was always losing his forklift job so it wasn't like she had a steady flow ever. But my mother would rather have died than not send money back home to my grandparents in Santo Domingo. They were alone down there and those remittances, beyond material support, were a way, I suspect, for Mami to negotiate the absence, the distance caused by our diaspora. Hard times or not she made it happen. She chipped dollars off from the cash Papi gave her for our daily expenses, forced our already broke family to live even broker. . . . All of us kids knew where that money was hidden too—our apartment wasn't huge—but we all also knew that to touch it would have meant a violence approaching death. I, who could take the change out of my mother's purse without even thinking, couldn't have brought myself even to look at that forbidden stash. (Díaz 2011)

Clearly, much more is going on in Díaz's family economy than mental accounting. Rather, four features of Díaz's recollections stand out. First, the remittance was not merely a monetary transfer but had sentimental, almost sacred, significance for Diaz's mother. Second, the money was earmarked physically as well as socially, hidden in a special spot and kept separate from the daily housekeeping expenses. Third, there was an unquestionable moral boundary between the money earmarked for the grandparents in Santo Domingo and the ordinary coins in Díaz' s mother's purse. Fourth, the remittance transfer connected Díaz's mother and her parents, with consequences for her household's other ties, to her husband and her children.

The volume's first three chapters take on the challenge of developing theoretical alternatives to the fungibility principle, highlighting the complex mix of cognitive and relational as well as moral and emotional efforts involved in earmarking money. Economist Jonathan Morduch starts off by explaining why nonfungibility remains "a hard sell" for traditional economists but then demonstrates how and why recognizing monetary differentiations advances our understanding of economic activity. Drawing from the US Financial Diaries project, he documents the frequency of earmarking in a sample of low- and moderate-income households in five states across America. Families, the study discovered, often earmark money earned by a particular family member or generated from a particular job. Earmarking income for particular purposes, Morduch shows, generally leads to spending patterns that deviate from economic expectations based on assumptions of household-level optimization with full fungibility. While behavioral economists and game theorists have developed their own explanations of such "anomalous" monetary choices, it is time, Morduch argues, to create theories along with policy interventions that recognize the power of money's social meanings.

Nina Bandelj and her collaborators pick up on these "anomalous" results that deviate from patterns expected on the basis of economic assumptions of optimization to focus on how morals and emotions shape what people do with money. Their chapter first reviews the growing experimental work in psychology and behavioral economics on these topics before they report findings from their interdisciplinary investigation of charitable giving. The team studied charity contributions using a Dictator Game experimental design whereby participants are given tokens with real money value and can decide to contribute to charity or to keep the money for themselves. But to get a better sense of the role of morals and emotions, they also asked participants (in an open-ended question) to explain their motivations for giving. In addition, they conducted the experiment with the same student participants at two different points in time. They found that those who contribute more to charity tend to be women, tend to evaluate themselves as less self-interested, and are more likely to have been those who gave to charity at the first point in time. The choices of particular charities are not very consistent over time but depend on participants' moral and emotional evaluations. These often reflect concrete social relations that students have with significant others. For instance, most of those who chose to donate to the American Cancer Society explained that they did so because the disease affected their relatives or friends. The chapter concludes that even in abstract experimental conditions, moral judgments and emotional underpinnings are not discrete influences on how people think about and use money but are thoroughly intertwined, relationally grounded, and reinforced by practice.

Morality and relations come together in Frederick Wherry's chapter on relational accounting. The chapter opens with those moments in the life course that families publicly account for: funerals and graduations. These serve as useful starting points for thinking about why some budgeting decisions are prioritized over others. People mark their monies and become marked by their uses during these moments when parents, for example, demonstrate their care for their children by ensuring that they can make a public transition from high school student to graduate, a singular move into adulthood. Such moments are recognized and sanctioned by local communities. And it is in these moments that social analysts can detect the moral weight different events carry and how cultural, moral, and relational concerns steer individuals to mark their monies as a means to address those concerns. The chapter combines work from cultural sociology, experimental philosophy, and cognitive science to show how morality, meaning systems, and relationships can be analyzed with greater precision in a process he calls relational accounting. (See Wherry 2016 for additional examples of how relational accounting represents a specific component of relational work.)

In addition to bringing relational work into dialogue with approaches from mental accounting and behavioral economics, this section's three chapters push us to ask what people think they are doing when they do things with money. Moving away from what analysts think people "ought" to do to what we observe them doing represents a crucial first step; so too does asking why they think they need to use money in the ways they do. As these chapters show, this is not a matter of merely sensitizing social scientists to the complicated lives people lead as they manage their monies; it is a direct challenge to our understandings of where our preferences and logics of action come from.

Part 2. Beyond Special Monies

The first section of our volume moves us emphatically beyond the fungibility assumption and toward new theories of how money works. Still, we must acknowledge that this economic principle retains such a powerful stronghold in social science that it remains tempting to claim that money is nonfungible only in special situations, or that perhaps people only act as if money is not fungible when they can afford it or when there is little at stake, such as within households or other intimate economies. These objections either relegate nonfungibility to exceptional situations or explain away meaningful action as something people do when they have the time and the economic resources to indulge in expressive behaviors. Otherwise, the perception still lingers that business people confronted with making a profit or parents worried about sheltering their children from eviction do not have the luxury of taking money's meaning into account.

The arguments laid out in this volume's contributions clearly dispel the idea of "special situations" or "special monies." Zelizer, in *The Social Meaning of Money* ([1994] 1997), had already specified that "money used for rational instrumental exchanges is not 'free' from social constraints but is another type of socially created currency, subject to particular networks of social relations and its own set of values and norms" (19). Still, because the book and much research on monetary differentiation focuses on households and other intimate terrains, it seemed to exempt commercial monies from social or moral differentiation. What is more, Zelizer's (1989) earlier labeling of earmarked household money as "special money" unintentionally compounded the misperception. Households or gift economies are not "special" anomalies or exceptions to value-free market money.

The same kind of monetary differentiation that takes place within intimate transactions occurs in the supposedly homogenized sphere of market monies. Consider, for instance, how corporate organizations distinguish among payment systems, such as salaries, bonuses, or commissions. These distinctions represent more than varying forms of individual economic incentives. They mark meaningful and consequential relational differences between employer and worker. Wage payment by the hour, for instance, implies a different relation between employer and worker than does an annual salary, not to mention different kinds of negotiation over modes of payment. Take Uber's controversial compensation system. By insisting that its drivers were independent contractors rather than company employees, the booming transportation company linking drivers to riders could avoid minimum wages and overtime (Greenhouse 2015). The case of multiple payment systems reinforces the argument that lingering dichotomies between "real money" and "special monies" are invented ideological artifacts. All monies are equally special in the sense of representing specific kinds of social ties and meaning systems. Moreover, as the Uber case shows, monetary differentiations are not necessarily benign and can serve to reinforce unequal relations.

Chapters by Bruce Carruthers and Simone Polillo take the earmarking and social meaning of money argument squarely into the sphere of market money. Bruce Carruthers takes on the analysis of monetary differentiation within formal organizations, banks, and other financial institutions. He demonstrates how, despite the advantages of liquidity, organizational budgeting practices create incommensurable categorical distinctions, akin to earmarks, within fungible money. Many forms of individual and organizational credit similarly involve earmarks that constrain the use and allocation of future purchasing power. Credit, Carruthers reminds us, is always earmarked in terms of who is a legitimate recipient but also often in terms of how the money can be used. A home mortgage, for example, can be used to purchase a house but not a car. Beyond his analysis of earmarking, Carruthers considers whether the financialization of the economy "has helped to monetize more of the world." He finds instead unexpected limits to monetary valuation. In the contemporary over-the-counter derivatives market, for instance, participants often rely on non-price-based forms of valuation.

Well before businesses were concerned with how they would be valued by others as an asset, Simone Polillo reminds us, they had to figure out how their own accounting procedures would help them coordinate across a community of businesses divided by their labor specializations. Polillo brings Thorstein Veblen's analysis of business enterprises into conversation with Zelizer's discussion of household budgets in order to demonstrate how widely earmarking has taken place in industries (and why). His chapter begins with the role earmarking plays in helping the different actors within an industry coordinate their action. The information that these earmarks convey, argues Polillo, goes beyond instrumental necessities and expresses the identity of the industry and its participants. As he moves from a discussion of coordination across industries to the internal management of business monies, Polillo recognizes how the earmarking of industrial and business monies helped actors articulate a narrative about the market, the actor's place in it, and their futures. Polillo concludes by identifying the rise of generalized capitalization, or how the worth of even nonfinancial matters increasingly relies on future expectations for profit. Through this process, financial practices spread beyond the corporate system into everyday life.

Carruthers and Polillo take us beyond the world of domestic monies in order to show how Zelizer's claims about "special monies" apply to the public sphere. They provide contemporary examples of earmarking in the world of finance, reminding us that businesses use differently labeled credits, financial instruments, and other monies as they engage in production, business-to-business services, and investments. Even when disguised in ever more complex financial forms, these monies are earmarked depending on the type of relationships involved in the various transactions as well as by their moral significance. Self-interest mixes with solidarity, money mingles with morals, and social relations matter, these chapters show, in the places we least suspect.

Part 3. Creating Money

As Carruthers and Polillo document, monetary earmarking goes beyond cases of interpersonal negotiation in intimate settings, as it represents a fundamental feature of modern capitalist economies, extending to organizational and financial money. Chapters in part 3 by Christine Desan, David Singh Grewal, and Eric Helleiner further advance the radical rethinking of money's neutrality and uniformity by historicizing its creation. The emergence of modern money, they explain, was not the inevitable outcome of expanding economic markets but the contested product of political, legal, and cultural processes and institutions. Money's efficiency as a medium of exchange, these chapters certify, cannot alone explain its complex history.

Consider how even the aesthetics of monetary design involve struggles with little connection to money's economic value. Here are two contemporary examples. First, the heated controversy triggered in 2015 by the US Treasury's proposal to redesign the $10 bill by replacing Alexander Hamilton with a woman. Rosie Rios, the treasurer overseeing this change, noted in a press interview the statement made in an e-mail message she had received from her own high school history teacher: "I've been teaching for 35 years. I walked in my classroom for the first time today and realized there are no pictures of historical women on my walls. None" (De Crescenzo 2015). For Rios and others, putting the portrait of a woman on the bill went much beyond a design gesture but belonged to a broader national conversation about gender equality.

Consistent with the democratic values that US currency is supposed to represent, the Treasury launched via a website an unprecedented campaign inviting the public to submit ideas and comments about currency redesign. Administration officials were stunned by the volume of the response (several million people voiced their opinions) but also by some unexpected sources of opposition. The problem was not with the decision to put a woman's face on the nation's currency. Critics questioned the choice of replacing Hamilton, the first treasury secretary who oversaw the development of the nation's financial system. Why not instead replace Andrew Jackson on the $20 bill, considering Jackson's well-known distrust of paper currency and banks? And what finally happened? Jackson was replaced by the noted former slave and abolitionist Harriet Tubman. In addition, future $5 and $10 bills would feature women and civil rights leaders. Alexander Hamilton (with his reputation newly invigorated by a hugely successful Broadway rap musical based on his life) remained the face of the $10 bill. As Jacob Lew, the secretary of the treasury, noted in his announcement of the new monetary designs, the process became "much bigger than one square inch on one bill" (Lew 2016).

While the proposed currency redesign sparked political and popular debates about values and history in the United States, a decision by the Belgian government in 2015 to issue euro coins with images of the battle of Waterloo ignited an international political controversy (Kotasova 2015). The French created an uproar, because the 1815 battle portrays Napoleon's humiliating military defeat. Since the euro is the common currency for eurozone countries, all participating countries must agree before a new coin can be issued. Without France's consent, it seemed that the Waterloo proposal was not feasible. Belgians, however, found an obscure clause in European law to get their way. This legal exception allows eurozone countries to issue commemorative coins in nonstandard values. The result was a creation of special currency—a 2.50 euro coin graced with the battle of Waterloo image, limited in circulation to Belgium.

Far from a frictionless medium, money, as these two episodes illustrate, can easily become fodder for cultural, social, and political disagreements. There is certainly ample historical precedent for such symbolic disputes. In his chapter, for example, Helleiner recounts how nationalist sentiment drove similar nineteenth-century battles over the 1863 design of the US national banknote.

The institutional underpinnings of monetary creation, however, go far beyond its physical design and involve more than symbolic markers. Certainly, long before its controversial 2016 referendum to exit from the European Union, the United Kingdom's refusal to adopt the euro as its currency was not determined by either aesthetic or even economic concerns alone. As the chapters by Desan, Grewal, and Helleiner amply demonstrate, the making of money, as well as the construction of markets, require specific forms of state intervention and legal regulation, involving struggles over power and control of monetary production, and resulting in the legitimation of particular economic practices, such as the management of public and private debt and the determination of credit and creditworthiness (see, e.g., Polillo 2013).

Contesting notions of money's neutrality, Christine Desan shows that monetary differentiation exists not only in how people and organizations use money, as we have seen in the first two sections. Money's internal design, she shows us, is a fundamental determinant of monetary variation. The kinds of money we use affect market outcomes and even how we conceptualize money. Desan's constitutional approach to money thus moves us "inside" money, recognizing money as a structure entailing value that is socially and politically engineered.

Her novel approach allows Desan to compare medieval and early American methods of creating money and then show how these strategies shaped their distinct markets. What's more, she identifies the radical change in money's design that, in her view, eventually institutionalized capitalism. When the late-seventeenth-century English government began sharing its monopoly in monetary creation with banks, the shift placed commercial actors' self-interest at the heart of money creation. This revolutionary redesign, claims Desan, produced unprecedented liquidity, which underlies modern finance's powerful markets, along with its troubling pathologies. Paradoxically, she notes, it is this transformation that produced standard tropes of money as an impersonal abstraction.

David Singh Grewal broadens the historical investigation of money by tracking the origins of a commoditized vision of social life. When and how, he asks, did the mirage of a market-dominated society partnered with an impersonal money emerge, and how did it expand? Grewal discovers an unexpected genealogy. The earliest version of the market mirage, he suggests, is found in the theological writings of the Jansenists, late-seventeenth-century neo-Augustinians. Jansenists offered a providentialist vision of a sinful order in which, via God's invisible hand, the market transmuted individual self-love into collective beneficence. This providentialism persisted in eighteenth-century political economy, but now in secular garb, influencing the elaboration of market processes by economists and jurists.

To understand these early conceptions of the market and their evolution, Grewal contends, we must recognize the crucial role of the early modern state. Rather than contesting markets, the state enabled the social construction of the dominant market model. Moving away from residual feudal inequalities, political theorists advocated a homogeneous market that would erase former social distinctions. While twentieth-century economics produced its own view of markets, Grewal demonstrates how throughout these changes, first theology and then political ideology combined to uphold the symbolic power of markets and money.

Eric Helleiner extends insights about the social meaning of money to nineteenth- and twentieth-century monetary structures at both the national and international levels. He explores ways in which nationalist values helped to shape the emergence of modern territorial currencies in the United States and elsewhere during the nineteenth century. Turning to international monetary systems, Helleiner shows how more cosmopolitan nonpecuniary values helped to inspire a failed initiative to create a world monetary union in the 1850s and 1860s. He also examines the international gold standard of the late nineteenth and early twentieth centuries, offering a critique of what many have seen as Karl Polanyi's well-known argument about the economy's socially disembedded nature. Helleiner concludes with a discussion of the creation of the Bretton Woods system in the early 1940s, the gold standard's successor, as a clear example of an international monetary system invested from the start with social meaning.

Beyond offering textured historical biographies of government-issued money, Desan, Grewal, and Helleiner contribute more broadly to understanding the institutional underpinnings of different kinds of economic activity. With instructive detail, their accounts establish the ideological, political, and social apparatus crucial to the making of markets and money, a sharp contrast to the view that both are free from such institutional constraints and emerge exclusively as efficient solutions to economic problems.

Part 4. Contested Money

Even when acknowledging the social and political origins of money, generations of social observers remain deeply concerned about money's corrupting powers. In this view, money contains an inexorable capacity to reduce all transactions, relations, and moralities into objects of the market. Some of our smartest social critics, such as Michael Sandel (2013) continue to worry about money's moral impact, especially when monetary concerns penetrate the world of intimate relations or human goods.

The worriers are not just social scientists. Consider how the extraordinary poet C. K. Williams (1996) visualized money's chilling impact in this brief extract from his "Money":

How did money get into the soul; how did base dollars and cents ascend
from the slime
to burrow their way into the crannies of consciousness, even it feels like
into the flesh?
. . . .
We asked soul to be huge, encompassing, sensitive, knowing, all-knowing,
but not this,
not money roaring in with battalions of pluses and minuses, setting up
camps of profit and loss,

not joy become calculation . . .
. . . .

Greed, taint and corruption . . . (Williams 1996: 25)

To be sure, like Williams, people reasonably worry about a properly lived life and fear a soulless market that might threaten ethical principles and dissolve social solidarities. Money and morality, in this view, stand at opposing corners.

Money revisionists challenge that persistent dichotomy. As they overhaul our understandings of the social meaning of money, scholars also revisit money's morality and its transmutation powers. Indeed, once we recognize multiple monies, money's effects become newly complex. We can begin asking which money corrupts and which sustains social ties and moral systems. Which monetary arrangements contribute to social justice, and which reinforce inequalities? Questions about money's morality therefore shift from a narrow focus on its pernicious effects to an exploration of monies' variable moral worlds.

More broadly, by carefully analyzing how people manage money in a range of social and moral interactions, this critical literature offers crucial alternatives to standard tropes concerning effects of commodification on social life. Notably, rather than seeing the market as inevitably obliterating morality, these studies show how markets themselves are constituted by varying moralities. As Marion Fourcade and Kieran Healy (2007) have eloquently argued, this new literature provides insights into the construction of markets' moral categories. Markets, in this view, are themselves moralizing entities, so that people implement and broadcast moral schemes via various types of economic transactions and monetary arrangements.

Money's damaging effects have been of special concern for those areas of life outside ordinary market transactions, such as households and other intimate relations, the valuation of human life, the exchange of body parts, and the reproduction and transfer of children. The three contributors to part 4 advance our understanding of what in fact happens when money enters these nonmarket terrains.

Arlie Hochschild takes us into the world of commercial surrogates' emotional labor. She explores what goes on under the cultural cover of what she describes as "win-win" commercial exchanges, which we imagine to take place between two happy equals with positive consequences. Using the case of surrogates outsourced from India by parents in the West, Hochschild is concerned with "win-lose" situations. As her fieldwork showcases, often the one-down party pays a sacrifice in emotional detachment from something of great value, such as a piece of ancestral land, a kidney, or in this case, a baby. Hochschild concludes that we should count the cost of commercial exchange not simply in the value of coin but in the price it exacts in emotional detachment. Her chapter thus introduces issues of power and inequality for understanding contested transactions. It's not that money necessarily taints the surrogacy exchange, but that the transaction is not among equals.

While Hochschild urges us to recognize the power of inequality in shaping the experience of contested monetary transactions, Rene Almeling calls our attention to how organizations are able to shape those experiences as deeply gendered exchanges. Almeling takes on another controversial market, that of eggs and sperm. While producing these genetic materials involves different physical processes, Almeling finds that women and men who apply to be donors are similar in one regard: most are initially drawn by the prospect of being paid. Yet, in egg agencies, staff members draw on gendered cultural norms to talk about the money as compensation for giving a gift, while sperm bank staff consider payments to be wages for a job well done.

Almeling takes a close look at how women and men who produce sex cells for money respond to the gendered organizational framing of paid donation, finding that it has consequences for how they experience bodily commodification. Despite the fact that egg and sperm donors are alike in being motivated by the compensation, and they spend the money on similar things, they end up adopting gendered conceptualizations of what it is they are being paid to do. Women speak with pride about the generous gift they have given, while men consider donation to be a job, and some sperm donors even reference feelings of alienation and objectification.

While Hochschild and Almeling explore morally contested commercial markets that mix money with intimate transactions, Supriya Singh reports on the deeply social and moral intertwining of money with intimacy within families. Focusing on transnational monetary remittances in the global South, Singh argues that they represent a currency of care symbolizing family relationships among migrants from Asia, Africa, Latin America, and the Pacific who are geographically separated. Drawing on her ten-year qualitative study of migration, money, and family among Indian migrants to Australia that began in 1970, she shows that transnational money changes direction and value with migration patterns and the intensity and frequency of communication. Early Indian migrants, who arrived as nuclear families to settle between the 1970s and mid-1990s, sent money primarily to their parents. In contrast, among recent migrants who came as students or skilled migrants since the mid-1990s, money and communication flows both ways between India and Australia. Children send money or gifts to their parents, but parents with resources also send money to their children for education, housing, and business, as well as for family reunions. In all these transactions, the meaning of the money sent and received, concludes Singh, is not measured by its quantity but as an expression of care. That is why the perceived value of the remittance, she reports, increased with the intensity, frequency, and closeness of communication among family members.

Hochschild, Almeling, and Singh bring new insights into the interplay between money and intimacy. The first two emphasize how the emotional experiences of marketized transactions vary by class, institutional, and geographical location, as well as by gender. Singh meanwhile emphasizes specific ways in which the combination of money with personal relations can strengthen family connections rather than threaten intimacy. Their chapters thus reinforce the recent reassessment of how commodification works. They bring a nuanced analysis of the introduction of money into personal life, showing when the mix contributes to solidarity but also when it exacerbates inequality.

Part 5. Money Futures

Future monies and payment systems raise their own set of puzzles. Indeed, in this volume, Nigel Dodd boldly predicts that “the era in which money was defined by the state is coming to an end.” With its proliferating virtual currencies, money transfer apps, new payment platforms, and the prospect of robotic money advisers (Delevigne 2015), will the twenty-first century finally succeed in depersonalizing money? What happens when monies become decentralized, with computerized networks such as Bitcoin, thus escaping state regulation? How will intermediary financial institutions react to or drive these changes? How are money’s multiple manifestations likely to operate in the future?

The complexity of current and future payment practices and social relations find full expression in the volume’s final section. And compared with chapters by Desan, Grewal, and Helleiner instructing us on the historical creation of state-issued money, our authors here question the indispensability of state authority in the process of monetary creation. If money is not simply a uniform efficient economic artifact, why can’t other agents or communities make money? Some scholars insist that state certification is what constitutes “real” money. And indeed state-issued money is more generalizable across social locations, varieties of goods and services, and interaction partners than autonomous and more restricted media of exchange.

However, it is crucial to recognize the significance of alternative forms of money, such as local community currencies, time-based currencies, and digital monies, as well as other forms of media, such as investment diamonds, casino chips, and more. Created outside state sponsorship and therefore more limited in their circulation, these monies are just as real in terms of mediating exchanges. It therefore matters to recognize their social and economic significance rather than dismiss them as what Dodd aptly labels an “emaciated currency” (2005: 561). As his chapter along with others in our final section demonstrates, creating alternative currencies involves distinct but equally complex social processes.

Alya Guseva and Akos Rona-Tas focus on credit cards, or what they call plastic money, to argue that money in its recent digital, nearly immaterial incarnation unexpectedly shows a new kind of sociability, rather than a loss of it. In contrast to cash, any transaction involving plastic money always leaves a permanent trace, entangling its issuer and users in relationships, no matter how small or one-off the transaction. Plastic money thus opens enormous possibilities for surveillance and social control while at the same time raising the stakes for those who value and depend on the anonymity of cash. Guseva and Rona-Tas examine the cases of Russia and China to show how plastic money enhances the ability of nation-states to govern and control their citizens-cardholders. They also extend their analysis into the private world of households. While Supriya Singh’s chapter focused on parent-child relations mediated by transnational monetary remittances, Guseva and Rona-Tas here report on Russian spouses’ domestic management of plastic money. They discover that in some cases, separate cards allow spouses greater financial independence from each other. But plastic money can also become a mechanism of control over dependent family members. When husbands extend secondary cards to their wives and children, for instance, it enables them to keep track of every purchase made. Guseva and Rona-Tas conclude that plastic money not only talks but tattles, often disclosing too much.

With so little quietly kept, some types of monies nonetheless manage to uphold discretion and sociability by using new forms of currency and payment technologies. Bill Maurer’s discussion of such technologies as Venmo, LevelUp, Apple Pay, Square, or Bitcoin demonstrates how much relational work is still going on. Despite suspicions that these electronic payment systems and currencies are depersonalizing money, Maurer reveals how different payment systems are instead creating new opportunities for money’s social differentiation.

For instance, young people use Venmo, a digital app that allows them to share payments with their friends, and most notably, also share with those friends information about the actual transaction. The payment platform thus facilitates relational connections. Even the controversial Bitcoin finds its virtual, mathematical form being used to make relational earmarks. Drawing from the transactional records of Bitcoin, Maurer shows that some users actually mark the accounting ledger to communicate economic and noneconomic messages.

Finally, Nigel Dodd reminds us that in whatever form, all monies retain social lives. Countering doomsday predictions of money's corrosive effects, he offers a utopian scenario for future monies, noting the proliferation of new arrangements such as local community money and peer-to-peer lending. We should pay attention, Dodd argues, to such monetary experiments that aim at social reform. His chapter discusses how we might conceptualize money when it takes on more plural forms, the relationship between money and culture, the emergence and formation of monetary circuits that are not bound by states, and the role of social relations in reproducing technologically sophisticated forms of money such as Bitcoin.

Overall, these three chapters vividly depict money's evolving multiplicity and its persistent social life. Most notably, we learn of the remarkable sociability and personalization of current and future monies. Even Bitcoin, the most computerized currency, remains socially grounded. Indeed, as Maurer notes, Bitcoin represents a "digital version of physical earmarking." What's more, without denying money's destructive potential, the chapters in this section remind us of the socially sustaining and morally uplifting potential of future monies. As people contest what money is and how it should be used, they should design blueprints toward a more just and inclusive economy. Some monies and payment systems help forge community bonds and uphold moral convictions, while others lead to exclusion and exploitation. The challenge lies in knowing the difference.

What's Next?

In the past couple of decades, social scientists from multiple fields of inquiry have provided transformative insights into how money works and why we use it in such peculiar ways. But most of this research has remained segregated within specialized academic territories, thus limiting its theoretical scope. By bringing together an eminent group of scholars from multiple disciplines *Money Talks* moves forward the analysis of money, offering a novel set of answers to multiple money questions. Beyond conceptual advances, understanding the social world of money is essential in confronting twenty-first-century down-to-earth challenges, such as those faced by families trying to escape poverty, communities divided by rising inequality, and people tested by a global financial economy's increasing insecurities.

It is not often that theory, history, and practice come together to address problems that no one approach could tackle on its own. This volume provides that opportunity. Let the money talks begin.

Notes

[1] On the multiple and often competing definitions of money, see Dodd (2014: 5).

[2] A few sentences from this section draw from Zelizer (2012).

[3] See Eger and Damo (2014) on how recipients of Brazil's noted Family Grant Program (Programa Bolsa Familia) earmark those unrestricted funds for particular expenses—most notably for their children's needs—while stigmatizing other uses, such as buying alcohol or gambling, as illegitimate. The cash, the authors report, carries "a moral aura."

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PART I

Beyond Fungibility

CHAPTER 1

Economics and the Social Meaning of Money

Jonathan Morduch

IN *THE SOCIAL MEANING OF MONEY*, Viviana Zelizer steadily takes apart the idea of fungibility—that a dollar is a dollar is a dollar.[1] She argues that the notion that "money is a single, interchangeable, absolutely impersonal instrument" (Zelizer 1994: 1) fails to acknowledge the many ways that we separate, personalize, and earmark different sources of money. Zelizer shows how money received as charity is treated differently from gambling winnings, for example, or how money earned by husbands is often demarcated from money earned by wives, with different sets of expectations, obligations, and restrictions around how the money is spent. Zelizer demonstrates that money touches so much of life that studying the meanings we attach to particular monies becomes a way to gain insight into our relationships with others and our self-understandings; our views of what is permissible, regrettable, and admirable; our anxieties and aspirations; our biases and blindnesses; and where lines are drawn between necessities and luxuries.

Zelizer deploys archival evidence on approaches to earning and spending in the United States to challenge arguments—from Karl Marx's (1867) critique of commodity fetishism to Georg Simmel's (1900) depiction of the anonymizing role of money—that view market exchange mediated by money as inevitably impersonal and often depersonalizing. In this way, Zelizer positioned *The Social Meaning of Money* to enter a conversation in economic sociology around the market and society, an inquiry into the power and limits of the market system. Her evidence and interpretation, though, speak to a wider set of concerns. Approached from the perspective of economics rather than economic sociology, Zelizer's evidence can be seen as laying down a challenge to a different set of ideas—that is, depictions of household choice developed and defended in works such as Gary Becker's *Treatise on the Family* (1981) and related texts that became central to neoclassical microeconomics in the 1960s through 1990s (Bergstrom 1996). This was not Zelizer's intended target, but, with the passage of time, we can see how the frameworks square off against each other.

In this context, the evidence presented in *The Social Meaning of Money* can be redeployed as a critique of the way that fungibility was asserted by the Chicago school economists.[2] The Chicago school canon builds a case for flattening various forms of conflict and differentiation within families, and it pushes away from focusing on differences in preferences as explanations for household choices. This flattening—and its focus on the roles of prices and incomes in determining choices—came to define neoclassical analyses of "the economics of the household" (e.g., Becker 1974, 1981; Stigler and Becker 1977). Here, *The Social Meaning of Money* plays a counterpoint not to the left but to the right. Zelizer's work shows that the assertion of fungibility may have been productive for Chicago school analyses, but it is not productive when trying to understand a broader set of questions about human relations and household choices.

Economists find two types of justification for assuming that money is fungible within households. The first stems from a view that differences in preferences within families are apt to be minor. As a result, for all intents and purposes, the household can be treated as if it acts with one head whose task is to solve a grand optimization problem encompassing all household economic choices. This is an empirical claim with important theoretical implications. If it is true that the household can be imagined as if it was a comprehensive planner with relatively stable and consistent preferences, the analytical focus can then turn to how prices and various constraints drive choices.

Stigler and Becker (1977) capture this spirit in the title of their article, "De Gustibus Non Est Disputandum" (there is no arguing about differences in preferences). Their position is that, in principle, differences in preferences—including those within families—may explain some choices but that, in practice, the explanatory power of such differences is usually far weaker than that of variation in prices and incomes. Once conflicts over preferences are removed from consideration, assuming the fungibility of money meets with little opposition. From there, it follows that the task for economists is not to spend much time on the genesis of preferences, nor on intrahousehold conflict, but instead: "On our view, one searches, often long and frustratingly, for the subtle forms that prices and incomes take in explaining differences among men and periods" (76).[3] The view has been contested (see McCloskey 1993) but remains a core of modern microeconomics.

The second justification for asserting the fungibility of money in budgeting is purely practical. Fungibility is not the most hallowed assumption in empirical economics, but it is among the most useful—and economists are understandably reluctant to give it up. Invoking the fungibility of money makes much of empirical household economics possible—or at least far simpler. Once the assumption is accepted, economists can collect data from households composed of different strands of individual activity and then aggregate those data into sums (total household income, total household consumption) that can be plotted, regressed, and submitted to empirical scrutiny as if the data reflected the constrained optimization of a well-defined, unified decision-making unit. Given that most economic surveys collect data on households rather individuals (What did the household buy this year? How much did the household earn?), the assumption makes most empirical analyses of households possible. Even if one wants to probe within households, the data do not allow researchers to go far (Deaton 1997). Nonfungibility is a hard sell.

This perspective on *The Social Meaning of Money* allows a different appreciation of Zelizer's contribution. It also demonstrates one sense in which her work is "heard" by economists. That context starts by recognizing how useful the fungibility assertion was to Gary Becker and his colleagues in narrowing their scope of inquiry—and how essential it continues to be for generations of economists analyzing household data sets. Against those benefits, Zelizer shows that the assumption of fungibility limits understandings of the mechanics of individual economic choices and what they say about the nature of human relations. When one dollar is the same as any other dollar, there is little scope for earmarking and differentiating income streams by social meanings. Becker's approach not only dismisses concern with the genesis of preferences—which may be a useful way for economists to reinforce disciplinary boundaries—but, perhaps unintentionally, prevents them from probing the earmarking of income as a form of consumer decision making. The latter inquiry, I argue, should be squarely within economists' range.

No matter how much economists are discomfited by hearing her arguments, windows (and ears) are opening. As Zelizer found in her archival research, evidence for nonfungibility spills out from microdata about the decision-making processes of households. The accumulating "anomalies" are pushing economics to open up from within (Kahneman, Knetsch, and Thaler 1991; Thaler 2015), so that when economists consider reasons for failure of the assumption that money is fungible, they now have at hand at least two well-established directions for departing from Chicago school orthodoxies, both of which exist within the economic mainstream (including at the University of Chicago). The first comes from bargaining theory and the second from behavioral economics. Adding Zelizer's notion of social meanings of money into the conversation provides alternative hypotheses for explaining phenomena usually ascribed to bargaining or behavioral economics. More important, it provides ideas for creating testable, practical interventions that work by evoking social meaning and that rely on earmarking.

The effectiveness of several well-known examples of successful policy interventions has been attributed to insights from game theory or behavioral economics—for example, the use of conditional cash transfers as an alternative safety net and notions of "mental accounts" to increase household saving. Turning to Zelizer's work, and work she has influenced, shows how in practice the interventions also function by evoking social meanings and earmarks.[4] These ideas are described below in the context of new evidence on the social meaning of money drawn from the US Financial Diaries project.

The Social Meaning of Money: Evidence from the US Financial Diaries

Zelizer's insights may contrast with canonical Chicago-style household economics, but they are manifest in evidence on the day-to-day financial choices of low-income Americans, including the US Financial Diaries project. The project involved research teams that set out to track every dollar that 235 households earned, spent, borrowed, saved, and shared over the course of a year. The samples were drawn from sites in California, Mississippi, Kentucky, Ohio, and New York City. Roughly one-third of the sample is poor, another third hovers above the poverty line, and a final third is in the bottom and middle of the middle class. The project is unusual in recording high-frequency data through the year and systematically tracking finances, both formal and informal. I led the work jointly with Rachel Schneider of the Center for Financial Services Innovation, and as we tracked households' finances, we also followed their health crises, job crises, personal crises, and various successes and challenges.[5]

Two examples from the Financial Diaries show different instances in which—in the spirit of Zelizer (1994)—families demarcate or label monies to transform meanings. In Mississippi, we met a woman named Susan (names and some details have been changed to preserve confidentiality). Susan has a small store within a flea market where she sells antiques and used goods. She is fifty-one, with two teenagers at home and an older child living on his own. "I've been here all my life except for five years and ten months," Susan announced in response to a question about her background. Those years and months were spent in prison on a conviction for selling drugs. Susan regularly attends church, but she is not always able to come up with the money for the 10 percent weekly tithe typically made by the church's members. She laughs as she recalls once being at a church revival, before her years in prison, and tithing against her drug-selling proceeds. Susan recognizes a subversive element in tithing *that* money.[6]

When she was incarcerated, Susan also "tithed" against the $50 gifts that her husband gave her to buy supplies at the prison store. Rather than tithing to the church, she made a point to give a share of the $50 to prisoners who did not have a husband or someone else to provide money. Her husband was not happy, though, because he saw the $50 as his gift to her. For Susan, though, tithing against the $50 brought her closer to the practices of the world outside, enabling her to feel a sense of agency as a giver not just a passive recipient. Tithing in that way allowed her to transform the nature of the cash flow from being a gift granted by her husband and turn it into an entitlement: her deserved share of the family's earnings, a notion that was reinforced by her desire to tithe against it. Another time, Susan recalls arguing with her husband about whether one needs to tithe against Social Security. Her husband argued no, since one already tithes when the income is earned in the first place. For Susan, though, the logic of tithe as tax was not fully convincing. "I'm still confused about that," Susan muses, unsure about how to think about money that is not subject to sharing.

Dolores lives in San Jose. Her father, an immigrant from Mexico, spent his life as a farmworker in the agricultural valleys of northern California. Dolores has worked diligently to bring her own family into the middle class. Her husband, Antonio, works steadily as an auto mechanic, and Dolores is a manager at a local nonprofit organization. They lost a house to foreclosure when housing prices crashed in 2007 and now live in a mobile home, sharply paring their expenses to stay free of debt. To save money, Dolores prepares lunch for Antonio and herself every morning. They only eat out on weekends, and family activities often involve visits to state parks.

Dolores and Antonio have suffered for their choices; Dolores's siblings complain that Dolores and Antonio have cut themselves off by sticking rigidly to a budget rather than partaking in family celebrations. Still, Dolores takes it in stride and continues to budget carefully. Paychecks are automatically deposited at their credit union, and then a portion is automatically invested in a retirement account. The rest of Dolores's paycheck goes to an emergency fund. Antonio's regular paycheck is earmarked for all the bills. But Dolores and Antonio also earmark money, earned from Antonio's "side work" fixing motorcycles, "Our side money goes into this pile where we can go and do our fun stuff." Having that extra pile earmarked—both protected and liberated—makes it easier for Dolores and Antonio to budget aggressively everywhere else.

Earmarks and Optimization

The stories of Susan and Dolores, and the evidence that runs through *The Social Meaning of Money*, provide contrasts with assumptions that drive the neoclassical "economics of the household." Gary Becker was pivotal in making the household a serious focus of economic inquiry, but in Becker's (1981) most central work, the household is depicted as a decision-making unit that operates through consensus (or as if there was consensus). In typical formalizations, Becker begins with a utility function that reflects a household's preferences over goods or services Z_1, Z_2, Z_3, and so forth: $U(Z_1, Z_2, Z_3, \ldots)$ as if decisions by the household could be analyzed in the same way that decisions by individuals are analyzed. In this framework, Susan and her husband would work out their differences and make choices through consensus (or, equally well from the standpoint of theory, through Susan or her husband dictating decisions to the other). To highlight the way that the household becomes homogenized as a unit, the formalization is sometimes called the "unitary" household model. In Becker's framing, household utility is maximized subject to a household level budget constraint where each of the goods or services has a price p_1, p_2, p_3, and so on. Most important, all sources of household income are aggregated to create a common pool: $Y = Y_1 + Y_2 + Y_3 \ldots + Y_N$. Here, Susan's drug earnings would not be differentiated from her husband's Social Security checks. The budget constraint is then $Y \geq p_1 Z_1 + p_2 Z_2 + p_3 Z_3 \ldots + p_M Z_M$. The pooling of income implies that all income is fungible and all spending is decided via a grand optimization problem undertaken by the household. Zelizer in effect warns us that the act of writing $Y = Y_1 + Y_2 + Y_3 \ldots + Y_N$ is not an innocuous step.[7]

The kind of earmarking described by Zelizer (1994) stems from a different kind of decision process. Perhaps a form of optimization is in the background, but choices arise from processes other than comparisons involving the marginal utility of one thing equaling the marginal utility of another. Instead, particular income flows are separated, demarcated, and earmarked early on, *before* specific consumption choices are made. Antonio's "side money" from fixing motorcycles is protected for the family's "fun stuff," for example, and the amount of fun stuff depends on how much accrues in the extra pile. Halpern-Meekin et al. (2015), in another example, echo Zelizer's (1994: chap. 4) analysis to show how recipients wall off tax refunds fueled by the Earned Income Tax Credit and spend the money differently from other transfers and income sources. A particular income flow may be fully assigned to a particular expense, such as $Y_1 = p_1 Z_1$ or perhaps the earmark involves a set of expenses, like $Y_3 = p_3 Z_3 + p_4 Z_4$. Some income flows (say, Y_4 and Y_5) might be pooled together, and allocations of those might arise subject to constrained optimization, but Zelizer's interest in *The Social Meaning of Money* is in the earmarks rather than the subsequent optimization choices. Zelizer points our attention to the logic of the demarcations and separations (is it right to tithe from drug sales?) and what they can tell us about household relations and their social contexts.

Why does Beckerian analysis ignore earmarks? Part of the answer is that as an empirical matter, it might not do great damage to analyze households *as if* spending arises from a grand optimization problem, even if, in practice, some money gets earmarked. Dolores and Antonio might spend roughly the same on "fun stuff" even if Antonio's side money were pooled with their other earnings to determine all spending en masse. Dolores's and Antonio's choice to earmark the side money may have already accounted for a rough sense of Antonio's extra earnings together with an approximation of their anticipated spending on fun. If the "as if" statement roughly holds, earmarks can be acknowledged as being important to the *process* of spending, while only holding minor interest when studying broad patterns of outcomes. Economists are, after all, dogged consequentialists: they care how much gasoline is purchased, but seldom whether it was purchased at Exxon or BP or who in the family filled up the tank. Economists are more interested in the outcomes from optimization than whether choices arise via particular paths. The main challenge, then, in getting economists to pay attention to earmarks is to demonstrate if, how, and when earmarking affects outcomes.

The mathematical simplifications may be loaded, but they have been productive for neoclassical economists. Most immediately useful, the grand optimization problem—in which all household income sources are pooled and all consumption choices are centralized—yields choices analyzable with the tools of marginal analysis in the spirit of Walras (1874). That leaves neoclassical economists on familiar ground. Economists know that no households literally tote up all their income and optimize all their spending in one giant megacalculation. It is enough to know that approximating the actual process through this mathematical fiction comes reasonably close to reality. Does the grand optimization fiction in fact do a reasonable job? Becker (1981) shows how the unitary household model can be deployed to explain the impacts of budgets, costs, and wages on broad trends in fertility, marriage, divorce, and the gendered division of labor, among other topics at the intersection of sociology and economics.[8]

But as an economic sociologist, Zelizer is interested in the nature of choices, the process of decisions, and the genesis of preferences—and what they mean for understandings of society and markets. Assuming the fungibility of money within the household may be productive for Becker, but it is not clearly productive for a broader range of inquiries—and it hides all the vital action for Zelizer. Moreover, the grand optimization frame and the fungibility assumption hide some of the action for economists too.

Departing from Fungibility: Bargaining

Family members earmark money for a reason, and that purpose is often to steer budget allocations away from where a grand optimization would lead. Family members can disagree, often sharply. Questions related to gender require recognition of conflict, whether potential or outright. Like Susan and her husband, couples may have very different ideas about how to spend money—and decisions reflect who controls which resources. Here, one dollar is not the same as another dollar since bargains depend on who controls which resources. Economists have created space for these concerns by introducing conflict as noncooperative or cooperative games of strategy between family members, where relative power is determined by control over resources (McElroy and Horney 1981; Browning and Chiappori 1998; see also, from an economic/sociological perspective, Bittman et al. 2003; England and Folbre 2005).

The simplest case involves husbands and wives spending their incomes completely independently. Money earned by the wife is then clearly not the same as income earned by the husband, a case that often arises in *The Social Meaning of Money*. Rather than spending completely independently, husbands and wives may instead make joint decisions—but the ultimate choices depend on each partner's relative bargaining power. Again money is not fungible—here, because control over income matters and reallocating between husbands and wives can tip the balance of power and thus the nature of negotiations.

As Zelizer (2011b) notes in an essay on gender and money, Grameen Bank of Bangladesh targets its loans to poor women partly as a way to push household spending toward education, health, nutrition, and general household welfare—with the assumption that men would be much less likely to spend so heavily on family needs. Similarly, in an influential study, Duncan Thomas (1990) reports that average nutrition and child health in urban Brazil improved much more when income was in the hands of women rather than men. With respect to survival probabilities, Thomas finds that income in the hands of a mother had, on average, twenty times the impact of the same income in the hands of a father. Thomas's finding, along with similar findings from elsewhere, influenced the design of Mexico's widely replicated conditional cash transfer program (a safety net program that requires recipients to have met educational and health goals). The program directs payments to mothers, rather than fathers, and it has become a model for global safety net programs like Brazil's Bolsa Familia (Levy 2006; Zelizer 2011b).

The nonfungibility of money is thus embraced when it seems pivotal (and when it can be linked to a familiar bit of economic theory). While economists embrace this reality, there is still distance to go before an economist would necessarily interpret this source of nonfungibility as being bound up with *social meanings* specifically. There must be conflicts over spending preferences for intrahousehold bargaining to matter, but here the source of those conflicts do not necessarily stem from money being *earmarked* or demarcated according to social meanings. Preference differences are sufficient to explain the result, and economists stop there. Economists have mostly been uninterested in the reasons for those preferences, uninterested in whether they stem from deep psychological bases or social constructions.[9]

To get at the role of social meanings and earmarking, an economist might ask a more subtle question raised by bargaining theory: Is a particular stream of income earned by husbands (or wives) fungible with *other streams of money* *that the same individual earns*? If so, then a student of bargaining theory will be reluctant to conclude that the fact that a wife's earnings are spent differently from her husband's income *necessarily* stems from particular social meanings or the earmarking of that stream. Instead, economic conversations would begin and end with issues of power and control.[10]

Departing from Fungibility: Mental Accounts

In the twenty years since *The Social Meaning of Money* was published, the influence of psychology has been deeply felt in large parts of empirical microeconomics. Most economists no longer rigidly adhere to the assumption that individuals are fully rational, calculating beings. Instead, thanks to behavioral economics, they are as likely to acknowledge cognitive biases, difficulties following through on plans, unresolved internal conflicts, and rules of thumb that get used in place of precise optimization. Behavioral economics has helped explain a range of economic outcomes, including why people do not save as much as they plan, run up unsustainable credit card bills, and hold on to poorly performing investments rather than selling them (Tversky and Kahneman 1974; Thaler 1999; Thaler and Sunstein 2008).

This is where economists have embraced a form of earmarking (as noted too by Bandelj and her coauthors in chapter 2 of this volume). The integration of psychology and economics turns attention to difficulties in sustaining attention and enforcing self-discipline, coupled with unresolved internal inconsistencies (decision makers may both want to spend now, for example, but also recognize the value of saving money). Solutions can lead to departures from the fungibility premise as people use and create "mental accounts" that demarcate and label different pots of money in order to maintain the salience of a given need or to remind individuals that the pots are only to be touched for particular purposes. The dollars in mental accounts may be demarcated through versions of the "tin can accounting" described by Zelizer (1994: 4) or more sophisticated modes like digital accounts on smart phone apps. The behavioral economics literature, though, rarely focuses on the earmarking of particular income streams. Instead, the focus is mostly on the way that money is earmarked *once placed into a particular account* (or digital wallet or tin can). In this way, Gary Becker's intrahousehold fungibility assumption is left intact (since the source of income is irrelevant in the analysis), while nonfungibility and earmarks emerge as part of the *execution* of consumption and saving decisions that emerge from a traditional optimization process.[11]

Ashraf, Karlan, and Yin (2006) provide one example. They measure the impact of giving an extra savings account (with a commitment feature similar to a "Christmas Club") to customers of a Philippine bank. Women (but not men) experienced dramatic increases in savings thanks to the ability to specially protect a portion of their savings, an impact interpreted as a response to "present bias"—a divided self with regard to saving. A second example is from Soman and Cheema (2011) who also study innovations in saving. In their study in rural India, a sample of laborers was presented with a series of interventions. In one, a target savings amount was determined, and half of the laborers were told the deposits would be placed in a sealed envelope; the other half were told that the money would go in two sealed envelopes. (The envelopes could be opened by the laborers and the money could be withdrawn if needed.) The effect of the partitioning (i.e., having two envelopes) turned out to be strong, presumably because the laborers could attach different labels to the two envelopes and, if they withdrew money, would stop by emptying the contents of one envelope rather than both. Both results show the power of demarcation.

Flipping Things Around

Reading Ashraf, Karlan, and Yin (2006) and Soman and Cheema (2011) in the context of *The Social Meaning of Money* directs attention to particular parts of their study designs. In keeping with behavioral economics, the success of the new savings accounts introduced in Ashraf, Karlan, and Yin (2006) are attributed to the commitment features of the accounts (money may not be withdrawn before a certain amount of time has passed or a savings goal has been reached). But the actual design has other components: the marketing associated with the accounts also reinforces the social elements. The pamphlet asks: "Do you want to finance your own business? Thinking, where you can secure tuition fee payments? Do you want a high standard of living? MAKE YOUR DREAMS COME TRUE!" A certificate signed by all of the account holders requires them to fill in the blanks in the sentence in a way that creates an earmark: "If I achieve this goal, I will be able to enjoy my savings to ______ by ______." On one hand, this is simply marketing, but on the other, the way it works is by encouraging—and permitting—users to label money and spend it for prized purposes. Given that, it is noteworthy that the intervention had no measured impact on saving by men, but it made a large and significant impact on saving by women.[12]

Soman and Cheema's (2011) study design addresses social elements directly. An additional intervention, layered over the intervention with the one or two envelopes, involves attaching a photograph of the laborer's children to the envelope. The idea is that savings are often earmarked for children's expenses, and the photos are a reminder of that obligation. Soman and Cheema find an additional impact of the photo, over and above the impact of partitioning. While behavioral economists highlight the way that the photo increases the salience of the need for saving, the manipulation also generates particular social meanings and reinforces the imperative to maintain the earmark on family spending. In a similar way, the interventions in practices of saving in

Kenya analyzed by Dupas and Robinson (2013) are viewed within a behavioral framework, yet their impact is also surely attributable to the social meanings attached to the deposits, acquired through the explicit description of the accounts as a way to accumulate funds for health needs.

The conditional cash transfer programs like Mexico's Progresa/Oportunidades are also seen as succeeding by channeling resources to women. But they also work by reinforcing the notion that the particular funds are meant for improving family welfare, even if, in practice, there are no restrictions placed on how they are spent. Grameen Bank too works with its members to reinforce the idea that profits earned from loans should be earmarked for household welfare, even if there are no actual restrictions. Thus, social meanings and earmarks are at play, even if kept in the background in typical economic analyses.

Conclusion

Economics textbooks describe money as a store of value, a medium of exchange, and a unit of account. But in *The Social Meaning of Money*, Viviana Zelizer shows that money has a life within social contexts. Different income flows can be transformed through labels, earmarks, and meanings that people attach to various income sources. In that sense, money—and the way it is perceived—has a fourth role for social scientists. It can serve as "data" on social norms and relationships within households.

Economists are more comfortable with the idea of earmarking funds in particular savings accounts (a mainstay of behavioral economics) than with the idea of earmarking particular income sources. The accumulating evidence echoes the archival evidence in Zelizer (1994), however, showing that earmarking income is a common mode of budgeting, especially when resources are scarce and relationships within households are conflictual. There is much more work to be done in exploring the phenomenon with an economic lens.

The *Social Meaning of Money* also shows how preferences develop and are reinforced by social contexts. Economists have not yet paid much attention to preference formation, but the work so far suggests that it is a promising path for empirical inquiry, especially as researchers look to the next steps in understanding the economics of gender and the nature of decision making under conditions of substantial scarcity.

Notes

[1] I have benefited greatly from conversations with Viviana Zelizer and participants at the Money Talks Symposium organized by Nina Bandelj and Fred Wherry at Yale University, held on September 12, 2014. Viviana Zelizer and Tim Ogden provided particularly helpful comments on an earlier draft. This chapter draws on work completed as part of the

US Financial Diaries project, a collaboration between New York University's Financial Access Initiative and the Center for Financial Services Innovation. The principal investigators are Jonathan Morduch (NYU) and Rachel Schneider (CFSI). Support for the US Financial Diaries project is provided by the Ford Foundation, the Citi Foundation, and the Omidyar Network. I am alone responsible for all views and any errors.

[2] Ironically, in the introduction to *Economic Lives*, Zelizer (2011a: 16) invokes Gary Becker in an aside, noting that Talcott Parsons had described being on the "warpath" against ideology associated with Becker—and suggested that Zelizer watch out not to be confused with Becker's positions. There is no risk of such confusion in *The Social Meaning of Money*.

[3] Stigler and Becker (1977: 76) are blunt about the division of labor between economists and other social scientists: "On the traditional view, an explanation of economic phenomena that reaches a difference in tastes between people or times is the terminus of the argument: the problem is abandoned at this point to whoever studies and explains tastes (psychologists? anthropologists? phrenologists? sociobiologists?)." Ferber and Nelson (1993) take a broader view of possibilities within economics—including research that takes intrahousehold dynamics and nonpaid work seriously.

[4] Frederick Wherry (chapter 3 in this volume) illustrates this insight in his extension of Zelizer's concept of "relational accounting."

[5] The household stories described here are part of unpublished research with Rachel Schneider being completed for a book on the Diaries families. Details on the US Financial Diaries project are available at http://www.usfinancialdiaries.org and in Morduch and Schneider (2017). The project uses the tools of empirical corporate finance to track income statements, balance sheets, and cash flow statements for each household. For a related approach, see Samphantharak and Townsend (2009). The methodology was established by Collins et al. (2009).

[6] The story contrasts with instances in which people are reluctant to give charity from criminal earnings; Zelizer (1994: 3), for example, describes a gang member who refuses to donate "dirty" money to the church. Zelizer notes that sometimes "sullied" money can be "laundered" by donating part of it, which may have been part of Susan's motivation.

[7] Zelizer (1994: 43) makes reference to the unitary household model by way of discussion of Amartya Sen's depiction of the "glued-together" household.

[8] In this work, the budget constraint is often joined by a parallel constraint on the use of time.

[9] As mentioned in note 3, Stigler and Becker (1977: 76) dismiss—too hastily and unfairly in my view—these concerns as the province of "psychologists? anthropologists? phrenologists? sociobiologists?"

[10] Even here, there may be different propensities to spend from different pots of income because some income is perceived as being "permanent" (steady and reliable) and some, like lottery winnings, as "transitory." The permanent income hypothesis of Friedman (1957) suggests that a large chunk of the lottery winnings should be saved by a prudent optimizer. To set aside complications raised by the saving-spending decision, fungibility might be best probed by investigating the composition of spending by an individual, *controlling for his or her total spending*—and then investigating whether the source of income matters to the compositional choice.

[11] Behavioral economics is both a radical break for economics and, from a different angle, only a minor threat. The pioneers deftly balanced the forces of disruption and harmony. The particular focus on psychology can be seen as providing a safety valve, a way to embrace a set of empirical anomalies without discarding much of the broader apparatus. Behavioral economics provides another set of constraints to add to the optimization prob-

lem but does not jettison the optimization problem itself. There is still a clear optimization problem, and it is still the focus of study. We may recognize that some people are naive and some are sophisticated about their biases, but the sophisticated ones get the most attention; their biases are modeled and their actions are tested.

12. Ashraf, Karlan, and Yin (2006) recognize the issue and control for marketing by adding a pure marketing intervention to the design (with no new savings account) that serves as an additional comparison. Their main result, though, is for the combination of the marketing and savings account intervention.

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CHAPTER 2

Morals and Emotions of Money

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VIVIANA ZELIZER'S (1994) ARGUMENT about monetary earmarking laid bare the fact that, for most people, not all money is the same—homogenous and fungible. This is particularly obvious, she asserted, when we consider concrete monetary practices that people engage in, differentiating monies and their accompanying social relations. Indeed, a wealth of research followed this Zelizerian insight into the social meaning of money to show both that money is imbued with meaning and that people painstakingly negotiate what kinds of money or payments are appropriate for different kinds of social relations they partake in (Anteby 2010; Almeling 2011; Mears 2011; Biscotti et al. 2012; Haylett 2012).

We would be amiss to think that only sociologists have uncovered the meaning of money. Economists and psychologists have also countered the classical economics notion of money's fungibility, mainly inspired by the work on mental accounting (Thaler 1999). Jonathan Morduch (in chapter 1 of this volume) offers suggestions about how this work differs from Zelizer's emphasis on the role of social relations. Our chapter is also located in experimental work in psychology and behavioral economics, and our attempt is to add to the analysis of monetary differentiation by focusing on the role of morals and emotions. Based on the findings from an interdisciplinary investigation of charitable giving, we argue that moral judgments and emotional underpinnings are not discrete influences on how people think about and use money but thoroughly intertwined and reinforced by practice. In the last part of the chapter we spell out what our insights contribute to the interdisciplinary analysis of how people use money.

Mental Accounting and Money Valuations

The foregrounding of research in mental accounting comes from the groundbreaking work of Daniel Kahneman and Amos Tversky. Their prospect theory (Kahneman and Tversky 1979), in contrast to consequentialist utility maximization, emphasizes that people are rather narrow in their focus of assessing alternative courses of action and that they use heuristics to do so. It seems that what matters to people are changes in wealth or welfare relative to a reference point, rather than absolute values. Experiments show that people who lose $100 will lose more satisfaction than those receiving a $100 windfall will gain. People also tend to avoid losses much more than they welcome gains, perhaps even twice as much (Tversky and Kahneman 1992).

Loss aversion connects with what Thaler (1980) named the "endowment effect," or a tendency of people to value an object more highly if they possess it than they would value the same object if they did not possess it. This idea contradicts standard economic theory, as encapsulated in the Coase theorem, which states that a person's willingness to pay for a good should be equal to his or her willingness to accept compensation to be deprived of the good. This theorem serves as a basic insight for economic consumer theory and indifference curves. However, Kahneman, Knetsch, and Thaler (1990) found important deviations from these expectations. They conducted an experiment, presenting individuals who possess an object with options to trade it for various amounts of cash. They compared their choices with those of subjects who did not possess the object but were given a series of choices between receiving the object and receiving various amounts of cash. The experimenters made the objective wealth position and possible choices of the two groups identical. Still, those participants who possessed the object were willing to sell it only at prices that were significantly higher than the prices at which sellers who did not possess the object identified its value. In fact, further elaboration by Loewenstein and Adler (1995) suggested that participants who are not endowed with an object fail to predict how painful it is to part with it once they possess it. This points to emotional underpinnings of economic choices, which we take up later in the chapter. First, however, we want to report on research that follows from prospect theory and concerns money, that of mental accounting.

The basic insight from mental accounting (Thaler 1999) is that money is labeled for specific purposes, such as paying for groceries, entertainment, and savings (Heath and Soll 1996). Such labeling or framing influences how money is actually spent. Forms of money also influence spending. For instance, people may be willing to bet more money if they use a credit card rather than cash.

Labeling and categorizing money for specific spending purposes also takes place in organizations, which use budgeting to effectively allocate monetary resources, and in some cases, to improve performance (Merchant 1981; Sennewald and Baillie 2016). Moreover, the US government, for instance, makes distinctions between earned and unearned income for tax purposes. Following on this distinction, the Earned Income Tax Credit, which assists poor families in the United States, generally garners more support than other antipoverty programs because it signals that the working poor are not just receiving a windfall. The notion of earned income encompasses a moral judgment of superiority that unearned income lacks. Those working poor with earned income are therefore perceived as more deserving of receiving aid (Kornhauser 1994; Halpern-Meekin et al. 2015).

While labeling money both guides and impacts spending decisions, individuals also value money differently depending on when they obtain it. For instance, future monetary gains are perceived as less valuable than immediate gains (Prelec and Loewenstein 1998). In other words, individuals value immediate gains more than future gains, thus discounting future monetary values based on the time delay (Berns, Laibson, and Loewenstein 2007). In looking at defaulting behavior, Meier and Sprenger (2012) found that individual preferences for immediate gains over long-term ones predict their loan repayment behavior. Just as money has different meanings over time, monetary losses and gains, despite their equivalence in exchange value, also have different meanings such that investors frame losses and gains differently, and multiple stock selling is more likely when investors realize losses than when they realize gains (Lim 2006).

In brief, research on mental accounting has proliferated and opened up the terrain for considering first the place of morals and then emotions in monetary practices/differentiation. We review each of these bodies of research in turn.

Morals and Money

The differentiation of money, in terms of its sacred and secular value, deems attention. Psychologists and anthropologists find that individuals exposed to trade-offs between sacred (love, loyalty, honor) and secular (money-related) values find them incommensurable because of the lack of a common metric for such comparisons. Therefore, individuals respond to taboo trade-offs through moral cleansing (Shipton 1989) or by rationalization of the situation (Tetlock 2000). For instance, members of the Kenyan Luo farmers held ceremonies to cleanse “bitter” money earned from a taboo exchange that involved selling commodities such as tobacco and gold (Shipton 1989).

In addition to differentiating the various forms of money and money consumption, the source of money and its moral value warrant particular attention. In Stellar and Willer's (2014) study, participants attached moral associations to money and perceived "immoral" money to have less purchasing power. The authors report on one study where students filled out up to seventy raffle tickets to win $50. To manipulate the "morality" of money, one group was told that Walmart, which was involved in lawsuits for exploitative labor practices, supplied the $50. This group filled out significantly fewer raffle tickets and assessed that they could buy less with that amount of money. In contrast, the findings were different for the group with "moral" money at their disposal, who were told that not Walmart, but Target, supplied the $50. In a second study, Stellar and Willer (2014) showed a positive relationship between accumulated past moral behavior and willingness to acquire morally tainted money. Participants were told that they could earn as much money as the number of the tasks they completed and given the information that Walmart, which was earning money through exploitative labor practices, funded the study. People who were given time to recall and write down instances where they acted morally completed more tasks than those who did not.

Other researchers have shown that morally tainted money is perceived to have lowered value. People attribute characteristics to money and categorize it as "dirty money," such as that earned from criminal, illegitimate, or morally questionable activities, contrasting it to "clean money" (Shipton 1989). Psychologists find that when individuals acquire dirty money, they are likely compelled to transform it into clean money, such as making charitable contributions or spending it on a good cause in an attempt to morally cleanse the money (Tetlock et al. 2000). For instance, in an experiment where some individuals believed that they received money by participating in a study funded by a cigarette company, they used this "dirty money" for a more constructive purpose toward book purchases as opposed to spending on personal pleasure (Levav and McGraw 2009). On the other hand, offering monetary compensation to solicit charitable donations dampened charitable giving intentions and behavior (Mellström and Johannesson 2008; Newman and Shen 2012), possibly because it was considered morally questionable.

Interestingly, dirty and clean money, in the literal sense of putting blemishes on the notes as opposed to providing people with crisp new notes, influences consumer spending and behavior, as well. People's spending generally increases with dirty, wrinkled, worn money because people seem to want to get rid of it. This may be due to the feelings of disgust that accompany possession of dirty money (Di Muro and Noseworthy 2013). In fact, researchers proposed that consumers engage in emotional accounting (Levav and McGraw 2009) in which they spend negatively tagged money on charitable expenditures to balance the negative emotions and feelings generated by its possession. More generally, emotions seem to play an important role in monetary behavior, and we review findings on this next.

Emotions and Money

Psychologists and behavioral economists have extensively studied the role of emotions in how people treat and use money. As perhaps expected, some of these studies show that emotions drive economically irrational decisions. For instance, Ben-Shakhar and colleagues (2007) investigated anger in a power-to-take experiment where individual B can take a certain portion of individual A's money, and individual A can, in response, decide whether to get rid of a portion of the money and thus reduce individuals B's take amount. Here, the most rational economic decision would be to not get rid of any money, given that any monetary destruction leaves less money on the table for individual A. However, when anger was induced, individuals consistently got rid of the money to reduce individual's B take, making themselves worse off. Anger was also found to impact bargaining behavior in which bargainers who felt angry became more aggressive in the bargaining process (Forgas 1998).

Other emotions also carry over to various money decisions. Lerner, Small, and Loewenstein (2004) showed that relative to being in a neutral mood, experimentally induced feelings of disgust reduced the amount of money participants were willing to pay for certain objects. Other research shows that sadness can motivate changes to current situations by increasing monetary spending to possess more goods (Polman and Kim 2013), especially among more self-focused individuals (Cryder et al. 2008). Feeling gratitude, on the other hand, dampens the tendency of individuals to discount or devalue future gains over immediate gains. Gratitude increases the likelihood of making financial decisions that promote long-term economic gain (DeSteno 2009) and delaying immediate economic gratification for monetary rewards (DeSteno et al. 2014).

Manipulating a range of emotions, Harlé and Sanfey (2010) asked pairs of psychology undergraduates to play an ultimatum game, in which they would be asked to divide $10 between themselves, with one person making an offer of how to split and the other deciding whether to accept or reject the offer. If the other accepts, they both get the money based on the offer, and if the other rejects, nobody gets the money. Before they asked individuals to make ultimatum game decisions, the researchers evoked incidental moods—amusement, serenity, anger, and disgust—by having participants watch two movie clips, each lasting from three to five minutes. The results showed that acceptance rates of offers that followed the inducement of incidental negative emotions, anger and disgust in this case, were less likely accepted. Similarly, in Rick, Cryder, and Lowenstein's (2008) experiment, tightwads and spendthrifts had to decide whether or not to purchase a variety of goods while listening to neutral or sad music. Tightwads spent more when sad than when in a neutral state, and spendthrifts spent less when sad than when in a neutral state. People also succumb to impact bias (Gilbert et al. 1998), overestimating the impact that a particular future event may have on them emotionally, such as the extent to which a future winning of a lottery is thought to increase the feelings of happiness. Durability bias leads people to overestimate the length or the intensity of future feeling states. In a study of consumer choices, Wood and Bettman (2007) found that people make their choices based on the estimated pleasure they will derive from a good, but they often overestimate this pleasure, as affective forecasting would predict. However, if people overestimate the duration of pleasure derived from a good, they are more likely to purchase it. This is something that marketers manipulate, together with eliciting emotions to increase consumerism (Bradford and Sherry 2013).

What about money and happiness? Research on this topic has proliferated lately, with contributions from Nobel laureates like Daniel Kahneman and Angus Deaton. The basic insight is that having more money does not straightforwardly bring more happiness, even if it may improve life satisfaction (Kahneman and Deaton 2010) or reduce feelings of sadness (Kushlev, Dunn, and Lucas 2015). The relationship between money and happiness, for individuals, may be moderated by their emotional stability (Soto and Luhmann 2013) and emotional intelligence (Engelberg and Sjöberg 2006), or by aspirational expectations and social comparisons (McBride 2010). It also depends on how the money is spent. For instance, people experience more lasting happiness when they spend money on experiences as opposed to commodities (Nicolao, Irwin, and Goodman 2009) because people remember the feeling of happiness from making purchases for experiences more so than material goods (Van Boven and Gilovich 2003), especially when spending money involves shared experiences with others (Caprariello and Reis 2013). Although having more wealth gives access to more experiences, Quoidbach and colleagues (2010) found that wealth decreases individual capacity to derive happiness from simple life pleasures. On the other hand, when reminded of monetary losses, people experience increased emotional distress (Zhou, Vohs, and Baumeister 2009).

The Interaction of Morals and Emotions in Charitable Giving of Money: An Empirical Case

One key area in which researchers have investigated the role of morals and emotions is charitable giving. Most of the studies have focused on one of these two elements, either the role of morals or emotions. Instead, we ask how morals and emotions *interact* in influencing money transfers. Moreover, we investigate how experience with money may shape moral responses when people's motivations are not clearly formulated ahead of time, or when emotions are not manipulated in experiments but induced as a result of people's personal experience.

Much existing experimental research uses dictator game experiments (Engel 2011) in both laboratory and natural settings to explore donor behaviors and motivations and offer practical advice to charitable organizations. Following in this vein of inquiry, we ran a version of the dictator game at our university, where undergraduate students were given one hundred tokens and then had an opportunity to choose to give the dollar value of these tokens (defined as $0.03 per token) to a charity.[1] They were able to pick from four charities: Amnesty International, the United Nations Children's Fund (UNICEF), Doctors Without Borders, and the American Cancer Society, and they could, of course, decide to not donate any money at all. We offered these choices because researchers have found these organizations to be among the top charities with which students are familiar (Carpenter, Connolly, and Meyers 2008) and also because they are oriented toward people, given that we wanted to examine prosocial orientations. All participants were made aware that experimenters sent the actual donation they selected to these charities after the experiment was completed. This means that participants operated with real money, not simply imaginary, experimental conditions. The unique set up of our experiment was that we asked students the same questions about donation at two different points in time, seven weeks apart. This helps us understand how giving to charities may evolve over time, rather than taking a snapshot of one decision. Moreover, we also asked students to provide open-ended answers (not prepared categories) to explain their choice of charity. This allowed us to investigate more directly motivations for giving.

The first round of the experiment was conducted with 196 students, who donated on average forty-eight tokens. Twenty of these students (10 percent) did not donate anything; the rest donated between one and one hundred tokens, with forty-two (21 percent) donating all of their tokens. In the second round, we suffered some attrition, so the total sample with information for both time points was 173 students.[2] Out of these, thirty-seven (21 percent) did not donate anything; the average contribution was thirty-two tokens; and twenty-one (12 percent) donated all one hundred tokens. The gender breakdown was ninety-nine female and seventy-four male students, with different majors and years in school.

SELF-INTEREST AND GIVING

The instructions of the experiment stated: "You have now been given 100 tokens. You can choose to give the dollar value of some of the tokens to one of four charities listed below. The payment to the charity will be made anonymously on your behalf by the experimenter after today's experiment session.

Please select one of these charities: 1. Amnesty International, 2. United Nations Children's Fund (UNICEF), 3. Doctors Without Borders, and 4. American Cancer Society. Please enter in the box below how many tokens you would like to give to the charity. You will keep the rest of the tokens for yourself." All participants actually got the money equivalent of the tokens at the end of the experiment.

The language in the last part of the instructions was supposed to tap into the extent charitable giving was different from instrumentally selfish behavior.[3] In fact, research identifies altruism and utility as two central motivations for donating to charitable organizations. Altruism is believed to motivate most charitable giving. Economists, however, point out that impure altruism exists and that donors also benefit from making monetary gifts to organizations. Notably, "warm glow," which describes the positive feelings experienced from donating, has been identified to motivate giving to improve a giver's utility (Andreoni 1989; Harbaugh 1998; Mayo and Tinsley 2009; Null 2011). While we could not investigate warm glow directly, we did ask students to express agreement (a Likert scale from strongly agree to strongly disagree) with three statements, which were supposed to tap their prosocial orientations. One statement was: "Self-interest governs my economic choices." The second statement was: "Doing things for others when they need help is important to me." The third statement, triangulating the other two, was: "Helping others without being paid is not something that people should feel they have to do."

What we found is that those who agreed with the statement that self-interest governs their economic choices were less likely to donate. In addition, those who donated more were also more likely to agree that helping others is important to them. Also, those who believed that people should help others even without being paid donated more of the tokens we gave them. When we ran regression analyses and considered other predictors of charitable giving (gender, parental education, major, year in school, ethnicity, whether individuals work or volunteer outside of school), the one of the three self-assessed statements that was statistically significant and negatively related to charity was agreement on whether self-interest guides one's economic choices, again with those expressing stronger agreement donating significantly less.[4]

GENDER AND CHARITY

Previous research has established that one of the central determinants of charitable giving is gender. Women generally make more monetary donations and volunteer more time to charitable organizations than men (Simmons and Emanuele 2007; Kamas, Preston, and Baum 2008; Mesch et al. 2011; Leslie, Snyder, and Glomb 2013) though this may change when high costs are involved (Cox and Deck 2006). Differences in degrees of empathy and prosocial behavior may explain the gender gap in giving (Winterich, Mittal, and Ross 2009). Willer, Wimer, and Owens (2015) show that women feel more empathy toward the disadvantaged because of the social roles they fulfill, ones that tend to have more nurturing, communal, and caring characteristics (Eagly and Wood 1991). Women and men, additionally, give differently across various types of organizations, with women donating more to education (Rooney, Brown, and Mesch 2007), health care (Einolf 2011, Mesch et al. 2011), human services (Leslie, Snyder, and Glomb 2013) and poverty relief organizations (Willer, Wimer, and Owens 2015). This research contributes to the broader analysis of gendered money, including finding that mothers spend more on children than fathers do (Thomas 1990; Zelizer 2011) and that men respond differently to monetary incentive structures than women do (Ridinger and McBride 2015).

In our experiments, we also found that female students donated more than male students. The gender effects were particularly pronounced for those who decided to donate all of the money they were given. While twenty-one students in the second trial donated all one hundred tokens they received, seventeen of them were female. On the other hand, thirty-seven students chose to donate none of tokens that they were given. Of these, twenty-three were males, and fourteen were females.

The majority of those who donated all of their tokens picked either UNICEF or the American Cancer Society. All but one who donated everything to UNICEF were females, and the reasons provided mostly emphasized that doing good for children is important. One student wrote, “Children are the future and they all deserve a chance at being something in the world.” Another one said, “I have a soft spot for children.” Yet another offered, “It was difficult to choose between charities but ultimately I went with UNICEF because it is a fund that helps children around the world.” This emphasis on gender-traditional concerns, such as that of females for children, indicating a female nurturing role, was rather surprising to us, given that the average age of the respondents was twenty and that these young women do not have children of their own. Still, this is consistent with previous research finding that women donate when they feel empathy (Willer, Wimer, and Owens 2015) and for causes that highlight their social roles with more nurturing characteristics (Eagly and Wood 1991), such as taking care of children.

The gender pattern was very different for those who decided to donate all of their tokens to the American Cancer Society. There were no clear gender patterns among these donors, and the reasons emphasized most were personal and emotional. One female student wrote, “There is a heavy incidence of cancer in both my immediate and extended family, all of which thus far has been the sole result of the death of said individuals. The research and funding of cancer research thus is important to me.” A male student expressed a similar sentiment: “I have a relative who was recently diagnosed with some form of cancer. This cause and foundation holds a special place in my heart and if I could donate more of my tokens I definitely would." These findings suggest that gender-typical behavior, whereby women feel more empathy, can be overcome when people have personal experience with hardship or grieving, such as incidence of cancer in their family. In those cases, empathy crosses gender boundaries. Also, it shows that the practical dimension of giving based on evocative personal experience plays an important role in linking emotions to money.

MORAL WORTH OF, AND EMOTIONAL CONNECTION TO, CHARITABLE RECIPIENTS

Existing research highlights moral worth of the charity recipient as an important factor for explaining charitable giving behavior, and it pinpoints attribution theory as a possible underlying mechanism. Findings from empirical studies show that individuals' charitable behavior is different when moral considerations are made (Winterich, Mittal, and Ross 2009), such that individuals assess the moral worthiness of charity recipients, evaluating how deserving they are (Mayo and Tinsley 2009), and donate more money to those whom they perceive as more deserving (Fong and Luttmer 2011; Fong and Oberholzer-Gee 2011). Psychologists cite attribution theory to account for this assessment of moral worth, especially in giving to poverty relief charities (Fong and Luttmer 2011). Donors to poverty relief organizations assess whether charity recipients experience poverty because of external circumstances or personal shortcomings such as laziness, and donate more to individuals who are perceived to have little responsibility for their circumstances.

We did find a similar trend in our experiments. UNICEF was among the most popular choices, and especially among those who exhibited consistent behavior in both sessions, most picked UNICEF. It is likely that our experiment participants, unless they had an emotionally resonant personal connection with cancer or a cancer patient, were quick to empathize with vulnerable children and to consider them morally worthy recipients. Only two people who made consistent charity choices and donated the same amount picked Amnesty International, which was also at the bottom of the list for the sample as a whole. We have to recognize that for students in our experiment, political engagement across borders is not a likely personal experience nor are students in our sample generally politically very active. At the same time, it is difficult for these students to assess the moral worth of those that Amnesty International may benefit. Interestingly, even Doctors Without Borders was not picked often, despite a consideration that those in need of medical help may be considered morally worthy of donation. However, given that other charity options were offered, choosing to donate for children and cancer patients one knows had more emotional and moral resonance for our participant profile than did foreigners in need of political or medical help.

The association of different motivations with different charities was also evident in the broader sample. While 53 of 173 students picked UNICEF, 24 of those mentioned as their reason something about children (for example, that children need help, or are least able to help themselves, or that they are our future.) Of these twenty-four, only seven were male students, sixteen were females, and one did not answer the gender question). Eleven of those who picked UNICEF gave a recognition/reputation reason, saying they knew or recognized the organization, or that this organization has a good reputation. Seven students listed previous experience with this organization, five mentioned that UNICEF fights for a good cause, and six gave other reasons or said there was no particular reason for their choice.

As concerns the donations to the American Cancer Society, however, the great majority related that their choice was based on the fact that they had some personal connection to cancer patients or victims. Out of 173 students, 52 chose this organization, and 37 of those who donated to it (71 percent) listed a personal connection to a cancer patient. Sixteen of these were male, and twenty were females (and one who preferred not to answer the gender question). It is clear, then, that the great majority picked this charity because of a personal, emotionally resonant experience, and this was rather gender neutral. Among the rest, seven listed that this organization had a good cause as motivation for their giving, four that they knew the organization, and the remaining four wrote that they picked it for no particular reason.

PRACTICAL AND LEARNED CHARITABLE BEHAVIOR

While we found that self-assessed self-interest and gender were the two most important predictors of charitable giving in regression models (controlling for ethnicity/race, year in school, major, and parental education), these effects were attenuated when we added a variable, which indicated whether these students decided to contribute money to charity in the experiment run seven weeks prior. In the end, the strongest predictor of whether students contributed was whether they had contributed in the past, which points to the practical and experiential nature of money use that few experiments are able to detect because of their one-time nature. Still, our finding is very consistent with Zelizer's (1994, 2012) view that people establish practices in which they deal with money, rather than simply relying on imbued values or morals.

Students' choices were not very consistent across two time periods, even if only seven weeks apart. Only 36 of 173 students donated the same amount to the same charity in both weeks. However, those who previously donated were more likely to donate again, regardless of their gender and stated self-interest. This suggests that the strong effect of previous donation has less to do with strong established preferences than it does with a practical inclination to do something that one has done before.

Previous research also finds that those from lower classes donate a larger portion of their money than the wealthier class (Mayo and Tinsley 2009; Piff et al. 2010), largely arguing that these individuals have "a greater commitment to egalitarian values and feelings of compassion" (Piff et al. 2010: 1). However, in our study we were able to take into account individuals' prosocial orientations, and we show that those whose parents have higher education (a measure of socioeconomic background relevant for students) more readily disagree with the statement that helping others in need without pay is not something that one should be compelled to do. Moreover, college students with parents from higher socioeconomic backgrounds tend to donate more. It may be that these students feel more economically secure, so it is easier to part with extra money given to them for donation. Or, this finding may signal that donating, especially for young people without income-earning jobs may also be linked to expected behaviors taught to children in families with greater cultural capital—and therefore something considered to be culturally appropriate—rather than a reflection of one's deep commitment to egalitarian values.

Conclusion: The Experiential Underpinnings of Emotions and Morals of Money

To advance the scholarship about the role of morals and emotions in how people use money, we ran a series of experiments to gauge students' donations to charities with money they are given by the experimenter. Our experiment differed from previous ones in that it followed the same group at two different points in time and also asked for open-ended answers to the question about why people donated. Our results are consistent with previous research, which finds that stimulating emotional reactions, making personal connections, or demonstrating emotional and familial utility helps to elicit donations (Sargeant, Ford, and West 2006). Female students tended to donate more to UNICEF and listed concern about children as the main motivating factor. These students do not have children of their own, but they can consider the moral worth of kids in need and probably also empathize with it emotionally. It is possible that if we offered other charity choices that allowed students to relate to them as they did to the American Cancer Society, we could induce more empathy and therefore donations also among men. Our results show that personal experience, which is emotionally resonant, can serve as a central motivation for charitable giving. Moreover, for those without clear preferences, simply deciding to give once before made a significant difference in the likelihood for giving a second time, regardless of gender and perceived self-interest. As such, our findings point to the intertwined nature of morals, emotions, and experience in shaping charitable giving.

Conceptually, researchers often try to delineate morals, emotions, and experience into discrete factors of consideration. Instead, our research suggests that considering these reasons for charitable giving in tandem may prove especially fruitful. In fact, some research and theorizing argues for an emotional basis of moral judgment (Prinz 2006). For instance, a study by Sanfey et al. (2003) measured brain activity as subjects played an ultimatum game. In this game, participant A is given a sum of money and asked to divide it with participant B. Researchers found that when B considered the offer unfair, she or he had brain activity in areas associated with emotion. A moral evaluation was thoroughly intertwined with an emotional reaction.

Moreover, it is important to bring experimental work into conversation with research in sociology that points to the practical underpinnings of values, which are not always clearly articulated (Swidler 1986). In addition, people seem to use cultural understandings both as motives for action as well as practical strategies of action when motives are not easily identifiable ahead of time (Vaisey 2009). While much research on motivations for charitable giving assumes that people have clear preferences, it is likely that often people do not know exactly what they want and for what reason, but do it nevertheless. They may respond emotionally, out of habit, or improvise (Bandelj 2009, 2016), and these processes of action need to be brought centrally to our understanding of how people use money, including gift giving and charity.

Overall, our findings suggest that we should think about the moral judgments and emotional underpinning not necessarily as discrete influences on how people think about and use money but as thoroughly intertwined, and, as reinforced in, and sometimes even emergent from, practice. This theoretical orientation necessitates interdisciplinary collaborations in the experimental study of the use of money and in survey or ethnographic research trying to assess money motivations. The division of disciplinary labor among economists, psychologists, and sociologists has been important to substantiate nonfungibility from different theoretical and methodological perspectives, against a classical economic assumption of neutral money. Nevertheless, we can now move beyond disproving fungibility and focusing on how individual dispositions and social circumstances, together, shape the use of money. Here we come full circle to Zelizer's (2012) insistence that people are nimble in negotiating their social ties, monetary transfers, and media of exchange, and that they do so in practice. Practical money matters have to do with individual morals and intentions, cultural understandings, and emotional experiences related to concrete social interactions in which they find themselves. Understanding what happens with money when it is in people's hands would benefit not from converting each salient factor into a discrete, measurable, experimental condition but by finding research sites, and theoretical orientations, that allow us to consider them jointly.

Notes

1. All experiments were conducted in the Social Sciences Experimental Lab at the University of California, Irvine. Undergraduates were the subjects, recruited through an economic anthropology class, as well as from the lab's subject pool. There were no significant differences in findings resulting from the two different methods of recruitment.

2. There was no correlation between attrition and charitable donation, so this did not bias our sample at time point 2.

3. We write "instrumentally selfish" to distinguish between altruism conducted for selfish reasons—because of warm glow, for instance—which we could call value-rational behavior, and selfish behavior that increases material wealth of subjects (i.e., instrumental behavior).

4. Admittedly, our experimental conditions cannot take into account the fact that some donors may act self-interestedly when donating (Glazer and Konrad 1996; Ellingsen and Johannesson 2011), but this is largely because they are making donations to well-known, well-publicized organizations that publicly share information about large contributions. This augments status recognition (Sell 1997) and garners social approval from others (Izuma, Saito, and Sadato 2010).

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CHAPTER 3

How Relational Accounting Matters

Frederick F. Wherry

LET ME BEGIN WITH TWO CLAIMS about money and how we account for it. First, people often orient their spending and savings decisions toward important group rituals, such as Christmas, Hanukkah, and Eid al-Adha.[1] Aside from these important annual holidays, there are rites of passage, such as births, graduations, marriages, and funerals, which represent life-stage transitions. Participating in these rituals and rites seems to be nearly non-negotiable, as parents and loved ones feel pressure from within and outside of their households to behave honorably. Second, people regularly subject money to moral critique. Some outcomes appear to be off-limits while others shine as if of great value because they result either in moral missteps or moral achievements. The values and norms guiding these moral critiques shape the process for keeping track of (and making decisions about) money.

In Viviana Zelizer's studies of money and its meanings, individuals ask whether it is morally right to give money to wives or children, whether it is godly to bet on death by purchasing insurance, and what kinds of support to give to family and to community members to demonstrate one's commitment to interpersonal relationships (Zelizer 1985, [1994] 1997, 2010). These questions emerge as individuals contemplate how the money was earned, by whom, and for what purpose, while making decisions about how to spend it (or not). This means that money often gets labeled and partitioned into different budgeting categories. As discussed in this volume's introduction, these earmarked monies are not just mental short-cuts to help individuals keep track of their spending and to minimize their cognitive effort, but they are also ways of creating new monies and of managing different types of relationship expectations. In other words, people act "as if" money set aside for a child's Christmas gifts cannot be interchanged with other legal tender sitting in the same bank account. The Christmas money is a different kind of money, with informal rules attached to what it will be called, how it will be spent, when, for whom, and by whom. Consequently, the room for bargaining over whether to use the Christmas money for other (more urgent) purposes will be constrained.

Likewise, anyone who has attended a high school graduation ceremony in the United States (and elsewhere) knows well the expenditures these events inspire. Graduation robes, boxed gifts, and celebratory dinners along with new clothes and beauty parlor sessions represent significant expenditures, particularly for families struggling to "make ends meet" (Edin and Lein 1997). From houses of worship to workplaces and schools, parents are reminded that graduation is coming and that their peers stand ready to congratulate them for shepherding their children through this important life stage.

Economists have recognized that expenditures vary depending on where people are in their life cycles (Shefrin and Thaler 1988; Fudenberg and Levine 2006) and that there are seasonal variations in household expenditure (Miron 1996), with a significant set of purchases taking place at the end of the year. However, relationships and morality do not represent the primary explanations that economists use to model these expenditure decisions. Although useful models of expenditure across the life cycle are valuable for identifying when individuals will prefer to spend more, these models do not indicate the process that generates and maintains those preferences. In their defense, as Jonathan Morduch (in chapter 1 of this volume) indicates, economists care more about predicting reliable outcomes than they do about describing the meaningful processes that generate those outcomes. Hence, there is room for complementary (but sometimes dueling) accounts of financial decisions that may be unsurprisingly predictable or unusually patterned.

Referring to George Akerlof's (2007) presidential address at the American Economic Association, Zelizer has argued that the attention he pays to norms provides the possibility for improved dialogue between sociological and economic explanations for how people manage their money. Akerlof writes, "Sociologists say that people have an ideal for how they should or should not behave. Furthermore, that ideal is often conceptualized in terms of the behavior of someone they know, or some exemplar whom they do not know. The standard utility function is then modified by adding a loss in utility, dependent on the distance of behavior from that ideal" (2007: 8). As individuals make sense of their preferences subject to their budget constraints, they are taking others into account as a normative standard.

How do these normative standards become manifest in individual budgeting behaviors? Behavioral economists like Richard Thaler (1999: 184) offer an answer of "mental accounting" for the procedures that individuals and households use for categorizing, arranging, assessing, and monitoring financial activities. As she notes that sociologists have a relational approach to accounting, Zelizer (2012: 161) counters that the norms and practices of individuals should be examined as constituted by their relationships and the overarching cultural meanings ascribed to those relationships.

Relational work, Zelizer argues, functions as a concept that places social relationships (and their dynamic negotiation) at the center of economic action. As Nina Bandelj clarifies the concept, she emphasizes that relational work is "*work*, in the sense that it is an intentional effort or activity directed toward the production or accomplishment of a goal, even if that goal is not clearly defined from the start . . . [or] done relatively unconsciously or habitually; [or] if goals are multiple" (Bandelj 2012: 179, emphasis in the original). As individuals engage in relational work, Zelizer writes that they do so by using local accounting systems to keep track of how they are matching different media of exchange (for example, money that is earmarked or mentally labeled according to its uses and/or its beneficiaries) with different kinds of social relations in an appropriate manner. The sense of appropriateness depends on the emotional, moral, relational, and institutional contexts in which it is assessed (see Bandelj et al. in chapter 2 of this volume).

This chapter hones in on two types of relational accounting systems: the first is focused on meaningful events and life-stage transitions; the second, on the anticipated moral consequences of action and its effects on how individuals weigh and keep track of their options (Wherry 2016). Relational accounting represents the sociological counterpoint to mental accounting in that it uses cultural, moral, and relational processes to develop an interpretive social science of choice and decision making. Like mental accounting, relational accounting "violates the economic notion of fungibility. Money in one mental account is not a perfect substitute for money in another account" (Thaler 1999: 185). Unlike mental accounting, however, relational accounting locates individual decision making in the moments of the life cycle that are culturally meaningful and collectively enforced and in overarching moral structures.

Rituals and Life-Stage Transitions in Accounting

Financial decisions mark and respond to time in the sense that the temporal dimensions of social life are shared by groups and are publicly on display (Douglas and Isherwood 1979). There are specifically timed collective events that nearly everyone acknowledges and participates in. Ethnic entrepreneurs, for instance, may feel pressure to participate in such collective rituals by virtue of operating on a block where other businesses are doing so or by virtue of a more overarching set of expectations about which public holidays and festivals will be acknowledged by members of the society. This has implications for gift giving, for lending money to employees, for struggling between the priorities of participating in community rituals versus investing in the family business, and the like.

Over time, businesses have created the Christmas bonus; shopping malls, the catalog; churches, the collection; and charities, the family-oriented giveaway. These practices mark time and make it difficult to pretend not to know what time it is, even for people who do not want to participate in it (Weinberger 2015). Although it would be more economically beneficial to wait for the day after Christmas to find the best sales, even families with meager incomes still strive to be on time for their children's sake. They demonstrate their willingness to pay more in price and in financing to achieve their collective goal. Moreover, when parents set aside money for Christmas, they try to guard it against other concerns that may be more pressing or that may be difficult to deny in normal times.

As the heads of households plan for these important moments, they engage shared meaning systems while undertaking complex intrahousehold negotiations. Zelizer's work reminds us that many working-class women used Christmas savings clubs in the early to mid- 1900s to send a number of complex relational messages to loved ones. These clubs enabled the women to guard their holiday monies from other household members who might have compelled early expenditure. And this was especially the case with their husbands. She writes,

> Indeed, the Christmas money was often reserved for domestic necessities such as a washing machine or a daughter's new coat. . . . [T]he segregated Christmas money spared them from what was often considered the humiliating need to extract gift money from their wage-earning husbands. Thus, not only individual self-control but also negotiated household relations accounted for at least some of the Christmas clubs' great success in the United States. (Zelizer 2012 in Wherry 2016: 142–43)

How do these savings clubs take advantage of relational accounting? Not all savings clubs are created equal, because they are associated with different rituals. The Christmas savings club taps into an existing ritual and set of practices, formalized in a new financial instrument. If it were not Christmas or another ritual well enough regarded, the club would not have had the same power to keep the money of wives off-limits to their husbands. Christmas and its associated meanings helped these women challenge their husband's authority without threatening the relational roles of their husbands as the heads of their households. There is a chain of affirming, preparatory events associated with Christmas and a future expectation of a joyous, sacred occasion that is evaluated differently from current events and immediate problems.

Christmas happens every year, yet its frequency does not diminish its importance. Other situations happen once in a lifetime, as when a child comes into the world (birth) or a loved one departs (death). In the case of the former, months of pregnancy give the household a chance to prepare financially. In the case of the latter, despite the certainty of death, the actual transition often happens suddenly, without warning. Not having enough time to prepare, however, is no excuse for not *appropriately* honoring the dead. Providing such honors may impose a significant strain on the family purse. Only in the most extreme situations of economic scarcity will the cheapest funeral be viewed as an option. These expectations impose themselves on the household, and both time and monetary calculation seem to have been suspended or at least placed in a different realm of calculation—one where opportunity costs are considered irrelevant and cheap alternatives to honoring the dead are deemed defiling.

Writing about the failure of financial education in the late 1800s and early 1900s, Viviana Zelizer reminds us that burials represented that last life-stage passage from the here-and-now to the afterworld. From the point of view of the charities promoting thrift and self-sufficiency, "[n]ot only were useful monies squandered away for an apparently useless expense but, still worse, after the funeral was over the bereaved were often forced to seek charitable assistance" (Zelizer [1994] 1997: 182). Jane Addams, a sociologist who founded a settlement house in Chicago, observed that a cheap county burial, though a rational budgeting decision, " 'forever ostracizes a family' . . . by breaking its 'last strand of respectability' " (quoted in ibid.: 182). Similarly, William Thomas, Florian Znaniecki, and Eli Zaretsky ([1918] 1996), sociologists studying the Polish immigrant experience, wrote that a dignified burial was so important to a woman they observed that she "prefers to beg for money for her child's funeral rather than let the burial be performed by an institution" (quoted in Zelizer 1997 [1994]: 183). Yet the experts at the time saw the problem as one of education. To them, the poor simply did not understand the financial ramifications of an expensive versus a modest burial. Yet by the 1920s, social workers began to incorporate burial monies for a dignified death as a significant family concern that could not be struck from an already strained budget.

The living, too, declare dignity as worthy of financial account. Let's consider a parent whose child is graduating from high school. Not participating in the graduation ceremony will not affect the child's accumulation of human capital; she has completed her learning at the school and earned her credential (the diploma). Instead, participation marks the family's regard for education and avoids any gossip of a cold, uncaring guardian. To fail to celebrate a child's public passage into adulthood would bring a symbolic injury to the child and to the offending guardians, and this injury would find itself circulated, most likely, in gossip and as a lifelong narrative of the child's relationship with her family at a critical life stage.

Sociologists and anthropologists recognize that rites of passage help people to categorize, keep track of, and make appropriate allocations that honor the transition from one life stage to the next. These marker events are often not physiological in nature (though they often correspond to physiological changes) but depend on social meanings and community standards regarding the qualities of the rites. What anthropologist Arnold Van Gennep wrote about the importance of rites of passage for so-called semicivilized people also applies to the inhabitants of our modern societies. These rites enable sacred transitions and profound transformations in identity: "The life of an individual in any society is a series of passages from one age to another and from one occupation to another. . . . Among semi-civilized peoples such acts are enveloped in ceremonies, since to the semi-civilized mind no act is entirely free of the sacred. In such societies, every change in a person's life involves actions and reactions between sacred and profane—actions and reactions to be regulated and guarded so that society as a whole will suffer no discomfort or injury" (Van Gennep [1909] 1960: 2–3). Bringing the sacred back in helps us to better understand why some accounting priorities are separated out from others and are so heavily weighed in a visible way. Perhaps no amount of financial education will rid the cultured mind of its deference to the sacred or of the drive to connect meaningfully with others during widely revered rituals.

As sociologist Robert K. Merton (1957) noted, collectively prescribed durations for a ritual or a life-stage do not depend solely on biological necessity or mathematical efficiency. Collective definitions frame these temporally constituted situations. There are widespread expectations about culturally recognized landmark events in a person's life, how important the moment should be, and for whom (as well as for how long) an individual has to honor loved ones involved in the ritual or life-stage transition. Another sociologist, Randall Collins (2004), explains how these ritual events and life-stages are maintained as well as how collective expectations are enforced. Observers and direct participants express righteous indignation toward nonconformers and feel compelled by internal convictions themselves. Over time these expectations can become part of formal operating procedures at work, at houses of worship, or places of charity, conferring legitimacy on the situational moment and its requirements.

Attending to the meaningful aspects of temporality runs the risk of implying that these rituals and rites of passage remain stable and singular in their meaning or that they compel families in general and heads of household in particular to revere the dominant codes shaping the situation. We know from Claude Lévi-Strauss (1993) that Christmas and the compulsion to spend on its behalf was a late development that was met with protest, and Leigh Eric Schmidt (1997) has shown that the attachment of consumer spending to Mother's Day, Valentine's Day, and Christmas resulted from dynamic struggles over meaning as individuals and the groups they represented borrowed elements from different meaning systems and experimented with the possible.

This pushes us to ask not simply what the meanings of the moment are but, more concretely, what the consequences are for ignoring those meanings (Fine 1993: 70).

In relational accounting, time and the rites of passage it heralds perform a semantic and syntactic function. The meaning of time depends on a cultural meaning system that helps individuals rank the importance of particular moments. Individuals do not react robotically to time but take these meanings into account as they anticipate how that moment will draw them into harmony, conflict, or separation from socially significant others. For actors to order and assemble a number of smaller time periods into a coherent (intersubjectively recognizable) moment, they need cultural systems that align their expectations for what time it is with those of their socially significant others. These cultural systems also signal how much flexibility others are likely to give an actor in how she defines and refines her understanding of a particular time period and what that means for what she needs to do with respect to it. People are trying to do the right thing, but knowing right from wrong depends on timing.

Morality, Intentions, and Accounting

Individuals employ their concerns about doing the right thing and avoiding moral failures when they engage in relational accounting. Just as people evaluate gains and losses differently, they also assess outcomes that result in moral lapses differently from those that reflect moral success. In other words, losses feel worse than (mathematically equivalent) gains, and moral blunders require different pathways of evaluation compared with moral triumphs.

Before discovering that the process of evaluating a decision differs by virtue of the expected moral outcome, social scientists used action trees that were amoral and symmetric to identify an individual's options. However, cognitive scientists have used experiments to bring greater precision to how these evaluations are made (Nahmias et al. 2005; Knobe 2010; Knobe et al. 2012), and they have found that an individual who has a set of mutually exclusive options to evaluate may not see those options as mutually exclusive—and worse, she may see them as a bundled set of decisions with immoral consequences.

When we depict an action tree, we do so by branching outward from the action that the individual has taken to ask about the mutually exclusive outcomes she may or may not have intended. Did she take the action in order to bring about A? Is it possible that she did not intend the B outcome to result from her action? As we ask what our options are and how best to achieve a desired outcome, we are able to construct an action tree representing the logic of the decision. We can model how an individual acts in order to meet a goal, such as helping/harming people she knows or does not know. Her actions may also bring about outcomes she did not intend. And some of those outcomes may align clearly on a moral binary of a moral good versus a moral bad (Hitlin and Piliavin 2004; Vaisey and Miles 2014).

Morality affects how people categorize and evaluate their financial options. In the old, one-directional view of how to conceptualize decisions, Joshua Knobe (2010: 556), a cognitive scientist, argues, "People's representations of the structure of the action tree would affect their moral judgments, but their moral judgments would not have any effect on their representations of the structure of the action tree itself." Instead, Knobe and others find that moral deliberations happen before the action tree forms its branches, as individuals demonstrate an aversion to moral bads (a loss aversion of a different sort). If we were modeling loss aversion, we would visually contrast a convex versus a concave value function to differentiate the experience of a loss versus that of a mathematically equivalent gain. However, for an action tree, we are asking whether the pathways (branches) of the decision and the imputed intentions of action have the same shape and move in the same direction (for moral goods versus moral bads).

Let's take the example of a morally good versus a morally bad condition that is asked about businesses; namely, are they making a profit by intentionally producing morally questionable results. And let's ask ourselves what the action tree would look like for making a profit if the moral categorization of good versus bad did not matter. Here's the experiment. Knobe walked through a New York park gathering his sample of forty-three respondents. (Of course, there were other experiments after this one, but describing this one will serve my purpose of illustration.) In his experiment, he alternated between asking people to evaluate the intentions of a company whose actions may have promoted a moral good (or a moral bad, in the alternative scenario). The a priori assumption: Most people think it is morally good to help the environment and morally bad to harm it (intentionally). Knobe put this assumption to the test. The intentions (the "why," the "in order to") of trying to earn a profit or trying to help the environment should be mutually exclusive, no matter the outcome; however, morally bad outcomes make it harder for people to see these two intentions as mutually exclusive, whereas morally good outcomes operate as expected. Individuals are seen as intentionally acting to bring about the bad outcome "by" their actions. Here's the entire scenario. For the morally good outcome, respondents were asked to evaluate the following:

> The vice-president of a company went to the chairman of the board and said, "We are thinking of starting a new program. It will help us increase profits, and it will also help the environment."
>
> The chairman of the board answered, "**I don't care at all about helping the environment**. I just want to make as much profit as I can. Let's start the new program."

> They started the new program. Sure enough, **the environment was helped**.
>
> *They were then asked whether they agreed or disagreed with the sentence*:
>
> The chairman increased profits by helping the environment. (Knobe 2010: 559)

The contrasting scenario presented a morally bad outcome (harming the environment), but all other aspects of the scenario remained the same.

> The vice-president of a company went to the chairman of the board and said, "We are thinking of starting a new program. It will help us increase profits, and it will also harm the environment."
>
> The chairman of the board answered, "**I don't care at all about harming the environment**. I just want to make as much profit as I can. Let's start the new program."
>
> They started the new program. Sure enough, **the environment was harmed**.
>
> *They were then asked whether they agreed or disagreed with the sentence*:
>
> The chairman increased profits by harming the environment. (Knobe 2010: 560)

In the morally good condition, most respondents indicated that helping the environment and increasing profits were mutually exclusive. In other words, as individuals constructed their action trees in their heads, they did not agree with the statement that the chairman increased profits "by" helping the environment; yet in the alternative scenario, with all other things being equal, they did agree with the statement that the chairman increased profits "by" harming the environment. Because the "by" statements are not symmetric in the two scenarios, we know that the shape of the action tree differs for moral goods versus moral bads.

The "by" statement performs other work on the logic of decisions that is especially important for relational accounting. The "by" statement tightly couples events that would have been de-coupled, otherwise. The coupling can be so tight, in fact, that the coupled branches have little or no space between them. The branches contract, one seeming to collapse onto the other, as the decision to start a new program and the harming of the environment become a bundled event.

Now imagine that a small-business owner with a family is presented with a set of new programs to help his business. Also consider the sacrifices that he and his family members will need to make in order to participate in the new program. His small business may increase its profits, but will it do so "by" harming his family members. (This harm may come in the form of not properly honoring important life-stage transitions.) Well-meaning individuals promoting the business improvement program might argue that he is not evaluating his options objectively, yet the experiments from cognitive science and experimental philosophy suggest that there is a pattern in how he evaluates those options. He may find it difficult to decouple the anticipated moral failing from the economic benefit that his options provide.

There are trans-situational codes for good versus bad debt, savings versus waste, and family-oriented versus selfish concerns, and such perceptions of moral versus immoral intentions affect how individuals weigh their spending and savings decisions. I emphasize that these cultural codes are trans-situational as a reminder that their core meanings do not inhere at the level of individuals but at the group level instead. Likewise, these cultural codes do not depend on individuals interacting with one another and having the meanings emerge as unique to each negotiation or interaction. Although emergent understandings do arise during interactions, these understandings have a meaningful character that bumps into (or refers to) preexisting, morally charged renderings of the actions undertaken (Norton 2014). No matter how dynamic and creative individuals are, they also have to manage a set of meanings that their fresh interactions did not create.

When individuals keep track and make sense of their spending, debt, and savings decisions, they do not weigh their options as if all technically feasible things are possible. Instead, they sometimes shut off some courses of action as nearly unthinkable. This is not simply a matter of what type of relationships they have with the people affected by their decisions. It is also a matter of the moral stances they want to take.

These experimental findings challenge our understanding of economic intuitions. Anticipated outcomes carry moral valence, and this moral valence shapes the action tree in such a way as to render some options as being nearly indistinguishable from one another. Rather than having an individual with enough information (bounded rationality) to make a decision among a plausible set of alternatives, the individual finds herself morally constrained in how she evaluates an option as being an option. And she operates using contrastive cases of right and wrong (binary oppositions) that switch her into rather different evaluative algorithms. While deep interpretive work can help analysts understand the meanings of these options and non-options, it can also help us to extract the morally salient contrasts structuring decision trees.

Not surprisingly, morally good versus morally bad conditions often reference relationships to socially significant others. While the example of harming the environment links the evaluation to a generalized other (and perhaps, too, to the future of loved ones), the example of harming the family has direct ties to the entire family unit, people who depend on such decisions. Not only do these dependents stand in as beneficiaries of a decision, but they also appear as vulnerable to the household head's decisions (because they are dependents).

While individuals may act opportunistically without moral qualms, acting opportunistically with guile (Williamson 1981) shifts the financial decision into qualitatively distinct territory. Likewise, acting to benefit oneself at the expense of vulnerable dependents allows the accountant to be brought to account for her decision.

Moral beliefs about right and wrong and other moral considerations operate as if in a hierarchy of higher- to lower-order understandings (Battigalli and Siniscalchi 1999). These beliefs exist prior and external to an actor engaging in a decision, and they are updated or modified over time. These beliefs are also matched to different types of relationships as the actor perceives that her behaviors will affect socially significant others who have a moral claim on the household's caretaker. Moral considerations are not only private and individually held but are also collective and intersubjectively shared while being dependent on ongoing social relationships within and outside of the household.

When we say that morals and meaning systems matter, we mean that properties that exist *prior to and outside of the financial decision* structure it and emerge as salient at the point of the decision. Indeed, external to an immediate accounting situation are intersubjective understandings that help an individual figure out what she should take into account and how socially significant others might react to her accounting practices (or their consequences). Even if she disagrees with these understandings or cannot articulate them coherently, she acts as if she is aware of their existence by virtue of the excuses she makes for violating them or the trouble she takes to negotiate their boundaries. At the point of decision, the actor is making a payment, a purchase, a deposit, or an investment. To frame a financial decision is to bring socially significant others and their intentions to the "the top of mind" as she recognizes them as benefiting or suffering from what she has done and as she acknowledges that socially significant others sit in judgment of her actions.

Conclusion

The social sciences have long addressed how individuals manage scarce resources. When people have a choice between at least two options, they do not always reveal a preference for more monetary gain over less. There was a time when money was king of the fungibles, with any one unit of it easily exchanged for another; consequently, too little information or too little power to act in one's own interest accounted for any "suboptimal" decisions. Teaching people that one dollar is equivalent to another, that money earned from one source can be treated the same as money earned from a different source, or that thrift should preclude ritual extravagance simply has not worked, nor should it. This chapter has outlined the components of a different way of accounting—one focused on important rituals, the rites of passage in the life-course, and moral concerns for treating socially significant others respectfully and demonstrating moral regard. Relational accounting explains why people track and deploy money in ways the textbooks have told them they ought not. And social scientists should take more holistic approaches in studying these accounting systems, where social change drives "new forms of earmarking" as "people . . . segregate, differentiate, label, decorate, and personalize [their monies] to meet complex social needs" (Zelizer [1994] 1997: 216).

Note

1. Portions of this chapter are drawn from Wherry (2016).

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PART II

Beyond Special Monies

CHAPTER 4

The Social Meaning of Credit, Value, and Finance

Bruce G. Carruthers

WHO IS NOT PUZZLED BY MONEY? Intrinsically valueless pieces of paper or entries on an electronic balance sheet somehow enable people to acquire items of great worth and command the service of others, to project purchasing power into the future, and generally to sustain their own well-being. Intrinsically valueless, and yet money possesses value. Even if money does not literally "make the world go 'round," it is nevertheless of great practical concern to those whose lives it governs. For anyone living in a monetized economy, which is to say for people living in the modern world, money is a key aspect of many transactions, relationships, and situations. It is a widespread feature of modern social life. However, the durable and practical interest sustained in money by regular people, who must earn it and then spend it in order to survive, is not matched by scholarly interest. The focus on money among social science researchers ebbs and flows. Classical social theorists were deeply interested in money, but that focus was not sustained by their students. Today the tide has turned, and Viviana Zelizer's 1994 book, *The Social Meaning of Money*, made a signal contribution in the transition from ebb to flow.

Foreshadowed by an earlier article (Zelizer 1989), *The Social Meaning of Money* reframed the discussion of money in sociology.[1] Arguing against a perspective that saw money primarily as a quantifying and rationalizing instrument, one with corrosive effects on human social relationships, Zelizer proposed instead that money was imbued with social meaning and significance: it expressed rather than suppressed sociability. "Contemporary sociology still clings to the view of money as an absolutely fungible, qualitatively neutral, infinitely divisible, entirely homogeneous medium of market exchange"

(Zelizer 1994: 10). For other sociologists, money was the anonymous embodiment of instrumental rationality, and in mediating human interactions it also transformed those interactions, imposing a reductive quality that subverted their otherwise rich social complexity.

The classical sociologists that Zelizer criticized were not daft, of course. In the marketplace, money commensurates across qualitatively different alternatives, in the manner required by orthodox models of rationality (for example, subjective-expected utility theory). People really can compare apples with oranges when shopping at their local supermarket, because both are valued in monetary terms. Outside of the marketplace, practical enactments of rationality like cost-benefit analysis in public policy, for example, rely on money to measure trade-offs and enable optimal choices. And the anonymity of money is well-reflected in the preference for cash among traders in illegal goods and services, or in informal markets. Cash is more anonymous than other forms of payment, and this makes it easier to conceal the nature of an illicit transaction. However, as Zelizer argued, it is simplistic and erroneous to suppose that money is a kind of financial-chemical agent that dissolves social relations, or that money acts on social relations with one-sided effects.

Zelizer briefly commented on the significance of Civil War measures in creating standardized legal tender for the United States (Zelizer 1994: 13). Previously, the market value of domestic bank notes (as opposed to their nominal value) varied depending on the status and solvency of the issuing bank: not all $1 bills were actually worth $1, nor were they equal to each other. This situation changed with the National Banking Act of 1863, which mandated the establishment of a system of national banks whose bank notes would be backed by Union government bonds. The act bolstered government finances but also created a more uniform currency (Carruthers and Babb 1996). In many other countries during the nineteenth-century, there was a similar shift toward adoption of a single standardized national currency (Helleiner 2003).

One of Zelizer's main points is that however much modern legal tender may be standardized and homogeneous *in theory* ($1 = $1 = $1), *in practice* it is made heterogeneous. Money is useful, to be sure, but how people use it cannot be inferred from money's purely formal qualities. The introduction of distinctions and categories undercuts money's fungibility and imparts social meaning and significance.[2] The key practice is "earmarking," a term that in its etymology references a practice in animal husbandry for how people distinguished particular cattle from the herd: an earmarked cow was no longer a generic cow. "The earmarking of money is thus a social process: money is attached to a variety of social relations rather than to individuals" (Zelizer 1994: 25). Earmarked money is no longer fungible precisely because it has been linked to social relations. These give it a distinctive meaning and use. Since money flows through transactions, earmarks can emerge from the source of money before the reference transaction, or its destination afterward, or both.

Certainly, there are important connections between Zelizer's work and the literature outside of sociology (Zelizer 2012: 158–62). Recent work in behavioral economics recognizes the significance of "mental accounting" in how people treat money (Thaler 1999). Although modern money is by law perfectly fungible,[3] its allocation into different "accounts" violates that fungibility and affects decisions both *ex ante* and *ex post*. And such "accounts" shape various aspects of intertemporal choice (Shafir and Thaler 2006). Anthropological considerations of money draw on a wider set of empirical examples and engage different classical theoretical traditions (less Georg Simmel and more Marcel Mauss and Karl Polanyi), but there is a similarly critical engagement with orthodox notions of market money (Maurer 2006; Hart and Ortiz 2014).

Zelizer's analytical points are developed through her discussion of money in the United States between the 1870s and the 1930s. Although her arguments are quite general, the historical evidence is drawn mostly from domestic, gift, and charitable money (1994: 30). In describing various earmarking practices, for example, Zelizer considers how housewives physically earmark gift monies; how people segregate monies spatially using piggy banks, jars, or stockings; how people earmark money via specific uses, such as the purchase of children's clothing; or how money is earmarked via users, such as an allowance for children or pin money for a wife (Zelizer 1994: 208–9). The book's focus on households and charities means that other kinds of money, specifically "market money" are neglected, and Zelizer explains why she limited the scope of her investigation (34–35). Elsewhere (Zelizer 2012), she develops the discussion of earmarking in organizational settings. What I will do here is to extend Zelizer's agenda into the world of formal organizations and contemporary high finance. How does money work in the nondomestic world of budgets and banks, derivatives and debts? Does her analysis still offer insight in this broader context, or are cultural nuances and social designations largely confined to the household? In short, does market money also have a social meaning?

One reason to consider such an extension is that households are themselves increasingly engaged with the outside world of finance (Fligstein and Goldstein 2015). Their informal domestic monetary practices must now link, in some fashion, with formalized market-based finance. In recent decades, "financialization" in the United States has affected corporations, financial institutions, and households. American families have become increasingly engaged with the financial system by using a broader array of financial services and increasing their ownership of financial assets. The problem of the "underbanked" continues, of course, so there is considerable variation among households in their use of finance. But if the typical middle-class, home-owning household in the 1960s had checking and savings accounts, a thirty-year fixed-rate mortgage, and life insurance for the male breadwinner, today's households use a greater variety of more complex financial services and products (variable-rate mortgages, home equity and student loans, multiple credit cards, 401(k)'s and other savings vehicles, mutual funds, and so forth). Today's households also increasingly purchase goods on credit and so have to service more debt with their earnings, although after 2008 overall leverage has declined (Federal Reserve Board 2006, 2014).[4]

The applicability of Zelizer's arguments is also worth considering because of how much money and finance have changed, even since the publication of her book. Starting in the 1980s, the general process of financialization continued into the first decades of the twenty-first century. Deregulation of the financial system preceded Zelizer's book, but it continued afterward. Financial innovation has transformed how financial systems work (witness the explosive growth of financial derivatives markets); financial market activity continues to grow in importance; and today's monetary landscape includes new payment systems (PayPal, m-pesa, SMS banking) and digital currencies (Bitcoin, Litecoin). Have these new financial objects been incorporated into social meaning systems? What kind of cultural framings have new financial relationships received?

One obvious extension is from households to formal organizations. Surely large-scale organizations operate without the accretion of private meanings and domestic sentiments that affect household behavior. But in fact, bureaucracies routinely undertake the same kind of categorization and earmarking as households (see Simone Polillo, in chapter 5 of this volume). Indeed, organizational budgeting practices typically render money nonfungible (for public sector budgets, see Rubin 2014: 1, 23, 60). Funds are put into different categories, and, subject to a specific (monthly, annual) budget planning cycle, cannot, except in special circumstances, be moved between categories: a surplus in one place will not offset a deficit in another. In other words, a dollar in the "salary" category is not the same as a dollar in the "capital expenses" category. Budgetary categories earmark money for specific purposes, and their special purpose defines their distinctive meaning. In practice, budgeted resources animate organizational activity and activate its relationships with external constituencies. Over time, of course, money can be shifted between categories. So even if budgeted funds are incommensurable in the short-run, over the long-run their flexibility and liquidity returns.[5]

If budgets concern the internal priorities of an organization, then what about their external relations? After all, Zelizer (1994: 25) states that earmarking is a social process concerned with relations rather than individuals. This suggests that we should consider outwardly directed actions and transactions to assess the broader applicability of her claims. What about market exchanges? In the next sections, I consider two other areas of financial activity: credit and debt, and financial derivatives.

Credit and Debt

Although a dollar bill (or euro note) most prominently symbolizes money today, in fact contemporary economic transactions usually do not involve the exchange of cash for goods. Rather, people and organizations buy on credit. They borrow in order to make a transaction, so their effective purchasing power comes from the credit they can obtain rather than the cash they possess. For example, many firms obtain trade credit in order to make purchases from their suppliers: they receive the goods and then pay their suppliers after some conventional period of time (thirty days, ninety days, six months). Or an individual might borrow money in order to purchase a home and then repay the loan over a period of years.

Cash is generalized purchasing power. Anyone who possesses cash can acquire whatever money can buy. Credit, by contrast, is always earmarked and depends on how borrowers are classified (Fourcade and Healy 2013). That is, credit involves purchasing power granted to specific borrowers or buyers. It is earmarked for their use only. And this process of earmarking is fraught with significance because, in effect, the entities that grant credit try to distinguish between those who are creditworthy and those who are not. The categorical distinction is a matter of practical necessity because a lender who lends to all who seek a loan will soon be out of business. So credit earmarking is preceded by a classificatory and evaluative process that relies on financial information and formal credit scores (Poon 2009).

Lenders have also relied on a variety of social heuristics to help identify the creditworthy (Moulton 2007). They have used features like gender, race, ethnicity, and marital status to determine who is trustworthy. They exploited direct social relationships and indirect social networks to learn about a potential borrower's personal character, past behavior, and reputation. They also used those same direct and indirect ties to help make sure that borrowers kept their promises (by, for example, publicly stigmatizing those who failed to repay debts). To be deemed creditworthy was a form of social honor: recognition that one's status, position, and reputation all signaled trustworthiness.

If credit is always earmarked in terms of who receives it, credit is also often earmarked in terms of how it can be used. That is, a creditor offers credit to a specific individual so that he or she might purchase a specific commodity. Such credit is not fungible. A car loan enables an individual to buy a car, but nothing else. A home mortgage enables people to buy a house, but not groceries, or clothing, or a trip to the Bahamas. Indeed, this type of earmarking helped to motivate the development of credit in the first place. Suppliers provided trade credit to some of their customers so that they could buy goods from the supplier. General stores offered credit to their retail customers so that the latter could purchase store goods. Firms that produced durable goods like sewing machines, pianos, and furniture realized that they had to provide credit to their customers, in the form of installment loans, if they wanted to sell goods (Carruthers and Ariovich 2010: 94–97). Credit drove sales, and lenders ensured that credit could only be used in particular ways.[6]

Recently, some of these earmarkings have been loosened, so that consumer credit gets closer to the generalized purchasing power of cash. Credit cards, for example, can be used to purchase many goods and services. But even so, such credit is tied to a particular borrower, and its terms are precisely calibrated to the economic standing of the individual debtor. This calibration relies on an increasingly elaborate infrastructure of credit scoring and credit record-keeping that accumulates and analyzes detailed information about the economic circumstances and payment histories of individual people (Guseva and Rona-Tas 2001; Poon 2012). Although credit card systems rely on elaborate information technology systems (starting with the point-of-sale electronic card reader), credit cards still invoke older symbolic associations between tangible value and color: witness payment cards that progress from green to silver to gold and then to platinum, as both the credit limit and social status increase.

Small businesses have often been treated as if the business entity were equivalent to the owner/proprietor. To lend money to a small business is, in effect, to lend to the person who owns the business. On the corporate side, however, even though corporations possess legal personhood, they do not have individual personalities that can be judged from a psychological standpoint. Nevertheless, corporate loan contracts and bond indentures (that is, the legal documents that set the specific terms of a loan) frequently impose constraints and obligations on the borrowing firm that, in effect, render the money nonfungible. Contractual provisions, known as restrictive or protective covenants, tie the hands of the corporate borrower so that the loan cannot be used as generalized purchasing power: it can only be used for those specific purposes that the lender deems appropriate. This kind of legal earmarking is usually done at the insistence of the lender, and is intended to increase the likelihood that the loan will be repaid in full. Such purchasing power is not differentiated because of some cultural logic, but it illustrates that even in the marketplace, credit money in its practical usage is not homogeneous and standardized.

Within unsecuritized credit transactions, there are many opportunities to commingle instrumental and relational considerations (Zelizer 2005): partners can be shown favor by easing the terms of the deal (for example, a lower interest rate on a loan or a higher loan-to-value ratio in the case of a loan secured by an asset) or by adjusting contractual terms if one side experiences duress (Uzzi and Lancaster 2003). Borrowers can informally prefer specific creditors over others in ways that undermine the legal seniority of claimants—for instance, by paying a particular obligation in full shortly before filing for bankruptcy.[7] Most borrowers prefer to repay money they borrowed from friends before they repay the bank. Selective forbearance is a good medium for favors from lenders to borrowers, just as preferences are a way for borrowers to favor some lenders over others. Debtors can also help creditors by granting access to profitable opportunities (consider the search for returns when world interest rates are low). Going both ways, the focal transaction can be bundled with other transactions (so-called side deals) that significantly enhance the value for either of the two sides. Such bundling can be accomplished formally or informally and is another easy way to manage relationships even in a highly transactional context.

But the world of credit has been transformed by the process of securitization, where many claims over many debtors are pooled together, put into a new legal entity (called an “SIV” or special investment vehicle), and then new debt securities are issued against that pool of assets and are often ranked by seniority (Shenker and Colletta 1991; Fabozzi 2005). Traditionally, lenders kept loans on their balance sheets until maturity. For example, a bank that made a thirty-year mortgage loan to a home buyer could expect thirty years of monthly payments that covered interest on the loan as well as repayment of the principal. Securitization enabled banks to sell off their loans and get their capital back in much less time than thirty years. It also reduced their regulatory capital requirements and provisions for loan losses. On the other side, buyers of the new securities were given a chance to invest in kinds of assets that had been formerly closed to them, in a highly diversified manner. Many kinds of debts have been securitized, including credit card receivables, student loans, commercial loans, and home mortgages.

Securitization effectively dissolves the debtor-creditor relationship, dividing up the debtor’s initial obligation, distributing it among multiple creditors, and mixing it with the obligations of many other debtors. Securitization turns a credit relationship between two parties into a transferable thing-like financial asset and thus makes it impossible to address relational considerations in the same way as before. No longer could a troubled debtor call on her long-term relationship with her lender to seek needed forbearance, because after securitization that debtor’s obligation had been divided into small pieces and distributed widely into the hands of numerous dispersed investors, none of whom have had any prior contact with the debtor.

In sum, earmarking practices are very common in the nondomestic credit system, for both individuals and organizations. Credit functions as a substitute for money, and so it embodies an important alternative form of purchasing power. But it is rarely a generalized or fungible power, for the ability to complete an economic transaction on the basis of credit is constrained by either the creditor or debtor, or both. Credit is always earmarked in terms of who receives it, and it is often earmarked for how it can be used. Securitization was one of the major financial innovations of the late twentieth-century, and its implications for the relational embeddedness of credit suggests that high finance warrants a more careful examination. It involves formal earmarking, to be sure, but relational earmarks are another matter. The earmarking practices that undermine fungibility appear in some, but not all, forms of modern credit. What of one of the other major effects of money: the attachment of numerical value to objects and activities? Has financialization helped to monetize more of the world? Does everything now have a price?

Derivatives

One of Zelizer's accomplishments is to caution against any strong conclusions about the supremacy of monetary logic. Certainly commodification is widespread in contemporary market societies, but money's penetration into social activity is selective rather than universal, and complex rather than monolithic. Even its most direct effect, the attachment of market price to objects, services, or processes, can be problematic. It may seem straightforward to acknowledge that sacred objects or religious artifacts are hard to price in monetary terms, but it is more surprising to learn that financial objects can be hard to value, even by the financially sophisticated and market-oriented actors who create them.

The process of financialization concerns the dramatic growth of financial activities and relationships for both households and firms (Krippner 2011). This includes familiar markets in equities and debt, but financialization can also be seen in the rise of derivatives markets. Not only have these markets grown substantially in the volume and value of trading activity, but they have shifted away from older derivatives based on tangible commodities (like pork belly futures, grain options, and so forth) to those based on financial assets (like currency futures or stock index options). Some trading occurs on organized exchanges, such as the Chicago Mercantile Exchange (CME), but the biggest growth happened in the over-the-counter (OTC) market (Carruthers 2013). The total notional value of derivatives contracts traded in the OTC market now numbers in the hundreds of trillions of dollars and far exceeds the world's gross domestic product. For decades, the OTC market was essentially unregulated, and it was marked by both rapid growth and near-continuous innovation. The dealer-banks forming the core of the market competed with each other on the "sell" side to bring new and more complex swaps into the market, tailoring these products to hedge the specific risks faced by clients on the "buy" side. Instead of the standardized derivatives contracts traded on the CME, OTC derivatives are "bespoke."[8]

The OTC derivatives market represented the leading edge of global finance in the late twentieth- and early twenty-first centuries. It exploited developments in information technology, invented new and increasingly abstract ways to price and hedge risk, escaped regulatory oversight (before 2008), increasingly employed mathematicians and physicists as "quants," transacted within and across national borders, created new ways to estimate the monetary value of financial assets, and generated big profits for financial institutions. It brought the pure quantitative logic of money to bear on intangible assets of growing complexity. And this new financial landscape was seemingly a tabula rasa, unencumbered by social legacies or the materiality of physical use-value.

One early success in derivatives markets involved the pricing of options. As described by MacKenzie and Millo (2003), the Black-Scholes option pricing model provided a powerful answer to the question of what an option was worth.[9] The derivation and adoption of this model transformed options markets and evidenced a type of performativity. As this partial differential equation model was incorporated into various market calculative devices (at first computer printouts, then handheld financial calculators, and later computer screens), the ability to price an option with ease diffused widely. But Black-Scholes did more than answer a specific pricing question; it also served as a general model for how to price financial assets (through the construction of a "replicating portfolio," and with the assumption of zero arbitrage opportunities).

Contemporary derivatives are traded in two locations: standardized derivatives are traded on organized exchanges (like the CME), and customized derivatives are traded OTC. In the first setting, the exchange offers clearing services (so that there is no counterparty risk) and "price discovery." That is, contract prices are public information shared among all market participants, and all parties wishing to transact in a particular contract will pay the same price. In OTC, however, transactions are strictly bilateral and negotiated privately. Prices are set privately, as well, reflecting the customization involved in creating an instrument that hedges a customer's particular set of risks.

Major financial institutions will typically operate in both markets simultaneously, and in meeting their disclosure and regulatory requirements they have to report the value of their assets, including the value of their derivatives positions. Assets and liabilities have to be priced and summed across the entire balance sheet. Modern accounting rules, like "fair value" or "market to market," specifically require that asset values be estimated using market prices.[10] But this apparently simple expression of the dominance of money's quantitative logic is not so straightforward. In fact, application of "fair value" accounting rules in modern financial markets is highly problematic, for a number of reasons.

Current accounting rules (for example, FAS 157) mandate that financial institutions classify their assets into different categories: held-to-maturity, available for sale, or traded. Only assets in the last two categories have to be "marked to market." And even then, valuation proceeds through a "fair value hierarchy" of alternatives, starting at level 1, and if level 1 doesn't work going to level 2, and if level 2 doesn't work going to level 3.[11] Level 1 involves quoted prices in active markets for identical assets (or liabilities) that the reporting firm can access on a certain date. But if such market prices are not available, then the firm shifts to level 2, which involves observable inputs—things like interest rates, credit spreads, or yield curves —for such assets (or liabilities), or quoted prices for "similar" assets (or liabilities). If such observable inputs are not available, or there are no similar assets, then the firm moves to level 3, involving unobservable inputs for the asset (or liability). Level 3 is commonly known as "mark to model" because, in effect, the firm's "fair value" valuation depends on a model of value. The model generates a value that is then treated as if it were a market-based price.[12] To be sure, "fair value" accounting methods generate numerical measures of value, but those values do not reflect underlying market prices in any simple fashion. Rather, they combine a categorical exercise with social constructions that increasingly diverge from the externally based market prices, while at the same time they become decreasingly visible. As financial institutions innovate,[13] creating new types of derivatives in order to hedge new types of risk, they necessarily shift from level 1 to level 3. Highly customized derivatives of growing complexity are unlikely to be traded in liquid markets, or even to be "similar" to other derivatives, so their "fair value" must be estimated using financial models.

The status of "fair value" standards became problematic in 2008. In the midst of economic chaos, the US banking community appealed to regulators and accounting standard-setters to relax the application of "fair value." To downplay market prices, these advocates claimed that markets were temporarily "distressed," "frozen," and "illiquid." They argued that because of the crisis, many financial assets were mispriced by the market, and that it would be mistaken not to acknowledge the divergence of "true value" from prevailing market prices. In fact, that divergence could force banks to write down the value of their assets, and then, in order to remain compliant with capital standards, they would have to sell off assets (see American Bankers Association 2008; Plantin, Sapra, and Shin 2008; Laux and Leuz 2010). Since banks would be dumping assets into depressed markets all at the same time, prices would drop even further, engendering yet another round of devaluations and write-downs.

Contemporary derivatives markets also incorporate non-price-based evaluations deep within their basic contractual infrastructure. For all the celebration of numerical precision that happens in modern finance, not only are there fewer pure market prices than one might expect, but there are other non-price measures that perform important functions. A telling example comes again from the OTC derivatives market. The customized contracts that govern each transaction are created out of the standardized contractual language devised by ISDA, the International Swaps and Derivatives Association. This industry group was founded in the mid-1980s in order to define the legal terms, provisions, and language that undergirds swaps transactions. The standards are contained in the so-called Master Agreement, which is updated by ISDA in order to reflect developments in the OTC market (Harding 2010; Peery 2012: 194–97).

The Credit Support Annex is an important part of the contractual machinery for OTC transactions. Unlike exchange-traded derivatives, OTC markets do not involve clearing services. This means that even after a transaction is initiated, each party still bears the risk that the other party will not fulfill its contractual obligations, called “counterparty risk” (Gregory 2010). The Credit Annex typically deals with counterparty risk, and it does so using collateral: each party is required to post collateral, and in the event of nonperformance by one side, the other side can use the collateral in compensation.[14] Collateral is legally earmarked, and even cash collateral is no longer fungible. But how much risk is there, and how much collateral needs to be posted? These are key questions for an OTC transaction, and they are typically answered using the credit ratings supplied by firms like Moody’s or Standard and Poor’s (Gregory 2010: 65–68). That is, the contractual language in the Credit Support Annex often uses the current credit ratings of the two parties to calibrate how much collateral has to be posted and to specify what kind of collateral is eligible (cash, marketable securities, and so forth). So, for example, if one party to a transaction experiences a ratings downgrade (perhaps Moody’s lowers its “AAA” rating to “AA”), then it will have to post more collateral to compensate for the greater risk that its lower rating signals.[15] And if the collateral consists of securities, then their rating also affects how much collateral is posted. The riskier the collateral, the more that needs to be posted to hedge counterparty risk.

Unlike monetary prices, credit ratings are not strictly numerical. They are organized into discrete ordered categories that have become durable conventions. Ratings are opinions about creditworthiness used in the contractual governance of OTC derivatives, as well as elsewhere in financial markets. Although the overall transaction will be priced (most likely using “fair value”), its internal structure depends on non-price evaluations.

Outside of ordinary investment decisions and OTC derivatives contracts, credit ratings are important for many prudential regulations and they are key to securitization. Starting in the 1930s, federal banking regulators in the United States used privately produced credit ratings for bank examinations and also to prevent banks from undertaking investments that were “too risky.” The threshold was set by the rating agencies and separated “investment grade” from “below investment grade” securities (Fons 2004). Investment in the latter was prohibited. Similar prudential rules were adopted by insurance regulators at the state level and also for money market funds (Langohr and Langohr 2008: 430–40). Later, ratings were included in global bank regulations such as the Basel bank capital standards. Partly because of their regulatory role, credit ratings also became important for securitization. The financial engineering that occurs in securitization is aimed at producing new securities that receive as high a rating as possible, preferably “AAA.” Indeed, issuing tranches of securities that vary by seniority helps to ensure that the most senior tranche receives the highest rating from the rating agencies. And because of prudential rules, institutional investors around the world are often prohibited from investing in anything that is not investment grade.

The contemporary derivatives market illustrates some significant constraints on the logic of monetary valuation, even in the hard core of high finance. The constraints I have discussed here do not arise from externally imposed social or cultural meanings. Nor do they stem from the workings of the domestic sphere. Rather, they persist in arenas dominated by markets and formal organizations, and emerge from the internal limits of the financial marketplace itself: namely, its occasional but highly problematic inability to generate “normal” or “non-distressed” prices and its deep reliance on non-price-based forms of valuation. Both instances show that even in finance, market price is not the sole arbiter of value.

Conclusion

These brief extensions reveal that Zelizer’s arguments can shed useful light in areas she did not originally consider. I have chosen the topics of budgets, credit, and derivatives not simply because they were not part of Zelizer’s original focus, but also because they are so central to contemporary processes of financialization and the operation of a modern market economy. In a variety of forms, and for a variety of purposes, earmarking occurs in many locations outside the domestic sphere. It turns out that the creation of differentiated categories and the imposition of restraint on the fungibility of money is not something done only by dependent women to manage their pin money, but also by organizations, banks, and other financial institutions, as a regular part of their budgetary allocations. In a variety of ways, fungible money is formally segregated, labeled, earmarked, and even sequestered. Given the obvious virtues of liquidity, it is important to recognize how often, and under what circumstances, public and private organizations try to create illiquidity and how they structure it. To earmark, to reduce the fungibility of purchasing power, is to constrain the discretion of money-holders and to steer them in a particular direction. The budgetary allocation of money, with corresponding levels of fungibility, therefore both enacts and reflects the politics of the budgeting organization: which units receive bigger allocations? Whose discretion is reduced via earmarking? What specific activities and priorities do the earmarks support? The budgetary decisions that answer these questions reflect the broader distribution of political power both within and outside the organization. And earmarks possess substantive and symbolic significance: they constitute important resource commitments, but they can also circulate as public messages about organizational priorities. A broader study of earmarking practices is clearly warranted, which is surely testament to the fertility of Zelizer's insight.

Zelizer also cautioned us not to exaggerate the effects of money. The ubiquity of modern money does not necessarily mean the ubiquity of valuation via market price. The cash nexus has not encircled and throttled all of social life. Nor, it turns out, has it even encircled high finance. Although market prices are seemingly reliable accompaniments to market activity, and thus can serve as a universal basis for accurate valuation (prices reflect "what the market thinks," so to speak), situations arise where such prices fail to arise, or to work properly. Simple, standardized assets readily beget liquid markets with public prices (Carruthers and Stinchcombe 1999), but many transactions in high finance involve complex nonstandardized assets where there is no public price. Monetary valuations have to be literally made up, albeit in a manner tempered by formal models and by the epistemic community that designs such models and assesses their "reasonableness." The latter characteristic usually reflects some combination of experience, status, and convention as valuational practices will seem more reasonable to the extent that they have been used in the past and/or by high-status market actors, and reflect textbook treatments and widely adopted industry standards.[16]

During a crisis, markets that are normally liquid may collapse in distress and fail to generate meaningful market prices. "Market value," a seemingly self-evident and natural measure of value, can under some circumstances become so problematic that market participants themselves try to jettison it. It follows that crises are not just financial, that is, about balance sheets and bottom lines, and whether firms are unprofitable or even insolvent. A crisis is also epistemic: can the value of an asset or the extent of a liability still be measured and known? Such epistemic limits challenge decision makers with fundamental uncertainties that increase their reliance on convention, imitation, and other types of herding behavior.[17]

Outside of crisis episodes, when conditions are more "normal," other forms of valuation continue to play an important role in making the regulatory and contractual machinery associated with modern finance work properly. Here I focus on the example of credit ratings, an alternative valuation that is made up as a matter of routine, by private for-profit firms. Market ideologues (and critics) may celebrate (or denounce) the dominance of monetary valuation, but market practice reveals a much more complex underlying reality. Markets produce market prices, but non-price valuations help to produce markets. A broader study of the uneven application of market price, as a standard of value, to financial markets is also clearly warranted.

Notes

1. Dodd (1994) also provided a major contribution, although his book did not fully register in US sociology.

2. The central role of categorization in the creation of symbolic meaning has been obvious since the structuralist linguistics of Ferdinand de Saussure and the sociology of Emile Durkheim.

3. Legally, an obligation worth $10 can be satisfied by payment of any $10 banknote; for the purposes of payment, all such banknotes are perfect substitutes for each other.

4. Going against this trend, education debts have continued to increase (Federal Reserve Board 2014: 26–28).

5. There are doubtless many reasons for the existence of formal budgets, but one may involve the management of organizational conflict. Explicit trade-offs between alternatives can make quasi-resolution of conflict harder to achieve. Between budgeting cycles, however, money becomes incommensurable, and conflicts between categories and priorities are masked. So there are political benefits to the budgeting process. Consider also the difference between hard and soft budget constraints. The former sets a limit on total expenditures by the budgetary unit and ensures that budgetary alterations are strictly zero-sum. Soft budget constraints offer more flexibility and another way to avoid internal conflicts.

6. Another sales device that involves earmarking, but not credit, is the layaway program. This involves periodic payments of small sums that constitute savings earmarked for the purchase of a particular commodity that often will serve as a gift (e.g., Christmas presents).

7. Such favoritism is termed a "voidable preference." See Warren and Westbrook (2009: 487, 489–90).

8. Frederick Wherry reminds me that this term is associated with high-end tailoring. Over-the-counter derivatives are not off-the-rack, so to speak.

9. An option contract bestows the right, but not the obligation, to buy or sell an asset at a given price. For example, one might have the option to sell gold or euros at a certain price. It is a relatively simple derivatives contract, with the particular asset serving as the "underlying."

10. "Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date" (Financial Accounting Standards Board 2006: FAS 157-8).

11. See Financial Accounting Standards Board (2006: FAS 157-12, FAS 157-13).

12. Reliance on models creates a new type of risk—model risk, that is, the risk that an underlying model is fundamentally wrong. Modeling a financial variable as if it has a normal distribution, when in fact it has a Cauchy distribution, exemplifies model risk.

13. As Awrey (2013) argues, dealer banks in OTC derivatives markets have a strong incentive to innovate in order to enjoy the advantages of a temporary monopoly position.

14. This is similar to a secured loan, where the lender has the right to seize collateral assets if the borrower defaults on the loan.

15. It was a ratings downgrade, and the contractual obligation to post additional collateral across all its credit default swap positions, that made AIG insolvent in the fall of 2008. AIG could not raise the necessary collateral, thereby defaulted, and prompted a government-led bailout.

16. Consider, for example, the widespread adoption of the Gaussian copula in the model-based pricing of collateralized debt obligations (CDOs). This became the industry standard, although by assuming multivariate normality it underestimated the occurrence of extreme "tail" events (see Zimmer 2012).

17. Polillo, in chapter 5 of this volume, also notes the connection between uncertainty and convention.

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CHAPTER 5

From Industrial Money to Generalized Capitalization

Simone Polillo

VIVIANA ZELIZER'S APPROACH TO MONEY was not initially seen as an intervention into high finance, financial markets, or for that matter the financial system at large. Business monies were different, it seemed, in a world apart from the relational concerns of households. This chapter will argue, instead, that revisiting Thorstein Veblen alongside Zelizer opens fruitful lines of inquiry into the nature of investment and earmarking in large industries, as well as new understandings of contemporary processes of financialization, extending well beyond the financial sector. To budget money for investing is to earmark it—to decide to spend it on some things as opposed to others. But setting money aside also means delaying consumption, on the basis of expected changes in the value of one's current holdings. To earmark is thus to imagine a future (Beckert 2016), to control or influence some part of it. How have businesses engaged in earmarking, and how have these practices resembled the micro-level experiences of households?

This chapter investigates these questions by analyzing three historically constructed categories of money: industrial money, business money, and generalized capitalization. I do so in three steps. First, I argue that there is a temporal dimension of money, oriented toward the future. It is associated with double-entry bookkeeping, a way of representing business concerns that became dominant with the rise of capitalism and that emphasizes calculability of spending. Without such representations, future growth is stunted. But even with modern accounting, what I will call (borrowing from Veblen) "industrial money" reflects concerns beyond economic growth projections. Accounting practices distinguish between personal and business expenses even as property becomes increasingly socialized (Carruthers and Espeland 1991). And while helping its accountants keep track of costs, industrial money allows for other qualitative distinctions about those costs.

The second step in my analysis focuses on how goods turn into assets, and how the calculation of future performance becomes the primary way of assigning value to those assets. With the rise and increased visibility of financial markets—institutional arenas where future-oriented value is calculated in a public manner—industrial money becomes what I call, also borrowing from Veblen, "business money." Consider, for instance, how the value of a corporation now varies in terms of the day-to-day fluctuations in the value of its stock (Fligstein 1990); or how the financial stability of a country takes priority over its commitment to social policy (Major 2013). The common denominator is a way of understanding money and monetary value in *financial* terms, oriented toward the future, and using future expectations about an asset's value—and specifically, expectations about the revenue stream the asset will generate in the future—as a way of calculating value in the present. Business transactions, in other words, require an interpretive framing made visible by earmarks, which in the context of this discussion I adapt from Zelizer to refer to the process of setting up, making explicit, or alternatively obfuscating and altogether removing boundaries between expected revenue streams originating from different sources. Veblen traces the emergence of business money to the US corporate consolidation and merger movement of the 1890s (Roy 1997; Perrow 2002), prior to what we now consider the rise of financialization (Arrighi 1994; Krippner 2005), therefore enhancing our understanding of the historical rootedness of finance.

The third and final step shows that under an economic regime increasingly dominated by finance, capitalization spreads and thus becomes ritualized. I use "ritual" to mean an ensemble of meaningful social practices that, when enacted together, create a new subjective reality for those who invoke and participate in them (see Collins 2004). This subjective reality includes the intense focus of attention by ritual participants on a set of symbols, temporally ordered scripts for evoking those symbols, and the shared mood the symbols and scripts generate. In the same way, capitalization consists of three main parts. First, to say that an aspect of economic life is capitalized means that it is now expected to behave as an asset. Second, the value of this newly formed asset is expected to take the form of a revenue flow over time, potentially subject to changes, thereby generating opportunities for profit. Third, one's commitment to the asset (one's financial position) is understood not to be binding, as assets can be liquidated as long as one finds willing buyers, or they can be bundled together to form collateral for yet more levels of financial operations. Capitalization makes it possible for assets to behave in this fashion through, among other things, accounting formulas (which help to organize the ensemble of objects and actors), projections of future value, and narratives that Beckert

(2016) describes as "fictional," depicting shared symbols and the ritual's intensity.

Capitalization is ritualized in the sense that it turns into a social mechanism that selectively focuses attention on these three aspects of an activity or good. On the assumption that the asset will now behave according to the assumptions of capitalization, it constructs a newly shared reality that has powerful consequences. Put differently, as capitalization is ritualized, the conventions and practices necessary for turning an activity or good into an asset acquire wide recognition, and their invocation becomes efficacious, likely to face little contestation. Thus, for instance, Leyshon and Thrift (2007) discuss how the Tchenguiz brothers, two of Britain's richest property owners and managers, built their fortune by turning the income stream of the buildings they managed as rental units into securitized assets they would then use as collateral for new rounds of credit, an operation that allowed them to expand their business and diversify the range of activities they invested in.

Other asset classes have been found to be particularly good candidates for capitalization: among them are "highways, streets, roads and bridges; mass transit; airports and airways; water supply and water resources; wastewater management; solid-waste treatment and disposal; electrical power generation and transmission; telecommunications; and hazardous waste management" (Leyshon and Thrift 2007: 101). In all these cases, capitalization entails a focus on predicting future income streams rather than on, say, the environmental or social impacts of these assets. Or, to be more precise, those environmental and social impacts are only considered to the extent they can be themselves capitalized, impacting over time the performance of the asset.

As Zelizer cautions us in her critique of money as an all-powerful tool of commensuration, assigning value to goods is not tantamount to making them equivalent. Likewise, capitalizing a good or a relationship (turning them into assets) is a far cry from making them commensurable with other capitalized goods. But investors who identify, construct, and capitalize new assets no longer meet the kind of resistance encountered by life insurance providers in nineteenth-century North America, as documented by Zelizer. As more and more realms of social life are capitalized and evaluated under the assumptions that make capitalization work, the spread of capitalization produces intersubjectively compelling assessments of value.

The spread of capitalization is accompanied and made possible by broader structural transformations, first and foremost the diffusion of institutions that specialize in providing credible guarantees, endorsements, and cognitively simplified accounts about the nature of an asset—what Carruthers and Stinchcombe (2001) evocatively call "minting work." This chapter, however, restricts itself to investigating how social practices outside the institutional framework of finance and its "minting" organizations contribute to shifting expectations about what money represents. It concerns itself with the "everyday life" of finance (Langley 2008) from the specific perspective of how shifts in dominant understandings of money among industrial concerns result in a diffusion of financial practices beyond the industrial system itself.

Industrial Production and Industrial Money

Veblen's impact on sociology has been historically limited to his theory of conspicuous consumption: his *Theory of the Leisure Class* ([1899] 2007) famously proposes that members of ascending social groups tend to spend money on high-priced goods so as to dramatize their higher social standing and distinguish themselves from those of lesser means. Recently, scholarly attention has been drawn to his other writings, especially those organized around the contrast between what Veblen calls "industry" and "business" (Nitzan 1998; Nitzan and Bichler 2009; Nesvetailova and Palan 2013). In this area, Veblen delineates how industrial concerns earmark money differently depending on whether they compete over improving their ways of producing (thus behaving as industries), or if they strive to predict the future success of their competitors in order to sabotage them in due time (thus behaving as businesses). Veblen is sensitive to the consequences of earmarking money in different ways, depending on the broader meanings and strategies attached to those transactions. In this chapter, therefore, I focus exclusively on Veblen's work that concerns money in the industrial system, and specifically his 1904 *Theory of Business Enterprise*, which constitutes the most mature elaboration of his thoughts on the matter.

Witnessing the rise of the modern business corporation in the United States in the late nineteenth century, Veblen (1904) understands it as a watershed moment that introduces a radically destabilizing element into the organization of production. It shifts the range of practices that make money meaningful from a focus on the past as a guide to future action, to a focus on the future as the source of expectations anchoring the present (see also Beckert 2016). Before discussing this change, we need to introduce what Veblen thinks the business corporation is displacing.

Veblen sees industrial development up until the late nineteenth century as being characterized by an *industrial* logic, which he associates with *interdependence* and *coordination*. On one level, an industrial logic organizes production, Veblen recognizes, to the extent that production depends on mechanization. As machines become essential factors in production, industry thrives. Veblen also ties his description of industry to the more general idea that the division of labor increases interdependence while creating the conditions for a generalized improvement in welfare. This idea, of course, is not original to Veblen, but he expands on it by stating that industrial production is a culmination of the division of labor and should therefore be understood as a thoroughly social activity, one that, much like the division of labor itself, rests on diffuse and coordinated activities that become systematized.

The systematic and coordinated approach to production, in short, marks the advent of industry. As result, industrial production is deeply embedded in the larger community in which industry takes place: the fate of the community now depends on the extent to which industrial production runs smoothly. "The management of the various industrial plants and processes in due correlation with all the rest, and the supervision of the interstitial adjustments of the system, are commonly conceived to be a work of greater consequence to the community's well-being than any of the detail work involved in carrying on a given process of production" (1904: 6). As a consequence, anonymous market exchanges conducted in the manner envisioned by Adam Smith have no place in Veblen's vision of production. Veblen understands the economy from the point of view of coordination. To be sure, his vision stops short of a fully relational economics of production. His focus is on how machines create a need for coordination that market transactions cannot fulfill of their own accord, and not on the social conditions that drive the adoption of certain kinds of machineries as opposed to others. Though Veblen does not quite capture the relational nature of markets—something economic sociologists have drawn much attention to in the wake of Harrison White's (2002) theory of how producers behave in markets—he nevertheless highlights the relationship between producers and the larger environment in which they operate: "The industrial process shows two well-marked general characteristics: (a) the running maintenance of interstitial adjustments between the several sub-processes or branches of industry, wherever in their working they touch one another in the sequence of industrial elaboration; and (b) an unremitting requirement of quantitative precision, accuracy in point of time and sequence, in the proper inclusion and exclusion of forces affecting the outcome, in the magnitude of the various physical characteristics (weight, size, density . . .) of the materials handled as well as of the appliances employed" (Veblen 1904: 8).

Given the high level of coordination that industry demands, measurement of inputs and outputs is crucial to its success. Through measurement, long and complex production processes can be organized. But it is not only accuracy in time and sequence that matters. Money plays an important role in the organization of industrial production too. As we have seen, Veblen claims that industrial complexity requires active management, organization, and coordination. Importantly, in this system, money facilitates coordination in production as well as the sale of goods. On the one hand, echoing Weber's classic statement on the centrality of rational accounting to the *calculability* on which modern capitalism depends (Weber [1923] 1981; Collins 1980), for Veblen, money is a way of keeping track of costs, so that the different elements that make up the system can be fairly remunerated for their contribution.

In the specific case of industrial capital, for instance, Veblen claims that "the basis of capitalization was the cost of the material equipment owned by any given concern" (1904: 137). As we learn from Carruthers and Espeland's historical sociology of double-entry bookkeeping, in the period of industrial growth, accounting is employed to maintain a distinction between income and capital, as well as between private expenses and industrial costs. More generally, the role of double-entry bookkeeping is to maintain "an accurate record of business transactions or as a means of evaluating past investments" (Carruthers and Espeland 1991: 47). To be sure, the systematic record-keeping of costs also permits future planning: concerns with past investment go hand in hand with envisioning how one business may fare in the future. But, as we shall see in a moment, this is not the same as arguing that future growth becomes the primary driver of economic decisions.

On the other hand, Veblen argues that with the rise of industry, money grounds the economy so as to give rise to a "money economy," the main characteristic of which is the "ubiquitous resort to the market as a vent for products and a source of supply of goods" (Veblen 1904: 150). In other words, the other side of industry is consumption mediated by commercial processes. In agreement with classical liberal thinkers, the rise of the market and the rise of industry go hand in hand. And as a consequence, "under the regime of the old-fashioned 'money economy,' with partnership methods and private ownership of industrial enterprises, the discretionary control of the industrial processes is in the hands of men whose interest in the industry is removed by one degree from the interests of the community at large" (ibid.: 158).

Perhaps Veblen is too forceful, and even naive in arguing that industry produces such a harmonious balance of interests. In this respect, Zelizer's more nuanced understanding of social relations as a means of negotiating potentially difficult transactions is vastly superior. But Veblen's analysis points in a similar direction when he grounds the industrial system in the relational life of the workman: "[H]e embodies the work of his brain and hand in a useful object,—primarily, it is held, for his own personal use, and, by further derivation, for the use of any other person to whose use he sees fit to transfer it. The work man's force, ingenuity, and dexterity was the ultimate economic factor,—ultimate in a manner patent to the common sense of a generation habituated to the system of handicraft, however doubtful such a view may appear in the eyes of a generation in whose apprehension the workman is no longer the prime mover nor the sole, or even chief, efficient factor in the industrial process" (Veblen 1904: 77–78). In other words, it seems to me that Veblen understands industry in terms that are not entirely inconsistent with Zelizer's general approach to the study of economic life. And while it would be an overstatement to argue that Veblen's ideas can be shown to seamlessly accommodate Zelizer's concerns, the kind of industrial system he describes is a world of creativity, social relations, and connections across different realms. In this world, money facilitates the development of complex social arrangements. Industrial money, then, is an integral part of the economic lives of industrial communities.

The Rise of Business and Business Money

Veblen makes a second contribution to our understanding of the development of the division of labor in the industrial age, one that is not found in classical analyses of the division of labor. As we have seen, he claims that industrial complexity requires active management, organization, and coordination through the application of systematic knowledge. And yet, each of these aspects of industry opens a space for what Veblen calls "business." Business, he specifies, is management of industrial concerns with "pecuniary interests" in mind. As he puts it, "the adjustments of industry take place through the mediation of pecuniary transactions, and these transactions take place at the hands of the business men and are carried on by them for business ends, not for industrial ends in the narrower meaning of the phrase" (1904: 27).

Of course, it is not that industry can dispense with money: therefore, business is different from the mere intrusion of money into a sphere where it does not belong. No "hostile world" vision here! Rather, business is concerned with the vendibility of corporations as bundles of assets. None of these observations are particularly controversial, especially in light of later analyses of the rise of the modern business corporation. For instance, Perrow (2002) understands the rise to dominance of the large organization in the American landscape in great part as the result of massive concentration in wealth and power: "One can also attribute the integration drive to the desire of the major capitalists of the time to eliminate competition in order to hold on to their wealth and power" (7). More forcefully, William Roy (1997) shows how a power logic rather than a logic of efficiency drove the corporate consolidation movement that swept through late-nineteenth-century North America, and that this power logic was unleashed by the massive amounts of capital that expansive financial markets, originally created to circulate government debt, were for the first time making widely available. Roy argues that as large business entities, fueled by several decades of government-financed railroad and infrastructural expansion, leveraged the size of their balance sheets to gain market power and dominate others, "the rise of the corporate institution fundamentally changed institutional practices, loosening the link between revenues and survival and, more important, changing who survives or fails" (100).

What Roy calls the "socialization of property" is, in Veblenian terms, the transformation of industrial concerns into bundles of assets that can be bought and sold in stock markets (Veblen 1904: 157–58). The more industry grows, therefore, the more the pecuniary side of the enterprise draws the business owner's attention. As a result, Veblen notes that the "chief attention for the business man has shifted from the . . . surveillance and regulation of a given industrial process . . . [t]o an alert redistribution of investments from less to more gainful ventures, and to . . . coalitions with other business men" (ibid.: 24).

Veblen's argument is distinctive in the extent to which he attributes the rise of business to forces endogenous to industrial organization. On the one hand, business by definition thrives on disruption and sabotage, whereas industry privileges coordination and harmony in the name of efficiency and stability (Nitzan 1998; Nesvetailova and Palan 2013). Business, in other words, is entirely parasitical on industry. On the other hand, the rise of business is facilitated by the very contradictions intrinsic to industrial society, as business emerges from tendencies and vulnerabilities that are inseparable from industrial success. There is a Zelizerian sensibility at work here, even though the language is on the surface one of "hostile worlds": when different economic spheres come together through incessant processes of negotiation and relational work, the potential for increased ambiguity and uncertainty is balanced by common meanings, norms of appropriateness, and distinctive media of exchange (Bandelj 2012; Zelizer 2010).

Consistent with this interpretation, as Veblen differentiates between industry and business, he makes another distinctive contribution: when industry gives way to business, money changes in nature. More precisely, whereas industrial money serves to keep track of costs, and therefore to keep good accounts of one's accumulated expenditures (for example, the cost of material equipment) so that money facilitates serviceability, "business money" serves as an index of one's market power. This rise of "business money" is predicated on a set of interrelated assumptions: that the value of the object/good that money evaluates constantly shifts over time (the good, that is, becomes an asset), and that shifts in value hold the key to profit, which in turn becomes a "reasonable expectation" attached to any economic activity. Let's take each argument in turn.

First, Veblen argues that, as gain and loss become the dominant parameters that business people use to judge the value of their concern, industrial performance comes to be assessed in terms of a monetary baseline. Deviations from the average performance of business are understood to derive from the earning potential of the concern. So on the one hand, "in place of the presumption in favor of a simple pecuniary stability of wealth, such as prevails in the rating of possessions outside of business traffic, there prevails within the range of business traffic the presumption that there must be in the natural course of things a stable and orderly increase of the property invested" (Veblen 1904: 85–86). This, Veblen argues, is a historical novelty. For instance, "under the agrarian manorial regime of the Middle Ages it was not felt that the wealth of the larger owners must, as a matter of course, increase by virtue of the continued employment of what they already had in hand. Particularly, it was not the sense of the men of that time that wealth so employed must increase at any stated, 'ordinary' rate per time unit" (ibid.: 86). With the rise of business, by contrast, "the 'ordinary' rate of profits in business is looked upon as a matter of course by the body of business men. It is part of their common-sense view of affairs" (ibid.: 87).

How is this expectation about profitability as a normal course of business produced so effectively—and institutionalized? This is the second key component of business money as theorized by Veblen. Business money shifts the construction of value away from the past and orients it toward the future. "Under the exigencies of the quest of profits, . . . the question of capital in business has, increasingly, become a question of capitalization on the basis of earning-capacity" (Veblen 1904: 89). Earning capacity is prospective rather than backward looking. It quantifies an expectation of future performance rather than the past accumulation of earnings.

Veblen's point is prescient and will further be developed by Keynes later on in his famous discussion of convention, confidence, and long-term expectations (Keynes 1936). Keynes argues that economic decisions are characterized by uncertainty, not only because any attempt to forecast the future can only have a degree of confidence attached to it, but also because we do not quite know for sure how likely even our best forecast is to be wrong. There are, in other words, two ways that uncertainty characterizes forecasts: the probability that something will happen with respect to other things we foresee as potentially happening too; and the probability that our expectations are indeed justified with respect to things we cannot predict and of which we cannot have a priori knowledge. Keynes therefore argues that in the face of uncertainty, in order to do anything at all, we must proceed on the basis of convention, or "the assumption that the existing state of affairs will continue indefinitely, except in so far as we have specific reasons to expect a change" (1936: 137).

Before the emergence of what Veblen calls "business," and what Keynes more specifically identifies with financial markets, conventions were stable. Industrial owners and economic actors more generally were forced to commit to whatever undertaking they financed, and their commitments contributed to the reproduction of the state of affairs, unless severe and generalized crises forced a global update of conventions. But with the spread of financial markets, there is increased freedom to pull out of one's financial commitments. As investors do not have to commit their resources for the long-run, they become more sensitive to temporary shifts in the state of expectation, which they confuse with potential mistakes in their forecasts. More problematically, and in line with Veblen's concerns, a new class of professionals rises to the top of the economy, and this class is explicitly invested in manipulating the state of long-term expectation so as to exploit shifts in convention. Professional speculators profit from persuading investors that prospective, future shifts in value warrant a reassessment of one's current assessments.

These shifts inform the familiar story of how the business corporation comes to be seen as a "bundle of assets." In one of the best short treatments of the 1960s conglomerate movement in the United States, for instance, Espeland and Hirsch show how, through accounting practices that foregrounded future growth as the basis for present value, the firm was given the "deceptive public image . . . of a corporation capable of sustaining perpetual, escalating earnings; the persona of the men who managed these firms was that of the financial genius . . . whose ability to uncover hidden assets in other men's companies was uncanny" (Espeland and Hirsch 1990: 80). These fictions (and the rituals recounting them) helped organize how various actors engaged with firms and what the actors understood to be the fundamental properties of finance. A decade or so later, "the capacity to meet security analysts' profit projections" became the core of "shareholder value" (Dobbin and Zorn 2005: 181; but see also Heilbron, Verheul, and Quak 2014), a concept that constitutes a watershed moment in the way corporate control is exercised (Fligstein 1990).

To summarize, business money appears under two fundamental guises: first, as a "reasonable rate of profit" that business people will expect if they are to enter into a business proposition. And second, since this "reasonable rate of profit" is an expectation, money's use for keeping track of costs is replaced by *capitalization* on the expectation of a future revenue flow. Business money, that is, appears under the guise of a bet on future value (moreover, one that business interests can use to exercise leverage over competitors in the present.)

The contrast with industrial money is striking and instructive. In industry, money signals long-term commitment; it mediates complex processes vulnerable to disruption. Money does not serve to compare one's success vis-à-vis (let alone at the expense of) the success of others; it is rather a means of sustenance and survival through which industrial concerns strengthen and widen their embeddedness in a social context. Industrial money behaves in the ways captured by Zelizer's theory of circuits of commerce. Applying Zelizer's language to the case of industrial money, we find that "participants [in industry] are making decisions and commitments that assume the continuing availability of shared resources and mutual guarantees. Second, by their very interactions they are transforming shared resources and mutual guarantees—degrading or improving the collective fortune such as a family house [or an industrial concern], creating or destroying means of internal coordination such as household budgets [or a firm's capital], expanding or contracting trust, such as the probability that one person [or bank] will repay money borrowed from another, and so on" (Zelizer 2005b: 292). We can expect that industrial concerns will earmark money so as to pay for different processes necessary for the robustness of the concern as a whole; that they will accumulate and spend money to generate goodwill; that they will engage in vibrant commercial, and even credit-based transactions, so as to strengthen the large community within which they operate (Guinnane 2001; Berk and Schneiberg 2005).

Veblen's notion of industrial money intersects in useful ways with Ronald Dore's discussion of goodwill. Pondering on the refragmentation of Japanese industry in the 1980s after a long period of concentration, Dore highlights "relational contracting"—or "moralized trading relationships of mutual goodwill"—as the main ingredient making such a shift possible. He discusses a stylized example of a finisher with a cost advantage deriving from investing in a more efficient dyeing process to illustrate how the system works. "He may win business from one or two converts if they had some other reason to be dissatisfied with their own finisher. But the more common consequence is that the other merchant-converters go to their finishers and say: 'Look how X has got his price down. We hope you can do the same. . . . If you need bank finance to get the new type of vat we can probably help by guaranteeing the loan" (Dore [1983] 2011: 459). Dore highlights how an industrial logic privileges relationships over short-term gains; trust over immediate advantages. Whether this logic can be reestablished after the takeoff of business would leave Veblen skeptical. But that important pockets of industrial logic persist in the face of larger, structural change reinforces the usefulness of Veblen's distinction between industrial and business money.

For business concerns, by contrast, money as *business* money is the central unit of success. Its relationship with the "assets" it prices is unstable and short-term-oriented because the main purpose of money is to price the "earning capacity" of an industrial concern and to monetize that value in the present. Since the future is unknowable, however, what money actually does is to serve as a metric whereby the relative success of competing businesses can also be measured and instantaneously fed into the business owner's and manager's decision to retain the concern or sell it (Nitzan 1998). Money in business, in other words, takes the empirical form of corporate capital, intended as the monetization of the concern's "earning capacity" vis-à-vis competing concerns. There is nothing objective or given about this earning capacity: earning capacity is nothing but a more or less successful effort to impress on others the force of one's vision. As persuasively argued by Beckert (2016), the production of "fictional expectations" is a central dynamic of capitalist growth, which in turn generates a politics of impression-management with wide-ranging ramifications.

Beyond Industrial and Business Money: Generalized Capitalization

Capitalization, to be sure, has a long history, one that is perhaps as long as capitalism. Thus classical theorists of the caliber of Weber, Sombart, and Schumpeter understand capitalization as the representation of business activities through double-entry bookkeeping and associate it with the rise of rational calculability that makes capitalist enterprise possible. More recent sociological analyses also emphasize the rhetorical and symbolic aspects of capitalization. Carruthers and Espeland (1991: 35), for instance, argue that "double-entry account is an 'account' or interpretive framing of some set of business transactions, and it has a rhetorical purpose."

So far, I have followed Veblen's discussion of the shift from industry to business as a drawn-out historical process that came to full fruition in the early twentieth century with the rise of the modern business corporation. But scholars increasingly emphasize how a second, just as important, shift took place in the 1970s, when the kind of regulated, mass-production-oriented capitalism that was dominant in the post–World War II era of embedded liberalism was replaced by a new, flexible regime broadly identified as "post-Fordist" (Ruggie 1982; Steinmetz 1994; Davis 2009; Krippner 2011). A central component of this new regime was the growth of financial markets (and of the instruments on which they are based) along with the rise of "shareholder value" as a technique of corporate control (Fligstein 1990). Veblen's dichotomy between industry and business reflects this shift but *backdates* it to the 1890s. For Veblen, capitalization took root as the basis of business value almost a century before financialization. Veblenian scholars like Nitzan (1998; cf. Nitzan and Bichler 2009) consistently argue for the continuity between business capitalism and financial capitalism (a term they altogether reject).

What Veblen could not see from his early-twentieth-century perspective is that capitalization actually becomes generalized in the vein depicted by Carruthers and Espeland (1991)—as an interpretive framework with a rhetorical purpose. By the same token, generalized capitalization becomes ritualized—it turns into a general-purpose social mechanism that focuses the attention of the parties on the transaction script for how to properly capitalize a set of assets. Capitalization then spreads in the wake of its symbolic power. A seemingly endless range of goods, activities, and relationships can come under its purview. In this third section of my chapter, accordingly, I argue that what is notable about capitalization in the late twentieth century is that it diffuses business money beyond the corporate economy. It becomes generalized capitalization.

As we have seen, to capitalize means to make a bet on the future and to monetize that bet in the present. Since it is oriented toward the future, capitalization is dependent on expectations, and those expectations are shared by way of convention in the manner explained by Keynes and more recently Beckert (2016). Capitalization requires constant verification in light of competitive countermoves that threaten the stability of convention; verification goes hand in hand with visibility, most powerfully in stock and other financial markets (Preda 2002).

To capitalize also means making second-order assumptions. These assumptions are not necessary for industry to operate, but they are crucial for business to keep producing the measures through which it makes pecuniary decisions. Among the most important is the assumption of the ever-expanding nature of the economic system, along with the notion that there is a certain rate of profit—one that the business community considers reasonable and acceptable—that must be met before an asset is considered worth buying. These assumptions generate "benchmarks" against which the performance of capitalized assets can now be compared (see Nitzan 1998). As financial markets increase in number and size, they both reinforce the assumptions that underlie capitalization and put pressure to join in on industrial concerns reluctant to engage in financial operations.

Let us focus here on one core aspect, the supply of assets available to capitalization. Discounting assumes that changes in the worth of the asset being valued can generate profits because, more specifically, value derives from a projected future cash flow that can be monetized in the present. As Davis documents, with the expansion of financial markets a new rhetoric of diffuse "ownership" in a portfolio society also emerges, and investment becomes "the dominant metaphor to understand the individual's place in society and a guide to making one's way in a new economy" (2009: 193). The "supply" of assets to be discounted thus expands dramatically. Davis attributes this shift to the breakdown of what he calls "corporate feudalism": the stable employment experience afforded by the big corporation of the postwar period is replaced by a world of risk and uncertainty, as "changes in the organization of production and the structure of corporations have changed the nature of the employment relation and economic mobility" (ibid.: 194).

Armed with Veblen's theory of industrial and business money, and Zelizer's sociology of the social meaning of money, we can pin down the argument. The social conditions underlying the breakdown of "corporate feudalism" are the same social conditions promoting the spread of capitalization into aspects of social life that were previously not understood to have a financial dimension. When relationships become social capital, and "talent, personality, friends, family, homes, and communities all [become] kinds of securities" (Davis 2009: 194), the tension that surrounds debates over what should and should not be commercialized is attenuated (see also Steiner 2009), but a new type of conflict emerges. Paraphrasing Zelizer (2005a), even when the bridge between the allegedly separate spheres of solidarity and commercial transactions is well-built and sturdy, anticipating the durability of one's commitment to aspects of one's life that are now treated as "securities"—and just as important, whether others' commitments can be expected to be as durable, and whether the worth of those securities can be expected to grow over time—becomes problematic. It is not simply that we cannot trust others to honor their long-term commitments, let alone take those commitments more or less for granted, as theorists like Giddens (1991) would put it. It is also that the spread of capitalization legitimizes people's orientation toward their intimate lives as capitalized assets.

Put differently, capitalization diffuses as individual commitments to broad, encompassing, and symbolically powerful identities weaken, because capitalization equips individuals with a new way of framing their future in terms of personalized portfolios of assets. In this respect, capitalization becomes generalized because it complements the “motivated indifference” that Collins (2000: 40) argues is now prevalent in everyday interaction. In contemporary society, individuals are no longer likely to identify with broad social categories, and by like token, they are no longer likely to recognize the categories others use to define themselves. Identity becomes decoupled from whatever collective membership individuals uphold, and individuals become more responsive to fleeting situational dynamics than to symbols of collective membership, argues Collins. A new type of inequality emerges—a “situational stratification” that rests less on class, status, and reputation as sources of power, and more on an individual’s ability to muster up whatever local resources are needed to exercise dominance within a situation.

In similar fashion, generalized capitalization allows individuals to make short-term commitments that can be easily liquidated. Individuals cease to differentiate between the short term and the long term, in the sense that, when they do pay attention to long-term perspectives, it is only to aspects that can be explicitly discounted into present value. With the aid of capitalization, individuals constantly verify the value of their personal holdings, and recalibrate them according to the scripts of capitalization whenever the present value of a new course of action seems to offer a superior alternative.

This is shown in an exemplary manner by Paul Langley (2008). He debunks accounts of the surely unequal but diffuse “democratization of finance” in the 1990s that attribute this process to irrational exuberance. Rather, he argues that one must explain what makes “investment [appear] as the most rational form of saving.” This alternative account focuses on “multiple networks of everyday investment,” marked by “their close interconnections with the networks of the capital markets; the significant presence of occupational and personal pension fund and mutual fund networks which provide individuals with an investment stake in the markets without direct ownership; and a contingent nexus of specific calculative tools and technologies of risk” (2008: 48). In the case of pensions, the result of ritualized capitalization is that “while thrift and insurance calculate and manage risk as a possible hindrance, danger, or loss to be minimized, risk is represented through the calculations of everyday investment as an incentive or opportunity to be grasped” (ibid.: 48). Individuals resort to capitalization when they want to “domesticate” risk. They invoke capitalization as they face pressure to turn a facet of their lives into a manageable but risky opportunity.

Capitalization rests on the assumptions of future and differential growth such that discounting the future value of assets only imperfectly captures the value of financial instruments. Therefore, in line with Bruce Carruthers’s argument (in chapter 4 of this volume), generalized capitalization can have destabilizing effects on its home turf, on the very financial markets from which it originates. Consider an example from the core of the financial system: Abolafia and Kilduff's (1988) discussion of financial bubbles, in the case of the Hunt brothers' temporary success in cornering the market for silver futures in Chicago in 1980. The authors show that even a speculative financial market requires a commitment to tacit institutional rules for its orderly functioning and reproduction to be guaranteed: the Hunt brothers brought the silver future market to its knees simply by following trading rules to the letter, while disregarding the conventional understandings that made those rules consistent with the long-run viability of the market.

By like token, generalized capitalization introduces a language and attitude of temporally oriented calculation that pays little attention to what discounting formulas leave out, and therefore creates the potential for manipulation and malfeasance. Financial elites, like the traders in Chicago who were able to summon regulatory authorities to intervene against the Hunt brothers, can rely on their personalized connections and localized reputations in order to protect their interests. Those with the means of the Hunt brothers can turn financial processes to their advantages, at least until their attack on entrenched interests provokes an institutional response. But the everyday investors who turn their economic lives into assets to be traded in markets enter a world of indifference to their long-term plans, a world run by the relational concerns of more powerful others over which they can only exercise limited control.

Conclusion

In this chapter, I set out to engage Veblen in a theoretical conversation with Zelizer in order to document shifts in how money is constructed to articulate value. By discussing money in the context of three broad historical periods—centered on industry, business, and generalized capitalization—I construct a stylized narrative about the kinds of tensions and concerns that money expresses in response to different kinds of social relations, meaning systems, and social structures (Carruthers and Stinchcombe 2001). I distinguish among industrial money, which is past-oriented and serves to facilitate coordination; business money, which is future-oriented and attaches to leverage and manipulation; and generalized capitalization, which expands beyond the realm of commodities and market exchange to encompass an expansive realm of social relations.

Jens Beckert, in his recent analysis of the centrality to capitalist dynamics of "fictional expectations" about the future (Beckert 2016), calls for a historical sociology of expectations. This chapter has responded to his call, proposing that one component of such a project centers on the rise of business money and the spread of capitalization as a taken-for-granted, ritualized way of thinking about one's future. In broad terms, one would need to look at how finance has become more entrenched and visible in public discourse, as financial news and availability of financial data (representing markets narratives) have proliferated. Generalized capitalization does not guarantee commensurability and frictionless or meaningless exchange. In fact, capitalization shifts conflicts and debates over the relationship between money and intimacy to new ground, on the evaluation of the future. One consequence is that the ability to put a price on the future value of goods and relationships we care about becomes a powerful resource in the hands of those who have a stake in shaping that future, from entrepreneurs to policymakers. A critical theory of capitalization would therefore need to further investigate the implicit, tacit frameworks that need to be in place before capitalization can deliver its promise to discount future value into the present, enacting information that feeds into consequential decisions.

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PART III

Creating Money

CHAPTER 6

The Constitutional Approach to Money

MONETARY DESIGN AND THE PRODUCTION OF THE MODERN WORLD

Christine Desan

Money objectifies the external activities of the subject, which are represented in general by economic transactions, and money has therefore developed as its content the most objective practices, the most logical, purely mathematical norms, the absolute freedom from everything personal.

(SIMMEL [1907] 2004: 128)[1]

[Gold coin] ceased to be recycled through the economy and was fossilised in great royal hoards, which were . . . all too often seized by rival kings with great violence and bloodshed. . . . The pages of Gregory of Tours drip with blood and gold, but it was gold not in circulation and use, but clotted and hoarded.

(SPUFFORD 1988: 15, ON THE DECLINE OF THE FRANKISH EMPIRE)[2]

For as bills issued upon money security are money, so bills issued upon land are, in effect, coined land.

(FRANKLIN 1729: 24)

"IT IS A POWERFUL IDEOLOGY OF OUR TIME," wrote Viviana Zelizer in 1994, "that money is a single, interchangeable, absolutely impersonal instrument" (Zelizer [1994] 1997: 1). According to that intuition, money's character has transformed modern life. As Georg Simmel argued in *The Philosophy of Money*, first published in turn-of-the-century Germany, "The money economy enforces the necessity of continuous mathematical operations in our daily transactions." That characteristic pervasively affects the lives of people—they spend their time "evaluating, weighing, calculating and reducing . . . qualitative values to quantitative ones" (Simmel 2004: 444). As Simmel described it, "the commercial treatment of things" becomes preeminent. Money can be liberating: it frees people from the relations of mutual obligation that characterized more informal credit relations. But money is also alienating: as it dissolves dependency, it also renders reciprocity irrelevant. Material culture flourishes, but the social sensibility and moral judgment that could make sense of it falters. Social theory by scholars like Talcott Parsons, James Coleman, Anthony Giddens, and Jürgen Habermas reiterated Simmel's argument in the decades that followed (Simmel 2004: 445; Zelizer [1994] 1997: 1–2, 10–11).[3]

Despite the evocative power of Simmel's intuition, Zelizer noted that it failed fully to capture the modern experience. Her argument was arresting. Rejecting a century of sociological writing, Zelizer demonstrated that ordinary people constantly disrupt "monetary uniformity." Most notably, they "earmark" the apparently homogenous money made by the state, creating conventions of use that compartmentalize money in myriad ways. The woman wage-earner sets aside supplemental income as domestic "pin" money; the beneficiary of a payment ending a feud refuses to use that "blood money" to pay for life's ordinary expenses; a family establishes a special bank account to hold money saved for college tuition (Zelizer [1994] 1997). Zelizer's pioneering work opened up a field of study. Scholars have found that people embed and organize money—officially an abstract and fungible item—in ways that differentiate its sources, uses, and meaning (Velthuis 2005; Healy 2006; Fourcade and Healy 2007; Singh 2013; Bandelj et al. in chapter 2 of this volume; Morduch in chapter 1 of this volume; Wherry in chapter 3 of this volume).

The constitutional approach to money shares Zelizer's target—the notion that money is a "single, interchangeable, absolutely impersonal instrument." Rather than coming at money from the *outside*, however, the constitutional approach comes at it from the *inside*. Viviana Zelizer assumed that money is an apparently colorless object in order to show how people infused it with personality when they manipulated it. The constitutional approach asserts that money is colored from the start. Money has never been an "absolutely impersonal instrument"; it has never approximated Simmel's pure form. To the contrary, money has an internal design: societies produce it by structuring claims of value in ways that make those claims commensurable, transferable, and available for certain private as well as public uses. That architecture, in all its intricacy, determines the way money works in the world. Moreover, that architecture varies. As societies change the way they engineer money, they change its character and the market it makes.

The claim that money has an internal design contradicts a tenet basic to modern economics. According to that discipline, trade in real things produces the market—and by real things, economists mean stuff you can "buy, sell, and drop on your foot" (Blyth 2002: 127, quoting the *Economist)*. Money by contrast has only an expressive role: it supplies a term that people use to estimate and compare values, but it does not affect the substance of the trade. Money makes exchange easier, to be sure, but the relative prices that people assign to goods (and services), and the allocations of labor and capital that result from competitive markets, remain the same (see, e.g., Morduch in chapter 1 of this volume, and cf. Tobin 2008: 10). Indeed, much of modern equilibrium theory is built on the assumption that money is a neutral factor. Otherwise, the kind of money used would affect the outcome at equilibrium.

That possibility—that the kind of money used would affect the outcome—opens up a very big can of worms. If societies design money and that design affects prices, then we cannot coherently conceptualize general equilibrium as a trade among individual and independent agents. Rather, the collective processes that make money—processes that involve political, social, and conceptual practices—are relevant and require including in the model. In fact, we may not be able to use the model at all; perhaps casting the competitive market as a giant and instantaneous auction over goods and services misstates economic exchange altogether.

So we return to Viviana Zelizer's initial observation. The ideology that defines money as "a single, interchangeable, absolutely impersonal instrument" is powerful indeed. First, it produces an approach to modernity in much of social theory, including sociology, that obscures the way people animate money and the market with meaning. Second, the ideology informs a discipline—economics—that neglects the collective processes underlying money creation, conceptualizing the market instead as "multilateral barter" between free-floating actors who express price in a neutral technology (Tobin 2008: 10). That oddly contrived paradigm (and ideal) informs the discipline's prescriptions for public policy and human well-being. Given its influence, money's modern ideology deserves critical analysis both from inside and from out.

Balancing Zelizer's approach to money from the outside, in the next pages I suggest how we might look at money from the inside. I describe, first, the challenges that societies confront when they begin creating money and how they engineer solutions at a constitutional (small "c") level—the level that configures public authority and its relationship to individuals. The next section samples design decisions; it compares the monies made in medieval England and in early America on several key elements of design to highlight their impact. The last section contrasts those methods with the modern money first produced in late-seventeenth-century England. That money, radically revised from its predecessors, arguably inaugurated capitalism as a market form. Far from being a neutral or abstract matter, money deeply conditions the exchange made in it. The chapter concludes by circling back to the ideology flagged by Viviana Zelizer at the outset: part of money's modern design operates precisely to render its influential work invisible.

The Constitutional Approach to Money

In most modern explanations, money is a matter known by its functions: it is the unit of account, the medium of exchange, and the mode of payment used in a society (Levine 1997: 690–703).[4] Having identified what it does, few accounts ask what money is. If they do, they often hypothesize a moment of origin, one that identifies money as a commodity or a convention inaugurated to ease exchange in the mists of time (Samuelson and Nordhaus 1973: 274–76; Timberlake 2013: 4–7).[5] The accounts end there, as if once discovered, money is simply captured and released. It continues in the modern world and across many different communities with little else than inertia to recommend it.

In fact, societies engineer money rather than discover it.[6] Their work is constant and collective, a matter that involves both public initiative and individual decision making. The reason that money requires careful construction becomes clear once we take another look at its astonishing capacities. Money's function as a "unit of account" sounds, at first mention, like a simple matter: we choose an abstract measure, like an inch or an ounce, but one that measures value rather than length or weight. Yet on further consideration, the challenge is evident. An inch represents, in fact, a substantive length; it can be transposed over space. An ounce represents a substantive weight; it can be compared across matter. But what is the substantive value captured by a dollar, one that convinces people with different needs and means to understand it as a common measure? And how, if they do, can it be applied to assess goods, labor, and even time?

The mystery is compounded by considering money's other capacities. How does a measure transfer value from hand to hand, delivering it unconditionally between strangers and those who will never meet again, as well as friends or partners who can reciprocate at a later time? Why should people trust a coin or a token, let alone a note or the transfer of a reserve between banks? If money's value depends on how it is used in exchange, how does the unit of account instantiate worth to start with? How far does money reach as a mode of payment? Can you count on a coin to take you across a foreign land, accepted at face value rather than analyzed for its worth in metal or another currency? And how can societies effectively expand their money supplies if money is a commodity or a convention?

The mystery evaporates once when we consider money as a practice orchestrated among a group to produce just the functions that economists assume. Consider, first, a community's motivation to create money. Economists imagine individuals bartering awkwardly across barriers—but communities have a much harder time operating without money. They could conceivably collect, store, organize, and distribute in-kind contributions in order to mobilize armies, build infrastructure, enforce laws, and manage the complexities of the modern welfare state—but it would be enormously difficult. Governments magnify their ability to mobilize resources when they produce a uniform medium to use both when they spend and when they take in revenue. Money is, at an elemental level, a governance strategy.

Just as they have particular motivation to create money, communities have an unparalleled capacity to do so. Polities depend on the contributions of members—taxes, tithes, fees, and other payments—to survive. Those communities that use money have invented a way to assess and certify those contributions with a unit, creating a unique marker of commensurable value as they go. Commonly, officials recognize contributions given early with tokens, giving them out like receipts. The receipts hold value because officials agree to take those tokens in lieu of further work when communal contributions are due. That is, authorities spend by allocating units for the kind of goods they need from people and tax back units in the same measure. Officials can make the strategy sweeter for everyone if they agree to take back the tokens from anyone's hand. That commitment makes the tokens transferable: people can pass them on for value, and others can take them, confident in their value to pay off obligations due to the polity.

"Money" made by such a strategy entails substantive value that is recognizable to each person who owes debts to the community or who deals with those who do. Because taxes epitomize such obligations, we can say that the arrangement confers "fiscal value" on the unit. But money is more than a fiscal device. Its quality as a medium of exchange between individuals adds to its value. Money gains a "cash premium" because it has an exclusive appeal; it operates between individuals when it is accepted by a creditor common to all of them and endorsed for travel in the meantime. In the end, money holds value for paying off obligations due to the public (fiscal value) as enhanced by its worth as the most liquid resource individuals can hold (the cash premium).[7]

Unpacking how societies identify a "unit of account" and enable that unit to act as a "medium of exchange" illuminates money's character. We can understand why and how groups would invent money again and again in different places and ages: it is an ingenious and attainable mode for organizing a community. Moreover, we can understand why and how individuals would appropriate money for their own use: it is uniquely efficacious in facilitating exchange. Indeed, money's capacities build on each other: a group (or those acting for it) could decide that money made for public purposes becomes a stronger and more acceptable device when it furnishes an effective medium for individuals in private life.[8] They will take the community's token more happily, attribute more value to it, and extend its use to more occasions.

Money's function as a "mode of payment" follows. Economic accounts often assume that exchanges between people are arms-length and final, cleanly allocating goods and services. The anthropological record, by contrast, suggests a dramatically different world—one of relation, reciprocation, and enmity; family and clan; gift, repossession, and outright theft (Graeber 2012: 21–41). In light of that rich mix, making an item work as a mode of payment cannot be taken for granted, any more than creating the other capacities of money. But public authorities can set their unit apart from all others by privileging its use as the only enforceable way to pay: if public tribunals recognize the official unit alone as the way of settling debts and other obligations, it will become the means of choice. Doing so allows officials to endorse certain exchanges and not others, to condition deals, and to police commitment. In other words, it allows them to make a market in the image they ordain. At the same time, individuals gain the backing of the group for those deals it finds acceptable. Again, we can see how money's innovation would bring the public and private worlds together.

The constitutional approach to money makes sense of money's early history in England. Money appeared there with political authority; that circumstance and the activity of individuals supported its increasing use in everyday exchange; markets grew in the units demarcated and enabled by sovereign tribunals.[9] The constitutional approach illuminates as well money's reinvention by European settlers in early America. When imperial officials left colonists short of specie, those provincials creatively engineered replacements: they constructed money out of tax credits, allowed it to circulate, and enforced its use in local courts (Ferguson 1953; Brock 1975; Grubb 2016).

As much to the point, the constitutional approach explains money's modern identity and operation. The dollar is no simple commodity or convention—it is a sovereign liability, institutionalized in concrete ways and recognized at law. The United States spends in a unit that it accepts as a set-off against obligations to it, primarily taxes. In turn, the government privileges the dollar's passage between individuals and the state, and enforces its use in the tribunals that order private exchange.[10] Other sovereigns also engineer domestic money as a sovereign IOU and work to enable its other capacities (Goodhart 1988; Bank for International Settlements 2003: 102–3).

The analysis can be expanded. While this chapter focuses on states and governments because of their stature as the dominant monetary engineers in so many societies, other collectives can make money by establishing stakeholders for their members and innovating a unit. But the job is a complex one, generally done by anchoring demand for a medium by collecting regular contributions in it and enforcing its use within a payment community, among other enabling acts. A constitutional approach could help us sort out the extent to which Bitcoin and other alternative payment regimes achieve status as "money" and how they do so (see Dodd in chapter 14 of this volume; Maurer in chapter 13 of this volume).

Recognizing that each of money's capacities is a matter orchestrated among a group opens up a world of design previously obscured. Every engineering challenge identified above—taxing and spending to create a commensurable unit, supporting money's private use as a medium, enforcing it as a mode of payment—can be institutionalized in different ways and by different actors, legitimated by diverse methods, reinforced with various strategies. For example, money creation can be the prerogative of a monarch who controls all issues, or it can be a matter mandated to a democratic assembly that allocates spending and taxing according to electoral results. Sovereigns can charge individuals for money's creation, or they can subsidize it out of general revenues. Societies can advertise their commitment to withdraw the tokens they issue (and so support their value) by various means, each of which changes the standing of those holding money. Some polities give people collateral: the commodity content of medieval coin suggested (although it did not ensure) the stability and reliability of political authority. By contrast, modern polities often issue new cash on the basis of government debt: the obligation to repay government debt, an obligation policed by public creditors, functions to promote taxation that retires the newly expanded currency.

The variations above fuse political authority with certain monetary forms, distribute costs in ways that shape money's value, and build regimes of commitment that condition individual property. Other variations determine access to money and the shape of the market itself. Thus communities can stratify the way money circulates by configuring its denominations and patterns of issue. They can enforce money's use to purchase very few items—food, perhaps, but not land or labor. Or they can recognize money as a method that transfigures people into commodities, endorsing slavery and slave markets.

The examples are real ones, drawn from the repertoire of monies made in the Anglo-American world over the past several centuries. The basic point is straightforward. Money is a complex project, one that creates and maintains a common resource held by individuals. The effort configures public authority, its relationship to members of the group, and the way people relate to each other. It defines what can be sold and what cannot, as well as the way we conceptualize the market. The next pages compare a few of the design decisions that have distinguished monies and the communities that made them.

A Sample of Design Elements

Communities face design decisions from the very outset, the moment they decide to create a unit of account. They have represented those units in many ways—silver, paper, or entries in an accounting ledger. At first glance, money's content seems to be an issue of form alone—but the choice matters because it molds how money enters circulation. It can also affect the legitimacy of a system; a regime offering silver coin may require less trust than one offering paper notes, for example. Each kind of token produces different side effects as well, from the way people conceptualize money to the way they negotiate it across borders. An issue that appears merely technical, in other words, actually shapes interactions over value. Comparing the silver pennies of medieval England with the paper bills of early America provides an example.

Recall from above that a group can create a unit of account by issuing it to mark contributions given early and taking it back later when the bearer offers it in lieu of a contribution otherwise due. The principle of equivalence between units issued and units redeemed—credits created and credits canceled—is the magic that constructs a measure with substantive and uniform value.[11] That is the reason the unit of account can be represented by anything, from a coin to a bill. But the system will work only if the equivalence is credible. The promise of fiscal value fails if people holding the units can multiply them without authority and flood authorities with counterfeits. Problems also arise if the units fall apart or decay, leaving people without evidence of their claim. Finally, units that circulate physically internalize their own verification, a great advantage in many societies including (still) our own.

Under the circumstances, making money out of a precious metal is a promising strategy. Those acting for the community can monopolize the critical ingredient more easily, given its scarcity. It is durable and yet difficult to refine. Early English sovereigns set up mints where they produced coin that was distinctive and hard to replicate. They imposed taxes in coin, requiring their subjects to scour the land for silver, bring it in for minting, and pay their dues in pennies. Accounts that assume money evolved out of barter imagine subsistence households putting aside quantities of silver or gold until it becomes a shared medium. In fact, monarchs made money out of metal not because it was common but because it was rare, hard to work, and almost impossible for ordinary people to assess (Desan 2014: 52–58).

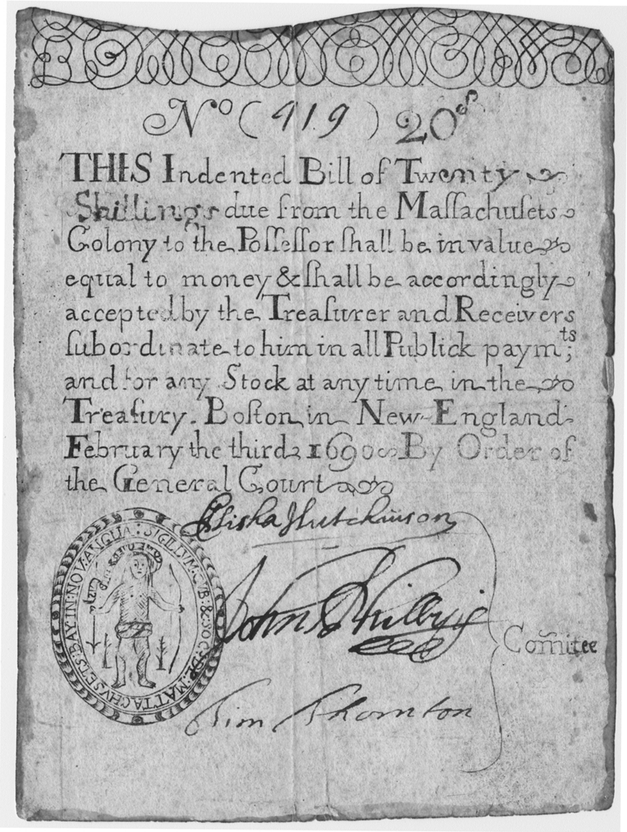
The system tied money conspicuously to the sovereign. English rulers centralized authority as they centralized minting, advertising their power on the face of the coin (Mayhew 1992). Traditional sources from Roman law to a canonical English case in the early seventeenth century located power over money as one that "inhered in the bones of princes" (*Case of Mixed Money* 1605: 118). The practical and ideological effects shaped high politics across Europe, which turned on elite efforts to control royal authority over commodity money. Kings could deploy debasements to raise revenue given the way coin tied together commodity and currency values (Bisson 1979; Spufford 1988: 289–318).

At the same time, the metal content of money gave those holding it a kind of collateral. Commodity money identified stability with a natural item, a material guarantee. That security may have been particularly important in legitimating royal rule early on. Should a regime fail and, with it, the counted quality of money, people would still hold its commodity value if not its monetary value.[12] Short of that rather desperate end, the system implied a connection between political stability and the physical content of money. Medieval thinkers did not separate money conceptually from the sovereign as do modern theorists who divorce "market" and "state"—but money's identity as a material commitment may have informed the medieval approach to politics as a matter ideally static rather than productive, balanced and ordained rather than participatory.

The same identity may also have constricted European approaches to money (and politics). As Adam Smith and others famously note, the fact that English monarchs made coin out of full-weight silver and gold severely limited its supply for centuries (Smith [1776] 1937). European kingdoms struggled to attract precious metals to their mints; the competition regularly destabilized exchange and drove the harshly extractive efforts of early colonization. At home, the value of pennies remained high. The scant supply of fractional change left many of the most ordinary purchases—a cup of ale or a piece of cheese—below the monetary floor. Exchange separated into circuits; people at the bottom used credit pervasively to get by, a practice that pervaded village life with opportunities and risks (Sargent and Velde 2002; Desan 2014).[13]

In fact, chronic scarcity of coin was the phenomenon that triggered money's redesign in early America. As we have seen, money with commodity content—coin—was a strategic decision about how to control the path of money's flow in, out, and around a society. Neither trivial nor technical, the method had political, social, and conceptual consequence. Early Americans had no option to repeat the experience. The mercantilist policies of the British Empire, including the unfavorable terms of trade experienced by the colonies, drew specie relentlessly back to the mother country. Left without a sufficient circulating medium, Americans invented their own (Mather 1691; Franklin 1729).

Bills of credit were provincial IOUs written on paper, first issued by assemblies to pay soldiers when colonial coffers were empty. The notes stated a face value in traditional English denominations—two shillings, for example. The notes promised to be acceptable instead of coin when the soldier—or any bearer—needed to pay provincial taxes. Secondarily, the colony pledged to swap the bill for "any stock" in the colonial treasury—but that promise was negligible. The text's qualified tone accommodated, perhaps even advertised,



No (919) 20^{s}

THIS Indented Bill of Twenty Shillings due from the Maſſachuſets Colony to the Poſſeſſor ſhall be in value equal to money & ſhall be accordingly accepted by the Treaſurer and Receivers ſubordinate to him in all Publick paym^{ts}; and for any Stock at any time in the Treaſury. Boſton in New-England February the third 1690 By Order of the General Court

SIGILLUM GUB & SOC MATTACHUSETS BAY IN NOV ANGLIA

Elisha Hutchinson
John Phillips
Tim Thornton
Com̄itee

FIGURE 6.1. Massachusetts bill of credit, February 3, 1690. *Source*: National Numismatic Collection, National Museum of American History, Smithsonian Institution.

the fact that the colonial treasury would remain empty of silver and gold coin. In other words, a bill of credit created a provincial liability in a particular unit of account that would be set off against an individual's debt to the colony (Ferguson 1953; Brock 1975; Grubb 2016) (fig. 6.1).

Again, the system tied money conspicuously to the party that issued it, but here, the connection recast sovereignty in remarkable ways. Provincial assemblies were acting for the settlers, but they were subordinate to royal governors in imperial theory. Over the course of the eighteenth century, that would change, influenced in part by the expanding American claim to make indigenous money. When colonial legislatures asserted that authority, they drew power away from the governors. After all, the assemblies' new role, spending notes into circulation, allowed them to control appropriations as well as levy taxes. Their activity put them at the center of provincial life as they increasingly determined the political economic course of their colonies. As one royal governor put it, "They that have control of the money will certainly have the power; I take the single question on this head to be, whether the king shall appoint his own governor, or whether the House of Representatives shall be governor of the Province" (Spencer 1905: 110, quoting Jonathon Belcher, governor of Massachusetts, 1733). The answer was increasingly clear to settler elites; they aspired to larger and more significant governing roles. Americans more generally began developing notions of self-determination (Greene 1972).[14]

Bills of credit carried no material collateral, unlike commodity money. Rather, legislators represented the security of money in other ways. Cotton Mather, an eminent figure in Massachusetts, the colony that pioneered paper money, published a pamphlet propounding the logic behind it. It was propaganda in favor of the new currency, an argument that emphasized taxes as a sacred and collective duty (Mather 1691). Officials reiterated by statute and in statements that they would burn money brought in, upholding the pairing of credit issued and credit canceled that underlay the IOUs.[15] While the monetary systems of medieval Europe suggested an ideal of natural political balance, money creation in early America directed attention to the sound fiscal functioning of the province.

The system created other corollaries, practices that fused monetary, political, and economic experience. Perhaps most notably, money became an electoral issue. Provincial voters mobilized around campaigns in favor of money's expansion. Legislators now controlled access to easy money, and proponents often pitched their arguments in class terms, castigating the rich for hoarding specie and cash (*Dialogue* 1725).[16] There were also opportunities for change at the level of the everyday economy. Assemblies issued provincial notes in many small denominations, like pence and shillings, for example. That innovation lubricated petty exchange in many American colonies, thus resolving the mundane but devastating problem that had haunted the medieval world (Hanson 1980: 411–20).

Unpacking money from the inside demonstrates that currency is a matter of constitutional magnitude. The medieval English and the early Americans differentiated their worlds according to the way they constructed their unit of account. And that decision—to build a penny out of silver or paper—was just the beginning. Each group developed its monetary order on the basis it had designed. As each extended its system, it continued shaping exchange and the conditions around it. A last example briefly conveys the dimension of the effect.

The strategies described above created a core for the monetary system, a set of units that entailed substantive value for fiscal payments enhanced by the premium they held to individuals as cash.[17] Communities could limit their money supplies to that minimum, issuing only the amount of money necessary to finance public activities; the credit unit of the Sumerian temples may have been such a money (Graeber 2012: 38–40).[18] But since money has value to individuals as well as the public, communities could also decide to innovate supplementary monies, opening streams that added to the money stock because of private demand. Both medieval English and the early American chose to do so, and their methods further characterized their systems.

"Free minting," the means engineered by the English and many European polities, traded on the fact that when people wanted more money, their demand would be acted out in the price level. Sellers valuing the ease of transacting in coin would lower their prices in pennies, and buyers would conclude that holding coin was better than holding an equivalent amount of raw silver. The rise in pennies' purchasing power would bring people to the mint with bullion, ready to buy coin for their own use even at a fee and in addition to what they might need to pay taxes. The mints complied, supplying coin "freely," at least in the sense that they bought as much bullion as people brought to the mint. The system posed no problems for the sovereign because as minting sated private demand, prices in coin rose. At a certain point, people would decline to take more silver to the mint, preferring to keep it rather than buy coin. The system thus shut off any oversupply the moment that private demand ceased to sop up extra coin. The government lost nothing because its tax revenues retained their value; meanwhile, it supported popular desire for easier exchange.[19]

But the system produced very selective results, only suggested here. On the one hand, it reinforced European competition for the precious metals and, perhaps, the mercantilist mindset that prioritized their possession as the sine qua non of wealth. On the other hand, free minting appears never to have produced an adequate money stock. Individuals had always to procure valuable bullion in order to get more coin, and few besides merchants could make that work. Moreover, the method imposed the costs of enlarging the money supply on individuals rather than defining money as a resource that the public should finance, a strategy that failed when the benefits to individuals were less than to the group. Supplementary money succeeded, in other words, but in ways that fed important patterns and problems in the medieval world generally (Cipolla 1963; Spufford 1988; Mayhew 1995).

Compare the early American approach to supplementary money. Colonists innovated an additional inflow because public spending in the provinces—and therefore paper money creation—occurred only episodically, mostly for reasons of defense. When a war or military effort wound down, taxes would contract the money stock. As people ran short of cash, prices would often drop, skewering debtors who scrambled to repay obligations in currency that was worth more than when they had borrowed it. Thus provincial authorities improvised an approach to supplementing the money supply in the absence of public spending: they offered bills of credit to inhabitants who might like to borrow them. The idea had been floating around since the mid-seventeenth century in Massachusetts, drawn from earlier English sources. Provincial governments could establish land banks that lent paper money on the security of land, with interest and principal repayable in the same bills. Individual demand would pull money into circulation independent of a colony's fiscal needs (Lester 1938; Ferguson 1953: 168–71; Thayer 1953: 148–52).

Where the medieval supplementary system necessitated the acquisition of bullion, the American strategy linked money creation to land. The shift had ideological and distributive implications. It recognized, first, the agrarian bases of settler culture, prioritizing the resource prized by many as their route to independence and well-being. Second, the system empowered a much wider swath of lay people to supplement the money supply by their actions. Records from the Pennsylvania land office indicated that 75 percent of those who took out loans in 1774 were yeoman farmers; many of the rest were mechanics—including shoemakers, blacksmiths, carpenters, and millers (Thayer 1953: 155). More generally, legislators could shape access to loans according to an array of governing principles. They assigned the authority to make loans to towns, counties, or provincial bodies; they set ceilings on loan amounts and therefore enforced the spread of funds; they established policies on the amount of security required, interest levels, enforcement, and foreclosure procedures (Thayer 1953; Brock 1975: 70–71, 77–84, 87–99). As provincials worked out their approaches, land banking added to their power and ambition. That development, along with constant controversies over enforcement and implementation, led to ferment at home and, ultimately, fed discord in the empire.

When the medieval English or the American colonists extended their systems, they were working in a constitutional register. Their strategies for making supplementary money altered the roles of individuals, the access of those people to credit, and political features in their governing systems. It turns out that making money was a project continually under way and constitutive of basic relations in those societies.

Money Design and the Production of the Modern World

In fact even as the Americans innovated paper money, the British were radically reordering their system. Their monetary revision institutionalized capitalism: it put the self-interest of commercial actors at the heart of money creation and established the networked liquidity that supports modern finance. The development took centuries; indeed, as the 2008 financial crisis taught us, it is still ongoing. But we can get a rudimentary sense of the redesign from the same elements considered above—the strategies adopted to create and to supplement the unit of account.

A new approach to creating the unit of account in England appeared at the end of the seventeenth century. The technique innovated at many levels: it changed the parties involved in money creation, their pay, motivation, and legal rights. Once established, the method would spread across the globe

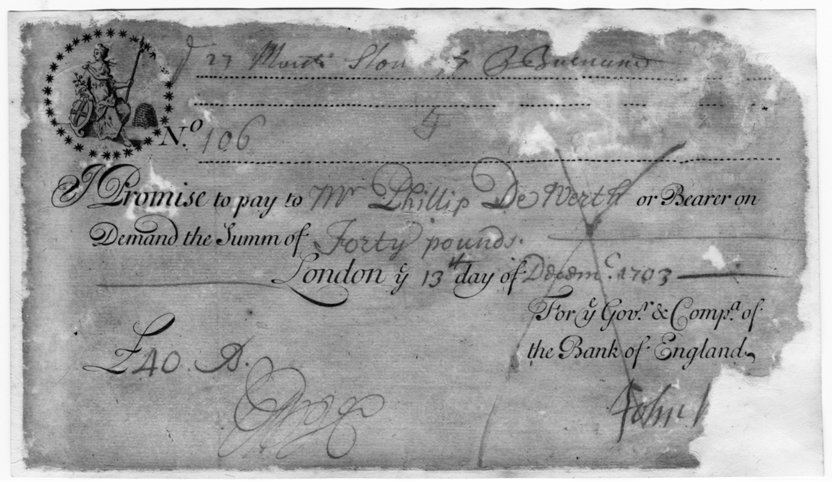
(Goodhart 1988; Bank for International Settlements 2003). But reduced to its basics, the story was deceptively simple.

It began in wartime, when the English government was short on funds and very long on need. England's robust tradition of full-weight metal coin ruled out severe debasement as a legitimate strategy for raising money. By contrast, the English had experimented for some time with different forms of public credit and, in 1694, king and Parliament converged on a scheme to borrow £1.5 million from a group of investors. So far, so familiar—but this time, the government agreed to charter the investors as the Bank of England. Rather than taking the money it had borrowed in gold or silver coin, the government then accepted its loan in the form of Bank of England notes. The government thus held promises-to-pay specie issued by the Bank (fig. 6.2.).

When it spent, the government paid people with the new banknotes. Those people now held a promise-to-pay that they could redeem at the Bank of England for coin. But the government added several properties to the paper. First, it made the paper transferable. Holders could use banknotes to pay each other; *anyone* holding a note could take it to the bank for face value.[20] Second, sometime in the following years, officials agreed to take banknotes back in taxes. After all, authorities had been spending in the notes; it would have undermined the legitimacy of that payment if they refused to take them back again (Desan 2014: 311–20). Further, the government owed the Bank of England for the loan; it could return the notes to the bank to pay off its debt without any inconvenience.

By that mundane and possibly unintended route, the worldly magic that makes money (in the elemental sense of creating the unit of account) occurred. The government had engineered a way to put IOUs into circulation and withdraw them later. No recourse to gold or silver coin was necessary. Anyone holding a banknote was also holding a government liability; he or she could simply return it to cancel his or her own obligations in taxes or other fees. By borrowing from the Bank of England—the first lasting "bank of issue"—the English government could effectively expand the money supply. Central banks today create "high-powered money," also called the monetary base, in essentially the same way.[21]

But while the English had replicated the old magic (creating units of credit and then canceling them), their method was novel. Authorities for the first time shared their monopoly over money creation, and they chose commercial actors as their partners. Medieval sovereigns in England had controlled minting; American legislatures had directed the issue or loan of provincial paper money. By contrast, the English government now borrowed from a group of investors and spent the notes that group produced. Thus in order to create money, the government depended on the profit calculus made by the directors of the Bank of England.[22]



27 Mart. Slon & P Bulnand

N.o 106 5

I Promise to pay to Mr Phillip De Werth or Bearer on Demand the Summ of Forty pounds.
London ye 13th day of Decem: 1703

For ye Gov.r & Comp.a of the Bank of England

£40. D.

John

FIGURE 6.2. Early Bank of England note with a visible promise-to-pay. *Source*: Derrick Byatt, *Promises to Pay: The First Three Hundred Years of Bank of England Notes* (London: Spink, 1994), 19. Courtesy of the Bank of England Museum.

Second, the government now paid rather than charged for money creation. As we have seen, medieval sovereigns had imposed a fee at the mint. American legislators had spent bills of credit at face value and taxed them in later, effectively obtaining an interest-free loan.[23] Governments could justify the charge because they were, in fact, supplying a resource they had the singular capacity to create—a circulating unit with substantive and commensurable value relevant to everyone (Desan 2014: 48–50). But now, the English government borrowed in notes from the Bank of England, granted those bills the capacity to circulate and be received for taxes, and paid the Bank for the package deal.[24]

In just the same period, English attitudes toward self-interest shifted. Religious and moral discourse had condemned greed and material striving for centuries. The ascendance of these qualities to status as legitimate motivators drew from diverse sources—but money's redesign literally put the state's imprimatur on lending at interest. The new method identified that kind of profit, called usury in earlier days, with patriotic action that benefited the public because as they lent, investors supported the government and created a circulating medium—the new money. The practice grew from earlier experiments at borrowing, first in the form of government bonds that could circulate. George Downing, Charles II, and others had appealed to public creditors as early as the 1660s as citizens who helped the polity while reaping material rewards at the same time (Desan 2014: 250–51, 279–81; *State of the Case* 1666).[25] The Bank of England's promoters picked up and amplified that pitch. Its members were "under this happy circumstance," one pamphlet announced, "*That they cannot do good to themselves but by doing good to others*" (Godfrey 1695: 304, italics in the original).[26]

In a related development and within a few years of the Bank of England's chartering, English law on public obligation also changed. In *The Case of the Bankers*, the House of Lords expanded the rights of public creditors, securing their claims in case of sovereign default. Because taxpayers were (and remain) on the hook to repair such default, the unprecedented law strengthened the position of those holding public bonds relative to a more diffuse public (*Case of the Bankers* [1696, 1700] 1812).

Although many details of the design remained undeveloped, the English had installed a modern motor at the heart of exchange. When they established a national bank as the source of money, they communicated the logic that would come to characterize capitalism. Rather than a sovereign ruler or a legislature, the market and its experts would determine the pace and purposes of money creation. Indeed, the ascending culture of a powerful and increasingly commercial market fairly compels attention to the issue of private demand, the issue that moved both medieval sovereigns and colonial legislature to extend their systems. I look at that design decision last.

Like their counterparts, the architects of modern money engineered a way for individuals to supplement the monetary base. The government allowed the Bank of England and, in turn, commercial banks, to lend to private individuals and businesses by issuing notes that promised-to-pay the official unit of account on demand. Because they issued notes in excess of the coin they held, the bankers were de facto creating cash, not only collecting and advancing existing funds. The practice depended on an accumulating number of supporting rules. The government enabled the notes to circulate easily.[27] It categorized lending in the public unit of account on a fractional reserve as common law "debt"—not impermissible fraud.[28] It undergirded the development of interbank lending and the London money market (Pressnell 1956; Bagehot [1873] 1999; Desan 2014: 360–403).[29] Eventually, it assigned to the Bank of England the responsibility to stabilize the system as a central bank.[30]

As participants elaborated the system, its effects became more and more striking. Consider the sheer impact of commercial banking on money's production. Commercial banking decentralized the process; it dispersed the privilege of cash creation to numerous agents in the field. By comparison, medieval mints did respond to private demand for more assets in money form; entrepreneurs could bring in bullion and acquire coin. In early America, they could put up land and get bills of credit. But according to the modern method, if individuals made (or make) a promise of future productivity that is good enough to convince a local banker, they could (can) get cash. The process realigned and eased eligibility, inviting all those credible to a commercial lender and able to meet his or her terms to influence money production.

The money stock skyrocketed. *Adjusted for inflation*, it was about sixty-five times larger in 2009 than it had been on the eve of the Bank of England's establishment. (Unadjusted, the money stock has expanded something like eight thousand–fold [Desan 2014: 2–3]). Moreover, commercial banks provide more than 95 percent of that supply; our cash mainly takes the form of commercial bank deposits, as opposed to the "high-powered" money represented by commercial bank reserves or deposits (Ryan-Collins et al. 2011: 23). Indeed, the private role in the process we have constructed to make money is so dominant that it amounts to a qualitative change. Money no longer appears to be a publicly produced resource. Instead, it looks like the means that business entities arrange to facilitate individual exchange. They become the appropriate experts in the field, dispensing access to credit in accord with their estimates of economic productivity. The market and its money come more and more to look like the modern models of them.

Conclusion

The image that emerges returns us to Georg Simmel's observation at the outset. In the modern world, the market seems a separate sphere from the state. Money flows from entrepreneurs, specialists in an industry of lending. They respond to private demand for a means to make exchange; the profit calculus guides both bankers and their clients. To all appearances, money arises from individual transactions and reduces everything to a trade for comparative value. In those circumstances, Simmel could remark on money's "colorlessness," its ability to paint the world in an "evenly flat and gray tone." "Since money is nothing but the indifferent means for concrete and infinitely varied purposes," he wrote, "its quantity is its only important determination as far as we are concerned" (Simmel [1907] 2004: 259). With reference to money, we do not ask "what and how," but "how much" (Zelizer [1994] 1997: 1–2).

Medieval commentators might have read Simmel as condemning avarice, but they would never suspect that he was describing the medium of acquisition. Because for them, money was anything but "colorless." It was "the second blood" according to the sixteenth-century Italian economist Bernardo Davanzati, "as blood is the sap and nutritive substance in the natural body," so money "maintains the body of the republic" (Davanzati quoted in Johnson 1966: 120). The metaphor recurred throughout the era.

Gold was at the center of its own set of fables. Dante, for example, recycled the classical story of Midas, casting a king whose touch turned everything to gold as the poster child for greed (Dante [ca. 1314] 2003, canto 20, l. 106). In the modern world, money is feared for its ability to capture all things in monotone, but in the Middle Ages, the danger was different. Rather than reducing all things to quantity, the rich might hoard the metal, starving themselves and others. In fact, medieval commentators both Aristotelian and religious celebrated money for its ability to generate commensurable values. That capacity held the promise of just exchange; Aristotle thus put money at the heart of his most sustained discussion of justice (Kaye 2014: 20–47).

Early Americans wrote copiously about money in their colonial experiment. There, as well, no complaints that it was colorless occur. To the contrary, settlers picked up the blood metaphor for money—it made sense of a money visibly crafted for local circulation and tied to provincial taxes. As in the medieval case, the danger colonists attributed to money flowed from their own circumstances. Specie left the country too easily; by contrast paper money could "never be carried away from us" (*Essay* 1734: 7). It amounted to "coined land," as Franklin put it (Franklin 1729: 24) and "the produce of our country" as another wrote (*Dialogue* 1725: 2). The rich, elaborated one commentator, were those divisive spirits "who want to send money away" (*Dialogue* 1725: 2). The goal of most paper money advocates was not to humanize an impersonal medium but to increase access to money, a liquidity they hoped would irrigate a growing land (Lester 1938, 1939; Desan 2008).

Simmel's critique is not, then, an intuitively obvious observation about money, nor even a high degree of monetization. Rather, it is the product of a particular kind of money, a historically specific medium engineered in a distinctive way. Modern money, issued by a commercial industry that sorts individuals in terms of economic productivity, generates an image of itself as expressing "the purely commercial element in the commercial treatment of things . . . the abstract form that represents the immanent value of objects" (Simmel [1907] 2004: 445).

We must, however, see beyond the self-referential image of the machinery we have created. Money is not an abstraction but a constitutional phenomenon; it is a malleable practice loaded with determinations that selectively institutionalize certain relations, assign roles, and distribute profits. Modern money released those who designed it from certain problems, but it has created others, including oppressive approaches to sovereign debt cycles, credit-induced booms and busts, the grant of enormous and largely unconsidered privileges to the banking sector, and trends toward inequality that destroy the archaic dream of money as a path toward just exchange. Acknowledging money's internal design helps illuminate the way toward its reform.

Notes

For their comments and insights, I am grateful to Nina Bandelj, Frederick F. Wherry, and Viviana Zelizer, as well as the participants at the Money Talks Symposium.

1. With permission from Taylor & Francis Group.

2. With permission from Cambridge University Press.

3. On the simultaneously liberatory but alienating effects of money according to Simmel, see Dodd (1994).

4. Keynesian sources also emphasize money's role as a store of value (Tobin 2008).

5. For a review of the barter myth, see Graeber (2012).

6. For a more detailed exposition of the argument made in this section, and its grounding in the history of the early English world, see Desan (2014).

7. An explanation of the way economics quantifies such values is in Desan (2014). Underemphasized here is money's dependence on time for value: as a form of credit, it holds value given an expected future use. The discount toward that use may be offset by money's advantages as a medium in the present.

8. As discussed below, the power to create and control money can be allocated in ways democratic or dictatorial. That allocation is part of money's interior design—its constitution.

9. For a detailed reconstruction, see Desan (2014).

10. See 12 U.S.C. §§411, 412, and 464, and associated regulations; 31 U.S.C. §5103; see also *Knox v. Lee*, 79 U.S. 457, 544 (1870); *Knox*, 79 U.S. at 556–58 , 560, 563–64 (Bradley, J., concurring); *Julliard v. Greenman*, 110 U.S. at 444–46, 447–48, 450; *Norman v. Baltimore & Ohio R.R.*, 294 U.S. 240, 303 (1935).

11. The shorthand should be read to include the working force of time and the importance of the cash premium. See note 7 above and related text.

12. The English regime was emphatically nominalist: as a legal form of payment, coin moved by count, not by weight or commodity content. See Desan (2014). Remember that coin was worth more than its equivalent in bullion: it carried a cash premium because it was easier to use. See note 7 above and related text; see also Sargent and Velde (2002).

13. For an exploration of similar problems in other money regimes and the plethora of responses to it, see Kuroda (2008).

14. For the influence of money's engineering on that rise, consider Borden (1746) and Desan (2008).

15. See, e.g., "An Act for a Supply to Be Granted to His Majesty, Nov. 19, 1720," reprinted in *Colonial Laws of New York* (1894).

16. For a response condemning the populist rhetoric, see "Letter from a Gentleman in Boston to His Friend in Connecticut" (1744).

17. The same principle creates what is called "high-powered money" today. High-powered money includes currency and bank reserves held by commercial banks at the Federal Reserve. These are sovereign liabilities that will be taken at face value to cancel public obligations. See Mishkin (2010: 411–13).

18. In fact, individuals may not have used that accounting unit at all, rendering it less than a full-purpose money as we think of it today.

19. For extended discussions of free minting, including problems with the neat mechanism implied here, see Spufford (1988); Mayhew (2000); Sargent and Velde (2002).

20. Bank of England Act of 1694, 5 & 6 W & M c 20 s 28.

21. See note 17 above.

22. Private actors were susceptible to public pressure. But for recent work that emphasizes the importance of (private) demand in determining the money stock and power held by bankers in the modern day, see Jackson and Dyson (2013) and Lavoie (2014).

25. Some Americans protested the arrangement, and some provinces experimented with attaching interest to their notes. Most notes, however, were issued interest-free, to the protest of opponents (Douglass 1740; Grubb 2016).

24. Often before the end of the seventeenth century, the English government had borrowed for conventional loans, getting coin from wealthy lenders. The government paid interest on those loans. Just as a conventional (private) debtor would, the government was receiving existing money, not granting the banks the power to *create* new money.

25. David Singh Grewal (in chapter 7 of this volume) explores arguments for the "provi-

dential" character of "enlightened self-interest" developed by French Jansenists in approximately the same period. Like the English approach, Jansenists theorized that "self-love" could motivate people to take actions that were ultimately good for the larger community.

26. Albert Hirschman (1997) estimates that the critical shift in attitudes toward self-interest occurred during the decades when the English were innovating circulating public debt, an ingredient that contributed to money's redesign at the end of the century.

27. 3 & 4 Ann c 8 s 1 (1704).

28. *Foley v. Hill* (1848) 2 HL 28, 38–39, 9 ER 1002, 1006–1007; *Carr v. Carr* (1811), 1 Mer 625; 35 ER 799, 800; cf. *Miller v. Race* (1758) 1 Burr 452, 459; 97 ER 398, 402.

29. For a rich exploration of the need for clearing and coordination mechanisms in modern fraction reserve systems, see Nadav Orian Peer, "A Constitutional Approach to Shadow Banking: The Early Shadow System." SJD diss., Harvard Law School, 2016.

30. For the case that the bank was necessary, see the classic: Bagehot ([1873] 1999). For a history reconstructing the bank's expanding role, see Knafo (2013).

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CHAPTER 7

The Market Mirage

David Singh Grewal

VIVIANA ZELIZER HAS HELPED to prompt a turn in economic sociology away from models that take a simple, naturalized conception of the market economy for granted. Through in-depth explorations of the monetary dimensions of contemporary social life, she has argued across several books—most prominently *The Social Meaning of Money*—that money has necessarily different meanings in different contexts. Far from being a single, undifferentiated medium of exchange or storehouse of value, money is a vividly contested site of value-determination and meaning-making; what would be expected of money based on textbook narratives of economic rationality prove only partly determinative of its role in social interactions. It is for this reason that Zelizer examines the social meanings of various "monies," refusing the alleged unity of what proves a heterogeneous and complex institution.

In this chapter, I want to turn to a question that Zelizer's work raises for the history of economic thought. For present purposes, I take it as uncontested that money is diverse in the ways that Zelizer and her students and allies have argued: a social institution whose richness and complexity is belied by simple economic accounts. What I wish to investigate is the origin of those accounts themselves. How should we understand *their* meaning in the broader project of meaning-making through money? It is with these questions in mind that I offer a condensed genealogy of what Zelizer calls the "mirage" that economic theory projects onto society.

I take as my point of departure Zelizer's statement at the end of the *Social Meaning of Money* that "the vision of society fully transformed into a commodity market is no more than a mirage" (1994: 215). One way to read Zelizer's entire project, in fact, is to see her particular concern about money as a criticism of the mirage—what we might call the "market mirage." Indeed, her deeper point, as she put it a page earlier, is that "the constant, vigorous, and pervasive differentiation of modern monies provides the most powerful evidence *against* a homogenized, instrumental model of social life" (1994: 214, italics in original). By focusing on money, Zelizer was thus using it partly as a proxy for a broader complex of institutions in market society. Her point was that if money—a social institution designed, at least in large part, for fungibility, mobility, universality, homogeneity and instrumentality—is, in fact, complex, laden with contested meanings, and always embedded in complex social contexts that cannot escape entirely from their histories, then we should presume the same about everything else in our commercial societies as well.

To put the point directly, if money is not money (as it appears in the mirage), then neither should we expect "capital," "labor," "land," or any other economic variable to exhibit the uniformity and internal consistency that is presupposed by economic theory. These, too, will be internally diverse aggregates whose meanings will be context-sensitive and historically variable. The critical thrust of Zelizer's economic sociology takes us beyond the plural meanings of money/monies to question the functioning of the market mirage itself, which has been and remains an enormously attractive and powerful model of social life, even if ultimately illusory.

Before the Market Mirage

In such a critical task, an intellectual genealogy is often a helpful (if insufficient) first step in excavating the forgotten or hidden contexts in which dominant analytical tropes first appeared. How was the market mirage, this "homogenized, instrumental model of social life" that Zelizer identifies, first constructed—and to what end?

Significantly, if we look back to antiquity, we find no evidence of such a vision of society, at least none concerning what we now call "economic" questions.[1] In fact, the idea that social life was regulated in a uniform and instrumental manner was not a "mirage" in antiquity, which is to say, apparent but illusory. It was simply nonexistent. To consider Zelizer's particular example of money, it would be impossible to deny the diverse social meanings of ancient monies, particularly since the institution of money was itself emergent at that time: the construction of a relatively unified standard of value was a contested project with obvious social and symbolic import.[2]

Probably the closest approximations to a homogeneous conception of social life in the ancient world are found in discourses on citizenship and in the Stoic conception of a diffuse ethical fellowship of humankind. But even these are not very close. It is true that in ancient democracies such as Athens, a unifying ideal of citizenship was a hard-won political achievement. Yet the contours of this citizenship were nevertheless defined in contrast to many noncitizen identities: slaves, foreigners, immigrant-residents (*metics*), and women (who, even as citizens, did not have the same political powers as their male counterparts).[3] Moreover, just as it was not a genuinely universal model of social life, the ancient ideal of citizenship was not an instrumental model of social relations either, but was predicated on different normative foundations.

Similarly, an ideal of a "fellowship" of humankind that was focused on social rather than political bonds flourished in some branches of Hellenistic philosophy, particularly after the ancient Greek city-states were absorbed into overarching empires, whether Macedonian or Roman (Annas 1995). The Stoic concept of *oikeiosis* posited this broad fellowship and was drawn on by early modern authors in their articulation of a "natural" society of humankind—which provided essential intellectual foundations for classical political economy.[4] Nevertheless, the ancient ideal of ethical fellowship remains far from an "instrumental" model of social life tied to a particular conception of human socioeconomic development and would not be recognized as an obvious precursor by the modern economists who are Zelizer's target.

It is true that our word "economy" derives from the ancient Greek *oikonomia* or "household-management." However, the ancient writings on *oikonomia* are essentially distinct from today's economic discourses.[5] They do contain discussions of productive activity—farming, trading and the like—that sometimes approach a kind of instrumentality. But these, too, remain far from positing a unified, encompassing economic rationality, particularly since most of these ancient tracts are ultimately concerned with how the particular philosophical ideals of Stoicism or Epicureanism can be sustained in a life dedicated to practical affairs. Perhaps the closest that the ancient discourses on *oikonomia* come to modern economics is when they employ household-management as a metaphor for God's management of the cosmos, which produces an orderly and harmonious universe.[6] This ancient metaphor was drawn on by early modern political economists—such as Smith and others who wrote about the "invisible hand" in the market—but it remained in antiquity a theological or philosophical concept.[7]

We may thus assume, with admittedly limited evidence, that Zelizer's emphasis on the complexity and context-relativity of meaning in the social relations of money (and related domains) would have been widely accepted in the ancient world—at least, much more widely accepted than the market mirage. It is true that in a few vivid passages of Aristotle's *Nicomachean Ethics*, we discover a brilliant description of money as a homogenizing instrument of social exchange (Eich 2016: 36–82). Marx and others later read those passages and made much of them.[8] But we have to read these passages in isolation—as later readers have tended to do—to pretend that Aristotle denied the plural meanings of the institution he was describing. And if we put those slim passages together with books 8 and 9 at the end of the *Nicomachean Ethics*, in which Aristotle describes the varieties of *philia*—often translated as "friendship," but encompassing a variety of forms of interpersonal exchange, including explicitly self-interested commercial exchange—we see that his discussion of money must be understood in the broader context of an ethical theory in which a plurality of goods or virtues sets the normative frame. More generally, the commitment to a plurality of goods and an "economy," if we want to call it that, embedded in deep and conditioning norms reflects fundamental features of Aristotle's social world, which he assumed his readers would recognize.

The market mirage—the "homogenized, instrumental model of social life"—may thus borrow some insights from ancient writers, with Aristotle being perhaps the most obvious because he was the most interested in questions of everyday activity. But it clearly does not come from antiquity. Ancient life was differentiated along diverse axes, and there is no homogenous model of social life presented in ancient philosophy, particularly concerning what we now call "the economy." The origins of the mirage lie later.

The Theological Origins of the Market Mirage

As I examine in more detail in a forthcoming book, the most obvious precursors to this way of thinking appear in an initially surprising context: a theological debate in later seventeenth-century France concerned with the elaboration of St. Augustine's religious doctrines.[9] A sect of Catholics called the Jansenists (after its founder, Cornelius Jansenius) advanced an austere view of salvation through God's grace and of the radical inscrutability of the elect, which conflicted with established Catholic teaching, thus pitting Jansenists against Jesuits in the religious debates of that time.[10]

For my purposes, what is interesting about the Jansenist view is that it deployed the skeptical anthropology of the sixteenth and seventeenth centuries through the device of Augustine's two cities to articulate a homogenous, instrumental model of social life on earth. This was an early modern innovation that built on ancient inspiration. Augustine's masterwork, *The City of God*, was oriented around the opposition between two "cities"—the "earthly city" (or *civitas terrena*), standing in for Rome, or more generally, mundane and mortal life; and the "city of God" (or *civitas Dei*), which is the heavenly kingdom promised to God's chosen. The elect are citizens of the *civitas Dei* during their sojourn on earth; they remain noncitizen "pilgrims" in the earthly city (much as ancient Christians were initially in the Roman Empire), living in the world but not of it. Augustine's theory reflected a theologically motivated denial that the *civitas terrena* had any genuine virtue, since true virtue belongs to God alone. And yet, as a Roman citizen himself, Augustine (and all his contemporaries) were raised on vivid stories of Rome's grandeur and the virtue of its citizens, particularly during Rome's republican era. How was the earthly success of these citizens and the city-turned-empire they built to be understood in theological terms, particularly now that the Roman Empire was no longer the opponent of Christianity but its institutional vehicle?

Augustine argued, following Sallust, that the pride of the Romans mimicked genuine virtue in its effects. The proud—and thus sinful—competition among the old Romans for military glory had the collective, unintended consequence of advancing the glory of their city (Sal. *Cat.* VII). Sallust had even written that political ambition is a vice, yet one "not so far removed from virtue" (Sal. *Cat.* XI. 1–3), at least in comparison with the avarice that later brought down the republic. Augustine relied on Sallust in his analysis of pagan virtue, in which he explained the greatness of Rome with reference to the efficacious but ultimately sinful "love of praise," which was the basis of the virtues the pagans displayed (Aug. *De Civ. Dei* V.12–13). Augustine thus offered an analysis of virtue and vice that showed how a sinful people (before or without Christ) could nevertheless have the simulacrum of virtue, and how that simulacrum could be part of God's providential plan for sustaining the world in which the elect make their pilgrimage.

It was this aspect of Augustine's theology that was drawn on in the first explicit theorization of how the market mechanism operates to create order in commercial societies (Grewal 2016). As austere neo-Augustinians, the French Jansenists provided a reading of Augustine that explained how a durable social order could be achieved, through commerce, among the unredeemed citizens of the *civitas terrena*, who nevertheless remain entirely dependent on God's will. Jansenist moral and social theory began with the assumption of sinful "self-love" as the motivation for human action and then derived all forms of seemingly public or other-regarding behavior as nothing but this self-love in disguise (Nicole [1670–78] 1845). Its explicit assumption was that all humans are sinners—unless redeemed by God's unbidden grace—and that although self-love was understood to be opposed to love of God, it was nevertheless the only basis for social order after the Fall. Sinful self-love was, in this sense, a theologically derived anthropological universal.

It is possible, then, to read Jansenism as offering an early and theologically inspired version of the "mirage" that Zelizer criticizes. Its vision of postlapsarian terrestrial order presented a homogenous, instrumental model of social life in which we can know *ex ante* that what sinners pursue is only self-love, however disguised—and, furthermore, that we are all sinners (or at least, unable to distinguish ourselves, by ourselves, from sinners). One necessary feature of this vision is that any good that appears in the world must be capable of being produced by sin mimicking virtue. For salvation to be a matter entirely of God's grace—and not, as in one or another heretical claim, something we can influence through our own actions—the City of God must be entirely nonapparent to us and in God's hands alone. Since God's grace must be inscrutable to us, the same worldly effect has to be capable of being produced by either charity (love of God) or self-love, and we must be unable to distinguish between the two.

The relationship between charity and self-love was examined in a series of essays by the major Jansenist theologian Pierre Nicole.[11] Nicole argued that charitable actions are merely the artifice of self-love working in a subtle manner, since it is often advantageous to seem to be helping others by putting one's own needs last, if only as a device to prevail over them ultimately. Such a clever or strategic deployment of self-love is required to sustain orderly terrestrial life, including the lives of those true Christians who are merely pilgrims in this world below.[12]

Nicole looked to commercial exchange—what we now call "the market" in the abstract—for his best examples of this successful channeling of self-love into seemingly other-oriented outcomes. Thus, in addition to providing a theory of law as a punitive device to maintain civic order, he adapted the ancient literature on *philia* or the "exchange of benefits" in order to theorize commercial exchange as a form of providential design capable of producing order among sinners (Grewal 2016: 424–26). With *philia* decoded as self-love, all social interaction came to be understood on a model of self-interested exchange.

The origins of the "mirage" are in this neo-Augustinian theology, whose main aim was to theorize the condition of fallen man, and in which markets were understood in a providentialist framework. In order to maintain the claim that virtue comes from God alone, the Jansenists argued that beneficial collective consequences could spring from individual sin, such that what might appear the product of human charity could be decoded as nothing but vice in disguise. The simulacrum of heroism that Augustine argued was produced through the Roman lust for glory was thus echoed in early modern Europe in the simulacrum of charity produced by commercial selfishness.

Homo economicus began as the terrestrial citizen addicted to self-love but maintained unwittingly through God's hidden providence. At its core, this was the idea that Bernard de Mandeville later called the "private vices, public benefit" argument (Mandeville [1714] 1924), which later became famous in Adam Smith's account of the "invisible hand" (Force 2003: 69–72). While it appears to us now as a secular model of human commercial sociability, it was the Jansenists in their theorizing about the forms of earthly order who first proposed the "hand" of God operating behind the market to turn sinful self-love into collective benefit.[13] It was the Jansenists who argued that the effects of true charity and the effects of what they called enlightened self-love—which Smith would later call "enlightened self-interest"—would prove indistinguishable in practice. As Smith famously claimed, it was not from the "benevolence" of the butcher and the baker that we expect our dinner but "from their regard for their own interest" (Smith [1776] 1976: 27), which nevertheless produces a benevolent outcome all the same.

Institutionalizing the Mirage

But what is the relation between these theological arguments and the contemporary market mirage? An intertwined intellectual and juridical legacy of these early theological debates has continuing relevance. Notably, soon after Pierre Nicole put forward his argument concerning the beneficial consequences of the exchange of sinful self-love, we find the first recognizably economic analysis of the market in the work of Pierre de Boisguilbert, a Norman noble and administrator, who had studied with Nicole in the main Jansenist school of Port-Royal des Champs. Boisguilbert produced the first analytic account of the unintended benefits of market exchange and used this theory to criticize the overreaching governmental bureaucracy of Louis XIV (Boisguilbert [1695–1710] 1966; Faccarello 1999). Marx ([1859] 1904: 56) later identified Boisguilbert as the founder of the French branch of political economy, and a relatively direct line of influence runs between Boisguilbert and the later work of the *économistes* (or Physiocrats) Quesnay and Turgot, from whom the Scottish economists Hume and Smith borrowed a great deal (Groenewegen 2002). Full recognition of this influence has been complicated by the fact that what began, with Boisguilbert and the Jansenists, as a program of laissez-faire opposed to the centralizing French monarchy became, over the course of the eighteenth century, a program of top-down economic liberalization pursued by royal advisers and administrators keen to deploy central power to promote and protect market relations.[14]

In parallel to this intellectual development, and the related activity of the French *économistes* in attempting to reform the *ancien régime*, was a Jansenist-influenced program of legal codification that delivered the foundational law codes of France—and, after Napoleon, much of the European continent (Pena 1992). This program reflected the centralization of power in the French monarchy, which sought to promulgate unifying national codes. While these codes were heavily indebted to Roman law, their drafting was executed by jurists with links to the Jansenists: first, under Louis XIV, by the Jansenist jurist Jean Domat;[15] and second, in the mid-eighteenth century, by Jean-Etienne-Marie Portalis, sometimes called the "father of the civil code" (Chartier 2004), and others who drew on natural law and Jansenist principles—the latter source often obscured, because Jansenism was banned in the early eighteenth century (Arnaud 1969).

These early efforts provided much of the foundation for the major codification project of the later French Revolution, which produced the famous Napoleonic Code (Levasseur 1969; Halpérin 1992). Through the Code and the power of Napoleon, the Directory achieved the long-sought goal of the *économistes*: the legal foundation for economic liberalism and the "legal despotism" capable of enforcing it.[16] The market mirage thus became part of a consolidated juridical order; it did not remain in the realm of ideas and ideals but was enacted, at least partly, through law.

In suggesting that an early modern political theology of fallen humanity provided the origins of the mirage, I may have answered one historical question at the expense of introducing many others. Why, after all, did it take the Jansenists to arrive at this interpretation of Augustine—and why was it then taken up by economists and jurists so readily in the eighteenth century? What remained constant, and what changed in the movement from a pessimistic theology through what Hume claimed as the "new science of man" to the legal order that Napoleon would take with him as he swept across postrevolutionary Europe? How much of the mirage that Zelizer has criticized can be located in this early view of the invisible hand of God governing a world of fallen sinners—and how fully was it possible to make the mirage real through legal reforms? And in terms of our present-day understandings, how indebted do we remain to this universalizing philosophical anthropology, albeit rendered in apparently non-theological terms as part of a social science of the market?

These and related questions, I think, must be situated in light of a broader argument: that it was the rise of the early modern state that provoked the first glimmerings of the market mirage, and that it was state action that ultimately worked to build the "economy" that has so frequently been thought opposed to it.[17] The Jansenists were working in an expressly post-Hobbesian vein, and both Hobbes's political theory and Jansenist moral theory were, in key respects, responses to the rise of the modern state. That modern state, for all its assumed monarchical form, introduced a new concept of universal subjecthood and enacted a homogenizing juridical relation to its citizens. In this sense, the emergence of the modern state was the beginning of what we would later call "the rule of law," and in its own way it presented a deliberately homogenized social world as an aspirational ideal, albeit not one that was instrumental about law's purposes in the way that Zelizer has criticized in the market mirage. Indeed, within appropriate domains, the law is supposed to mean the same thing to everyone: in a modern legal ordering, shades of meaning may constitute the failure of an ideal of equal citizenship rather than a mirage that obscures the richness of our social life.

But what is the relation between this emerging rule of law and the emerging domain of the market? While the market mirage may have had a surprising beginning in an obscure political theology, it was soon transformed into something approaching a governing philosophy for the commercializing states of early modern Europe. This new conception played a role in guiding the state in its construction of "the economy" (Grewal forthcoming). In this respect, the market mirage in its earliest guise must be considered the result of a policy intervention.

Moreover, it was precisely one of its virtues, as Adam Smith and others claimed, that the market treats disparate and diverse social elements in a uniform and homogenizing manner.[18] Early political economy was fighting explicitly *against* the diversity of social relations: in a Europe dominated by residual feudal categories, different social meanings provided obvious leverage points for social oppression. In this respect, money's multiplicity of meanings could only prove an obstacle to the construction of a smoothly functioning market economy that its proponents thought would help to ensure juridical equality and the rule of law to all exchangers.

Owing to this orientation, and like the early French *économistes*, Smith and many who followed him were denounced as radicals bent on upending the social order (Rothschild 1992). It may be difficult for us now to see market advocacy as a radical endeavor, particularly in an age of neoliberal consolidation.[19] Indeed, the endeavor may have been compromised, even in Smith's own day. But we should nevertheless recognize that the market mirage reflected an ideal of bourgeois radicalism, an unrealized political aspiration corresponding to a particular vision of egalitarianism and the modern rule of law. That the mirage remains illusory may reflect enduring features of human social life that resist the logic of the market, as Zelizer has noted—the vagaries of history, the partialities of love and place, a preference for the familiar and the existent, the complexities of identity—but more's the pity for us, Smith might say, and for the eighteenth-century project of enlightenment through commerce.

Utility and Money in Modern Economics

We are now in the midst of a different argument, which is how to understand the theorization of the commercial societies in which we now live in relation to the foundational ideal and only partly realized practice of the "rule of law"—and the relationship of that ideal to the achievement of genuine and universal citizenship within modern states. I can do no more here than acknowledge that these problems are unresolved, both in historical scholarship and in diverse and ongoing political contestations. But it would be misleading to close without recognizing one important way in which earlier generations of economists elaborated the idea that money's meaning could vary.

Classical political economy was focused on the study of "commercial society," understood to be based not only on the division of labor and the satisfaction of needs through commercial exchange but on a class structure in which the members of some classes owned land, others capital, others only their labor. It was readily accepted that money, on the margin, would be worth more to a member of the laboring classes—and, more generally, to poor people than to rich people. In nineteenth-century political economy and its philosophical counterpart, classical utilitarianism, this idea would be formalized in the concept of a "diminishing marginal utility of wealth"—namely, that an additional bit of money would be worth more (and thus contribute to greater social utility overall, aggregating across persons) if it went to a poor person rather than a rich one. In the hands of classical utilitarian reformers, including the politicians who helped inaugurate the British welfare state, an assumption of this kind was thought to support broadly redistributive social policies (Goodin 1988). Progressive taxation and public expenditure on health, education, and culture was supported by this view of money's meaning different things to different people with different levels of wealth.

Nevertheless, from the perspective of Zelizer's work, the assumption of the diminishing marginal utility of wealth might be thought to represent a fairly limited concession to the multiple meanings of money/monies. After all, it assumes that money has different value for different people, but *in a uniform way*, making the meaning of money relative only to the amount one possesses. Money is presumed to mean the same thing to each person at each level of wealth, while it is admitted only that all fortunes are not equal.

Nevertheless, even this money-relative variation in the meaning of money was ultimately rejected by mid-twentieth-century economic orthodoxy—and this time, ironically, on the very grounds of difference that the market mirage would otherwise deny. The assumption of "diminishing marginal utility" rested on the idea that utilities were "comparable" across persons: that is, that it was possible to say (either as between individuals or considering social averages across classes) that the poor really did get more utility from an additional dollar than the wealthy did. It was this assumption that several important twentieth-century economists attacked and overturned on grounds of epistemological modesty and a heightened, perhaps exaggerated, respect for difference: since no one could really *know* that an extra dollar was worth more to a poor person than a rich one, such an argument should not enter into a value-neutral economic analysis. As the influential British economist Lionel Robbins argued, the law of diminishing marginal utility "begs the great metaphysical question of the scientific comparability of different individual experiences" (1935: 147). By contrast, a scientific analysis, Robbins explained, should be able to lay forth *positively* the facts of a case, and the diminishing marginal utility of wealth was not a fact but a "judgment of value." Value judgments, according to Robbins's positivist approach, can be rigorously separated from facts and should only enter into economic analysis *after* the relevant facts have been ascertained.[20]

If we are not to rely on "judgments of value," what are the data that a positive economic science can utilize? According to a set of arguments following Robbins—worked out by Paul Samuelson and others—the data of economic science should be restricted to "revealed preferences," the decisions that individuals make when subject to a budget constraint in a market or quasi-market setting (Samuelson 1948). Such revelation of preference is supposed to allow the analyst to account for real differences among individual consumers, thus respecting pluralism of choice in a deep way. The reliance on the market as the definitive site of social exchange—the institution that provides the paradigm for the "mirage" of social life with which this chapter began—was thus justified in twentieth-century economics precisely on grounds of difference rather than of homogeneity.

While classical political economy had tried to deploy the market as a homogenizing instrument in the service of a radical program of postfeudal social consolidation, twentieth-century economics, in recoil from the redistributive ambitions of classical utilitarianism, turned to the market as a site that allowed the differences in consumer preferences to be revealed, rather than presumed. And yet beneath this ostensible respect for diversity was again an assumed, if implicit, constant: the claim that the *market* should serve as the privileged institution managing the plurality of values among persons and the site of their ongoing renegotiation. The continued insistence on this institution of social choice as the paradigm for human interaction links twentieth-century consumer choice theory back to the market mirage that I have argued has its origins in the theological debates of early modernity—and which Viviana Zelizer's research into the meanings of money has helped to unsettle.

Notes

1. This is the major contention of one side in an ongoing debate about the nature of the ancient world, prompted in large part by Moses Finley (1973); for a theoretical overview of the debate, see Nafissi (2005).

2. Kurke (1999) helped to prompt an ongoing debate about the origin and meaning of money in antiquity. On the ancient political theory of money, see the early chapters of Eich (2016); and on the "making" of money as a technique of governance in the early modern state, see Desan (2014).

3. On the spectrum of statuses in ancient societies, see Finley (1964).

4. On *oikeiosis*, see Striker (1996). For later uses of the concept, see Long (2003: 20–22); cf. the warning about the confused use of the term among later authors in Tuck (1999: 37n34).

5. On the meanings of ancient *oikonomia*, see Natali (1995).

6. Unlike ancient discourses on *oikonomia*, this eighteenth-century inquiry did not concern the management of an estate or household, but the study of a new social universe, modeled on God's harmonious cosmic arrangement, *oikonomia tou theou*, familiar in both pre-Christian Hellenistic and patristic sources (Reumann (1957: 391ff.).

7. For two recent studies of Smith's providentialism, see Harrison (2011) and Hill (2001); for a criticism deemphasizing the import of providentalism to Smith's thought, see Fleischacker (2009: 44–45).

8. See, e.g., Marx ([1867] 1990: 151–52); for secondary discussions, see Finley (1970: 38); Meikle (1995: 189–90).

9. See Grewal (forthcoming) for an overview of this history and Grewal (2016) for a specific examination of the political theology of early economic thought.

10. On Jansenism generally, see Keohane (1980: 262–303); Van Kley (2006: 110–34) and the opening chapters of Faccarello (1999). On the Jansenist influence on eighteenth-century social and economic thought, see Heilbron (1998).

11. See his moral essays, particularly "De la charité et de l'amour-propre," in Nicole ([1670–78] 1845).

12. For more on the taming and channeling of the passions in early modern moral theory, see Hirschman (1977: 7–66, esp. 12–13, on Jansenist theories). Hirschman's broader point concerning the pacifying effect of commerce—*doux commerce*—is compatible with the argument I am making here, though the Jansenists did not emphasize this international dimension, which would emerge in other authors, notably, Montesquieu.

13. In his "Des différentes manières dont on tente Dieu," Pierre Nicole explains that God's "hand" is everywhere, conducting all things to their proper end: "it's always him [God] who acts and who sustains us . . . we are obliged to recognize his hand and all-powerful operation as well" (Nicole [1670–78] 1845: 160).

14. This dialectic is perhaps unsurprising, since, as Foucault (2004) has elaborated, laissez-faire ideology was initially justified as an internal limitation on *raison d'état*, promulgated as a beneficial self-restraint on sovereign power by itself.

15. For the Jansenist theory of self-love that frames his major treatise on civil law, see Domat (1722: 19–21). For background on Domat's project, see Gordley (2013: 141–55).

16. On "legal despotism" as a feature of Physiocratic thought, see Shovlin (2006: 107–8); on the economic orientation of the Directory, see Miller (2002: 71–72).

17. For an account of the rise of the economy as an "instituted," not a natural process, see Polanyi (1957).

18. Desan (in chapter 6 of this volume) makes a similar point for the modern meaning of money.

19. For a criticism of contemporary neoliberalism and an examination of its legal foundations, see Grewal and Purdy (2014).

20. For a study of this problem and the argument that facts and values are in fact "entangled" in economics, see Putnam (2002).

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CHAPTER 8

The Macro-Social Meaning of Money

FROM TERRITORIAL CURRENCIES TO GLOBAL MONEY

Eric Helleiner

VIVIANA ZELIZER'S (1994) *THE SOCIAL MEANING OF MONEY* was a landmark study in challenging dominant views about the sociological role of money in modern societies.[1] Thinkers such as Georg Simmel and Karl Marx had argued that money was an impersonal instrument whose increasingly pervasive use in the nineteenth century was commodifying society and fostering more distant, cold, and calculating forms of social interaction. Zelizer questioned this utilitarian model of money, arguing that it failed to recognize how nonpecuniary social values transformed money in ways that highlighted money's noneconomic functions. She developed this critique through a detailed examination of local US monetary practices such as earmarking and the creation of special purpose monies during the very time that Marx and Simmel were writing.

This chapter extends Zelizer's central insight beyond "micro," local monetary structures to more "macro" monetary structures at both the national and global levels. It begins by pointing out how Zelizer's arguments intersected very well with a growing body of literature from political science that analyzed the politics of these more "macro" monetary structures. Drawing and building on that literature, it then explores some ways in which nationalist values helped to shape the emergence of modern territorial currencies in the United States and elsewhere during the nineteenth century. Turning to global monetary systems, the chapter shows briefly how more cosmopolitan, nonpecuniary values helped to inspire a failed initiative to create a world monetary union in the 1850s and 1860s. It subsequently examines in more detail the international gold standard of the late nineteenth and early twentieth centuries, offering a Zelizer-style critique of Karl Polanyi's well-known argument about its socially disembedded nature. The final section demonstrates how the creation in the early 1940s of the gold standard's successor, the Bretton Woods system, provides a very clear example of a global monetary system invested at the start with social meaning. Like Christine Desan (in chapter 6 of this volume), I emphasize in this analysis how money has been actively created and engineered by societies for collective purposes—purposes that, I argue, include important collective, nonpecuniary social values. In so doing, the analysis also complements David Grewal's critical genealogy of the "mirage" that liberal economic theory projects onto society (in chapter 7 of this volume).

The Politics of National and Global Monetary Systems

At the time of its publication, Zelizer's critique of utilitarian models of money overlapped well with the work of political scientists who had become increasingly interested in how monetary structures were shaped not just by economic logic but also by politics. While economists identify how money serves as a medium of exchange, a unit of account, and a store of value, political scientists have explored how money also serves various political functions. As they have pointed out, control over the issuing and management of money has been deeply politicized throughout history because it has enormous consequences for the distribution of power and wealth. The organization of money has thus, not surprisingly, been determined only rarely by mere concerns about its economic functions. Equally, and often much more important, has been the role of political objectives (Kirshner 2003).

While Zelizer was focused primarily on the "micro" level of local monetary practices, most of this political science literature has analyzed larger "macro" monetary structures. These include national monetary systems where political struggles within national societies have been critical in shaping the organization and management of territorial currencies. At an even more "macro" level, others have explored the politics of the evolution of international monetary systems, including regional monetary unions and global monetary orders. In these international cases, where no single political authority exists, monetary systems are shaped by politics both within and between national societies (Kirshner 2003).

Much of this political science literature analyzes the role of interest groups, political institutions, and power in influencing the construction and functioning of national and international monetary systems. In recent years, however, political scientists have also become more interested in the significance of ideas and culture in molding monetary systems (McNamara 1998; Kirshner 2000; Helleiner 2003). This "constructivist" turn in the study of the politics of money has encouraged greater engagement with the work of sociologists and anthropologists of money. Zelizer's argument about the social meaning of money has particular resonance for this work. Although her empirical research was focused on local monetary practices, Zelizer's core theoretical point raises the question of whether larger monetary structures are also shaped by nonpecuniary social values and thus invested with the kinds of social meaning to which she calls our attention.

This chapter addresses this question directly. Drawing and building on recent work, it suggests that the answer is a definitive yes. To develop this argument, I begin by exploring an important national-scale monetary transformation in mid-nineteenth-century America that Zelizer identifies in her book: the emergence of a more territorially homogenous and exclusive currency within the US territory. I then go on to analyze the evolution of global monetary systems in the nineteenth and first half of the twentieth centuries.

Nationalist Values and Building of Territorial Currencies

It is important to recognize the novelty of the new kind of territorially homogenous and exclusive currency that Zelizer describes emerging in the nineteenth century. Before then, no country's monetary system had been organized on this basis of a "one country, one money" principle. In the nineteenth century, however, the US monetary system—like that of many other countries—was transformed along these "territorial" lines through what Zelizer (1994: 205) calls the "painstaking and deliberate activities of public authorities."

These activities were wide-ranging and extensive. Foreign currencies were expelled from domestic circulation through elaborate US government initiatives throughout the 1850s. A new standardized national bank note was created by federal legislation in 1863 to replace the thousands of different kinds of private banknotes that circulated before this time. The federal government also launched much more comprehensive efforts both to stamp out counterfeiting and to produce standardized low-denomination coin that could replace widely used heterogeneous privately issued coins and tokens (Helleiner 1999, 2003).

What drove US policymakers to undertake these extensive monetary reforms? One motivation was the economic utilitarian desire to create a more orderly monetary system that could better serve the functional needs of America's increasingly monetized economy and national-scale markets. Policymakers also hoped to strengthen the fiscal capacity of the federal state by expanding the potential for seigniorage revenue (profits derived from production of money) and by facilitating payments to and from the federal government (Helleiner 2003). In this section, however, I highlight a Zelizer-style argument about the way the construction of a territorial currency was also shaped in part by a nonpecuniary social value: in this case, nationalist sentiment.

The influence of nationalism was particularly evident among the rationales presented for the establishment of the national banknote in 1863. According to the US treasury secretary at the time, a key goal was to foster "the stimulation of the patriotism of the people which would arise from their closer touch with national affairs" (quoted in Davis 1910: 106). One contemporary US senator made a similar point, arguing that the new uniform currency would make "every stockholder, every mechanic, every laborer who holds one of these notes . . . interested in the Government. . . . If we are dependent on the United States for a currency and medium of exchange, we shall have a broader and more generous nationality" (quoted in Johnson 1995: 176, 172). Another supporter of the reform drew the link between national identities and a homogenous banknote in a slightly different way: "Every citizen . . . who is supplied with such a currency [the national banknote]—a currency which will be equal to gold through every foot of our territory, and everywhere of the same value, with which he can travel from Oregon to Florida and from Maine to New Mexico, would feel and realize, everytime he handled or looked at such a bill bearing the national mark, that the union of these states is verily a personal benefit and blessing to all" (quoted in Helleiner 2003: 111).

Particular attention was also given to the potential social significance of nationalist imagery that could be placed on the new national banknote. Whereas pre-1863 private banknotes had usually carried images of local settings and cultural references, the treasury secretary made sure that the first national banknotes had imagery that was "National in its character" (quoted in Helleiner 2003: 105), including nationalist symbols (flag, eagle, Capitol building) and detailed depictions of key events in the nation's history (the signing of Declaration of Independence, Battle of Lexington, pilgrims landing, General Scott entering Mexico City, baptism of Pocahontas, surrender of General Burgoyne). These images were explicitly seen as a tool to cultivate national identities, as a comment from the chief clerk in the US Treasury at the time makes clear:

> [They] would tend to teach the masses the prominent periods in our country's history. The laboring man who should receive every Saturday night, a copy of the "Surrender of Burgoyne" for his weekly wages, would soon inquire who General Burgoyne was, and to whom he surrendered. This curiosity would be aroused and he would learn the facts from a fellow laborer or from his employer. The same would be true of other National pictures, and in time many would be taught leading in-

> cidents in our country's history, so that they would soon be familiar to those who would never read them in books, teaching them history and imbuing them with a National feeling. (Quoted in Helleiner 2003: 106)

The influence of nationalism in shaping these monetary initiatives was no doubt heightened by the US Civil War. But it was not just in the United States that nationalist sentiment encouraged territorializing currency reforms in the nineteenth century. In many other countries, policymakers cited the symbolic value of territorial currencies and the imagery placed on them in explaining their support for reform. For example, after the unification of Italy, one Italian policymaker highlighted in 1862 how the benefits of new uniform coin for the country went well beyond the economic sector: "Money, while it circulates in the hands of all as a sign and equivalent of every kind of value, is likewise the most popular, the most constant and most universal monument that can represent the unity of the nation. It is for this reason that the emancipated peoples look with suspicion upon the old coins, which connect themselves in their thoughts with the humiliations and slaveries that they have endured, and with one voice ask for a coinage bearing the effigy of the unifying king" (quoted in Helleiner 2003: 107–8).

Policymakers in other countries also cited other ways in which they hoped new territorial currencies might serve nationalist values. Territorial currencies were seen as creating a common economic language as well as collective monetary experiences that brought citizens into a closer relationship to each other. In Canada, for example, advocates of the unification of the country's monetary standard in the early 1870s argued that its use "would make the people of the Dominion feel more like one people" (quoted in Helleiner 2003: 112). The removal of foreign coin was also associated with the bolstering of national sovereignty; in the nationalist age, its circulation domestically had come to be seen as "humiliating" for the nation or something that "hurt national pride" (Reis 1996: 161; Helleiner 2003: 137). Some analysts also argued that territorial currencies would help foster a deeper sense of trust and even spiritual unity among citizens of the nation (Helleiner 1998).

It is clear, then, that the construction of territorial currencies was driven in part by nationalist sentiment. In this way, we can see how Zelizer's critique of utilitarian models of money is relevant not just at the micro level she analyzed but also at this more macro (national) level where "territorial" currencies were invested by their creators with nationalist meaning. Far from being an impersonal instrument that was fostering more distant, cold, and calculating forms of social interaction, these national monetary structures were seen by many in the nineteenth century as a tool for strengthening of sociocultural and emotional ties of citizens to each other in what Benedict Anderson (1983) called "imagined community" of the nation.

From World Monetary Union to the International Gold Standard

Zelizer's argument can also be extended to the international level during this same historical era. While the United States was consolidating a territorial currency during the 1850s and 1860s, an international political movement emerged to create a "world monetary union." The supporters of this movement, who included prominent figures such as Walter Bagehot, John Stuart Mill, and Michel Chevalier, called for all countries to adopt the gold standard with a common unit of account and to create national gold coins with identical gold content that could circulate in all member countries as legal tender. The movement succeeded in attracting enough political attention that a major international conference was held in 1867 to discuss the proposal, which included delegates from all European countries, the United States, Russia, and the Ottoman Empire. Other countries also signaled their interest in the initiative, including China, Japan, Canada, and many Latin American countries (Perlman 1993; Helleiner 2003: 128–33).

Some of the backing for this international reform was motivated by the utilitarian goal of reducing transaction costs for international commerce and travel in an era when both were expanding rapidly. But many supporters were also inspired by the idea that a world monetary union could foster greater social understanding, international peace, and even cosmopolitan identities among people across the world. For example, US supporters of the proposal argued: "Next to a universal language, everywhere spoken and everywhere understood, it will as eminently conduce to general peace and general good understanding, among nations, as any other measure which can be devised" (quoted in Helleiner 2003: 130). Bagehot went further in making the case for a world monetary union (which he hoped would also include common imagery on money): "All Englishmen would lose some of the exceptional national feeling which retards their progress, which makes them look at others as strange, which makes them think us singular too. If civilization could make all men of one money, it would do much to make them think they were of one blood" (quoted in Perlman 1993: 318).

The proposal ultimately failed in the face of opposition in a number of countries. Interestingly, opponents also invoked the broader social meaning of money, highlighting concerns about the impact of the world monetary union on national identities. For example, in Britain, the idea that the pound's value would need to be lowered slightly under the proposal sparked resistance on these grounds. One British opponent called attention to the "spirit of nationality" that "surrounds the pound sterling" because it was a "a long-existing standard of value, recognized by everybody." As he put it, "If it be considered what the power of the pound and of the penny is on the public mind . . . its importance as a representative of value will be recognized. . . . Our language, our literature, our proverbs, are permeated with these associations. . . . All this shows the extent to which this idea of the pound and the penny has become an almost universal presence—a sort of national inheritance. . . . The pound and the penny are scriptural words, associated with our earliest and most irradicable thoughts" (quoted in Helleiner 2003: 132).

Despite the failure of the world monetary union initiative, the utilitarian goal of reducing international transaction costs was partially realized after the 1860s, as many governments chose to fix the value of their countries' currencies to the common monetary standard of gold. Indeed, by 1914, most of the world's independent countries and colonized regions had joined the gold standard. The emergence of this de facto world monetary standard and its sociological consequences have often been interpreted through the kind of theoretical lens that Zelizer critiques.

For example, as early as 1859, Marx ([1859] 1904: 208) himself had seen gold as a kind of emerging "world-money" whose growing global use would encourage commodification on a worldwide scale. As he put it, "As the identical gold that lands in England in the form of American eagles, turns there into sovereigns and three days later circulates in Paris in the form of Napoleons, only to emerge in Vienna a few weeks later as so many ducats retaining all the while the same value, it becomes clear to the commodity owners that nationality 'is but the guinea's stamp.' The lofty idea which he conceives of the entire world is that of a market, the *world market*" (italics in original).

Karl Polanyi's 1944 work *The Great Transformation* develops the best-known interpretation of the international gold standard along these lines. For Polanyi, the international gold standard was a key pillar in the nineteenth-century liberal initiative to build "a self-regulating market on a world scale" (Polanyi [1944] 1957: 138). In addition to fostering international commerce, it promised a monetary order in which the management of money—both domestically and internationally—was left to the market. As he put it, "With the international gold standard the most ambitious market scheme of all was put into effect, implying absolute independence of markets from national authorities. World trade now meant organization of life on the planet under a self-regulating market, comprising labor, land, and money, with the gold standard as the guardian of this gargantuan automaton. Nations and peoples were mere puppets in a show utterly beyond their control" (ibid.: 217). From Polanyi's perspective, the overall nineteenth-century liberal project was a "stark utopia" whose advocates sought to build a socially disembedded form of economic life that would end up "annihilating the human and natural substance of society" (ibid.: 3). He saw the international gold standard in this light, arguing that society—including private businesses—could not cope with the economic instability that its automaticity generated. As he put it, a completely monetized community could not stand the "devastating effects as to its welfare, whether in terms of production, income, or employment" or "the ruinous effects of abrupt changes in the price level necessitated by the maintenance of stable exchanges" (ibid.: 198–99).

Polanyi argued that the social dislocations generated by the liberal project provoked a spontaneous social backlash—or "countermovement"—designed to protect society from self-regulating markets in the late nineteenth and early twentieth centuries. In the monetary realm, he argued that this took the form of the creation of modern central banking and national "token" forms of money—such as banknotes and token coin—that could be actively managed. In his words, central banks "reduced the automatism of the gold standard to a mere pretense" (Polanyi [1944] 1957: 195) through their active monetary management and their use of reserves and short-term foreign loans to cushion against balance-of-payments deficits. The final collapse of nineteenth-century market civilization then came in the 1930s after national governments around the world abandoned the gold standard altogether.

Nationalism and the Creation of the Gold Standard

Polanyi's analysis of the international gold standard was provocative, and it echoed the arguments of Marx and Simmel about money's role in commodifying society. But it also has some important weaknesses, including the fact that it overlooks the degree to which nonpecuniary social values helped to shape the creation of the gold standard. To be sure, Polanyi was correct in arguing that many liberals backed the international gold standard because of its utilitarian role in supporting the spread of self-regulating markets on a worldwide scale. But his analysis neglected the important role of nationalism in generating the gold standard, a role that meant this monetary order was less socially disembedded than he suggested.

Nationalist sentiments helped shaped the gold standard's emergence in a number of ways. To begin with, in poorer countries and emerging powers such as Japan, decisions to join the gold standard in the late nineteenth century were often driven at least in part by considerations of national prestige and power. Gold was seen as the currency of great powers and of civilization, and its adoption symbolized national achievement. In these contexts, governments had no intention of following the liberal "rules of the game" of delegating the management of money to the market after joining the gold standard. Instead, their monetary authorities pursued more activist and unorthodox activities from the very start, such as intervening in currency markets, sterilizing gold inflows, and engaging in deliberate reserve accumulation. These activities emerged not as a kind of spontaneous reaction against their experiences on the gold standard, as Polanyi's analysis suggested, but rather as part of the thinking underlying their initial embrace of this monetary order (Bryan 2010).

The gold standard also served nation-building goals, because its adoption often went hand-in-hand with a considerable enhancement—rather than diminution—of the state's control of the domestic monetary system. This requires some explanation, since it challenges Polanyi's analysis directly. In Polanyi's account, the gold standard was presented as a novel "system of commodity money" in which the value and amount of money was regulated entirely by the market ([1944] 1957: 193). He contrasts this with systems of "token" money in which currency is created "outside the market," such as the issuing of token coin or banknotes by public authorities (ibid.: 131). In most countries, however, the adoption of the gold standard signaled a dramatic shift *away* from dependence on commodity forms of money because it replaced bimetallic monetary systems that had been dominated by "full-weight" silver and gold coins whose value was equivalent to their intrinsic commodity value.

Under a bimetallic system, the value and quantity of these coins was subject to trends in the relative market prices of silver and gold. Sudden changes in market prices often generated enormous shortages of coin that were extremely socially disruptive, particularly in the nineteenth century, as economic life became increasingly monetized. The introduction of the monometallic gold standard eliminated this problem overnight by replacing full-bodied silver coins with a token or "fiduciary" coinage whose face value was no longer linked to its metallic content and whose supply was tightly managed by public authorities. In most countries on the gold standard, fiduciary coins dominated the coinage, and few gold coins were actually used. In this way, and contra Polanyi, the creation of the gold standard was associated with a considerable increase in state intervention in the domestic monetary system in ways that reduced the vulnerability of the population to commodity forms of money (Helleiner 2003).

It is important to recognize that this fact often provided a key motivation for policymakers to introduce the gold standard in the nineteenth century. In many instances, the trigger for this monetary reform was a sudden shortage of low denomination silver coin that generated widespread popular protests, particularly given the increasingly pervasive role of money in economic life. Creating a monometallic gold standard with a stable supply of fiduciary coinage provided a way to respond to these protests, particularly those of the poor, who were now seen as citizens in the nationalist age. In these contexts, the establishment of the gold standard with a fiduciary coinage was—once again, contra Polanyi—a protective anti-market reform that helped to consolidate the state's ability to serve its citizenry (Helleiner 2003: chap. 3).

The new state-managed fiduciary coinage systems of the gold standard also generated the nationalist benefit of discouraging foreign coins from domestic circulation. Under bimetallic monetary systems, foreign coins were widely accepted and used within countries because they often supplemented an inadequate supply of local coin and because the value of all coinage was judged more by its intrinsic metallic content than its issuer. But this practice became much less widespread as fiduciary coins were introduced because shortages of local coin became much less common and the value of coin became dependent on the trustworthiness of the issuer or the prospect of redeeming it for gold with that issuer. For nationalists, this was a development to be applauded.

The establishment of the gold standard was also often associated with initiatives to bring the issuance of banknotes—another form of token money—under greater state control. As part of their effort to establish and maintain gold convertibility, governments often sought to regulate the supply of banknotes more tightly, including by assigning note-issuing monopolies to central banks. By the time of the Brussels (1920) and Genoa (1922) international economic conferences, the link between the gold standard and domestic note issue monopolies was even formalized in resolutions that called for central banks with monopoly note issues to be created in all countries as part of the post–World War I initiative to restore the international gold standard (Helleiner 2003: ch.7).

For liberals (including those at the Brussels and Genoa conferences), banknote monopolies enabled central banks to ensure that the supply of paper money simulated the automatic macroeconomic adjustments of the gold standard. But for many nationalists in the nineteenth and early twentieth centuries, the establishment of a central bank with a monopoly note issue served nation-building purposes both in a symbolic sense (including through the imagery placed on banknotes) and as a powerful monetary instrument to serve domestic needs and help to protect the nation from external shocks by centralizing and managing the country's gold reserves, intervening in markets, and attracting foreign funds (Helleiner 2003: chaps. 4, 7).

It is important to recognize that Polanyi provides some very insightful analysis of the nationalist role of central banks in the late nineteenth and early twentieth centuries. But he associates this role entirely with the countermovement against the gold standard. In fact, it often went hand-in-hand with the creation of the gold standard itself and was part of its appeal. As Marcello De Cecco (1984: ii) puts it, the adoption of the gold standard "was in most cases a giant step towards *dirigisme*."

In sum, Polanyi accepts too uncritically the liberal interpretation of the international gold standard, which suggests that this international monetary structure was created primarily to serve the utilitarian goals of fostering international commerce and the spread of self-regulating markets. These goals did indeed play some role in generating support for the gold standard, but they were not the whole story. Others backed the adoption of this monetary regime for quite different reasons informed by broader nationalist values. This fact helps to explain why the spread of the gold standard took place in an age of heightened nationalism. It also provides an important reminder for followers of Marx that nationality was more significant than just "the guinea's stamp" in the international monetary system.

The Initial Social Meaning of Bretton Woods

If the social meaning of the international gold standard has sometimes been obscured, the same cannot be said of its successor, the Bretton Woods system. This monetary regime provides a clearer example of an international monetary system shaped by nonpecuniary social values and invested with social meaning at the start. One key reason is that it had a clear "founding moment" at the famous Bretton Woods Conference in 1944, in contrast to the international gold standard that emerged in a rather incremental and unplanned manner in response to the individual decisions of national governments throughout the late nineteenth and early twentieth centuries. Equally important is the fact that the Bretton Woods architects expressed very explicitly their goal of building an international monetary order that would serve broader social purposes.

This goal was outlined very early on by the lead US negotiator during the Bretton Woods negotiations, Harry Dexter White, in one of his initial drafts of the International Bank for Reconstruction and Development (IBRD) in early 1942. Writing soon after the United States had entered World War II, White suggested that members of the new bank would be required to subscribe publicly to "a bill of rights of the peoples of the United Nations" that set forth "the ideal of freedom for which most of the peoples are fighting the aggressor nations and hope they will be able to attain and believe they are defending." His justification was as follows: "The inclusion of that provision would make clear to the peoples everywhere that these new instrumentalities which are being developed go far beyond usual commercial considerations and considerations of economic self-interest. They would be evidence of the beginning of a truly new order in the realm where it has hitherto been most lacking—international finance" (quoted in Helleiner 2014: 121).

White's specific suggested provision did not appear in IBRD's final charter, but the Bretton Woods agreements of 1944 were certainly designed to support the broad values that the United Nations were fighting for during the war. The formal name of the Bretton Woods Conference—which began in New Hampshire on July 1, 1944, very shortly after the Allied invasion of Normandy—was the "United Nations Monetary and Financial Conference," and one of its functions was inspire the Allies to victory. As US Treasury Secretary Henry Morgenthau told the delegates at the very end of the conference, "We must offer this [the Bretton Woods agreements] to the men in the armies and on the sea and in the air. We must offer them some hope that there is something to look forward to a little better than in the past and I like to think that Bretton Woods is this hope in somewhat concrete form" (US State Department 1948: 1126).

The values that the United Nations were fighting for drew on US President Franklin Roosevelt's "four freedoms" speech of early 1941 and the Atlantic

Charter of August of that year. The Bretton Woods architects focused particularly on Roosevelt's idea of creating a postwar world in which there was "freedom from want . . . everywhere in the world" (quoted in Helleiner 2014: 120). The goal reflected Roosevelt's vision of internationalizing the New Deal's commitment to provide economic security to individuals by raising living standards worldwide as a key foundation for postwar global peace (Borgwardt 2005). In his opening speech at Bretton Woods, Morgenthau reiterated this goal: "Prosperity, like peace, is indivisible. We cannot afford to have it scattered here or there among the fortunate or to enjoy it at the expense of others. Poverty, wherever it exists, is menacing to us all and undermines the well-being of each of us" (US State Department 1948: 81).

To realize this ambitious vision, the Bretton Woods architects developed an international monetary order informed by what John Ruggie (1982) has famously described as the compromise of "embedded liberalism." The Bretton Woods agreements combined support for liberal multilateral principles with a commitment to new interventionist economic practices that had become influential across the world during the 1930s. In specific terms, all member governments would be required to commit to stable exchange rates and current account convertibility, but they would also be allowed to adjust exchange rate pegs and employ capital controls in order to protect their autonomy to pursue activist domestic policies. Policy autonomy would also be protected by the fact that they could take short-term loans from a new international public institution, the International Monetary Fund, to cover balance-of-payments deficits.

In developing the phrase "embedded liberalism", Ruggie draws explicitly on Polanyi's view that the nineteenth-century liberal order was socially "disembedded." He argues that the Bretton Woods architects gave greater priority than had nineteenth-century liberals to social objectives such as full employment and the provision of social security that had become more prominent politically since the 1930s. For the reasons noted in the previous section, Polanyi's view that the international gold standard was socially disembedded was overstated. But Ruggie's phrase remains useful in identifying the contrast between nineteenth-century liberalism and the views of Bretton Woods architects.

It is important to recognize that the social purpose of "embedded liberalism" was initially supportive of activist policies aimed not just full employment and social security goals in industrialized countries but also rapid economic development and industrialization in developing countries. It was hoped that the latter would benefit from the specific provisions protecting policy autonomy noted above as well as from the creation of the IBRD, whose mandate included the mobilization of long-term lending for development purposes. Morgenthau put particular emphasis on the role of Bretton Woods in raising living standards in developing countries. As he put it a high-profile article in

Foreign Affairs in early 1945, “The Bretton Woods approach is based on the realization that it is to the economic and political advantage of countries such as India and China, and also of countries such as England and the United States, that the industrialization and betterment of living conditions in the former be achieved with the aid and encouragement of the latter” (Morgenthau 1945: 190).

To reinforce this social purpose, US policymakers worked energetically around the time of Bretton Woods to help many developing country governments in Latin America and elsewhere to reform their domestic monetary systems to support state-led development goals. Reforms included dedollarization; the creation of new national currencies; the establishment of central banks with powerful mandates to pursue activist monetary policies and support development lending; and legislation enabling the use of capital controls and adjustable exchange rates. These US-supported reforms represented one further way in which money was given new social meaning in the context of the Bretton Woods framework, although the US enthusiasm for state-led development policies quickly waned during the early postwar years (Helleiner 2014).

Conclusion

Zelizer’s 1994 book has played a very significant role in encouraging scholars to question conventional approaches to study of the sociology of modern money. It has inspired new research on the social meaning of money that explores how various kinds of social values can shape monetary practices and structures. This chapter has suggested that this new research should not be restricted in its focus just to the local forms of money that Zelizer herself examined. Equally important is the task of examining how national and even global monetary structures are influenced by these kinds of social values.

Here, I have suggested some ways in which this task can be carried out with a focus on the nineteenth- and early-twentieth-century period that attracted Zelizer’s attention. But the task of analyzing this “macro” social meaning of money is also relevant to the contemporary world. Researchers certainly have much raw material to work with in this era, when money and its management are generating so much controversy. Many of the controversies have arisen in the wake of the massive 2008 global financial crisis that generated many calls for a new “Bretton Woods” at the global level (Helleiner 2010). That emergency also led directly to the ongoing eurozone crisis that has revealed how the new European common currency is deeply infused with various kinds of social meaning, ranging from European identities to ideological views about money’s management. These and other contemporary contexts reveal not just money’s heightened influence in the early twenty-first century but also the enduring capacity of a range of social values to shape its future.

Note

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PART IV

Contested Money

CHAPTER 9

Money and Emotion

WIN-WIN BARGAINS, WIN-LOSE CONTEXTS, AND THE EMOTIONAL LABOR OF COMMERCIAL SURROGATES

Arlie Hochschild

THE NOBEL PRIZE–WINNING DANISH PHYSICIST, Neils Bohr, wrote that progress in science is not simply a matter of introducing new ideas but also one of discarding prejudice.[1] In *The Social Meaning of Money*, Viviana Zelizer has accomplished just that, thereby "increasing knowledge of cultural development" (Bohr 1938: 271). Through the centuries, many theorists have imagined money as cold, monochromatic, impersonal, and separate from our warm, intimate lives. The prejudice, as we could call it, took the form of a split in our thinking that inhibited us, she has argued, from *studying* splits as we go about the business of assigning meaning to money. Money isn't simply standardized. We standard*ize* it. Money isn't just personal. We personal*ize* it. As we take out our wallets and write our checks, we discover ourselves as quirky, resistant, busy meaning-makers (Zelizer 1994: 26, 70). We literally "make" money—tips, loans, bribes—in interaction with others. In drawing back a curtain of prejudice, Zelizer invites us to a lively field of inquiry.

In this spirit of inquiry, I take two elements—money and emotion—out of their "opposite" corners—in order to explore the interface between them. In particular, I describe the *feeling rules* governing the degree of emotional attachment versus detachment that accompany a market transition and distinguish between "warm and fuzzy money" (which calls for emotional attachment) and "cold cash" money (which calls for emotional detachment). I also argue that the poor, the dispossessed, and the desperate are more often faced with money as "cold cash" and the obligation to estrange themselves from aspects of themselves. They do *emotional labor*. Thus, prostitutes, sellers of kidneys, or commercial surrogates pay an uncounted—emotional—cost for the inequalities of global capitalism (Piketty 2014).

To begin with, as Nina Bandelj and her coauthors' review of the experimental literature shows (in chapter 2 of this volume), money evokes feelings. Many contextual factors affect how we feel about money—whether it seems "ours," whether we have lost and regained it or just received it new, whether we approve of a purpose to which it is put, whether we conceive of ourselves as rightly acting in our own self-interest or with an eye to the welfare of others, and so on. Thus, we can note relations between attitudes toward ourselves, the world, and feelings about money.

To this end, I propose that we explore two additional concepts: feeling rules and emotion work. Feeling rules are rules we apply to feeling itself—our own feelings and the feelings of others. In her book, Zelizer (1994) discusses domestic money, pin money, allowances, rent money—and the feelings attached to each. Yet the meaning of money is not in a given kind of money itself, of course, but in the meaning assigned to it. Implicit in that meaning are norms we apply to our own inner selves. Feeling rules are rules we apply to ourselves-in-context. We can find ourselves in compliance with socially accepted rules. For example, in Supriya Singh's study of global remittances (in chapter 11 of this volume), an obligation to others was the "right thing to feel." But sometimes, people find it hard to follow the feeling rules. In one of my own interviews with an American working mother married to a Tongan remittance sender, the woman told me, "My husband and I send part of both our salaries to his mother back in Tonga. But she gives part of that money to her younger son who lives with her, drinks too much, and lives off the money we send. We believe in helping our elders. But I'm not happy about my salary going to my drunken brother-in-law. I resent it."

As I argue in *The Managed Heart* (Hochschild 1983), such rules apply to *what* we should feel (nostalgic, elated, anxious, indignant, for example), and *how much* we believe we should feel (how emotionally attached or detached we should feel toward an object of our attention). For example, in a section titled "Proud Givers versus Alienated Lab Rats," Rene Almeling (in chapter 10 of this volume) finds that women are more emotionally attached to their donation of eggs to infertile couples than men are of their donation of sperm. Almeling doesn't say, but perhaps women also feel they *should* feel attached, more than men, to this most basic gift, associated as it is with the fantasy of pregnancy. In light of such feeling rules, we manage our emotions. We evoke joy. We suppress sadness. We find ourselves trying to feel the "right" feeling for the exact circumstance we are in—which often involves money.

This set of ideas can serve as an interpretive lens through which to explore interactions in a commercial surrogacy clinic in the global South—the Ashanksha Infertility Clinic in Anand, Gujarat, India (Hochschild 2012; Pande 2014).

If Zelizer corrects the Marxist picture of money as always exploitative and "sad," and elaborates many forms of "happy" and "neutral" money, a fully balanced picture of money calls for an analysis of what goes on when a clinic applies the cultural logic we associate with stock transfers to the personal act of bearing a child. What happens? Do the surrogates still seek personal meaning in birth over and above—or secretly, beneath—the commercial logic imposed on them? Or do they accept the purely commercial meanings and detach themselves emotionally?

The Commercial Surrogate

Servants and prostitutes were plentiful in the female service sector of the American economy between 1870 and 1930, the period Viviana Zelizer focuses on in *The Social Meaning of Money*. But at that time, there were no for-profit infertility clinics, with state-of-the-art in vitro fertilization technology. Nor could one imagine, then, that these commercial enterprises could reach out to a global market for babies.

Today however, such clinics abound. In India alone—where commercial surrogacy is legal and unregulated—there are more than three thousand such facilities (Kannan 2009; Hochschild 2012). While many are small and directed toward the needs of local elites, a growing number appeal to an international market. Commercial surrogacy was legalized in India in order to increase medical tourism, part of a broader post-1991 move to free-market policies (Hochschild 2012: note 5). Worldwide regulation of for-profit surrogacy is very difficult to assess. One Mumbai-based clinic director explained to me, in an interview, with a wide wave of his hand, "The Catholic countries of the world forbid it. The former communist countries forbid it but do it anyway. The Protestant countries are mixed and confused. The Jews encourage it." That picture needed some correction, it turned out. Commercial surrogacy is legal in Russia, Ukraine, and Georgia, as well as in South Africa and Thailand. In the United States, laws vary by state. Surrogacy-friendly states include Arkansas, Illinois, Maryland, New Hampshire, and, foremost, California. In 2013, in India it cost $10,000–$28,000 for the entire package (including in vitro fertilization, payment to the surrogate, and the cost of delivery)—roughly a third of its cost in the United Kingdom and a fifth of its cost in California (Hochschild 2012: 76–77, 84, 91).

We can learn something of the experience of a commercial surrogate through the story of Anjali, a second-time service provider at the Ashanksha clinic. An agent, one of several sent by the director of the clinic, Dr. Nayna Patel—"Doctor-Madam" as she was called, had recruited her. Anjali fit the requirements for a surrogate—she was between twenty and thirty-five years old, in good health, married, and had children of her own. Anjali was married to a house painter, they had two children, and she was in desperate need of money.

A word on the procedure: Anjali was assigned to an infertile couple from Canada. She signed a consent form written in English, a language she did not read; she had a sixth-grade education in Guajarati. This form also did not specify what obligations fell on the clinic should the intended parents refuse to pay, reject the child, or if Anjali became ill, infertile, or died. The signing of the contract occurred after a meeting with the Canadian couple of about half an hour. Anjali liked the couple, she said, and felt glad to help them, but first and foremost she was happy at the promise of money.

The couple traveled from Canada to Anand, where the sperm from the husband was collected and the wife's egg harvested. (Had these not been available, they could have been bought and shipped, or locally obtained.) The sperm and egg were then combined in a petri dish in the clinic, and in a few days conception took place. Dr. Patel injected Anjali with hormones over a period of six weeks in preparation for the next procedure—the implantation of the fertilized egg of the Canadian parents. Dr. Patel usually implanted more than one egg—sometimes two, three, or four, on the off-chance that one would not take. (If Anjali found herself carrying three fetuses, the doctor would do a "fetal reduction"—an abortion of one fetus—a procedure over which a surrogate like Anjali would have no say.) Before the procedure, Anjali again met with the couple for half an hour or an hour.

Anjali lived for nine months in a dormitory at Dr. Patel's clinic. There she was fed nutritious food, vitamins, and not permitted to leave the premises without permission, nor allowed sex with her husband lest she risk contracting venereal disease. Small children were allowed to live in the clinic with their mothers, and older children were allowed to visit.

As was the clinic's practice, Anjali gave birth by Caesarian section on a Thursday, when all deliveries were scheduled. This procedure avoided medical complications for the baby, though it introduced the possibility of them for the mother, and required a longer period of recuperation. (Some clinics subtract from the surrogate mother's payment if she wants a vaginal delivery). After the birth, her baby was removed from her immediately, and no breastfeeding was permitted, to avoid emotional attachment to the baby.

Anjali's payment was allocated in small amounts over the term of her pregnancy—the largest amount at delivery:

$115 on the first month of pregnancy
$115 on the third
$1,240 on the fourth
$115 on the seventh
$2,750 on delivery

She received no gifts and no money for baby-related ceremonies (Hochschild 2012: 71–103).

Governing this series of events were certain rules of social interaction, established by Dr. Patel and common in other clinics. These rules were governed by a general celebration of the confluence of interests. As Dr. Patel commented to me, "The client dearly wants the baby, and the surrogate dearly wants the money. What could be the problem?" It was a "win-win" transaction, she pointed out, and taken at simple face value, Dr. Patel had an excellent point. What came along with that celebration, however, were a set of practical priorities and unspoken rules of emotional detachment.

Given the mental focus on a "win-win" transaction, Dr. Patel made the case to all parties concerned that it made sense to elevate the importance of efficiency and economy of scale (she was expanding from three dormitories to four), and to minimize transaction costs. According to Dr. Patel, relationships between intended and biological parents should be friendly but limited, and the ultimate handover of the baby should be as smooth and tension-free as possible.

Certain rules of feeling flowed from this approach. Anjali should remain *emotionally detached* from a number of aspects of herself and her (potential) relationships. For example, Dr. Patel instructed Anjali (and the other surrogates), to think of the baby she carried as affecting only her *womb*—not her ankles, her back, her stomach, her daydreams, her moods. She told Anjali to imagine her womb as external to herself. "Your womb," Dr. Patel told her, "is like a suitcase. You are a carrier." Some doctors and recruiters refer to surrogates as "carriers." Such fetishized focus on the womb carried the tacit obligation to avoid turning attention toward anything else—her swollen ankles, enlarged breasts, her emotional bond to the baby she must give up.

Anjali was also directed to detach herself from her *clients*, the Canadian couple. She was told not to exchange phone numbers or addresses, thereby protecting her clients from the possibility that Anjali would approach them later to ask for more money (Pande 2009). In extreme cases, some parents never meet the surrogate face-to-face at all, but ship the egg and sperm wrapped in material that keeps items cold, and pick up the baby nine months later.

Finally, Anjali was instructed to detach herself from any strong emotion that could be directed toward the *baby* either as a physical presence or as a mental-and-emotion-laden image. It's not that she should have no feelings at all, Dr. Patel argued. Rather, the surrogate should feel about the baby as a casual babysitter feels about the child she watches. She should prepare to happily hand the child back to its rightful parents, the paying clients. Anjali was asked to imagine herself a nine-month in-house babysitter.

In truth, most surrogates were attached to the babies they carried more than as babysitters, and when possible, they were attached to the baby's biological parents (clinic's clients). In Amrita Pande's (2014) excellent study of this clinic, reported in *Wombs in Labor*, she noted the case of a surrogate whose baby was removed and given away while she was still anesthetized. She was deprived of the chance to say goodbye to both baby and clients and had not gotten over it years later.

Rules of Detachment and Emotional Labor

How easy was it for a surrogate such as Anjali to say goodbye? Perhaps Indian culture predisposes women such as Anjali to detach from their babies? In cultures with very high infant mortality rates, the expectation of an instant mother-baby bond is often muted, as Nancy Scheper-Hughes's (1993) work has shown. But this was not the case for Anjali.

According to Hindu culture, the child is "priceless" (Zelizer 1985). Anjali and other surrogates were guided by a highly pro-natalist culture of maternity, especially with regard to male children. Barrenness was seen as inauspicious, and emotional attachment to the child was *encouraged* by such Hindu ceremonies as Godh Bharai, which celebrates the baby's seventh month of life. The Ashanksha surrogates typically had only two or three children. These children did not perform work that earned money. Rather, parents sought money to educate their children. Thus, children were an economic drain more than an asset, at least in the short run.

In the culture into which the baby was handed—Canadian, in this case—the baby was also priceless. The parents wanted the child simply to raise, enjoy, and if a boy, carry on the family name. So in neither the giving nor the receiving culture was emotional detachment encouraged toward the act of giving birth. Therefore, detaching her feelings from her womb and baby did not seem easy or natural to Anjali; it took emotional labor. Surrogates had to try to come to feel as detached from their clients, from themselves, and from their babies as Doctor-Madam advised them to feel.

I asked Anjali how she did this, and like others I talked to, she said that when the idea came up that this baby was inside her and was in this fundamental sense, "hers," she quickly thought, "But I have my *own* children. I have my *own*, I have my *own*." Or—and this she kept repeating: "I try *not to think about it*. I try *not to think about it*. I try *not to think about it*." Anjali did "deep acting," as I call it in *The Managed Heart* (Hochschild 1983). It felt like emotional labor, and largely, she succeeded in accomplishing her task of detachment, she said.

Poignantly, Anjali was perceived in two very different ways by Dr. Patel and the other surrogates. By Dr. Patel, she was proudly held up as the clinic's model baby "carrier," living evidence that commercial surrogacy, and the philosophy of a win-win transaction applied to childbirth was a great success. It bore no costs, only wins. But behind her back, other surrogates criticized Anjali, saying she was "too money-driven." She was too similar to a prostitute, they said, too materialistic. "She doesn't remember that we are really mothers and bearers of the gift of life," one surrogate said. These surrogates were doing surface acting, it seemed—pretending to detachments they did not feel to the extent that Dr. Patel had advised.

Interestingly, Anjali inquired of Aditya Ghosh, my companion and translator, about whether journalists ever paid surrogates to talk to them. If birth could be commercialized, why not pay for the privilege of talking about it too? In contrast, another surrogate from a different clinic invited me and the translator to dinner, after the interview, so we could keep talking. These surrogates were doing things with money, splitting it up, making sense of it, and using it in accordance with rules of feeling and decorum.

All of the surrogates were in desperate need of money. Some lived in homes with thatch roofs that leaked during heavy rains. Others lacked funds for medical care. Still others were deep in debt. But for many of them, their pride as good wives was also very much on the line—because some of their neighbors imagined that they had committed adultery. So to save their fragile sense of dignity, they needed to try and detach themselves from their own financial distress. This called for another difficult form of emotional labor—to stand apart from the very monetary motive that led them to Dr. Patel in the first place.

In interviews in other clinics, I discovered a good deal of variability both in the feeling rules and in the surrogates' responses to them. Even among the very poor, commercial surrogates vary in how they conceive of the act. One woman married to a gambler became a surrogate to escape an aggressive debt collector. Yet, unlike Anjali, she conceived of her surrogacy as a gift. She told me, "I'm the baby's real mother. I carried him. I felt him kick. I prayed for him. . . . I suffered the pain of birth. To this day I feel I have three children, and one of them I gave as a gift." Still, all the surrogates I talked to seemed to be struggling with a friction between a part of themselves that was rationalized and a part that was nonrationalized, one part that abided by the feeling rules of commercial transaction and the other by the feeling rules of intimate life, between rules of emotional detachment and rules of attachment.

Each surrogate seemed to be dealing with estrangement. Am I a carrier, or am I a mother? Is this my baby, or is it entirely my clients'? One surrogate told the sociologist Amrita Pande, referring to the intended parent of the baby she carried, "It may be her eggs, but it's my blood" (Pande 2009). And these questions pointed to a deeper one: did a surrogate such as Anjali feel the baby was *enough hers* to give it away in dignity to another *as a gift*? Or was the baby *already bought*, already not hers to give? Anjali allowed Dr. Patel's focus on the "win-win" transaction to dominate over the more pride-saving—simultaneously held—concept of the surrogate as the kindly giver of a rare gift (Almeling 2011; Haylett 2012).

Anjali and her Canadian clients are part of a larger, growing connection between the global South and the global North—an idea suggested by a quilt the surrogates sewed. It was made up of dozens of colorful patches, each designed by a single surrogate and stitched onto the larger quilt. On many patches were images of airplanes, noses pointed upward, ready for flight. For some this expressed the surrogates' wish to travel abroad and serve as nannies for the babies they birthed. They wanted to become migrant nannies sending home remittances. One surrogate actually did this.

Thus, some wished to join other workers on a wider female stage of global capitalism by caring for the world's children, elderly, and sick. On that stage, some women of the South stay where they are, and clients from the North travel southward to them: medical tourists—Americans, for example, who get an inexpensive knee-replacement in a Mexican hospital or who travel to Brazil for a face-lift; or retirees from the North—French elderly who settle in Tunisia or Morocco, Scandinavians who move seasonally to southern Spain, or Japanese who retire to Thailand. At the same time, women from the poorer South also leave their children and elderly in Mexico, the Philippines, and Sri Lanka to care for children and elderly in the United States, Canada, and Europe (Ehrenreich and Hochschild 2002). Virtually all such workers form part of private "win-win" arrangements within the winner and loser parts of the world. Each taken individually redistributes money from rich countries to poor ones. They do so in the absence of larger structural answers to the terrible poverty suffered by the global South.

To return to Dr. Patel's notion of a "win-win" financial bargain between northern client and southern surrogate, my answer is "yes but no." First, yes, Anjali and the Canadian client each benefit. We might even go so far as to say that the private fee Anjali received from her Canadian clients helped take the *heat off of* local economic initiatives and government transfers that could have put a safety net underneath her. But the full meaning of the deal by no means ends there. For Dr. Patel's view of the matter suppresses larger truths. It leads us, first of all, to ignore the fact that this personal "win-win" arrangement occurs *between winner and loser parts of the world*. Such arrangements do not by themselves create self-sustaining wealth in poor countries. Remittances sent by migrant workers from North to South do not build up a self-sustaining labor market in the South. Otherwise, as one United Nations economist put it, the remittance-heavy Philippines would resemble South Korea—and despite the flow of remittances, it does not. Indeed, feeling rules very much underlie every commodity in what Bair (2008) and others have called "global commodity chains."

Second, the "win-win" paradigm leads us to ignore the large financial cut taken by Dr. Patel, a matter about which she remained vague, but which Pande and others estimated to be "very large." It also ignores the estranging circumstances within which the bargain is struck—the brief encounters, the unfair contract, and the clinic's feeling rules of detachment. Surrogacy can be a very beautiful act, a non-estranging one, it seems to me, if the social arrangements permit it. Third, the focus on "win-win" may lead us to focus on money itself and not pay attention to the feeling rules that guide our emotions about that money and the entire range of circumstances surrounding it. For those contexts can reinforce inequality even as the financial bargains at hand seem to lessen it (Mahutga 2006).

Finally, the "win-win" view leads us to ignore the emotional cost of labor that falls predominantly on the Anjalis of the world. For it is often the poorest among us who are forced to detach their emotions from that which they treasure—a kidney, a baby, sexual intimacy, a close relationship with children growing up in one's native country. Their task is to encounter estrangement. Ours is to create a far more humane way to distribute the goods of this earth.

Note

[1] "It is, indeed, perhaps the greatest prospect of humanistic studies to contribute through an increasing knowledge of the history of cultural development to that gradual removal of prejudices which is the common aim of all science."

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CHAPTER 10

Paid to Donate

EGG DONORS, SPERM DONORS, AND GENDERED EXPERIENCES OF BODILY COMMODIFICATION

Rene Almeling

UNIMAGINABLE UNTIL THE TWENTIETH CENTURY, the practice of clinically transferring eggs and sperm from body to body is now part of a multibillion-dollar market.[1] Hundreds of fertility clinics in the United States offer services from artificial insemination to in vitro fertilization (IVF), and they are dependent on egg donors and sperm donors for clients who do not have or cannot use their own gametes. Tens of thousands of children have been born as a result of such technologies, and the number of people attempting to conceive via assisted reproduction rises every year.

Producing eggs and sperm for sale involves very different physical processes; women self-inject hormonal medications for several weeks before undergoing outpatient surgery, while men agree to masturbate weekly at a sperm bank for at least a year. Nevertheless, women and men applying to be donors are very similar in one regard: most are drawn in by the prospect of being paid. Payments to women in the United States range from a few thousand to tens of thousands of dollars, depending on the characteristics of the donor and the program where she is donating. In contrast, there is much less variation in the rates paid to men; most sperm banks offer around $100 per sample. In egg agencies, staffers draw on gendered cultural norms to talk about the money as compensation for giving a gift, yet sperm bank staffers consider payments to be wages for a job well done. Given that egg and sperm donors are walking in the door for similarly pecuniary reasons, what happens when they encounter the organizational framing of paid donation as a gift or as a job?

By the organizational framing of paid donation, I mean the constellation of gendered practices and rhetorics in egg agencies and sperm banks.[2] Women are paired with a specific recipient, and the donation involves a relatively brief but focused period of time in which the donor takes shots, attends medical appointments, and has her eggs retrieved. Thus, even when egg donors do not meet recipients, the idea that someone is on the other end of the exchange is more present, both because staffers talk about recipients more and because women know that their eggs are going to a specific person who has chosen them. In contrast, sperm donors do not hear much about recipients and are not allowed to meet them. Men are also donors for a much longer period of time, during which they make routinized deposits at the bank, more like employees clocking in and out on a regular basis. The underlying message conveyed by these organizational practices—that donation is a gift or a job—is reinforced by payment protocols: egg agencies disburse a lump sum at the end of the cycle regardless of how many eggs a woman produces, while sperm banks cut a check every two weeks (but only for samples meeting bank standards for sperm count).[3]

The paid donation of eggs and sperm is an example of bodily commodification, a process in which money is exchanged for bodily services or goods. Commodification of the body has long generated heated debates that only grow more intense as the number and kind of goods for sale increase. In tracing the stigma associated with earning money through the use of one's body from the ancient Greeks to the present, philosopher Martha Nussbaum bluntly summarizes the prevailing opinion: "It is widely believed . . . that taking money or entering into contracts in connection with the use of one's sexual and reproductive capacities is genuinely bad" (Nussbaum 1998: 695). An alternative view has emerged in sociological research on markets, much of it inspired by the work of Viviana Zelizer. Pointing to the interactions between economic, cultural, and structural factors, Zelizer's model of a market "precludes not only economic absolutism but also cultural determinism or social structural reductionism in the analysis of economic processes" (Zelizer 1988: 618). In allowing for the possibility of variation in how markets are configured, and in particular how money is given meaning, Zelizer's model opens up the theoretical prospect that commodification can have various and multiple effects on those who participate in such markets. In this way, the work of Zelizer and others contests the idea that commodification is inherently or solely detrimental.

In this chapter, I examine how egg and sperm donors respond to variation in the organizational framing of paid donation—as either gift or job—and find that it does have consequences for how individuals experience bodily commodification. Despite the fact that egg and sperm donors are alike in being motivated by the compensation, and they spend the money on similar things, they end up adopting gendered conceptualizations of what it is they are being paid to do. Women speak with pride about the huge gift they have given, while men consider donation to be a job, and some sperm donors even reference feelings of alienation and objectification.

"I'm in It for the Money" versus "Helping Others"

In interviews I conducted with nineteen egg donors and twenty sperm donors from six programs around the country, the vast majority revealed that their initial interest in donation was sparked by the prospect of financial compensation, which is understandable given their life circumstances.[4] Most were working but were doing so in low-paying jobs that were often part-time, and about half were also students.

As a result, the prospect of earning thousands of dollars for providing sex cells exerts a strong pull. Megan, a twenty-two-year-old, full-time student who also worked full-time as a clerk, heard Creative Beginnings' radio advertisement and e-mailed for more information. She explained, "What came in the mail was just their poster. It said what they did, the opportunity to earn up to $5,000, so it would just seem like a lot of money to me. I've never had a lot of money all at once." Later in the interview, she added that "it wasn't a terrible amount of money. It wasn't so much that it was irresistible. It was something that I chose to do, because it could help someone else." Exhibiting a similar ambivalence about being too focused on the compensation, Gretchen, a recent college graduate, said, "This is what makes me feel like a horrible person: I'm in it for the money. Honestly, my car is going to die. The boost in income is going to be nice."

Men are not so reluctant to identify their primary interest in donation as monetary. Manuel, an undergraduate with a part-time library job when he began donating in his mid-twenties, explained, "As a student, I was thinking of which ways to make ends meet financially. That's the bottom line. How can I make money without really getting a second job? Then you hear about things like sperm donation, so I looked it up on the Internet. My first step was just calling and finding out what kind of pay do you get? What do I need to do to make this happen? There was no desperation. I wasn't hard up for money. This [library] job only pays so much, and the extra money could help."

Dennis, a recent graduate of a prestigious university, did describe himself as somewhat desperate. He was living with roommates and working at several part-time jobs when he finally decided to respond to a Western Sperm Bank ad he had seen many times before. "Looking for jobs on [the website] Craigslist once a month, maybe twice a month, [the sperm bank] puts up an ad that says, 'Making money never felt so good' [laughs]. It's really corny. I kept seeing it, and I was really strapped for cash, so I looked into it. [After-school teaching] was only twelve hours a week, $8 an hour. Not enough to live on. I needed to do something else, so I started SAT tutoring. I just applied for a ton of stuff at the same time."

About a fifth of the donors started out with a very different motivation: they were primarily interested in helping recipients have children. In comparison with donors who were "in it for the money," these donors were at a different point in their lives, more likely to be married, have children, and be financially comfortable. They were also more likely to be close with someone who had experienced infertility. For example, Lisa, a twenty-six-year-old mother of two young children, learned that her mother was using IVF to start a new family, which inspired Lisa to donate eggs to a stranger. "I have a tubal ligation, and I don't want any more kids. I figure I'm young, and I'm making good eggs. I might as well give them to somebody who could use them. I'm just kind of a philanthropic person anyway. I like to donate money or clothes or what have you to different organizations. This is just kind of like the ultimate gift you can give to somebody." Ryan, a forty-year-old engineer, also felt empathy for infertile couples; he switched from being a regular blood donor to being a regular sperm donor after his wife had difficulty conceiving their daughter.

Three of the sperm donors who signed on to help others are single professionals without children, and they referenced a slightly different version of "helping": they wished to make their genes available to recipients as an act of charity. Travis, a thirty-year-old engineer, pointed out that he had a large family filled with relatives who lived long, healthy lives. So he considered giving "amazing genes" to "people who are trying to have kids" as just one of his many philanthropic endeavors, alongside blood donation and community service projects.

Earning and Spending

Just as egg and sperm donors express similar motivations for donation, they spend the money on similar things. It is "special money," in that it is earmarked for particular purposes; just 5 percent of the donors did not have a specific plan for it (Zelizer [1994] 1997). Donors who were initially motivated by the idea of helping recipients were more likely to save the money from donation or use it to buy extras for themselves and their families. A few donors, including two divorced mothers of young children and four single men working multiple low-wage jobs, did use the money to cover basic living expenses. But most donors did not portray their financial situations in such dire terms. About half of the women and men used at least some of the money to pay off debt, as did Dana.

> The first time, I was only paid $3,500, and I used it to pay off bills [laughs]. I'd gotten out of college and didn't have anything, so I had to buy furniture, this and that, and I got it all on credit. So I just paid a lot

> of that off and then bought stuff for my house that I own now. Every other time since, I've gotten 5,000. [The second time] was paying off some more bills and just kind of doing stuff around the house. [The third time] was to pay off Disney World tickets [laughs] that I put on my credit card, and I bought a vehicle. I put a big down payment on an [SUV]. The [fourth time], I paid off bills from my wedding [laughs]. So, I've really accomplished a lot with the money.

Egg donors were more likely than sperm donors to use at least some of the money for school, either by paying for tuition or by paying off student loans. Samantha worked full-time as a clerk while also going to college. The money from egg donation was "exciting because that would go toward school. I'm trying to pay for school myself, so that was like a really big help. I just put it in savings, and I didn't really touch it. Then, each quarter, when they send the billing account, I'd take from it and pay for it that way. When I was almost done with school, which wasn't too long ago, then I put the rest, almost, not all of it, the rest toward my car." Budgeting such large payments is probably made easier by the fact that egg donors' compensation comes in the form of one lump sum.

In contrast, sperm donors receive a check every two weeks, and men were more likely to classify the money as "expendable income." For example, Fred, a fraternity brother, used it to buy alcohol and food on weekends. Paul, another undergraduate, put what he earned from his other part-time jobs into savings and directed the money from sperm donation to "groceries and gas and usually a little something extra, a shirt or something every few weeks." Just one of the sperm donors diverted the money to educational expenses.

Being Paid to Give a Gift or Perform a Job

Women and men sign on to donate for similar reasons, and they spend the money on similar things, so it would follow that they would talk about this activity—being paid to produce sex cells—in similar ways. But in fact, this is not the case. Women portray paid donation as a gift, while men consider it a job, rhetorical variation that directly reflects the gendered meanings of money in egg agencies and sperm banks.

Donors' trajectories, from their initial interests in donation to how they come to define what kind of activity it is, are presented in stylized form in figure 10.1.[5] The few donors whose initial interest was sparked by the prospect of helping recipients have children remain committed to this goal. However, those who were initially motivated by money eventually adopt different ways of conceptualizing paid donation, with women making use of gift rhetoric and men relying on employment rhetoric. Only one man called donation a gift, and just three women said it was a job. Two of these three women did so while

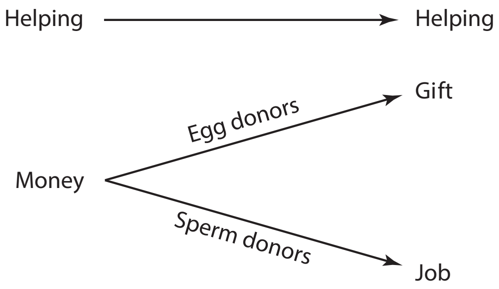

FIGURE 10.1. Donors' initial interests in, and current conceptualizations of, paid donation of sex cells.

explaining how they originally thought of donation as a job but now think about it in terms of helping recipients.

Throughout the donation process, as women interact with staff (and occasionally with recipients), they hear over and over that egg donation is a gift.[6] In fact, women often encounter this framing in their very first contact with programs, either through advertisements or through conversations with donor managers. Kim, a recent college graduate whose "whole intention of getting this extra money is getting out of debt," had been matched with a recipient, but she had not yet donated. I asked when she first learned about the compensation. "Well, of course right up front. The way [OvaCorp's donor manager] explains it, it's so cute. 'It's a gift; it's a gift' [singing and laughing]. She's like, 'You're giving a gift, and you just deserve to get something in return for it.' It sounds so not like, I guess when you just think of it, it's just, ah, I'm getting money, but she makes it sound like it's a gift. Very cute." Describing a similar message from Creative Beginnings, Megan went to the donation program's information session thinking, "the biggest [stereotype] for me was that you could do [egg donation] as many times as you wanted to, that you could profit on basically selling body parts. At the meeting, I learned it's more like a blood donation and a Good Samaritan deed."

The recipient of this gift does not remain an abstraction, because staffers regularly spend time communicating who recipients are and why they are pursuing egg donation. Such information can have a powerful influence on how women think about donation. Carla, a twenty-five-year-old college student with a young child, detailed how her initial formulation of donation as a "second job" began to change during her first conversation with the founder of Creative Beginnings, whom she spoke with after seeing an advertisement in a local parenting magazine.

RENE: What made you stop and look at the ad?
CARLA: Well, definitely the $5,000. That's why they put it there in bold print. It's like, okay, I'll call. Then after finding out about the

procedure, going home, talking to my husband, then it was more than just the money. It was safety issues and stuff like that. You go through all the pros and cons. Is it worth it? At that point, it became less of the money and more understanding the recipient, why they're going through all this trouble. They're spending a lot of money. Besides just what I get, there's all the doctor bills and procedures; she has to carry the eggs. That's what these people are going through. The only way I could relate to that was before I had my son: we were trying to get pregnant, so it was the anxiety, the anticipation, the peeing on the stick. I didn't have any difficulty getting pregnant, but even the one month, oh my God, I'm a day late, then it's negative, and just kind of being bummed out, remembering that feeling and sort of correlating it to what they're going through. So I gotta give it to them. I gotta help them.

RENE: So when did that change for you? How did that change from being about the money?

CARLA: I think it was just [pause]. I talked to [the founder]. I didn't have many questions, because my mom and dad are in the medical field. But I asked her: "Besides the fact that they can't get pregnant or whatever it is, why do they have to go this far?" She explained that most recipients are women who are forty and above who don't actually produce eggs anymore. That blew me away. I had not even thought of that! After learning that, I started changing the perspective on it and putting it into more of a medical need, as opposed to just money. Don't get me wrong, I took it and spent it. But it became less of a second job and more of an I'm-helping-somebody feeling, if that makes any sense. But it was pretty soon into it, almost from the beginning. Obviously the first was the $5,000.

About a third of the women reported receiving a present after the cycle, either from recipients or program staff. Valerie said that after her first donation at Gametes Inc., the staffers gave her "a little Fabergé egg as a gift. It's cute. The second time, they gave me a little heart." Lisa received a postcard from OvaCorp at Christmas saying, "What a Great Gift." But even women who did not receive a present used the language of the gift in describing donation, demonstrating that an actual gift exchange need not exist for women to invoke this rhetoric.

Alongside the gift talk and gift exchange, women do receive thousands of dollars, and some egg donors deal with this seeming incongruity by referencing the importance of donating for the "right reasons." Beth, a six-time donor, was a program assistant at OvaCorp, so she was well aware of the fees she could command. But she was not comfortable with "putting a price on it." Beth explained, “I always let [the donor manager] work it out, whatever the couple can afford. I don’t ask for a number, because that just doesn’t seem right. It just cheapens it. It makes it seem like you’re more interested in the money than actually helping the couple.”

Most significant, though, is the lack of employment rhetoric in women’s discussions of donation. Simply put, women do not believe that being paid to donate constitutes a job, and the presence of monetary exchange is not incongruous with calling donation a gift. Pam, a twenty-seven-year-old nursing student and nanny, explained the distinction between paid donation and a job: “[Egg donation] doesn’t feel like a job. It’s sort of like a process that you choose to undergo, and at the end, you get compensated because you’ve gone through all the trouble. It doesn’t feel earned I guess. I didn’t feel like I was working for a paycheck in this case. It almost felt like here’s a little gift at the end to thank you for the trouble you’ve gone through. I don’t know. That sounds weird to me now that I say it. I think it’s because I’ve never put it into words before.” In “choosing” to help recipients have children and in being compensated for their efforts, women assign meaning to the money in a way that directly reflects the organizational framing of egg donation as a gift, a framing that relies heavily on gendered stereotypes of women as selfless, caring, and focused on relationships and family.

Men, in contrast, talked much less about recipients, did not report receiving thank-you notes and gifts, and did not make distinctions about donating for the right reasons. Instead, sperm donors mirror the banks’ organizational framing in defining donation as a job by referencing the money, the routine deposits they must make, and the necessity of producing passable samples. Mike, who worked at several low-wage service jobs and donated two or three times a week, said, “[Sperm donation is] just something to make some money off of now. I don’t get a whole lot of money from my parents any more, just because they’re going through a divorce and having financial trouble themselves. I’m trying to go to school to be a nurse, too. I have to study a lot, and there’s not a job where I can come and make ninety bucks in half an hour. Anywhere else, I wouldn’t be able to work around my school schedule. That’s why I kept coming, because it’s just a lot of money. I’m, like, a lifeguard, too, and I have a bunch of different other jobs. I make the most money coming here, but I treat this just like I would treat any other job.” Similarly, Kyle described being a donor as “the easiest job I’ve ever had. I put in probably an hour a week, I don’t break a sweat, I’m not doing manual labor, and I make almost as much as working forty-five hours a week loading trucks.”

Sperm donors also relied on the language of the workplace in calling the money “income” or “wages,” whereas egg donors were more likely to call it a “fee” or a “price,” which evokes a one-time exchange rather than steady paychecks. Women were also slightly more likely to use the term “compensation,” which connotes payment for something lost, rather than “income,” which connotes payment for something earned. Additionally, a fifth of the women, and none of the men, called the money a "gift." These subtle rhetorical distinctions are in keeping with the gendered organizational framing of donation, and donors are consistent with how they use such language. For example, if they described the money as "income," they did not call it a "gift," and vice versa.

At some point in the interview, most sperm donors did make a vague reference to "helping people," but as men are not given specific information about who the people are, the way in which they help is not only abstract, but also gendered: men contribute to the lives of others through paid production, while women help particular people through compensated giving.

Proud Givers versus Alienated Lab Rats

These gendered conceptualizations of paid donation are not without consequences. In concert with organizational payment protocols, in which women are guaranteed a negotiated sum whereas men are paid a flat rate for samples that pass, framing money as compensation for a gift or as payment for a job creates systematically different experiences of bodily commodification. These effects are clear in how egg and sperm donors discussed bodily production, including the extent to which they expressed feelings of alienation from their own bodies.

Both women and men talked about the number of sex cells they generated per donation, but the rationale for their concern with bodily production differed. Men hoped to generate a high-enough sperm count to get paid, and women hoped to make enough eggs to give recipients a good chance at becoming pregnant. Mike, when asked if he could change anything about being a sperm donor, said, "I just hate sometimes when [the lab technician] tells me mine hadn't passed. Well, I did the same thing! But I just wish we could get money for every time instead of it having to pass."

Although it was not one of my interview questions, more than half the women reported how many eggs they produced per cycle. But when women raised the issue of bodily production, the focus was not on compensation. For example, Jessica, who had finished her first cycle two months before, explained, "My eggs were kind of slow to mature, and I was kind of frustrated, not at anybody but just myself. I was like, man, I'm going to be upset if I don't give but about five or ten eggs. You just want to give as much as you can so that [the recipients will] have a chance. Finally in the end, I pulled through, and [the donor manager] said, 'You're just a late bloomer.' So everything worked out well. I was very happy when I woke up, and they're like, 'You gave seventeen,' which is good. I think my friend told me the average is between ten and twenty, so it just depends. But I was glad that I gave a decent number, and it worked out well." This sentiment, of being "frustrated" and "upset" by the prospect of not "giving" enough, is the logical outcome of a donation process that is structured as an altruistic gift exchange between participants who care about each other, as well as one in which the donor will be paid regardless of bodily output.

Indeed, women were more likely to suggest that they were being paid for the *process* of donation (time, injections, surgery, and/or risk) rather than the *outcome* (eggs), while the opposite was true of men. Sperm donors were more likely to say that they were being paid for sperm or, euphemistically, for "samples," which are the outcome of a donation process that involves not only masturbation, but also abstinence from sexual activity as well as eating healthy foods and getting enough sleep. For example, Fred said he decided to apply at Gametes Inc. after hearing that he could "get sixty-five bucks for samples." A similar orientation, in which the production of viable sperm is the basis for payment, is clear in Andrew's response to his mother's offer to pay him not to be a donor. His mother was not thrilled with the idea of having "grandchildren running around" whom she did not know, so "she sent me a check for $500. I'm like, 'All right, Mom, I won't donate for ten times then.' " At Western Sperm Bank in 2002, Andrew received $50 per passing sample. Women rarely engaged in this sort of explicit accounting, and the fact that more than half the men did so suggests that their orientation to donation as piecework results from the sperm banks' organizational policy of conditioning payment on sperm count.

Sperm donors were also more likely than egg donors to make direct reference to donation as a commodified exchange between donor and recipient. They called recipients "customers," defined the sperm bank as the "middleman," or noted that their samples were not "on the market yet." Women did talk about the recipient's "investment" of time and money to have a child via IVF and egg donation, but they did not go so far as to refer to recipients as paying customers who purchase eggs.

Ultimately, egg donors spoke with pride about the huge gift they were giving. Heather summarized her experience with egg donation at University Fertility Services. "Giving my eggs to somebody, it's huge. Being able to look back twenty years later and just knowing that I could contribute to some lady somewhere having kids, giving that gift. The process that I had to go through wasn't a quick thing. It's something that I actually had to sit and think about, and it was a process that I had to stick through. I had to stick myself with needles. It was a big memorable event. I mean it's not like just going to see a movie or something like that. It's something I chose to do, chose to contribute to some woman somewhere." In contrast, men did not wax poetic about the significance of sperm donation. In fact, in response to an interview question, about a third of the sperm donors said that giving blood was a more significant form of donation. Paul, a twenty-year-old college student, noted, "There are more people that need blood. It's more a necessity, you get in a car accident or something, but nobody really needs sperm." No egg donor came to this same conclusion.

Ultimately, sperm donors referenced feelings of objectification and alienation, describing their bodies as "assets" or "resources" for the sperm bank. For example, Dennis described how an encounter with staff made him think differently about "donating":

> DENNIS: When I had a streak of bad samples, my feeling was: whatever, they don't pay me [for those samples]; it doesn't matter. I'm donating here. What's the big deal? It'll work itself out. But they were like, "You gotta fix this now." And that took me by surprise. Oh, am I getting fired? [laughs]. It was the first instance where I was like this is a job. They think of this as a job. You're sort of like an asset to them, and if you're not performing, they don't want to have any part of you. I finished giving my sample, and they were like, "So you've had three bad samples. I don't know what's going on. I don't know what the problem is, but you really need to fix this." I was like, "Yikes. Okay!" [laughs]. Too much pressure there. So that was a major mindfuck. That changes the whole way I was approaching it. Now it's like you need to perform.
>
> RENE: How had you been approaching it before?
>
> DENNIS: Just very casual. If I don't come in, whatever. If I do it, I get fifty bucks. But I wasn't thinking of it like a business, like a business commitment, like a job, which is essentially what it is really. And they purposely make it like a job, because they are running a business, and they need good samples.

Dennis donated at the feminist nonprofit Western Sperm Bank, which he nevertheless defined as a "business" where staffers make donation "like a job," which results in "pressure" placed on men to "perform."

Whereas Dennis was originally interested in donation because he was desperately in need of the money, Ben described himself as "independently wealthy" and talked about donation as an act of "charity." Yet Ben used language similar to Dennis's in identifying himself as a "resource" that the bank needs. Returning to this theme later in the interview, he stated bluntly, "I felt like a piece of meat almost. I felt like a cow. I'm being milked for something that I can provide." He concluded that if sperm donors were "really the chief concern, maybe they'd be paid for even the samples that weren't accepted." These quotes demonstrate the power of the sperm banks' organizational practices to shape the experience of commodification in such a way that it induces feelings of alienation. None of the egg donors, who are paid much more money for their sex cells, described their experiences using this same kind of alienated language.

Conclusion

In this medical market, the provision of sex cells for money is framed either as a gift or a job, depending on whether the exchange occurs in an egg agency or a sperm bank. It is the prospect of financial compensation that attracts most applicants, yet egg donors respond to the organizational framing by defining paid donation as an altruistic gift that is motivated by care and concern for recipients who cannot have children. In contrast, sperm donors conceptualize paid donation as a job for which they must show up on a regular basis and produce samples with the requisite sperm count. These patterns are robust; they appear in interviews with donors at different points in their lives, with different financial situations, at different stages in the donation process, and from different donation programs in different parts of the country.

But more than just making an appearance in donors' descriptions, these gendered meanings of money have consequences. In stoking the connection between egg donor and recipient, staffers make it possible for women to construe their participation in this market as an altruistic act for which they are compensated, which seems to offer a protective effect against other unsavory narratives that could be generated, such as being paid for body parts or even prostitution. However, at the same time, this donor-recipient connection results in pressure on women to engage in the emotional labor (Hochschild 1983) of caring about recipients, hoping that those women become pregnant and feeling guilty if they do not. Sperm donors are not required to think about recipients at all, much less care about them. But this lack of connection, combined with the fact that they are paid based on a bodily performance that is often not up to par, results in feelings of objectification and alienation.

There is nothing inherent in biology or technology that determines these organizational practices or the gendered meanings of money in egg agencies and sperm banks. Egg agencies *could* match an individual egg donor with multiple recipients, tell her nothing about them, and condition payment on the number of eggs she produces. Sperm banks *could* foster a one-to-one relationship between an individual sperm donor and "his" recipient, encourage him to consider the plight of infertile couples, and nudge recipients to send thank-you notes and presents. Men *could* be paid on the basis of process, regardless of the sperm count in a particular deposit, as long as they produced passing samples on a regular basis. But this is not how it works in the market for sex cells, where a woman's donation is considered a precious gift and a man's donation a job well done.

This sociological rendering of the market for eggs and sperm contrasts with the traditional vision of a market in which the monetary exchange is all that matters. All the other factors that go into making a market—who is doing the buying and selling, what is being bought and sold, how the money is given meaning, how the exchange is organized, and how the participants experience it—are dismissed as irrelevant. But these factors *do* matter. The market for sex cells reveals that gendered meanings of money are enormously powerful in shaping the social process of bodily commodification, producing variation both in how the monetary exchange is framed and in how individuals experience being paid for parts of their bodies.

Notes

[1] This chapter is a revised and abridged version of Almeling (2011, chap. 4).

[2] See Almeling (2011, chap. 2) for a detailed analysis of business practices at egg agencies and sperm banks.

[3] Eric Helleiner (in chapter 8 of this volume) can be read as an analogous case of the institutionalization of social meaning, of nationalism rather than gender.

[4] See Almeling (2011) for a full discussion of methods. All individual and organization names are pseudonyms.

[5] I interviewed each donor once, so this model is not based on temporal data. However, I structured the interviews chronologically, asking respondents how they originally heard about donation and their initial meetings with staff before asking where donation fits into daily life and how they spend the money. In this way, I can compare what originally sparked their interest in donation with how they talk about what kind of activity it is.

[6] See Hochschild (in chapter 9 of this volume) for another example of how fertility clinics "teach" women about the meaning of reproductive labor.

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CHAPTER 11

Money and Family Relationships

THE BIOGRAPHY OF TRANSNATIONAL MONEY

Supriya Singh

TWENTY YEARS AGO I interviewed middle-income Anglo Celtic couples in Australia about banking and money. People told me how they went to the bank after their wedding, sometimes with the marriage certificate still wrapped in ribbon, to convert separate accounts to joint accounts. They told me how the joint account symbolized togetherness and commitment in marriage. They described how they still kept different bank accounts, sometimes mimicking the jars on the mantelpiece with rent money, holiday money, and children's lunch money. They used money from bonuses differently from wages; overtime differently from basic pay.

My fieldwork was substantiating Viviana Zelizer's (1994) historical findings. Different kinds of money were shaping and being shaped by social relationships and cultural values. What looked like particular personal decisions about how to name, store, and use different piles of money push against textbook understandings of market money as a homogenizing force (Zelizer 1994, 2005, 2011). The intertwining of personal money and money in the market is at the center of my work on banking across cultures, the study of the transnational family and remittances, the personal dimensions of transnational money, and how the global South is shaping the future of money (Singh, 1997, 2013b).

My current research on globalization, migration, and money hones in on transnational money, that is, money that flows between different parts of a migrant's family across borders. This transnational family money translates into one of the largest international flows of funds, which are used to securitize loans, encourage diaspora bonds, finance development, and alleviate poverty.

It is an important example of the melding of personal money and market money.

Drawing on the case of Indian migrants to Australia, this chapter focuses on how transnational money is imbued with meaning, morals, and emotion. Specifically, I point out how migrant remittances serve as a medium of communication and care. Exploring both their market and family dimensions, I show how these flows of money are influenced by moral expectations of reciprocity in parent-child relationships as well as by different politics of migration, life stages, and communication patterns. I find that, facilitated by new information and communication technologies, the give-and-take of money and gifts within the immediate transnational family increases with frequent communication on everyday matters.[1]

Remittances thus illustrate a thesis presented by Nina Bandelj and colleagues (in chapter 2 of this volume) that morals, emotions, money, and relationships intersect rather than remain separate. Remittances are also a kind of "relational accounting" (Frederick Wherry in chapter 3 of this volume). This chapter will show that the stronger the relationship, the greater the imperative to send money, to be a "good son" or a "responsible father." Money flows more often from children (often sons) to parents than to siblings and other members of the extended family. Moreover, the more frequent communication made possible by mobile phones and Skype maintains the intimacy of transnational family ties, influencing the steady flow of money. This intimacy, however, can be threatened by life stage and/or miscommunication. Morals can falter. Inheritance disputes influenced by migration can trigger the breakup of the transnational family. Money stops flowing. It is then seen as a medium of control rather than care.

Transnational Money as Family Money

I identify remittances, both to and from the source country, as family money, suffused by the norms of how parents and children care for each other, and flowing two ways between parents, children, and extended family. The sending of money to families has at its center long-standing norms concerning the roles of parents, children, and what it means to be a family.

An Indian family in Australia. My global approach to money reflects my own biography as a "twice migrant," with extended family in India, a son in Malaysia, a son and grandsons in Australia, and a sister in the United States. I recognized a difference in why and to whom I sent money as well as why and from whom I received it. There was money for school: I received it from my sisters, who sent it to my mother to help her pay for my education and daily necessities. When it was my turn, I too sent money home to my mother to help with discretionary expenditures. My family differed from most in that the daughters were sending money home, rather than the sons. We had no brothers. Moreover, the partition of India in 1947 had changed the gender norms in my family (Singh 2013a).

A Chinese family in Malaysia. In the early 1980s, when I was studying banking practices in Malaysia, I saw money tying together family life with difficult political issues. I asked an elderly Chinese banker about the role of remittances in Chinese banking in Malaysia. His response assured me that remittances are not a mere quantity of money transferred from one site to the next. The banker sobbed at his desk, telling me how during the Japanese occupation, when communication between Malaysia and China had ceased, he and his father could not send money home to China. The money itself had not only allowed intimate communication but also supplied critical resources. His mother and four siblings starved to death (Singh 1984).

Small Monies, Large Flows

International remittances, the market face of transnational money, are a currency of care for the transnational family. But they are also a formidable source of national income. Consider India and China, where international remittances are highest: India received $70 billion in remittances in 2014, followed by China with $64 billion. (The next three countries with substantial remittances were the Philippines, Mexico, and Nigeria.) Formal remittances to developing countries are expected to have reached $436 billion in 2014 (Ratha et al. 2015a). Remittances are more than three times greater than official development assistance and more stable than private equity flows. For many countries, they are greater than their most important exports or foreign direct investment. Remittances support the balance of payments. In some countries, they form a large percentage of gross domestic product. In 2014, for instance, remittances accounted for 42 percent of Tajikistan's GDP; 29.9 percent in Nepal; 26 percent in Liberia, 22 percent in Haiti, and 17 percent in El Salvador. Even in India, remittances were 3.4 percent of GDP (Ratha et al. 2015b). The economic significance of remittances is even greater when informal remittances are taken into account. Total remittances include formal and informal transfers. The informal transfers accounted for roughly 45 percent of the total remittance amount in 2002 (Buencamino and Gorbunov 2002: 6).

In most of the global South, behind this large flow of international money lies a relationship between money, marriage, and family. Money flows two ways across generations, between parents and adult children and between extended kin. This is supported by norms of family practice that emphasize the filial duty of children as well as the parents' responsibility to establish their children and promote their well-being.

People in most parts of Asia, Africa, Latin America and the Caribbean, and the Pacific Islands send money home as a medium of caring and support for transnational families and communities across borders.[2] But remittance flows are not simply a phenomenon of the global South. For instance, postwar Italian migrants to Australia sent money to Italy to help their families at home. Loretta Baldassar (2001) tells of a statue built in an Italian village celebrating the migrants who helped to sustain the community with tea chests full of goods and money. Wherever they may be, people send money home, partly because they want to continue belonging to the family, kinship group, and community. Transnational money is personal at its core. Most of the money goes to families.

I examine the changing relationship between family norms and practices, money as a medium of care, and the pattern of remittances by drawing on a qualitative study of 186 persons in ninety-five families across five decades of Indian migration to Australia. This study, conducted between 2005 and 2014, shows that the relationship between money, migration, and family changes according to a person's life stage. But this relationship is also shaped by the different experiences of migration among the early migrants who came between 1970 and 1995 and the more recent arrivals who came between 1996 and 2014. Their experiences have been influenced by economic conditions in India and its place in the world economy; the use of the new information technologies for communicating with family across borders; and by changes in Australia's migration policy and globalization.

The Politics of Migration

The first sizable number of Indian migrants arrived in Australia in the late 1960s as the White Australia Policy was being relaxed. The Immigration Restriction Act of 1901 passed by the federal government effectively restricted immigration to Europeans, with a preference for the British. Until 1958, non-Europeans were given a dictation test in any European language chosen by an immigration officer, effectively barring entry to people seen as undesirable (National Archives of Australia 2015). There was a slow loosening of these restrictions until the Migration Act of 1966 gave equal ranking to all immigrants. But it was in 1973 that the White Australia Policy was effectively dismantled (National Museum of Australia 2015).[3]

The early Indians who arrived in the late 1960s and early 1970s were mainly professionals, fluent in English, from middle-income families in metropolitan cities. They came with their nuclear families. Migration was often triggered by the husband, who wanted to migrate as a career choice. Indian migrants to Australia came with permanent residence visas for themselves and their nuclear families. The legal and professional status of Indian migrants to Australia, plus their ability to bring their nuclear families along, set them apart from migrants from the Philippines and Sri Lanka to the Middle East or, similarly, from Central America to the United States. The early Indian migrants did not have to contend with different degrees of (il)legality, leading to long periods of the separation of children from the mother and/or father, and the difficulties or impossibility of family reunion.[4]

These early Indian migrants to Australia arrived with limited funds because of foreign exchange restrictions in India introduced in 1974 and progressively liberalized after 1998. However, they were buffered by a social welfare net in Australia. The numbers of the India-born grew when parents and siblings joined the early migrants under specified conditions. While some of the migrants who came through the family reunion channel were professionals, there were others who went into small business and factories.

Indian-born migrants quadrupled in Australia between 1996 and 2011. Student migrants who came on temporary visas were a great part of this increase. International Indian students are a new kind of migrant group, created by Australian policy linking international education and migration in the late 1990s. Students' migration was a family decision. Indian families, particularly those from Punjab, saw possible migration to Australia as beneficial for individual and family prosperity.

Student migrants are the first large group of Indian migrants in Australia who have had to pay to migrate without the buffer of welfare support. These students also came from middle-income families, but they often hailed from regional cities and urban villages. Many were not fluent in English. But they came from a resurgent India with a strengthened middle class in a more open, global economy. The new information technologies, such as the Internet, e-mail, and particularly the mobile phone, not only contributed to a global labor market but also increased the two-way flow of communication in the transnational family. These factors shaped the flow of money, communication, and care across five decades of Indian migration to Australia.

A One-Way Flow: From the 1970s to the 1990s

Interviews revealed how remittances are differentiated between the early and recent migrants. For the early migrants, money was sent to India, but there was little talk of money coming from India to Australia. The one-way flow of remittances was accompanied by a similar one-way direction of communication and visits. Telephone calls were expensive. In 1975, a three-minute operator-connected call from Australia to India cost AU$7.50. It was another AU$2.50 for each minute after that.[5] Expensive air travel meant that migrants went back once in five or six years. Family from India seldom visited. Thus the commingling and interchange of money, emotions, conversations, symbols, and objects often was interpreted differently by the migrants and members of their families in India.

Hema's story is illustrative of these processes.[6] She was fifty-four when interviewed in 2006. She had migrated in 1986, leaving behind her career, her home, and what felt like a sound economic base. She tells a story of fraught communications and the one-way flow of money and gifts. She functioned as a giver but felt unappreciated and unheard. Some of the problems resulted from miscommunication because of distance and infrequent letters and calls. She said, "You telephone them, write letters, and they say, 'Everything is okay.' But suddenly my father's health was going downhill." She learned later than she should have that the person who was her central communications point, her father, had fallen seriously ill. She arrived in India not knowing the full extent of his illness. She stopped in Calcutta to retrieve a lost bag. She was still in transit to her hometown when her father died. "Everything was over. The funeral was over. I just saw his photo. I haven't gotten over it." She says her family could not understand why she was so upset. "My brothers and sisters were there, and they saw my father going from good health to ill health. . . . They knew that he would die very soon. . . . For me it was a complete shock."

Part of the lack of communication perhaps lay in her reasons for leaving India. She and her husband were not being pushed out of India because of economic necessity or any other troubles. She thought Australia would be better for them. As with many of the early migrants, the families accepted the couple's decision but were not part of making it. So Hema and her family did not have the "licence to leave" (Baldassar 2007). The hurt extended to her family's absence at her son's wedding. Nobody from her family came, even though she sent them three tickets. They said their travel documents did not come on time. She recognized that such arrangements are complicated for people living in a regional city, but she thought that they should have made more of an effort to get the papers delivered in a timely way. She said, "It was all a very upsetting event for me."

Adding more weight to the injury, the money flowed one way. Hema and her husband sent money when the family needed it. They brought gifts when they visited. But when it came to receiving a portion of her father's inheritance, Hema found she was left out. She said it is not the material lack of inheritance that hurt. She said, "It is not the material lack of inheritance that hurt. . . . There is not much I want." She was hurt because she was not part of the discussion. In her view, "I am completely outside. I only know a lot of things after the event." She concluded, "As far as I am concerned, being a migrant . . . I am not even in the picture."

These stories of money and communication flowing in one direction were common among the early Indian migrants I interviewed. They sent money home mainly to their parents, as and when needed. At times, the money also went to brothers, sisters, and nieces. Births and marriages led to significant gifts of money, because money is the preferred and sometimes the essential gift on these occasions in many parts of India. At times, this one-way flow of both money and communication was seen also as a one-way flow of care. The particulars differed according to the closeness of relationship. But distance was hard to bridge for some.

A Two-Way Flow: From the 1990s Onward

The situation changed for the recent migrants who came after 1996, leading to the large swell in Indian migration to Australia. Indian international students began trickling into Australia, particularly for graduate education. In my interviews, the earliest student came in 1997. By 1999, the Australian government, in search for skilled migrants, gave students who had studied in Australia extra points in their application for permanent residence. The number of students increased, particularly for vocational education, responding to the Australian government's use of education as a pathway to migration. At the same time, foreign exchange restrictions in India loosened. The Indian economy also was liberalized in the early 1990s. This was important for the Indian international students, who were the first group of Indian migrants to Australia who had to pay to migrate. (In the early 1990s, Australia began charging full fees to international students, thus treating education as an export.)

Remittances among the recent migrants flowed in two directions after 1996 among the people I interviewed. Recent migrants send and receive money, depending on their parents' need and capacity. With much easier communication facilitated by mobile phones and reciprocal remittance and gift arrangements, we see care circulating in both directions. Communication is instantaneous and frequent. Some recent migrants talk of calling their families at least once a day or even more. They are part of the small talk of everyday life—how much coriander to put in the lentils; whether to wear the blue *salwar kameez* or the red one to the wedding. Housing design and purchase decisions are made by the transnational family over Skype. Travel between the two countries is also now more affordable, enabling families in India to visit. Parents routinely visit to help their children, particularly to look after the grandchildren. India was Australia's tenth-largest market for inbound arrivals and total expenditure in 2012 (Tourism Australia 2013). This care expressed through money and communication focuses on the needs of the most vulnerable members of the family: the elderly and the soon to retire, as well as the young, who need a rather expensive investment in their education (AU$20,000 to AU$30,000 a year per person). Likewise, when new families form, they want to invest in a home of their own. These are the kinds of costs that lay claims on those in the sending and the receiving societies.

Skilled migrants coming on permanent visas bring money with them, from their savings or with the help of their families. The Second Longitudinal Survey of Immigrants to Australia (LSIA), managed by the Department of Immigration and Multicultural and Indigenous Affairs, is the latest survey that details money sent and received in the first two years of settlement. It surveyed 3,124 people who had applied offshore for permanent residence. The participants in LSIA2 were surveyed twice—within six months of arrival, between February 2000 and January 2001, and then again between February 2001 and

March 2002. Among the participants, 124 India-born migrants were in the first round and 111 in the second round. The main finding from LSIA2 is that more than two-thirds of the India-born migrants who arrived between 1999 and 2000 were on skilled visas, and they brought and received money from their savings and families. This was eighteen times as much as they sent to India in the first two years of settlement (Singh and Gatina 2015).

The two-way flow of remittances and communication is illustrated in the stories that follow. Charan and Chitra, he a retired academic while she continues to teach, talked about their decision to send their son, Chand, in his late twenties, to Australia. In the first year they took out a loan, but Charan said that the 14 percent interest was excessive. So they used a lump-sum distribution from his retirement account to fund their son's education. "What about your old age?" I asked. Charan reasoned, "After all, what will we do with the money? If it is not used at the proper time, what is the use of that money? If he is settled and has a good life, that will be our satisfaction." Charan felt they still had enough money to meet their ongoing needs. Unspoken, however, was their faith that once their son settles down in Australia, he will help look after his parents. Chand is hoping that when he gets his permanent residence, his parents will want to join him after his mother retires. His mother visited him shortly before I met Chand in Melbourne. He said he was comforted by his mother's visit, because she could see for herself the rhythm of his life in Melbourne and that it was okay. He said, "Hearing of things on the phone is different. . . . But unless and until you come here you don't know."

Not all families can send their children to study abroad while meeting the family's ongoing needs. In Akash's case, he was twenty-two when he left for Australia in 2006 to study. He came from a small town in Punjab, and his family emptied out all their savings. There was perhaps INR 50,000 ($785) left in savings, but the family had to consider what they would do for his sister's wedding expenses. The income from the father's shop brought in only INR 5,000 ($78) a month. Seven years later, Akash recalls the shock of leaving home. He found intermittent work while studying. In 2009, three years after he arrived in Australia to study, he sent INR 500,000—that is INR 5 lakh ($7,854) home for his sister's wedding. This was in addition to sending one or two lakh ($1,571 to $3,142) to his parents every four months so that they could survive. He did this by putting away half the money he earned every week from a variety of jobs that included marketing, door-to-door sales, and pizza delivery. His parents in India showed me the wedding albums with Akash standing proudly by his sister at the ceremony. They pointed out the renovation of their modest house along the narrow lanes of the town. Akash had sent INR 5 lakh for that as well. These remittances and the activities that this money supported made plain that they were good parents and were blessed with a good son.

A number of the people I interviewed weighed the happiness of children against their own. There was Fateh, sixty-one years old, who bought a house for his son and daughter-in-law in Melbourne in 2009. Fateh sold some shares of stock and a parcel of land in India to pay for the house via a bank transfer. He kept aside what he thought he and his wife would need for the next ten years for their expenses—but not extravagances. His wife and son-in-law advised him against paying for the whole house. But Fateh said, “I am glad I liquidated some shares three years ago. I would have lost 70 percent of their value anyway.” He added, “What is the point of giving after you are dead?” Interviews with other transnational families show that those who were relatively well off also helped their children to buy homes and set up businesses once they got permanent residence. It was taken for granted that parents would help their children. Parents’ giving even after the child has completed his or her education is seen as a continuation of parental care.

Some parents join their children in their new country of reception. Charandeep, thirty-four years old, came to Australia as a student in 2005. His father funded Charandeep’s education by using all his retirement funds and borrowing from the bank. He arrived with AU$4,000 in hand. His father even offered to pay his living and lodging expenses. Charandeep said, “I asked him ‘Where would you get the money from?’ He said, ‘You don’t need to worry. I’ll arrange it.’ I understood he would sell some part of the property to do that.” Charandeep explained that his communication with his parents bridged the spoken and the unspoken. Soon after he arrived, he worked as a kitchen hand in a chocolate factory. His shifts sometimes finished after 1 a.m. He then had to stay overnight with friends. When his mother heard that on those nights he would go to sleep without dinner, drinking only a glass of milk, she asked her husband to send him AU$4,000 for a car. After Charandeep finished his degree and began working, he started paying off the loan. He sent money home and was able to buy his father a car. In 2013, his parents joined him in Melbourne. At the time of the interview, they planned to sell much of their property in India and invest in property in Australia. In other cases as well, I observed that family reunion triggers the selling of some property in India to finance house purchases and other investments in Australia, particularly if the family owns more than one piece of property in India. In the study, all of the parents who have permanent residence because they have children in Australia have kept some property in India so that the parents and children can stay in India from time to time.

Charandeep is the only child, so there was no need to differentiate money going to him vis-à-vis other children. But for families with children in India and Australia or with a number of children in India, family reunion brings up the issue of the segregation of family monies and subsequent inheritance. In the interviews I conducted, children who spoke about property and family reunion in Australia were not dealing with potential conflicts because there was either little property to divide or only one child. But my encounters in an Indian community organization revealed at least one case where parents said their son had thrown them out of the house because they would not agree to sign over to him all their property in India.

When Relationships Falter

Sending money home and receiving it highlights money as a medium of care in a transnational family. But relationships do not always work according to the normative script. Rather, people engage in relational work (Zelizer 2012; Bandelj 2016), trying to match their relations and communication with appropriate economic transactions in order to maintain their ties. But sometimes those matches fail and relations deteriorate, as when adult sons try to extract property from their parents after they have moved.

Sometimes the children "do the right thing" and bring their parents to their settlement country to provide for them in old age, but the parents are torn between staying with them (usually the sons in patrilineal families) and missing their old neighborhood and network of kin in the home country. Chitra Bannerjee Divakaruni (2002) writes about "Mrs. Dutta," who sold her home in Calcutta, mesmerized by the portrait of her son and his smiling family in the United States. She moved to live with them, only to be surprised by how much she missed the sounds and freedoms of her own home. Feeling alone and unneeded in a new context, her certainties about family collapsed. She finally returned home to Calcutta to rent an apartment that belonged to her friend.

Mohinder's mother reminded me of Mrs. Dutta from Calcutta. Mohinder, a thirty-nine-year-old man, was visiting his family home in Punjab with his wife and children. His mother now lives with her youngest son in the United States for eight months of the year, and four months in Punjab. When she is away, she misses the Sikh temple, her neighbors, her own place. She commented, "I am alone. The children go out all day long. The grandchildren are not the same as the children. They don't speak Punjabi. They say, 'Have your medicine.' They say '*Thik*?' [All right?] And that is the end of the conversation."

Gina, a seventy-year-old woman, is also torn between, on the one hand, her feeling that her rightful place is with her sons and grandchildren in Australia, and on the other hand, her comfort in her own place, her daughter who lives nearby, and extended kin in a metropolitan city in Tamil Nadu in southern India. She went to Australia twice and stayed with her sons. But she came back to India. According to Gina, "Here I can go anywhere. I am very happy here. I have my own house here." She has friends, neighbors. The vegetable man comes to her house. The sons call once a week. She adds, "I have very good children." Then she cries. She knows that according to their patrilineal norms, it is her daughter's mother-in-law who has the right to stay in her daughter's house. "I live alone. I am becoming old. I sit and cry. . . . I miss my sons." She looks forward to a possibility of having at least one of her sons in her own home. This is because her eldest son, capitalizing on transnational connections, is now commuting between India and Australia, building up a social enterprise.

Parents' feeling that they do not have a template for living with their sons in a strange country has its roots in the different developmental cycle of the joint family after migration. Instead of married sons joining the parents, it is the parents who join the sons in a new country (Singh 2015, 2016). The notion of filial duty works best when the children stay with the parents. It disappears in different degrees when parents move to stay with the children (Bose and Shankardass 2008). In my study, the parents who have joined their children in Australia have given themselves flexibility in that they have kept their own base in India and so are able to come and go between India and Australia. Time will tell whether this is a sufficient escape valve for tensions that may develop in this new version of the joint family in Australia.

Fractured relationships also result when children and/or parents do not meet the expectations of reciprocal care. *Baghban*, a 2003 Bollywood film, shows how parents who have given their sons all their money, thinking that they will be looked after in their old age, can be proven terribly wrong. For instance, the sons separate the parents, saying it is too difficult to look after both, and then make them move from one son to the other to shift the load. It is only when the adopted son returns from overseas that the parents get the respectful home and status they expected.

In my study, I found the reverse case—a dutiful son finding it difficult to understand his mother's lack of care. Isher was thirty-seven when I met him in Melbourne in 2012. When he was single and living with his mother and an elder brother and his family, he would pay the majority of the household expenses. When he married, however, he had to cover his settlement expenses, so he could not contribute as before to the mother and elder brother's household. Isher and his wife think that this is what ruptured his mother's bond with him. Isher says his mother perhaps does not know how to resist her eldest son's control. When his late father's property was divided, Isher did not receive his share. Still, Isher occasionally sends money to his mother. He invited her to Melbourne. But Isher and his wife are no longer invited to stay with his mother when they go to India.

Conclusion: The Meanings and Valuations of Transnational Money

Transnational money changes meaning and value depending on the context of migration and the intensity and frequency of communication. Money and communication intersect because both are media of care. That's why a dollar sent may be less or more than the dollar received.

The value of money sent and received is interpreted in terms of relationship and care rather than mathematical quantity. The anthropology of money shows that numbers can be ambiguous and that multiple monies must be interpreted in their social and cultural contexts. This is particularly the case when transnational money serves as a social payment (Maurer 2007). For instance, when Akash sent money for his sister's wedding, that money achieved the hallowed status of a gift from a "good brother" compared with the money he sent for everyday survival. The money he sent for his parents' home—though it was the same amount as that sent for his sister's wedding—fell into a different relational category, demonstrating he was a good son.

As my interviews illustrate, the meanings of transnational money in Australia have changed across the five decades of migration, depending on the directional flow of money and communication. These meanings are also influenced by the individual or family nature of the decisions underpinning migration. The early migrants sent money and took gifts home as a way of showing they cared for their families. They had to strike a balance between caring for their nuclear family in Australia versus the transnational family. When money was tight, there was a feeling that the sacrifice entailed in the sending of money was not sufficiently recognized. Families that remain behind often have inflated perceptions of the ease of earning, together with ignorance of the higher expense of living overseas. This was buttressed by relative exchange rates. Few had visited Australia to see for themselves the stresses of migration and settlement. Consequently, the dollar sent across borders is often seen to embody less sacrifice than the dollar sent within the country. Money sent home is also pitted against the day-to-day physical caregiving provided by other family members, usually siblings in the home country. In some cases, these tensions surrounding care and money spill over into conflicts over inheritance, one of the most significant expressions of belonging in the family.[7]

Among the recent migrants, money as a medium of care was celebrated on both sides. Migration was a family decision. Student migrants' need to finance their relocation with resources from their parents has made their family's financial and emotional support very explicit, and their relationship was reinforced by the monies transferred (Zelizer 2005). The children recognized that parents had drawn on their retirement funds or savings and had sold property and other assets so that the children could move ahead. Parents funded the students' education and, if possible, helped them to buy houses and set up businesses. They helped with the care of the grandchildren. If they chose to migrate, and if resources permitted, they brought money with them to invest and further help their children. Student participants said this support has strengthened their feelings of filial obligation in the present and in the future, as they seek ways of ensuring care for their parents in Australia.

Recent migrants sent money home, repaid loans, and, if possible, made arrangements for their parents to come and stay in Australia. Parents and children showed care through the flow of money and communication. Their instantaneous and frequent contact meant that parents too realized that money sent home was coming through intense hard work and sacrifice. So the money sent on both sides got inflated with care. As a student said, “The money that goes to India after the children start working is in the hundreds. But the money that comes for homes and businesses is in the thousands.”

Remittances are a revealing case of the creation of an economy that blends care within the family with economic transactions. Indeed, remittances are consequential for governments as an important contribution to their gross domestic product and foreign exchange reserves. At the same time, remittances are the currency of care in relationships. The perceived value of money goes up with the intensity, frequency, and closeness of communication. It is devalued in the absence of such communication. The opposite scenario is played out when family relationships fracture in the country of destination or across borders. Money then communicates control in families rather than care and reciprocity. Unfortunately, this is not just the script of novels and films but may increasingly be played out in different versions of family conflict or even violence in families that migrate—or those that are left behind.

Notes

1. This work draws on interviews conducted between 2005 and 2014 with 186 persons from ninety-five families. The interviews were with early migrants who came to Australia from the early 1970s to mid-1990s; second-generation Indians born in Australia or who came with their families before they were twelve years old; Indian student migrants who arrived in 2005 or later; and student and skilled migrants from the mid-1990s and their families in India. The interviews were supplemented with participant observation of the Indian community in Melbourne, Australia.

2. See the *World Bank Migration and Remittances Factbook* for a comprehensive listing. Related studies include Levitt (2001); Mahler (2001, 2007); Akuei (2005); Cliggett (2005); Horst (2006); Mahler and Pessar (2006); Smith (2006); Viruell-Fuentes (2006); Lindley (2009); McKenzie and Menjívar (2010); and Abrego (2014).

3. Also see Neumann (2015) for a detailed account of Australia’s immigration policy until the 1970s.

4. But see Gamburd (1998); Parreñas (2005); Smith (2006); and Abrego (2014) for different contexts.

5. Personal communication, August 18, 2015, from Murray Rasmussen, Secretary, Victorian Telecommunications Museum, Telstra Museum, Hawthorn, Victoria. He was citing the rates from “International Calls,” p. 16, in the 1975 Melbourne White Pages Directory.

6. All the participants from the qualitative study are referred to by pseudonyms.

7. See also Baldassar, Baldock, and Wilding (2007). An interesting case of discrepancy in the valuation of community remittances comes from Mexico, where the migrants feel they have sacrificed and should have a voice, whereas the local municipality feels the migrants lack local knowledge and so should defer to local leadership (Smith 2006).

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PART V

Money Futures

CHAPTER 12

Money Talks, Plastic Money Tattles

THE NEW SOCIABILITY OF MONEY

Alya Guseva & Akos Rona-Tas

THE NATURE OF MONEY has become a center of lively interdisciplinary debate. Economists view money as a central element that fulfills three main functions of a modern capitalist society: universal payment instrument, source of stored value, and means of accounting. Classical sociologists from Marx to Polanyi pointed to the corrosive effect that uniform, fungible, impersonal, and universally equivalent money had on society. Simmel and Weber described money as the ultimate representation of economic rationality and the means related to detaching economic transactions from personal relationships. Both believed that the impersonality and anonymity of money and its quantitative, mathematical form are closely linked: modern money removed transactions from the messy world of concrete personal relationships into the realm of abstraction and engendered rational calculation. But while Weber warned that impersonality and infinite fungibility of money (one unit is completely replaceable by another of the same value) turned qualities into quantities, producing fully fungible, replaceable actors, and stripping human interactions of much of what was human about them ([1921]1968: 635–37), Simmel viewed the anonymity of money as essential for individual freedom, as it liberated people from the judgmental and constraining bonds of one's family, clan, community, and society ([1900]1978).

Contemporary anthropologists and sociologists subjected these classical accounts to a multi-pronged critique (Zelizer 1994, 2000; Fine and Lapavitsas 2000; Ingham 2001; Maurer 2006; Hart 2007; Dodd 2014). Keith Hart challenges the classical arguments of money's supposed universal impersonality by giving examples of non-Western money and by broadening the conception of money to include not only commodity exchange, but also money as personal credit (Hart 2007). Thus he draws attention to a variety of money issuers: not only nation-states, but also credit-granting banks. Furthermore, Bill Maurer (in chapter 13 of this volume) and Nigel Dodd (in chapter 14 of this volume) underscore the challenge that recently appeared alternative currencies, such as Bitcoin, pose to the monopoly of states and banks on issuing money and controlling its circulation. Viviana Zelizer (1994) takes a different approach. She directs our attention away from money issuers and toward money users, exploring how active, user-initiated meaning-making around money (earmarking and the like) breaks down the concept of fungible, dollar-is-a-dollar money, giving rise to multiple monies. Her work originally focused on "special monies": nonmarket or non-mainstream money (domestic money, local currencies), though the argument applies also to the meaningful differentiation of market money. Any form of budgeting, including that used by businesses, depends on similar sense-making classifications and restrictions on the money flows in violation of the fungibility principle.

In addition, Zelizer argues that rather than destroying sociability, money is tightly connected to social relations. Money talks (in keeping with the "special monies" idea, the motto should really be "monies talk"): for instance, money can reveal a lot about the nature of a sexual liaison: Is this a romantic relationship? A paid service? Something in between, like compensated dating or a sugar daddy arrangement (Swader et al. 2013; Rossman 2014)? Is this a committed relationship or a hookup? A quid pro quo? The meaning of money and of social relations are co-constituted as part of a relational package, the nature of the relationship having an effect on the meaning of the payment—a gift, a fee, an advance, a bribe, or an award—and vice versa.

While earmarking and relational packages could account for the creation of new, sometimes even nonmonetary, currencies, the overwhelming emphasis in most of these arguments is on cash. (Indeed, the importance of Zelizer's argument is precisely that *even cash* is not as impersonal and fungible as classical theorists lead us to believe.) The emergence of new forms of borrowing and paying—cashless, digital, or plastic money necessitates a conversation about the ways in which these monies are different from or similar to cash and personal credit. While 85 percent of retail payment transactions in the world are still cash-based, cashless payment have already taken over in much of Europe, North America, and Australia (80 percent of retail payments in the United States, 85 percent in the Netherlands, 86 percent in Australia, 89 percent in the United Kingdom and Sweden, 90 percent in Canada, 92 percent in France, and 93 percent in Belgium in 2011).[1]

In this chapter, we argue that money in its recent digital, immaterial incarnation has acquired what we call a new sociability. In contrast to cash, any transaction involving plastic money always leaves a permanent trace, entangling its issuer and users in a relationship, no matter how small or one-off the transaction. If money talks, plastic money tattles, and this has far-reaching implications for actors at both macro and micro (household) levels. On the one hand, it opens enormous possibilities for surveillance and social control; on the other, it raises the stakes for those plastic money users who value anonymity to attempt obscuring and disrupting this new sociability. In the next section, we discuss the theoretical implications of immateriality and re-embedding delivered by plastic money. Then we turn to a set of empirical examples to illustrate how plastic money enhances the ability of nation-states to govern and control their citizen-cardholders, focusing on the cases of Russia and China. We complement this analysis with the discussion of plastic cards' potential effects on domestic economies, suggesting that the new sociability of plastic money could be informative (or revealing) not only to states and card lenders, but also to spouses and parents.

New Sociability of Money: Immateriality and Re-embedding

Parting ways with the classical conception of impersonal and fungible money, economic anthropologist Keith Hart views all money as "a source of economic memory for the community," arguing that "one of money's chief functions is *remembering*" (2007:15, italics in the original). With cash, this requires the separate act of account keeping. With plastic money, this remembering is digital and inseparable from money itself. Plastic money, as Nigel Dodd emphasizes, possesses an enhanced ability to convey information "about its users that is not present with traditional forms of money, such as cash," which he links to the increased traceability of digital transactions. This trail does not only pertain to "the amount changing hands and the flow of funds involved, but also [to] the preferences and routines of transactors themselves" (Dodd 2014: 294).

Plastic money is simultaneously immaterial and more personalized than cash. Immateriality of payment cards stems from the fact that the card itself is not the money, but only a tool to access it, more akin to the wallet than to the banknote. Behind each card is a row of numbers making digital money invisible, untouchable, without weight or smell. The dollar bill is printed on paper made of cotton and linen, weighs one gram, and can carry germs and residues of cocaine. It can be rolled, folded into origami, stashed in a safe, or slipped in a handshake. Digital money is digitized information and cannot spread staphylococcus. It can be manipulated, moved, recategorized, analyzed and subjected to any mathematical function imaginable with superhuman speed and a scintilla of human energy. Parting with digital money is easier than with palpable greenbacks: people spend more when paying with cards than cash, an additional reason for merchants to be interested in accepting cashless payments.[2]

Yet, despite the immateriality, cards link the payer to the transaction in a very personal way, recording the date and the place of the purchase, including the name of the merchant, city, state, the amount and a transaction reference number. In the United States, every transaction processed by the two largest card networks, Visa and MasterCard, receive a merchant category code (MCC), a four-digit number describing the type of business receiving the payment, often in uncomfortable detail. For instance, the MCC for gambling establishments is 7995, for wig and toupee stores, 5698; for dating and escort services, 7273; and for bail and bond payments, 9223.[3] All that is transmitted digitally, obliterates the materiality of money, and re-personalizes transactions in ways that would have astonished classical theorists. In a complete break with any other form of money used in the past, digital money now has a unique photographic memory of unlimited capacity, registering the history of its movement, every transaction, and every single actor involved.[4] Digital money is truly "a 'memory bank,' a store allowing individuals to keep track of those exchanges they wish to calculate (Hart 2007: 15). It is this ability of digital money to preserve the details of economic transactions, to capture our geographic movements, and to infer our tastes and routines—in other words, the social context of our economic lives—that we call the *new sociability of money*.

This new sociability is the feature of all cashless payments, including mobile and Internet payments that may feel very impersonal (Singh 2004), or new currencies like Bitcoin, which is hailed precisely for preserving anonymity of its owners and users. A digital transaction can never be as anonymous as cash, even if some aspects of payment can be obscured so that the payer is very difficult to identify. In the case of Bitcoin, although exchange partners' identities are cryptoprotected, Bitcoin's distributed ledger—the blockchain—"provides a verifiable, time-stamped record of transactions" (Maurer, in chapter 13 of this volume) that is constantly updated, publicly available, and cannot be unilaterally manipulated, thus making it tamper-proof. Even prepaid chip cards that can offer anonymity to payers cannot do the same to payees; and the time and place of the transaction are also recorded.

Traceability, of course, is the other side of personalization. If impersonal money is anonymous and liberating, re-personalization delivered by plastic money improves transparency, increases traceability, and, therefore, has a potential of enslaving its users. Dodd clearly sees the implications of re-personalization that digital money brings about: as "a device for *remembering* [it] cannot be divorced from the criticism that it is also a vehicle for political and commercial *surveillance*, above all, as long as the technology involved is controlled by corporations and states" (Dodd 2014: 296, italics in the original).

Plastic Money, Traceability, and Enhanced Governability of Consumers and Citizens

The two key institutional actors involved in building and operating markets for plastic money are private card companies and nation-states (Rona-Tas and Guseva 2014). Both are interested in exploiting the enhanced sociability of digital transactions, albeit in different ways. Private actors—Visa and MasterCard—are mainly interested in fraud detection and the marketing of their respective card brands. They also offer loyalty and various redemption programs in cooperation with merchants. Visa and MasterCard do not dispense cards directly but instead authorize banks to issue them and also to acquire merchants who accept the cards for payment. The credit card companies receive the data necessary for the authorization, processing, and the clearing of the transactions, but they have relatively little personal information on cardholders apart from the transactions. Issuing banks, on the other hand, accumulate all kinds of personal information, such as the Social Security number, address, age, and gender of their cardholders. Issuing banks often maintain additional accounts opened by the cardholder, and they can use card transaction data for risk management and marketing of other financial services, such as mortgages, auto loans, additional (co-branded or loyalty) cards, insurance policies, and so forth. They can also sell the information in aggregate form to other vendors.

The primary interest of nation-states in accessing digital payment data is enhanced law enforcement: combatting economic crimes like money laundering, tax evasion, and the breaking of economic sanctions, or tracking the financing of terrorist organizations (Goede 2012). In a handful of countries, like China and India, the state has been a key player in building national payment card systems (UnionPay and RuPay, respectively), and it has a deeper reach into the digital payment data than in the United States, the United Kingdom, and many European countries, where the card market was created and has been operated by large private corporations, such as Visa and MasterCard. But even if the state is not directly involved in the card business, it still keeps an overriding interest in tracking the use of electronic money. For instance, states can enlist digital traces of plastic money transactions in solving crimes or settling civil disputes and can subpoena payment records as evidence, similar to the manner in which telephone records are used. Private companies that own the data must comply with law enforcement requests. Coercive states can also draw on payment data in tracking down oppositional political activities. What corporations can do with payment information is regulated in different countries in different ways.[5]

Russia has been toying with an idea of creating a national payment system based on a domestic brand since at least the mid-1990s. At the time, Visa and

MasterCard still had a limited presence in the Russian market, which was dominated by several competing and often incompatible domestic brands. The main motivation behind a state-led initiative was to offer a less expensive financial product, but even at that point some lone voices, like the populist politician Vladimir Zhirinovsky, favored digital money as an instrument of state surveillance and control (Zhirinovsky and Jurovitsky 1998). Anonymous cash, he argued, was the root of all evil—corruption, prostitution, and the drug trade. Wholesale elimination of cash and mandatory transfer of all transactions onto traceable plastic money would be akin to suffocating the black market. At that time, the national payment card initiative did not come to pass, largely because of the lack of political will and resources on the part of the state. The project was revived more recently and gained full steam in 2014, following Western sanctions against Russia for annexing Crimea. As a result of the first wave of sanctions, Visa and MasterCard blocked cards issued by several Russian banks, affecting about two million cardholders. The Russian state retaliated by passing a law that required Visa and MasterCard to place security deposits equal to 25 percent of their daily turnover (by different estimates, between $1 billion and $3 billion for the two companies) with the Central Bank to prevent any future service interruptions. The next step is to start issuing cards of a national brand named *Mir* (the "World") card featuring a blue-colored image of the Eastern hemisphere on a red background.

The Russian state has been undoubtedly inspired by China, which in 2002 introduced its own national payment card, UnionPay, currently the largest card brand in the world with more than four billion cards issued, soon to surpass MasterCard and Visa combined. The Chinese state has been very clear from the very beginning that payment cards are not a consumer product, but a key component of the country's national financial system, as well as a tool to control and improve citizen's behavior (Rona-Tas and Guseva 2014). Despite overall market liberalization and China's recent membership in the World Trade Organization, the financial system remains under tight state control. The state has built its own consumer database, which is used both to assess creditworthiness and to fight crime and corruption, by, among other things, identifying tax evasion through linking tax and spending records. The state is currently overseeing the construction of the national "social credit system," which takes an expansive view of individual creditworthiness, defining it as personal credibility, honesty, or character. Payment information is complemented by data on legal compliance and violations, and by social and moral history. The goal is to promote a virtuous, "sincere" citizenry. While many of the details are still unclear, the social credit system is supposed to be a tool to increase "sincerity" in government, by keeping tabs on the behavior of civil servants; in commercial relations, by improving honesty in commercial credit; and in social relations, by making people more virtuous in a wide variety of areas from health care, birth control, and hygiene to energy saving and online behavior. Last but not least, the system is intended to record judicial probity to advance integrity in legal and criminal matters.[6] Here, the new sociability of money is mightily and uncomfortably enhanced by linking payment data to other kinds of information about individuals. This system promises to strengthen the state's capacity to monitor financial flows, and more generally, control and correct the behavior of citizens by detecting and punishing violations.

India has also developed its own national card system, RuPay, a portmanteau of the name of the Indian currency, the rupee, and the word "payment." RuPay cards were launched in 2012, originally with the purpose of offering a cheaper alternative to the multinational cards and bringing the majority of Indians into the banking system. But RuPay soon merged with Aadhaar, the unique twelve-digit-number-based national identification system that started just three years earlier and was designed primarily to deliver government services. Aadhaar was to deliver a single, universal, and unique means of identification for all Indians, using biometric data (fingerprints, iris recognition, and written signature) as opposed to a card. Aadhaar is expected to create the possibility of linking data on individuals, who up until then had a wide variety of local identification documents, and it was planned to allow eligible Indians to receive various government benefits by simply supplying their fingerprint or iris scan. In principle, Aadhaar would have made it possible for people, especially the poor and illiterate, to pay with their biometric scans. The Aadhaar program proved to be unsuccessful for logistical reasons, as the biometric technology was too prone to failure. As a result, the government decided to roll it into the RuPay system, where instead of biometric scans, the RuPay-Aadhaar card would be used to identify customers. The typical card includes the name, picture, and RuPay and Aadhaar numbers of its holder, plus an expiration date and the name of the issuing bank. The fusion of RuPay with Aadhaar makes the debit card India's universal ID. While the Indian state is not as clearly coercive as the Chinese or Russian states, the possibilities for surveillance and control are considerable.

Meaning-Making at the Statistical versus Individual Level

Digital transaction data are generated at an astonishing speed that vastly outpaces any human actor's ability to process them. Both the state and private corporations are busy making sense out of this vast and ever-growing amount of data. Meaning-making can focus on individual transactions or on aggregates. Law enforcement is interested in particular persons or social networks of related individuals. This clinical approach requires the building of a narrative by documenting sequences of transactions and paying attention to precise amounts, times, places, and recipients of the money—all the information that is attached to electronic payments but generally unavailable for cash transactions. This clinical approach is causal: it attempts to establish reasons and motifs. Meaning-making as an idiographic pursuit also depends on the context, and can link other information about the individual in question. Countries' privacy regulation differs in the extent to which payment information can be linked to other data.

Corporations are mostly taking a statistical approach to meaning-making. Marketing experts comb through enormous quantities of transaction data looking for statistical patterns. These can then be used to target consumers in a more customized manner. This marketing work is heavily dependent on interpreting correlations and complex statistical models and seeks to capture well-defined groups or segments. The statistical approach is predictive. It needs no story or explanation as to why consumers behave the way they do.

But the statistical approach is not limited to private companies. Public agencies, too, are increasingly using data-mining techniques, primarily to screen vast numbers of cases and find those that deserve individual scrutiny. At the same time, corporations also use the clinical approach to attack fraudulent card use as they police their own operation. Fraud detection is interested not in the tendency, the typical, the "normal," but in the unusual, the exceptional, the outliers (Bolton and Hand 2002). Public agencies that analyze payment information to catch tax cheats operate under a well-defined method (catching big spenders whose tax records then can be contrasted to their spending) and can take their time. Fraud hunters, on the other hand, who must work in real time, have to rely on highly inaccurate statistical predictions to be followed up by contacting the legitimate cardholder to determine if fraud actually happened.

Fraud hunting is mired in a paradox. To keep marginal costs low, corporations strive for volume, and this requires standardization of products and processes. Standardization produces the enormous data heap, which helps them in monitoring transactions and fraud prevention, but it also offers economies of scale to fraudsters. As payment systems can process hundreds of thousands of cards in seconds, thieves can steal data on hundreds of thousands of cards with a single break-in. In the arms race between hackers and the security measures by the card systems, the latter must constantly stay vigilant.

Privacy advocates bemoan both corporate and government intrusion. Simmel was right: the impersonal nature of cash engenders liberty, at least liberty conceived as the absence of restrictions (Berlin 1961). Plastic money and the new sociability it brings enables large institutions to monitor, control, manipulate, and attempt to predict behavior of citizens and consumers.

Plastic Money as Domestic Money

Immateriality of plastic money and the ability of payment cards to leave electronic traces may be changing things at the household level, too. For example, immateriality makes cookie jar–type earmarking impossible. Unlike cash, digital money is just a number, and while it can be divided—budgeted—into different categories of spending, unless these categories are represented by different bank accounts, the boundaries of different categories, unlike the cookie jars, are completely fictitious. Still, modern consumer banking offers ample opportunities for digital earmarking. Spouses can have separate accounts that can keep "their" money as separate as they like. Or they can set up a joint account, which can be replenished regularly based on a particular formula that designates the portions and the sources that feed the account. They can also set up separate accounts for savings, retirement, college tuition and adult children's living expenses, household expenses, or vacations. All of these accounts can be connected to particular earners or to specific sources of income.

Contemporary Russian households present an interesting case for studying the effect of immateriality and new sociability of plastic money on household budgets. Starting in the late-1990s, there was a gradual countrywide push to transfer salaries, which in Soviet times were paid exclusively in cash, to direct deposit schemes and plastic (debit) cards (Guseva 2008). This change typically involved bilateral employer-bank agreements to transfer salaries of all employees of a particular company to the same bank. As a result, working spouses in Russia today typically have their salaries directly deposited to separate accounts, often in different banks. This includes students and retirees, whose benefits were also transferred from cash to plastic. In a recent set of face-to-face interviews,[7] Russian husbands and wives, the vast majority of whom have separate bank accounts, reported a variety of household money management arrangements: from claiming that all the money is commonly shared (in some cases, this was indeed so; in others, husbands had sole access to family savings and investments, and the wives had no choice but to trust them as family benefactors) to stating that they maintain separate budgets, to reporting that they shared some money but kept the rest separate. We did not find a single couple that immediately pooled all the money into a joint account.[8] In fact, where joint accounts were set up, they were intended for household allowances for nonworking spouses or spouses who earn very little compared with their husbands and whose earnings were trivialized—earmarked largely for the wife's personal expenses rather than common household needs. The move from cash to plastic money had a lasting effect on the couples' perception of their finances. In some families, separate bank accounts enabled a more complex set of distinctions between mine, his/hers, and ours, allowing spouses to conceal their earnings or spending from each other. Even in those households where spouses generally professed egalitarian views about marriage, including the equal sharing of household resources, they had to actively make sense of the structural separateness of their finances, imagining and making claims of the money as shared and coming from the same pool.

When cash is stored at home, as it used to be during the Soviet times, both spouses are usually free to see and touch it (and earmark, and use, when needed). Banking strictly regulates access to money: accounts are locked and can be made accessible to some, but not other family members. This is because financial instruments, including plastic money, are personalized, issued to a particular individual and protected from being used by anyone other than the authorized users. Moreover, cards do not only provide access to money, but they also, in the case of multiple cards attached to one account, capture the spender, the amount, and, if it was an electronic payment, also the vendor. Any movement of money to or from the bank account, unlike the jar, the wallet, or one's trouser pocket, leaves a trace, which is visible to the bank and to the account owner. And this is where plastic money use in households gets really consequential. The literature on household money management has framed plastic money as an "individualised medium for managing and spending money" (Pahl 2008: 582). On the one hand, this allows spouses with separate payment cards to "conceal spending from each other, or to maintain a higher standard of living than their partners" (Pahl 2008: 578). This exemplifies the inherent paradox of plastic money: cards are issued to and used by individuals, yet households are collectives that would bear the costs of overspending or overborrowing incurred by individual card-carrying members. If, on the other hand, a couple (and even their children) have their cards linked to the same account, "there will always be a main card holder, who is responsible for paying the bill, and a second holder. The purchases of the second holder will be known to the main card holder" (Pahl 2008: 582)—and transparency raises the possibility of control.

Thus, just as in the case of nation-states, plastic money could be an instrument of surveillance in the household. A household allowance to a nonworking spouse and an allowance for living expenses to a child attending college, when extended on a card, are a tribute to the power of the primary cardholder (breadwinner) or parent: purchasing behavior becomes transparent, subject to scrutiny and post hoc analysis and accounting. The early credit cards—like Diners Club cards, were marketed precisely for their ability to monitor spending and simplify accounting for expenses of traveling businessmen by their bosses (Simmons 1995). Modern card issuers, too, offer accounting analysis as part of their customer service: cross-time and cross-category comparisons can aid in financial (self-)control. Made transparent, one's purchases can evoke blame if money comes short, or shame when buying is perceived as frivolous, and, more generally, traceability allows for broad surveillance, particularly in cases of card charges in unlikely places or unexpected geographic locations.

Bill padding or pocket picking, to which the nineteenth-century housewives resorted in order to obtain some cash for themselves (Zelizer 1994) are no longer possible because cash is not involved; accounting is precise and numbers flowing through the card system are inaccessible to household members for manipulation. Anonymity and liberation *pace* Simmel are no more. The only way to evade control is to first head to the ATM and withdraw cash.

Thus, while plastic money always tattles to card issuers, card processors, and merchants (and some of those can be agents of omnipotent nation-states), whether or not it conceals or reveals in the household depends on many factors and on the intentions of its users. Because of its ability to form social memories, plastic money can be used by husbands and parents to control purchasing behavior of wives, children, or other dependents who receive allowances through secondary cards attached to accounts that husbands and parents control. In some cases control can be evaded: if allowances are extended on debit cards, dependents can easily withdraw cash and, wittingly or not, conceal their future purchases. And in other cases, control simply will not be activated despite the structural possibilities because of the values on which the relationship is built, or the concerns about destroying trust and causing adversity.

This brings us to our last point. Plastic money is a tool—of payment, saving, sometimes of status, sometimes of dependence and control, and other times, of independence and opportunities. In the household, it can tattle, but it can also help disguise (card issuers and processors, however, know it all). Whether or not it does the former, the latter, neither, or both (a philandering husband can conceal his gifts to his mistress paid by a personal card, but at the same time monitor his wife's spending of the allowance extended through a secondary card attached to a joint account he controls) depends on the many aspects of the relationship. The word that was evoked by several Russian spouses we interviewed was "trust." A fifty-year-old woman, married for more than thirty years, explained, "A person can tell his PIN number to other family members, and everyone will have access to his account. Or he can keep the PIN a secret. But as a rule, in families where the relationships are good and trusting, people do not conceal their PINs." Thus, sharing one's PIN may even be viewed as symbolic of a particular kind of—trusting, honest—relationship.

As household money ceases to be anonymous, individuals may strategically use this new sociability to their advantage to conceal or control. Plastic money can foster individualization of finances for those spouses who value independence, or it can enable control over dependent family members in cases when individuals do not fully trust others to make good consumer choices. Even if individuals do not seize on these opportunities, they are still faced with the necessity to make sense of and adjust to this new reality. That is why egalitarian-minded couples strive to imagine all their money as shared and contained in a common pool despite the separate bank accounts, or suggest that sharing one's PIN with others is symbolically important for maintaining good family relations.

Conclusion

The anonymous, impersonal cash that classical theories of sociology considered to be the dominant means of economic transactions and a defining feature of modernity may turn out to be a relatively short historical affair. The arrival of plastic or digital money with its new sociability requires new ways of making sense of money. If money talks, as Viviana Zelizer (1994) insightfully demonstrated, plastic money definitely tattles. Its personalized nature and the infrastructure that is required for it to circulate produce a constant flow of data that offers new and enhanced opportunities for the monitoring and control of others. States and private actors claim ownership over digital financial flows and strive to use them to their advantage, but they are also expected to protect them from breach and unauthorized use, raising concerns over privacy and individual rights. There is an ongoing debate about how much control we are willing to cede to the state and other institutions in return for guarantees of safety of the data that plastic money transactions generate. On the level of households, individuals have an opportunity to be quite strategic in whether they want to take advantage of this new sociability to ensure their privacy from other family members or enact surveillance and control over them. Thus, states, businesses, and households must take up the challenges brought about by the arrival of plastic money and its new sociability in multiple ways. Studying this variation promises a fertile and productive line of sociological research.

Notes

1. MasterCard, "Cashless Journey," white paper, September 2013, http://newsroom.mastercard.com/wp-content/uploads/2013/09/Cashless-Journey_WhitePaper_FINAL.pdf.

2. American Psychological Association, "How You Spend Affects How Much You Spend: Credit, Scrip and Gift Certificate Purchases Found to Be Higher Than Cash Buys," September 7, 2008, http://www.apa.org/news/press/releases/2008/09/credit-cash.aspx.

3. See Visa, "Visa Merchant Data Standards Manual," 2015, https://usa.visa.com/dam/VCOM/download/merchants/visa-merchant-data-standards-manual-2015.pdf. American Express has more information about cardholders than Visa and MasterCard.

4. The American payment card with its antediluvian magnetic strip technology can store only a very limited amount of data and can only give but not receive information. Chip cards, currently a standard in Europe and Canada, can hold more information, and mobile payment technology, where one uses a cell phone and not a card to pay, can use the memory of the smart phone along with its GPS, and not only send, but also receive data.

5. Other countries that also developed their own payment cards like Denmark (Dan-

kort), Norway (BankAxept), Germany (GiroCard), or Belarus (BelCard) represent a wide variety of ways that states can be engaged with plastic money.

6. "State Council Notice concerning Issuance of the Planning Outline for the Construction of a Social Credit System (2014–2020)." The original and the translation by Rogier Creemers can be found at https://chinacopyrightandmedia.wordpress.com/2014/06/14/planning-outline-for-the-construction-of-a-social-credit-system-2014-2020.

7. Data collected as part of the education-research initiative led by Dr. Dilyara Ibragimova of National University–Higher School of Economics, Moscow. Semi-structured interviews conducted in 2011 with 156 heterosexual couples, married or cohabiting, interviewed separately (non-random sample). Interviews were recorded and transcribed. For more information, see Alya Guseva and Dilyara Ibragimova, "Economic Resources and Power in Contemporary Russian Households" (unpublished).

8. There is plenty of evidence that suggests there is no direct correlation between having a joint account and fully sharing money in the family (Burgoyne and Morison 1997). Likewise, having separate bank accounts may result in a variety of arrangements of money management in the family—from truly separate and independent accounting to largely shared (Ashby and Burgoyne 2008).

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CHAPTER 13

Blockchains Are a Diamond's Best Friend

ZELIZER FOR THE BITCOIN MOMENT

Bill Maurer

VENMO. LEVELUP. APPLE PAY. SQUARE.[1] In ten years' time we will see which, if any, of these new electronic payment providers still exist, much less capture the kind of market share enjoyed by that most venerable of digital payment devices, the plastic card. At the time of my writing, there is an unprecedented proliferation of new payment technologies and a pace of innovation not seen before in the history of ways to separate people from their money, quickly, conveniently, and reliably. Scott Mainwaring, an industry researcher, has termed it a "Cambrian explosion in payments": a blossoming of myriad technologies, using different platforms, devices, and networks, to help people pay (Deville 2014; Maurer and Swartz 2015). Where the payment card networks originated in retail store credit and later, associations of banks sharing communications networks for clearing and settlement, the new systems rely on a variety of infrastructures: mobile telecommunication, the Internet, distributed peer-to-peer networks. They harness features of new digital and mobile computing devices not originally designed to support payment, such as the digital camera and display screen (for optical recognition and transmission of payment information between a person's device and a point-of-sale terminal, in the case of LevelUp) or the earphone jack (for input of payment data from the magnetic stripe on the back of a traditional magnetic stripe card, in the case of Square). It is a Cambrian explosion in that new body forms, adaptations of existing structures, and novel relationships in a variegating ecology of retail payment are coming into being all at once, radiating out into a landscape heretofore the exclusive preserve of paper banknotes, coins, and plastic cards.

If *The Social Meaning of Money* were written today, Viviana Zelizer would have to account for these new technologies. Indeed, they beautifully make the case she put forward: these are socially differentiated and differentiating ways of paying that render the monies associated with them similarly multiple. Different groups gravitate toward different payment technologies: teenagers and college-age students today are the near-exclusive users of Venmo, a micropayment service that integrates with social media so that users can see each other's payment activity. Early adopters of Bitcoin,[2] an experiment in cryptographic currency, were almost exclusively white, male, hard-core programmers, with a heavy smattering of libertarians. If the Bitcoin community has diversified since then, it is only in its internationalization, especially as Chinese adherents trade in the currency despite their government's efforts to crack down against it. Apple's mobile payment service, Apple Pay, is only available to owners of Apple's newer (and more expensive) iPhones, creating a segmented market that itself is further separated from the hoi polloi of commerce because, at least in the early days, Apple Pay was only accepted at select retailers (such as the high-end supermarket chain, Whole Foods). They are socially differentiating, too, in that Venmo, for example, not only reflects but creates circles of friends with whom one shares one's economic activity—a new kind of conspicuous consumption (Tung 2015). Bitcoin facilitated transactions on Silk Road, an online anonymous marketplace for illicit goods and services, until the latter was shut down by authorities in 2013.

While these are, for the most part, new payment infrastructures, and not wholly new monies, the line is blurring. Private companies creating new payment "rails" (as they are termed in the payments industry; see Maurer 2012) are also floating new kinds of value-laden tokens, electronic coupons, and point- or credit-based systems that enter into circulation alongside state-issued money, albeit, for now, in "closed loops"—another industry term referring to the limited redeemability of such tokens. American Express, the charge card company, and Amazon.com, the online retailer, have an agreement allowing the use of Amex's Membership Rewards points for purchases. People taking advantage of this arrangement discuss the ins and outs of the variable exchange rates between points and dollars, and the difference between purchasing directly over Amazon.com with one's Amex card, versus using Amex points.[3] Such arrangements attract regulatory attention, with central bank regulators, among others, worrying about whether they augur the reemergence of private currencies, or, more prosaically but equally concerning, whether they open new possibilities for money laundering or tax evasion.

If new payment services shade into new monies, they make more complex the already multiple and cross-cutting social relations of money that Zelizer documented. But they may do more. As I will argue, such developments in the

Cambrian explosion of payment highlight money itself as *money of account*. That is to say, they draw attention to, underscore, rely on, and reanimate the unit of account function as the core, distinguishing function of money in general.[4] This is not to suggest that they desocialize money (as perhaps Ingham 2001 would argue) but rather reveal the social meanings of money in its accounting. New payment systems remind us that people's everyday earmarking and sequestering of special monies is itself a kind of accounting.

In what follows, I discuss Bitcoin and its underlying technology. Specifically, I address how new uses of that technology shed light on money as money of account. This bolsters the arguments of alternative monetary theorists like Geoffrey Ingham and Randall Wray, which were often seen in opposition to the Zelizer view. Both Zelizer and alternative monetary theorists agreed on the paucity of the mainstream economists' take on money as a neutral medium of exchange. Zelizer highlighted its social variegation. Ingham highlighted money of account, the "means of accounting for value" (2001: 307). Such accounting is always linked to the state's ability to demand taxes paid in its own token and the systems of claims and counterclaims in credit-money that ultimately relied on states' and banks' promises to pay (ibid.: 312). Whatever social variegation may exist, Ingham argued, would still be determined by and denominated in money of account. I ask whether developments like Bitcoin and other forays into new payment services more generally have the potential to open up these relations between states and banks with regard to money.

Bitcoin is also interesting in the universe of electronic forms of payment because of the way it both does and does not "tell tales" of its movements and sociability (see Guseva and Rona-Tas in chapter 12 of this volume). It was designed to be anonymous. But central to its functioning is a publicly available, shared, verifiable ledger, a giant digital record book of all transactions. Bitcoin depends on a chronicle of transactions whose principals' identities are difficult, if not impossible, to ascertain. To its proponents, this is a virtue, and a form of asociality that takes "trust" out of the business of money. As I discuss below, however (and as Nigel Dodd explains in chapter 14 of this volume), the picture is a bit more complex. Understanding how Bitcoin elevates money as money of account helps explain why.

Earmarking and Accounting

There is not as much distance between Zelizer and Ingham as appears at first glance. Earmarking as discussed by Zelizer is nothing but accounting. If Zelizer relegates the state to the background, it is only to reveal more clearly the everyday practices and meanings of people's money worlds and repertoires (Guyer 2004; Eagleton and Williams 2007). Zelizer opened *The Social Meaning of Money* with a plea to move beyond the view of people as rational individuals "making decisions only of price and quantity" (Zelizer [1994] 1997: 4).

She referenced the wonderfully evocative stories of midcentury housewives' "tin can accounting" and Orange County, California, shoppers' " 'cash stashes' for special uses" (ibid.: 5). Listen to one such housewife:

> I have a silly little system. Whenever my husband gets paid I take away so much for my grocery money and put it in my kitchen drawer. Then I take all the rest and I put it into a tin can. If we can pay a bill in person we take the cash out of the can. . . . Now, whatever is left over in the tin can by the time the next payday comes we transfer into the bank account to pay our future bills. If my husband doesn't have enough money for gas out of his allowance, or if we go out for some entertainment we just take the money out of the tin can. Sometimes there is only a little left in the tin can at the end of the period, and sometimes there is a lot—it just all depends on the weeks. (quoted in Rainwater, Coleman, and Handel 1968: 165)

Such stories led Zelizer to excavate how money, presumed to be purely fungible, gets parceled out into distinct bundles and set to specific uses that open a window into social worlds of meaning and relationality.

Earmarking is an accounts-keeping operation, as Rainwater, Coleman, and Handel point out. Lacking other easy means of keeping track of their money and their expenditures, midcentury housewives found ways materially to segregate and visualize their financial standing and to make savings and purchasing decisions. Their accounts, physically manifested in tin cans, envelopes, or china pitchers, were also a material demonstration of their relationships and values. Other researchers building on Zelizer and citing this and similar studies were able to prove experimentally how people deploy funds and other resources based on implicit and explicit labeling schemes (Heath and Soll 1996). This kind of research, however, generally aimed to show how such labeling led to misallocations—irrational decisions—rather than to underscore money's social meanings. Things that are easier to label or categorize end up being "the most subject to the rigors of budgeting" (Heath and Soll 1996: 40). The primary sources on such forms of "mental accounting" also documented that the practice breaks down because, among other things, people using it have a "tendency to 'cheat' a little" (Rainwater, Coleman, and Handel 1968: 169).[5]

I linger over this material because I think authors in the mental accounting literature actually got something wrong that Zelizer, at least indirectly, got right. Tin can accounting was a form of physically differentiating monies. It was a socio-material practice that embodied social meanings. The aim was not merely to control spending but to give a visceral account, not a mental account as is so often claimed, that women could literally weigh in their hands to help them assess current status and future spending. The brute materiality of the cup constrains and conveys by its heft, providing women an alternative metric to evaluate their financial standing and to plan their future decisions.[6] The quality of constraint, the need to deal with the tendency to cheat, and the rendering nonfungible of otherwise liquid currency prefigure some important aspects of the Bitcoin system and its own social relations and meanings.

Bitcoin Accounting

Zelizer wrote that "popular conceptions of money seem to be wiser than academic sociology" ([1994] 1997: 5). The actual uses of the technology underlying Bitcoin may be wiser than the initial ideology espoused by so many of its participants.

Bitcoin is the brainchild of an anonymous programmer or programmers who penned a white paper under the name Satoshi Nakamoto on the design of a digital currency and released it over the Internet in 2008. The system "he" described used a combination of two existing ideas to create a digital system for exchanging value that shares many of the attributes of physical banknotes—chief among them anonymity, irrevocability, and the inability to double-spend, that is, to duplicate a token and effectively double one's money. This last quality is crucial in digital environments where such duplication is easy. Satoshi and other cryptocurrency advocates also desired a system that would not depend on any central point of control. This commitment to decentralization derives both from a skepticism or hostility to states and banks—the desire to disintermediate their role in creating money—as well as a transformation of the Internet's distributed network structure into an ideology (Brunton 2015; Dodd 2015).

The first system Bitcoin relies on is a distributed database that contains a ledger of all transactions, called the blockchain. Rather than living on one computer or server, the database resides in duplicate form on all of the computers verifying Bitcoin transactions. The second system is a protocol for verifying transactions in that ledger by way of a computationally difficult competition, called a proof-of-work, among parties to the system who are rewarded for their effort. The technical details are challenging (Clark 2013), but the concept is relatively straightforward: Bitcoin is based on a ledger, the blockchain, which exists on all the computers participating in the Bitcoin system (at least in theory, as there are now third-party services that will exchange your bitcoins for you without your having to maintain a copy of the ledger on your own computer). The ledger is continuously updated by the nodes in the network, which are undertaking proof-of-work to verify any new transactions in a kind of computationally intensive lottery. When a node wins the lottery and completes the verification of a set of transactions, a "block" is said to be completed, and it is broadcast to the whole network. The update has to be agreed to by 51 percent of the nodes. This process is called "mining," and Bitcoin miners who win the competition to complete a block are provided a reward in bitcoins, which provides a mechanism for the introduction of new currency into the system, but only as far as a predetermined upper limit. Miners can also charge transaction fees.

The blockchain contains entries of all bitcoin transactions. The ledger records the "addresses" of the transacting parties, which are themselves cryptographically secured and quasi-anonymous—there is no identifier linking a person's name, say, to that address. Transactors' ownership of bitcoins is essentially the right to a ledger entry. In other words, there are no actual tokens or digital ledger ticks. Rather, the ledger contains entries of transactions between addresses. Addresses are secured by a set of cryptographic keys—a public key, from which is computationally derived the public address, and a private key, to be held only by the owner, which is used as the authorizing signature of a transfer of ownership. Hence, "cryptocurrency." One cannot access bitcoins—that is to say, the proof of the completion of a prior transaction exchanging value denominated in bitcoin—without a private key corresponding to the public key associated with the address containing the record of that prior transaction. If I want to send bitcoin from my address to another user's address, the Bitcoin protocol distributes my request to send to the entire network, which in turn requires that I authorize the transaction with my private key. If I lose my private key, there is no way to reclaim access to the bitcoin associated with my public address. It becomes locked up in the blockchain forever, or "burned."

No coin, just accounting. No central authority issuing currency. A database containing a ledger maintained through computation, competition, and consensus. These are the basics of the Bitcoin system. But still, as Christine Desan (in chapter 6 of this volume) might say, it is a governance project. It is a digital money of account, almost exactly like the clay tablets of ancient Mesopotamia that so exercised John Maynard Keynes (Ingham 2000), except instead of being "recorded by word of mouth or by book entry on baked bricks or paper documents" (Keynes [1930] 1958: 3) it resides in a distributed digital ledger.

When Bitcoin began, the rhetoric of mining, the built-in upper limit to the amount of bitcoin ever to be "mined"—that is, a hard limit on the ultimate size of the ledger—and the antigovernment ideological positions of some adherents lent an anarchist and metallist character to the system. Bitcoin adherents were like latter-day goldbugs (Maurer, Nelms, and Swartz 2013). Bitcoin's association with criminal activity over the so-called dark web, Silk Road, and other illicit trading services, and scandals involving several Bitcoin currency exchanges imbued the system with an air of dangerousness, as well as a libertarian political charge. When I attended a payments industry conference in 2013, Bitcoin proponents surreptitiously affixed stickers and handmade signs to tables and displays in the exhibit hall. People vocally espoused antigovernment, anti-fiat currency and anti–Federal Reserve views (Brunton 2015). At the next year's meeting of the same conference, however, the exhibit hall was graced with professional-looking corporate displays, complete with hired female models(!), to promote new Bitcoin start-ups. In 2014, one such start-up announced its sponsorship of the St. Petersburg Bowl, renamed the St. Petersburg Bitcoin Bowl.[7]

Football aside, Bitcoin is entering the world of big business. Bitcoin-related venture capital funding approached $1 billion in 2015; it was just above $300 million in 2014. But it is the blockchain, not the currency itself, that seems to hold appeal outside of Silicon Valley and in the halls of Wall Street, among legacy payment providers (such as Visa or MasterCard), and for the IT departments of regional banks and credit unions. This is because of the blockchain's essential nature as a database—more precisely, as a distributed ledger.

A blockchain is a special kind of ledger. It exists everywhere in the network. There is no one central repository where it resides or one central records keeper. Picture the old ledger books kept in the back rooms or vaults of a bank. Now, imagine a flood, or fire. With a blockchain database, the risk of loss is miniscule if not nonexistent, because every node in the network has a copy of the whole ledger and the system is designed so that the nodes in the network continuously update and synchronize those ledgers.

Now, go back to that bank ledger book, and imagine a bad actor: someone who through malice, fraud, error, or stupidity makes an incorrect entry. There may be audits, there may be reconciliation of accounts, but the effort to locate the discrepancy may be costly and time-consuming. A core feature of the blockchain as a distributed ledger is that it is public—every node in the network can see it; in fact, everyone in the world can see it, because it is posted online in real time, too. Although it is public, the identities of the transacting parties are concealed by the protocols governing their addresses, as mentioned earlier. Those transacting parties do not need to know or trust one another in order to do business; the process of transaction verification through distributed consensus, and the public nature of the blockchain, militates against fraud. At least, militates against fraud once a transaction has entered the blockchain and has been verified: blockchain entries cannot be altered without the consensus of 51 percent of the nodes. Fraud can take place outside the system—I can steal the private key to your Bitcoin address and make off with your money. Or, more simply, I can ask you to send me your credit card number for your participation in a Bitcoin mining scheme and just steal your credit card number. These are not vulnerabilities of the blockchain itself, however, but are external to it.

I have been told personally and have heard public statements to the effect that the "brand" of Bitcoin as a currency is too tainted by the early scandals, criminal investigations, and prosecutions to gain any traction in mainstream legal and financial services sectors.[8] Bitcoin's association with radical libertarianism has attracted both positive and negative interest—libertarianism in the first decades of the twenty-first-century United States had appeal, especially for elites garnering an ever larger share of the nation's wealth—nevertheless, Bitcoin is seen as too controversial for polite corporate strategic planning. But the record-keeping quality of the Bitcoin system is attracting interest among more established financial industry actors. The wholesale financial services industry sees promise in blockchain databases combined with some sort of proof-of-work verification system to facilitate and speed up interbank clearance and settlement, as well as equities and derivatives trading. People say you have to do a "search and replace" in order to get the idea across to higher levels of the organization: replace "Bitcoin" with "blockchain" or "distributed ledger" before you make your pitch.

Why this interest in the blockchain? It is (relatively) immutable—no one can go back and change old entries without everyone seeing what has been done. Such changes have to be agreed to by consensus, so they probably would not "take" anyway. The blockchain therefore provides a verifiable, time-stamped record of transactions. It is also persistent—it lasts even if some of the nodes go dark. It is a historical chronicle—one damn thing after another—that cannot be easily or unilaterally altered. The participating nodes are continuously synchronizing their copies of the database, and thus money does not "move" from point A to point B in the system. Instead, credits and debts simply get updated, everywhere and in near-real time (about ten minutes, on a good day).[9]

At a conference sponsored by the *American Banker* trade magazine in July 2015, Blythe Masters, formerly of JP Morgan Chase and at the time CEO of a new blockchain-related start-up, Digital Asset Holdings, declared that the blockchain would solve the problem of "settlement latency"—the amount of time it takes assets like equities changing hands to clear. This is, admittedly, an obscure area, that of the "infrastructures of post-trade processing," as she put it. But the benefits are faster settlement times, which means the ability to make money on otherwise latent assets awaiting clearance—as well as the resiliency and, importantly, resistance to cyberattack that blockchain-based systems display as a result of their distributed nature. She and others at this conference, formally, and in the corridors, expressed the view that distributed ledgers would also reduce back-office operations costs. "You can fire your IT department!" said one, informally. Masters more diplomatically put it this way: You will have "no more reconciliation costs—you have to live in the world of financial services to understand the profound implications of that statement." Of course, you could not really fire your IT department, because you need it to set up and maintain the system, and these are difficult systems to develop. But distributed ledgers offer the same promise of automaticity as earlier technologies like the assembly line and the computer itself.

As a ledger, though, the blockchain promises still more: the potential to be able to account for everything, since anything can be entered into it, and not just bitcoin transactions. In a seminar at the University of California–Irvine School of Law in 2013, I was outlining the basics of the blockchain when a law professor with expertise in housing finance had an epiphany. If mortgage notes had been entered into something like a blockchain database, he explained, the mortgage settlement mess after the financial crisis of 2008 might not have happened. After all, one of the main problems in addressing the crisis was determining ownership of mortgage paper. Mutual distrust, operational inefficiencies, and outright malfeasance among lenders prevented information sharing. Two years later, at the *American Banker* conference, said one participant, "I can't help but to wonder if things would have played out differently with the financial crisis if things like liens were in the blockchain."

A funny thing is happening on the way to the "distributed ledger space," as some are calling this area of potential business opportunity. While leaving aside bitcoin the currency, participants are discovering that ledgers are really good for managing and manipulating other things of value. In rediscovering accounts, they are potentially rediscovering money of account. At least some are getting there by way of Zelizerian processes of sequestering and earmarking.

Blockchains are a Diamond's Best Friend

"Don't store your value in a rock, store it in a block." So reads the website of BTCring.com. The brainchild of Sebastian Neumayer, an MIT engineering PhD, it offers the ability to create a Bitcoin-based novelty item: a ring linked to a Bitcoin address. BTCring provides the code necessary to design a three-dimensional ring that points toward a Bitcoin address. I can create a Bitcoin address specifically for the purpose of making a ring. I then use the code on the BTCring website to create a file that can be sent to a 3D printer. I can add my own design elements to the ring plans before printing it out. The printed ring contains a QR code—a matrix bar code, recognizable by applications run on mobile devices with cameras or optical scanning capability—that links to the public Bitcoin address. By scanning the QR code, I or anyone can see how much the ring is worth in bitcoins.

Although tongue in cheek—or maybe not?—the BTCring project neatly encapsulates a number of assumptions: love can be expressed in terms of monetary value. The wedding ring is a special kind of sequestered value, symbolizing that love, or securing the relationship in which that love presumably flourishes. Yet, as the website and several accompanying online videos demonstrate (hilariously), actual diamond rings can be lost. If lost, the value is lost, too. Or, a ring might look pretty but be fake, holding less value than it would appear to worth at first glance. Or, further, the diamond might have been the product of exploitative practices in a conflict zone, its value tainted by its origins. As one woman actor says in one of the BTCring's videos, as she hurls a diamond ring back at her hapless suitor, "I don't want blood on my hands!"

Who holds the private key of the value to which a BTCring points? Well, as with all matters of the heart, this can be negotiated. One of Neumayer's recommendations is to split the private key between the two partners, so that the value sequestered in the blockchain cannot be spent without the consent and participation of each. The BTCring provides a means of "restricting fungibility," as Neumayer put it in an interview with me. He reflected on an extreme way to restrict that fungibility: "instead of putting the bitcoin in an address that the couple controls together, you could send the bitcoin to a burn address where you can show that no one holds the private keys—it's like throwing the money into the fire—it's kind of like the proof of burn that a diamond is. . . . You know that someone burned a lot of money to buy the ring, but you're never going to get the money back again."

Zelizer has taught us not to automatically recoil from the apparent monetization of persons and relations that always seems to attend capitalism but instead to inquire into the social and cultural bases of economic action (Zelizer 1985). Some online commentary of the BTCring project is critical of the idea that you can put a price on love. Others say that only an isolated geek with little understanding of actual human relationships would find it appealing.

But what is most interesting about the BTCring is its reliance on the blockchain to sequester earmarked value and its use of the blockchain to create a permanent record of a relationship. Neumayer is very explicit on this point: blockchain systems have "the ability to show proof of existence" without having to rely on a third party, while restricting the fungibility of otherwise convertible value. BTCring creates a special money, in Zelizer's sense, inside the Bitcoin system. Specific techniques can ensure its continued sequestration, like splitting the private key between the two parties to the relationship or, more drastically, "burning" the bitcoin. BTCring also explicitly reminds visitors to its website of the political economy of actual wedding rings, proclaiming, "Support Bitcoin Mining not Diamond Mining." Absent a verifiable and unalterable tracking and certification system from the mine to the jewelry store, there is no way to guarantee that a diamond did not originate in a conflict zone or was otherwise unethically produced and distributed. So, while at some level a novelty toy, the BTCring occupies that same family of phenomena as tin can budgeting and pin money. It does so while also pointing to the fundamental accounting operations central to the social meanings of money—in this case, by way of a QR code to the Bitcoin blockchain. The BTCring also offers "social commentary," Neumayer said, raising awareness of both the monetary basis of many personal relationships, as well as conflict diamonds.

At the time of this writing, a very early stage start-up, Everledger, is actually trying to do something about conflict diamonds. Everledger is a London-based company that uses the Bitcoin blockchain to identify and track diamonds. Barclays Accelerator invested US$118,000 in the company in March 2015, and it has received very favorable press. The idea behind the company is to gather data on diamonds from insurance companies, law enforcement, and diamond producers to create a digital fingerprint for each diamond and store it in the blockchain. This eliminates the problem of conflicting means and standards of diamond documentation and certification. The digital fingerprint contains enough data to identify a diamond, and the record in the blockchain can track changes in its ownership. The founder, Leanne Kemp, whose background includes both the insurance industry and the jewelry business, imagines expanding beyond diamonds to other high value items. As TechCrunch reported, "It's starting with diamonds, with a view to expanding into all sorts of luxury goods—such as high end watches, designer handbags and fine art—so basically high value items whose provenance might otherwise be reliant on paper certificates and receipts that can easily be lost or tampered with. The blockchain is a distributed public ledger for tracking provenance in a way that's more robust and accessible than a paper trail" (Lomas 2015).

Here, the blockchain could be used to demonstrate the proof of existence, Neumayer might say, of a relatively nonfungible object of wealth, and thereby provide a chain of documentation of ownership or of provenance.[10] For Everledger, this is of potential interest for the insurance industry. But Everledger also wants to take on diamond trading fraud and conflict diamonds. It is attempting to do so by using the blockchain to record not just proof of existence but a host of data on individual diamonds, with enough detail to be able to identify a diamond of suspicious origin that might come on the market. "If you have a 5 carat diamond, not only do we capture the serial number that's inscribed on the stone, but most diamonds are described with four Cs (the cut, the clarity etc.). We taken [*sic*] not only those four Cs, we then take the 40 metadata points that make up the diamond. . . . All of the angles and the cuts and the pavilions and all of the crown. And we take all of that, as well as the serial number, as well as the four Cs, and we put all that into the blockchain," says Kemp" (Lomas 2015). Say a large diamond is stolen and cut into smaller gems. Its specificity, described by that metadata and recorded in the blockchain, would permit the identification of those smaller gems and their association with the original item. If BTCring restricts fungibility of otherwise convertible value, creating the equivalent of a precious stone, Everledger provides a way to account for nonfungible things, or, better, a way to enforce their nonfungibility, to forever be able to specify this diamond as distinct from that one.

Ledgers, Laundry, and Love

Bitcoin is opening up money into other relations besides those of state and market. If one accepts Bitcoin adherents' own reflections on the system, its peer-to-peer network structure permits it to operate in its own separate, parallel zone of economy and politics. For true believers, it is governed by the code, not by people or governments. The hard cap on the number of bitcoins ever to exist also removes bitcoin-as-money from the laws of supply and demand, the price mechanisms of the market. This, for some, is a transcendent coin. Of course, it is shot through with people, ideology, market devices, law, and regulation—there are exchanges, after all, that serve as points of connection between bitcoin and the rest of the world, and these are key sites for regulatory intervention.

To me what is most compelling about Bitcoin is that the blockchain provides an alternative account, quite literally, in the form of a distributed ledger. Despite most Bitcoin proponents' claims that the currency is completely fungible, it provides this alternative account by constraining fungibility: no one bitcoin is truly the same as another, as each contains the history of its transactions along the way. Each is always earmarked already. Money of account, in Bitcoin, contains within it its individual, socioeconomic history. Even if that history is very, very difficult to read, it is still there, and the fact that it is there is the key to the whole system, ensuring that there is no double spending of the same bitcoin. This is a digital version of physical earmarking. Unlike tin can accounting, however, there can be no cheating, at least not within the blockchain (there can be all kinds of fraud outside the blockchain, as Silk Road and Mt. Gox demonstrate): hence, Everledger's use of the blockchain to create provenance for diamonds to prevent their illicit trade or the concealment of their origins or BTCring's use to record and solidify a relationship with a split private key or a burn.

Ingham could argue, in 2001, that the ability of money to be laundered proved his case that the social meanings of money as described by Zelizer were secondary to the social relations of banks and states animating the money of account: "The state does not enquire into the meaning of money or differentiate between 'dirty' or 'clean' money in payment of taxes" (2001: 314). Alternatively, one could say, I can use a bill that had spent much of its life folded up in origami and sequestered from circulation tomorrow to buy a pack of gum; or I could take money from the tin cup earmarked for the rent and use it to buy a birthday present—cheating, as those mid-twentieth-century housewives did. For Ingham, money's fungibility works because money's moneyness is ascribed outside the market, by the state, which cares only about certain relations. All others can evaporate—or be laundered—away (again, see Desan in chapter 6 of this volume).

The use of the technology underlying Bitcoin may be challenging this assessment. Anything placed in the blockchain is there forever—or for as long as participating nodes keep up the system. It becomes a kind of immovable property: it is not that it cannot be separated from its owner, but rather that it cannot be separated from its history in the blockchain.[11] It can never be laundered. It can be used to launder other currencies, however: ill-gotten gains in US dollars can be converted into bitcoin, their origins outside the system available to observers only if the public address can be traced back outside the system to their source. So, one can launder *with* bitcoin, but one cannot launder bitcoin. This quality of bitcoin led some developers to the concept of "colored coins," which would be specially marked bitcoin based on particular ownership or transaction histories, precisely to track their origins and pathways. Colored coins make explicit that a bitcoin's past is always with it, and always visible to anyone who cares to look. Its carries its relations along with it—even if it's hard to know exactly with whom or what it has had those relations.

Bitcoin is also opening to technological change the universe of nonfungible things—paradoxically allowing them to be more easily liquidated by making them more permanent, more indissoluble. This is Blythe Masters's point about the potential of the blockchain to reduce settlement latency: if we have a better and faster way to track ownership of equities, or mortgage paper, or diamonds, we can trade more quickly and easily and reduce the amount of time a nonfungible asset just sits idle. We always have proof of its existence, in the ledger. We do not have to chase a paper trail that may have been intentionally obfuscated. The ledger depends on consensus—to alter records, one would need the coordinated participation of 51 percent of the nodes in the network. The blockchain can facilitate trade by providing a permanent, verifiable, secure, and public ledger maintained among nontrusted parties or peers. Bitcoin carries forward tin can accounting because it allows special monies and sustains the nonfungibility of value, the moral or social boundaries around different items of worth. So, by supporting nonfungibility and differentiation, the blockchain can permit more things, more distinct and different relations, to enter the market. As with the Cambrian explosion in payment, technology here is supporting, not erasing, the social differentiation of monies.

Bitcoin supports Ingham's position on the centrality of money of account in that it depends on a computationally derived system of record keeping that warrants its own moneyness. Yet, à la Zelizer, it retains its meanings—forever. It is this feature, and not its cryptoanarchist orientations, that is captivating Silicon Valley start-ups and Wall Street investment banks alike, and adding yet another money-form to the Cambrian explosion in payment.

Notes

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2. In keeping with the emerging standard in the Bitcoin community, I capitalize the term to refer to the community, network, system, and infrastructure, but use lowercase to refer to the currency unit (bitcoin).

3. For example, a comment dated October 1, 2013, on one of Amazon's customer forums reads, "I just ran a comparison of paying for a $65.70 charge made on my Amex with points (deduction was 10950) v. paying for the same item at Amazon with points (deduction was 9104) so I would use almost 17% less points on Amazon than I would by charging it to my Amex and applying points. Interesting!", accessed August 1, 2015, http://www.amazon.com/gp/help/customer/forums?ie=UTF8&cdForum=Fx2NFGOONPZEXIP&cdThread=Tx39M4OYRJRK46T.

4. Eric Helleiner (2003) has discussed the euro's creation first as money of account and later as circulating note and coin.

5. Such research also laid the foundation for behavioral economics, which, in turn, is contributing to the "Cambrian explosion" in payment technology referenced earlier, in the form of smartphone applications to create incentives for saving or investing, as well as mobile-enabled banking and money transfer products that allow earmarked accounts for special purposes.

6. Compare Nancy Munn ([1986] 1992) on qualities of objects that function as signs, after C. S. Peirce, or Jane Guyer (2004) on volumetric measures as distinct from pure interval scales for measuring value (e.g., "one cup" versus "10 units").

7. The sponsorship lasted only one season, however. The start-up, BitPay, and the sports news network, ESPN, ended their relationship, leading to speculation about which one had evaluated the other as the bad marketing bet (see Roberts 2015).

8. The most notable include the failure of Mt. Gox, at the time, the largest bitcoin exchange, and the arrest of Mark Karpeles, its founder, on August 1, 2015, for defrauding clients of hundreds of millions of dollars; and the arrest and conviction of Ross Ulbricht, the creator of the Silk Road online marketplace, which accepted payment in bitcoins and is said to have facilitated more than $200 million in the trade of illicit drugs and services. Ulbricht was sentenced to life in prison on May 29, 2015.

9. In July 2015, when I was co-teaching a class on Bitcoin with Donald J. Patterson at UC Irvine, students sending bitcoins back and forth experienced settlement times of several hours to several days. At first we hypothesized that the Greek debt crisis was leading Greeks to buy up bitcoins, placing a drag on the system (our "sending bitcoin" lab coincided with the July 5, 2015, Greek referendum on the Greek bailout and the extension of the Greek bank holiday through July 8). Exploration of blockchain transactions, however, revealed it was not Greek or European but rather Chinese purchases of bitcoins that were slowing things down (based on the geographical location of IP addresses originating transactions, via the Web-based tool Fiatleak.com), coinciding in time with a run on the Chinese stock market and the drastic fall of shares traded on the Shanghai Stock Exchange between July 8 and 9, 2015.

10. Kevin McCoy's Monegraph project similarly provides proof of existence and provenance, specifically for digital works of art, using the Bitcoin blockchain (McCoy, interview by Bill Maurer and Donald J. Patterson, July 7, 2015, https://www.youtube.com/watch?v=NAJh1kEba18).

11. Compare Weiner (1992: 32): in ancient Greece, livestock were considered movable property; "things stored in chests" were considered immovable property. Things stored in the blockchain have that same quality of restricted fungibility.

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CHAPTER 14

Utopian Monies

COMPLEMENTARY CURRENCIES, BITCOIN, AND THE SOCIAL LIFE OF MONEY

Nigel Dodd

WHEN I WAS A STUDENT, I had a summer job as a guard in the back of a Securicor lorry. Known as the "bullion van," this truck carried vast amounts of cash between banks on the south coast of England and a depot somewhere near London. This depot was like something out of a James Bond movie. It was located underground, and we would back the lorry up against huge, shiny metal doors. As the doors opened, a group of people in white boiler suits would emerge as we went through the complicated procedure of opening the back of the bullion van, which involved two airlocks and a great deal of patience. Once everything was open, they would load our bags of cash onto a trolley and disappear into what looked like a labyrinth of safe deposit stores. My job that summer was to sit in the back of this van for about twelve hours each day, "guarding" a growing pile of cash. They even gave me a big stick, just in case someone managed to get in, although for the life of me I could not imagine how. There were no proper windows, no mobile phone, and no Kindles. All I could do on those long journeys back to London was stare at bags of money. These were purple, decorated with the logos of banks, and each one contained about £250,000. One day I started piling them up to make a mattress, which I reckoned was worth about £4 million. From then on, every afternoon, I would lie down on my cash mattress and sleep.

Perhaps this is when my own personal interest in the social life of money began. Although the amount of money I was seeing each day soon became quite meaningless, the mechanics of money were fascinating. It had never occurred to me to ask how money traveled between banks, for example, and I was intrigued by the fact that there are huge underground vaults inhabited by people in white boiler suits pushing trolleys of cash around. What I was seeing—and participating in, with my big stick and my cash mattress—was the infrastructure of the formal cash economy and the huge effort and cost involved in moving money around. That vault probably still operates, but its importance relative to all of the money that moves around the country today has surely been reduced. As pointed out by Alya Guseva and Akos Rona-Tas (in chapter 12 of this volume), cash is used in most countries today in a steadily decreasing share of transactions; indeed there are predictions that countries such as Belgium and Sweden will become cash-free within the next decade. Today's monetary infrastructure consists of the terminals, wires, and data banks that keep digital money on the move. Indeed, in advanced capitalist countries the bulk of "money" consists of (often digital) IOUs issued by commercial banks (in Britain, this is 97 percent of the money supply).

When I spent that summer riding around in the back of a bullion van sleeping on my mattress of cash, it was still quite easy to think of "money" as something singular. In the advanced capitalist countries, we were still living in the era of state monopoly currency. So not only was cash more prevalent than it is today, but national currencies were too. But since that time we have been witnessing something of a monetary revolution. As this revolution unfolds, it is becoming increasingly apparent that—as Viviana Zelizer has been arguing for some time—money is a process, not a thing, whose value comes from its qualities as a social relation. Money is shaped from the inside by the social practices of its users. The great, sweeping historical associations between money and gold, and between money and the state, are inessential. It can exist without them, as much as their structures linger. Money is not necessarily a creature of the state. Nor must it be a form of credit that is created by banks. Culture, moreover, is not exogenous to money. We have access to a diverse range of monetary definitions, and we should embrace that diversity. Since the 2008 global financial crisis there has been an explosion of interest in alternative and complementary currencies,[1] both by academics, governments, practitioners, and activists who are interested in the social and political possibilities generated by money's myriad forms (Jackson and Dyson 2012; Birch 2013; HM Treasury 2015; Lovink, Tkacz, and de Vries 2015; New Economics Foundation 2015) and by everyday users of money who are coming face-to-face with new forms of payment such as Apple Pay, new payment networks such as PayPal, novel modes of financing such as crowdfunding and peer-to-peer lending, local currencies such as BerkShares in the United States or the United Kingdom's Brixton pound, and new digital currencies such as Bitcoin.[2] Much of this interest has sought to reverse the conventional wisdom that money is a socially corrosive force. This chapter offers a survey and discussion of some of the most important developments in this field and argues that they all help to confirm the value and continuing relevance of Zelizer's pathbreaking analysis

([1994] 1997) of the social meaning of money and, more recently, her work on the role of monetary media in the formation of circuits of commerce (2004). The chapter ends with a discussion of Bitcoin, arguably the enfant terrible of alternative currencies insofar as it stands apart from the others in challenging rather than confirming the idea that money has a social life. I argue that, in practice, Bitcoin fails to live up to this challenge; indeed this may ultimately account for its success.

The Social Life of Money

In the usual scheme of things, most of us spend little time thinking about the nature of money. We may worry about how much of it we have or how much we need, how we should use it or how we are going to make it last—but we rarely think about how it works or what it is. If we do so, it is usually a sign that something has gone wrong. We are used to thinking that money is an impersonal, objective thing. What did you learn about money at school? Were you taught how banking works? Were you given lessons in the theory of value, alongside history, physics, and biology? I am not referring to financial literacy here, but rather deeper questions about something we use all of the time but barely understand. Surely questions about the nature of money are fundamental to any form of inquiry into how the world works. In Britain, most nine- or ten-year-old children in state schools spend a term studying *The Wizard of Oz*. They are rarely, if ever, taught that Frank Baum conceived it as an allegory of money, nor are they encouraged to ask what those yellow bricks might be on the road that Dorothy has to follow, or why only silver shoes will take her home. Money seems to be invisible in that story; even though it can be found everywhere you look, just as it is hidden from questioning in our daily lives. As organizations such as the Positive Money campaign and the New Economics Foundation in the United Kingdom have argued for some time now, misconceptions about how money is actually created are still rife in society. A recent survey of British Members of Parliament found 85 percent of those questioned still believing that money is created by the Bank of England, rather than by commercial banks. This is also an issue of language. It is difficult to get away from thinking about money as a noun—as something we *have*—rather than as a verb—as something we *do*.

In recent years, however, it has become more and more difficult to keep the social life of money a secret. A number of things have happened to change this. One, quite obviously, is the financial crisis. In its aftermath, things happened whose mechanics we were not invited to question too closely. Quantitative easing was never explained too clearly, for example, although there were leaflets and infographics available for anyone who asked. But this was not the real point. What the crisis did was begin to focus attention on big questions about monetary governance—about who has the right to create money, where its value comes from, and how exactly debt works when it became clear that the world (or at least the banks) seemed to owe itself more money than it had ever produced. What also began to become clear as a direct result of the crisis were connections between the financial world, which can so easily seem distant and divorced from us, and our everyday activities. When people started to lose jobs, local government services ceased, and libraries closed as a result of austerity measures that were deemed to be necessary because of the financial crisis, it was little wonder that the question John Kenneth Galbraith (1975) had once asked about money—"whence it came, where it went"—became more and more compelling. This seemed to be a crisis of legitimacy as much as economics, provoked by the contrast between the resources that governments devoted to rescuing banks on the one hand, and their willingness to make socially corrosive cuts in public expenditures on the other. The crisis polarized every society affected by it, giving birth to a meme—the 99 percent—that was inextricably tied to rising resentment and hostility toward Wall Street.

The crisis exposed the social life of money in other ways, too. What started out as a banking crisis mutated into a sovereign debt crisis in the eurozone. In Greece, one of the "peripheral" countries worst hit by rising debt, people started withdrawing euros from banks and hiding them because they feared that the country would withdraw from the eurozone and convert their bank balances into a new currency that would be worth much less. Banks suddenly became the least secure places to keep your money, as people found ingenious ways of concealing their cash: in freezers, vacuum cleaners, microwave ovens, bags of flour. As a result, domestic burglaries shot up as thieves looked for the proverbial cash under the mattress. What it meant not only for money to have value, but for people to "have money," was being placed in question. "Attitudes towards money proceed in long cyclical swings," Galbraith once said; "when it is good, they think of other things" (1975: 3). When it is bad, they think of little else.

The question of who foots the bill when banks fail goes to the heart of issues about how society organizes its money, raising profound questions about power, freedom, justice, and law. Georg Simmel once described money as a "claim upon society" ([1900] 2004: 177). By doing so, he captured the sense in which the monetary system must be underpinned by trust, not merely between particular individuals, but also across society as a whole. Trust, for Simmel, is a crucial feature of the social life of money. But trust in *what*, or *whom*, exactly? When he described money as a claim upon *society*, Simmel used his own very specific notion of society. This term does not mean nation-state in his work, but rather a process, which he called sociation or association (*Vergesellschaftung*), thereby drawing attention to the sense in which money's value, indeed its very existence, rests on social relations between its users that are fluid and dynamic. In this sense, to trust money is not just a question of trusting the government or central bank that appears to produce it or guarantee its value. At a more fundamental level, trusting money is a question of trusting other users of money: that they will accept it as payment, use it in a particular way, understand prices in specific ways, and behave as transactors in accordance with our expectations. Such trust tends to be implicit in monetary lives, remaining in the background as long as money's value and stability, and its most basic uses and functions, appear to "go on as normal" and can therefore be taken for granted. These are key features of the social life of money. But the implicit faith we have in money, and the trust we have in major institutions and in each other *through* money, are being threatened by a system that allows immensely profitable banks to remain solvent at the public's expense. In a very concrete way, the public bailout of banks in 2008–9 in the United States and United Kingdom placed the monetary system itself, configured around the state's special rights over the definition and production of money, under serious question. As I argue in the next section, it is such questioning that has fueled debates about alternative and complementary forms of money.

Monetary Utopianism

The era in which money was defined by the state is coming to an end. Alternative currencies are growing at an astonishing rate today, and we need a greater range of conceptual tools in order to understand them. We also need to understand that there are myriad ways of organizing our money, not just one "correct" way. Money can be organized differently—by small groups and communities, nations or groups of nations, private organizations, and so on—according to what it is needed for. Some forms of money are designed to counter forms of social (and, specifically, financial) exclusion, while others are designed to bring communities together—or to bypass the constraints associated with major institutions such as banks and the states. There is not one form of money that can do all of these things. In the future, we will become more and more used to interacting with a variety of different monies. At the same time, it is important to understand that monetary pluralism isn't exactly new. Prior to the modern era (before the late nineteenth century, and even later) it was common for people to encounter many different forms of money—and to have to navigate the relationship between them—in their everyday lives. Moreover, in many countries outside of the global North, monetary multiplicity is simply a fact of life. If anything, then, what we are seeing is simply a return to the past. Even so, the changes we are witnessing now are potentially quite radical, not least because of the technology they involve—Bitcoin being just one example.

As Zelizer ([1994] 1997) points out in *The Social Meaning of Money*, classical social thought was shaped by a view of money that tended to portray it as a malevolent social force. Money was like acid, corrupting social life by turning it into a calculating, impersonal space in which, increasingly, we relate to each other only through economic exchange. Marx described money as a “universal agent of separation” ([1844] 1959: 163). Max Weber said that it was “the most abstract and ‘impersonal’ element that exists in human life” (1991: 331). Even Nietzsche got in on the act. Almost everything he said about money was negative. As “the educated classes are being swept along by a hugely contemptible money economy,” he observed, “the world has never been more worldly, never poorer in love and goodness” (Nietzsche [1873–76] 1997: 148). And Simmel said that money makes us treat every social encounter as a mathematical problem. But although money generally had a bad press from these thinkers, they had some good things to say about it too. Marx ([1844] 1959) described money as the “bond of all bonds,” while Simmel described it as “a branch from the same root that produces all the other flowers of our culture” ([1896] 1991: 31). Even more strikingly, many of these thinkers suggested that money inspires feelings in us that are analogous to our feelings toward God. Marx ([1844] 2000: 118) compared money to Christ’s representation of men before God, for example, while Nietzsche not only announced that God was dead but argued that he had been replaced by money: “What one formerly did ‘for the sake of God’ one now does for the sake of money,” he observed ([1881] 1997: 123).

One of the most remarkable things about money is that it is capable of arousing these contrasting thoughts and feelings: fear and excitement, loathing and desire, disgust and awe. But these are not contradictions in our understanding of money that need to be ironed out by good theory. They are different sides of money that coexist simultaneously, enabling us to enjoy a relationship with it that is as rich and rewarding as it is damaging and problematic. Money can be celebrated as something joyful and irrational, emotional and personal—not just as cold, hard, and impersonal. Alas, negative images of money still have populist appeal, as we saw with several books published in the aftermath of the financial crisis. Best sellers such as *How Much Is Enough?*, by Robert and Edward Skidelsky (2012), and *What Money Can’t Buy*, by Michael Sandel (2013), lament our obsession with money as symptoms of a pathological society. Even Pope Francis joined the chorus of complaint against the cultural damage that can be inflicted by money, lambasting neoliberalism as the “dictatorship of an economy without purpose nor truly human face,” and arguing that “the worship of the ancient golden calf has found a new and ruthless image in the fetishism of money.”[3]

My point is not that these negative images of money are completely wrong, but rather that they are barely half right. We need to challenge the knee-jerk image of money as a culturally destructive force and instead to uncover money’s utopian sides (Dodd 2014). Usually, money features in utopia only by its absence. It is as if by abolishing money we could cure all kinds of social ills. Thomas More thought that by getting rid of money we could bring an end to fraud, theft, burglary, brawls, riots, disputes, rebellion, murder, treason, and black magic (More [1516] 2004: 111–12). Plato compared money and usury to the raising of sordid beasts (Plato [n.d.] 2000: 1328), while Pierre-Joseph Proudhon thought that money should be gotten rid of because, like property, it was a form of theft (Proudhon [1849] 1927). One might therefore imagine that utopianism is not a very promising theme to pursue in the study of money, but on the contrary, there is a rich tradition of utopianism that is connected to money. What I am referring to here are various schemes that connect monetary reform to social reform. Some critics think this is just naive. For example, John Kay wrote in the *Financial Times* that monetary reformers are simply cranks who think that by redesigning money you can transform the world.[4] This criticism is unfair, because it preempts what should be a healthy conversation about how best to organize money in the future. There is, in fact, a rich seam of utopianism in the history of monetary thought, arguing that money can be shaped by and embedded within a range of aims and ideals. For example, John Ruskin's ideal of labor money—like the more recent Time Dollar—seeks to redesign money so as to ensure a just wage, according to a principle he refers to as "giving time for time" (Ruskin [1862] 1997: 195). Silvio Gesell, on the other hand, is concerned with ensuring that money is not hoarded, so he argues that it should be designed to rot like potatoes or rust like iron (Gesell 2007). Proudhon sought to make credit more widely available with his Bank of the People, while more recently, Richard Douthwaite (2006) has proposed a form of ecological money in which currencies are backed by units of energy that are used to purchase emission rights.

By utopia, I refer to an idea that does not correspond exactly to empirical reality. This can be read from the etymology of the word "utopia": *ou* (not) *topos* (place), or the place that does not exist. Utopianism is not necessarily normative, then, but rather conceptual. In sociology, this idea is expressed in the Weberian ideal-type. Ideal-types are not descriptive: Weber once called them a "one-sided accentuation" of reality (1997: 90), which would be used as tools of comparison. Perhaps the clearest example of the heuristic approach to money can be found in the work of Simmel, who refers to a *pure concept* of money and to *perfect* money (Dodd 2012). These are formulations of the same underlying idea: correct, pure, or perfect concepts in Simmel's work are *fictions*, and closely resemble what Hans Vaihinger called "as-if" concepts (Vaihinger 2009). Jens Beckert draws on Vaihinger to flesh out his own notion of the role of fictions in economic science (Beckert 2013). Like these fictions, utopianism refers to an imagined world, something we strive for but don't necessarily achieve. I want to suggest that most forms of money involve such an imaginary. They can be both good and bad, and our evaluation of this depends on our point of view: what seems utopian from one perspective can be dystopian from another. Neoliberalism can be seen this way: as a libertarian paradise as envisaged by Ayn Rand in *Atlas Shrugged* (Rand [1957] 2007: 752–815)—one chapter of the book is called "The Utopia of Greed"—or as the bleak free market dystopia portrayed by Thomas Frank in *One Market under*

God (2001) and by Fred Block and Margaret Somers in *The Power of Market Fundamentalism* (2014: chap. 4).[5]

Whether it is viewed as utopian or dystopian, the crucial link I am making here is between money and our political imagination. As Zelizer ([1994] 1997, 2005) has been arguing for some time now, there is a human side of money that we do not have to work too hard to imagine: we can see it in the way most of us use money all of the time—earmarking it, giving it form and color in tune with our everyday lives. The British Museum's money collection is in a large, long room, with exhibits running up each side. On the left are all the ways in which money has been associated with power. On the right hand are all the ways in which money has actually been used by society. There are big differences between the two sides, because once money goes into circulation, there isn't much that rulers and kings can do to determine how it is used. So on this side we can see how people have done their own thing with official money—valuing it differently, using other forms of money alongside it, drawing political slogans on it, and so on. You will also see examples of money that people have invented for themselves, without the approval of rulers and kings.

Local communities are now using money in creative ways to tackle problems such as inequality, unemployment, and financial exclusion as well as to build a stronger sense of collective identity. Examples from the United Kingdom include the Brixton Pound and the Bristol Pound. The idea behind these is that as long as money circulates within these areas and does not go outside them, it will benefit the local economy. Besides their multiplier effects, local currencies are a way of encouraging us to think about exactly where our money goes and to buy from local sellers as much as we can, cutting down on the environmental impact of how we spend our money. These local currencies raise intriguing questions about how a local monetary system operates, about the costs of running it, about network effects as new businesses come on stream, about the use of technology, and most fundamentally, about the underlying purpose—and the politics—of any payments network. There are also some interesting and subtle differences in the perspectives associated with these schemes. While the organizers of the Bristol Pound are still emphasizing the benefits that their currency can bring to the local economy, those involved with the Brixton Pound tend to emphasize less tangible benefits: they see the currency as symbolically important, a rallying point for local events and local identity, whose economic impact is indirect and difficult to measure. There are technical problems, too, of course: these include measuring the impact of a local currency, incentivizing people to use it, and preventing hoarding. These lead to some interesting dilemmas, such as whether a major chain such as McDonald's or Marks and Spencer should be allowed to accept the Brixton Pound (that debate is ongoing). Both schemes also face a boundary problem. Many people who sleep in Brixton work in other areas of London and have little incentive to carry Brixton Pounds. Likewise, some farmers on the outskirts of Bristol say that they cannot spend the local currency other than in the city itself and are therefore less then enamored by arguments about the local multiplier.

Incentive is an issue with local currency, not least because neither currency does much more than mirror existing legal tender notes and coins—so why use it, other than on emotional or political grounds? The same cannot be said of Spice, a time credits system that currently operates in a number of local areas in the United Kingdom, such as London and the southeast, southeastern Wales, Lancashire, southwestern England and the east of England. The idea behind Spice recalls John Ruskin's notion of labor money, paying people for the time they give in voluntary work, such as in local schools, hospitals, and libraries. The time credits they receive—an hour for an hour—can then be spent in various ways: you can buy an hour's tuition at a local college or climbing center, or a visit to a museum, and so on. Unlike the Bristol and Brixton Pounds, Spice credits do not replicate any existing form of money. Moreover, they benefit from scale—credits earned in one place can be spent in another. A similar time-based scheme, but operating between businesses, is being developed by Echo—which stands for Economy of Hours—in East London. The system is growing fast and can boast of having such major participants as Balfour Beatty.

Other positive examples of using money to enhance people's lives include peer-to-peer lending. Besides sometimes offering lenders and borrowers a better deal, such transactions embed them in a richer social relationship. At its best, P2P takes the debt relation out of the black box in which banks and credit scoring have imprisoned it. According to figures published by Zopa, the P2P sector in the United Kingdom has now lent more than £2.1 billion in total, doubling in size since the end of 2013. The figures also show a growth in users of peer-to-peer lending. The number of lenders increased by one-third, while borrowers have increased by almost 90 percent.

One further, and perhaps surprising, example of monetary utopianism is the euro. When the euro was introduced on January 1, 1999, it was the world's second-largest reserve currency, after the US dollar. The eurozone itself—sometimes referred as "euroland" in its earliest days, and not always ironically—was probably the biggest example of a formally homogenous transnational monetary space. With no central political authority but only a central bank with a strict legal mandate to focus on only the technical efficiency of its currency, this was arguably deterritorialized money par excellence. Prior to the euro's launch, there had been other monetary unions in the modern era, for example, between Belgium and Luxemburg, a Latin Monetary Union, and a Scandinavian Monetary Union (Chown 2003). There are several monetary unions in Africa, and one has been planned for the Gulf States. The eurozone, however, is the largest and most ambitious monetary union attempted so far, its members are the most economically advanced. It was unprecedented in size, accounting for 20 percent of the world's output and 30 percent of its trade (Eichengreen 2008: 221). To some it was an anachronism, representing an outdated notion of Europe and a flawed theory of money (Goodhart 1997, 1998). It was also an elitist project, designed from the political center without considering regional variation; or insofar as such variation mattered, it was deliberately concealed. To others, the euro heralded a new world in which states were pooling monetary sovereignty, bringing into existence something that was unprecedented on such a scale: a currency that would be shared by people with different tax systems and governments, different languages, and distinct cultures. The euro presaged a new form of monetary cosmopolitanism to which states and nations were increasingly irrelevant. From the outset, however, the eurozone was never a fully supranational entity, but rather a hybrid, with a transnational central bank but no corresponding treasury.

Since the euro crisis began in 2008–9, much has been made by its critics of the lack of fit between the eurozone as a *political* and *social* community, as opposed to an *economic* and *monetary* space. Earlier debates about the eurozone's architecture, for example, the European Central Bank's constitution and the stringency of its anti-inflationary stance, are now mirrored by arguments over its future, and especially over bailouts, with the same ideological protagonists lined up (publicly, at least) on each side. But it is important not to overlook the utopian strain in the euro's history and formation. The key point here was that *monetary* integration was viewed as a means of achieving *political* integration—far less palatable to many European citizens—indirectly (Swedberg 2013: 11). As for the role of money in helping to *create* such a space, one of the clearest statements of such a goal was made by Angela Merkel when she described the euro as "much more than a currency. The monetary union is a union of fate. This is our historic task. If the Euro fails, then Europe will fail" (Marsh 2009: 264). As I have argued previously (Dodd 2005), what is fascinating about the euro is the extraordinary lengths governments seem prepared to go in order to ensure that, ultimately, the currency will not fail—even if no rational observer could describe it as a success.

The euro aside, none of the alternative monetary and financial schemes I have mentioned is perfect. None will completely replace the monetary and banking system that we have; indeed, we can see banks trying to encroach on this territory all of the time. But at the very least, these alternatives raise deeper questions about our attitudes toward money and may even help to bring about a shift in our mentality, so that we no longer need to be patronized (however humorous the intent) by being told that quantitative easing is "the creation of magic money elves" (Lanchester 2014: 187).[6] Money is not the answer to everything, but it is surely part of the answer, and in order to realize this, we need to understand that is has a social life—the way its value comes from its users and not just from big institutions, and the way that groups and communities can create their own.

Utopianism is influencing the design of payment systems, too, as we find creative and very practical ways of challenging the notion that money is an impersonal tool of payment that divides more than it unites those who use it. One of my personal favorites is the idea of "hug and pay" as thought up by the artist Heidi Hinder. "When you want to make a financial transaction you have to hug the cashier, which then triggers your payment," she says. "It is like a more physical manifestation of touching your oyster card on the reader. We've also looked into a handshake, or a high-five. Or maybe a tap-dance, a physical play on 'tap and pay.' "[7] When I enthused about Heidi's work in a public lecture at the London School of Economics last year, some of my colleagues and students thought that I had gone mad. But then MacDonald's took up the idea for Valentine's Day, provoking comments about cuddly capitalism with its slogan, "Give lovin', get lovin.' "[8] And more recently, the sandwich chain Pret A Manger launched a scheme whereby staff could "like the look of someone" and offer that person a free coffee.[9] Interestingly, however, like more traditional utopians, both Pret and McDonald's tried to enrich the monetary transaction by *ejecting money from it altogether*. What I liked about Heidi Hinder's idea was that she was attempting—directly, explicitly, and with her tongue firmly in her cheek—to *enrich money from the inside* through the social relations it makes possible. If ever there was an aesthetic representation of what Zelizer calls the relational properties of money, surely this is it.

Having talked about the future of money in largely utopian terms so far in this chapter, it would be naive to ignore the commercial agenda that is also driving the process of monetary diversification forward. As the everyday use of cash declines, the private payment services industry is making a grab for money's infrastructure. Social networking platforms and mobile phone companies are joining credit card companies, all vying for the 1 to 4 percent slice of every payment made. As Bill Maurer very astutely observes in chapter 13 of this volume, there are clear dangers here. Open access to payments technology—whether that technology consists of cash, plastic, or hug and pay—should be an integral part of the freedom that comes with using money, and that freedom should not be compromised by private interests. An important aspect of money's infrastructure is potentially being taken further away from, not closer toward, the civic benefits that are meant to accrue from the emergence of alternative monies. It is in this ambiguous, but sociologically fascinating, space that one finds Bitcoin.

Bitcoin: Utopia or Dystopia?

Bitcoin is the most prominent example of an alternative currency. Politically, it resonates with the Occupy movement, not just because it challenges the role of banks in creating money, but also owing to its horizontalism. Bitcoin epitomizes the network that is governed not by central sources of authority but by the wisdom of crowds, the only caveat being that it automates the crowd. As an idea, Bitcoin has been extraordinarily powerful, capturing the imagination of a wide range of people. At its heart are four seductive ideas: first, the Bitcoin network is decentred and flat—with no hierarchy and no single point of authority; second, Bitcoin offers failsafe technological solutions to age-old problems of monetary governance, such as inflation; third, Bitcoin dispenses with the need to trust others, whether they are experts, politicians, or ordinary people; and fourth, Bitcoin is debt-free money, just like gold.

Bitcoin is essentially a techno-utopia, but there are some interesting paradoxes in the image of money underlying the new currency. Although it is a virtual currency, the philosophy behind it implies that we must think of money as a thing: an asset whose value must be zealously protected over time. The language associated with Bitcoin—all that talk of mining and rigs—is metallist (Maurer, Nelms, and Swartz 2013). Bitcoin is designed to behave like gold, only better, because its supply is absolutely fixed: the network is programmed to ensure that the total number of bitcoins in existence will never exceed 21 million. Politically, Bitcoin resonates with anarchists and libertarians not just because it challenges the role of banks in creating money, but because it has a strong flavor of punk DIY-ism about it: the idea of rigging up your own machine and creating your own currency. But this image is undermined by the way the system incentivizes the most powerful producers of the currency to become even more powerful. Relatively few powerful pools dominate Bitcoin mining. It is mathematically possible for one miner (or mining pool) with enormous processing power to monopolize the creation of new coins.

Unsurprisingly, then, the Bitcoin network has a discernible social structure, which is not altogether different from that which characterizes the mainstream financial system. This does not only characterize the mining system: for all of its horizontalism, there is a high degree of wealth concentration within Bitcoin, indeed one should talk less of a 1 percent than a 0.1 percent in this regard. Intriguingly, though, these asymmetries are being openly discussed—and critically so—among the advocates of Bitcoin themselves. The same is true of the severe gender imbalances in the Bitcoin community, more than 95 percent of whom are men. So: Bitcoin has politics, a techno-elite, massive wealth concentration, and extraordinary gender bias. We also know about its huge and probably unsustainable energy costs. *"What's not to like?"* Yet the currency has some progressive features, too. For example, BitPesa claims to cut the costs associated with remittance payments by roughly half, from 7 percent down to about 3 or 4 percent. Used in this way, Bitcoin has much to offer. Bitcoin also draws attention to the way in which technology enables the "society" upon which money is a claim to be geographically dispersed. Money's social geography, in other words, is becoming more complex and diffuse.

In a more philosophical vein, Bitcoin answers a craving for finitude and singularity, where nothing is replicated—the antithesis, if you like, to what many people fear is the infinitely copiable virtual world. Jorge Luis Borges wrote about something similar when he invented a character, Funes the Memorious, whose memory is so prodigious that he is a match for the language that John Locke once imagined, whereby "each individual thing, each stone, each bird and each branch, would have its own name." The blockchain is like a distributed Funes. It is not about our relationship with the future, but our knowledge of the past.

Critics of Bitcoin complain that it is too slow for efficient payments, too cumbersome and energy sucking, and they see the Bitcoin Foundation as problematic. On the other hand, there are £800 million worth of venture capital tied up in Bitcoin, so it would be rash to write it off. New entrants to this field such as Eris Industries are arguing for the benefits of blockchain technology for applications such as smart contracts—without the need to generate coins across a distributed network of computers. While Bitcoiners argue that a "blockchain without coins" is unworkable, because there is no incentive to keeping maintaining the ledger, Eris argues that flexibility and utility are the only incentives we need.[10] Its blockchain can be maintained by a central entity, such as a company or group of companies, who use the blockchain as a "low-cost, low-overhead, run-anywhere infrastructure." Moreover, the company argues that by removing the monetary incentive, the motivation for participants to game the system is also removed. Eris further contends that a permissioned chain, first, can be controlled and tailored to specific needs, and is not only easer to regulate but can be a tool of regulation in its own right. This is Bitcoin 2.0.[11]

The argument for Bitcoin's horizontalism is undermined by the way the system incentivizes the most powerful producers of the currency to become even more powerful. It is mathematically possible for one miner with enormous processing power to monopolize the creation of new coins. If this were to happen, Bitcoin would resemble the most hierarchical monetary system imaginable. And although the technology underpinning Bitcoin has a decentralized logic, its operational management and governance are accessible to only a small number of skilled programmers. Bitcoin therefore represents something of a paradox. While the theory behind it tells us that money is a thing—like gold—that can operate apart from the uncertainties of social life, the currency itself is being sustained by leadership, social organization, social structure, utopianism, and trust. Contrary to the intentions of its designers, Bitcoin manifests forms of sociality and creativity that are crucial to the social life of money. And in its politics, Bitcoin appears to confirm Christine Desan's shrewd observation (in chapter 6, this volume) that all money, at some elemental level, is a "governance strategy."

Bitcoin represents a sociologically fascinating paradox. On the one hand, the growth of the currency has been driven by a set of political ideals that are sustained by a vibrant and active community. In this sense, Bitcoin demonstrates very clearly that money depends on forms of sociality—trust, common beliefs, and its own politics—in order to operate successfully. On the other hand, the ideals that underwrite Bitcoin are premised on the notion that money works best when divorced from social life: when it does not rely on trust, when it exists independently of our belief systems, and when it is freed from politics. In order to come to grips with the Bitcoin phenomenon and to grasp its significance for the future of cryptocurrency in general, we need to understand the dynamics that flow from this underlying paradox. Bitcoin's contradictory nature explains both the proliferation of new forms of cryptocurrency, such as Dogecoin and Litecoin,[12] and the emergence of new applications for blockchain technology such as Eris and Ethereum. We also need to understand the dual—utopian and dystopian—trends that Bitcoin has given rise to: on the one hand, a series of technologies (such as smart contracts) that are driven by the logic of disintermediation that blockchain technology makes possible; and on the other, a series of new forms of money that are supported by the political ideals and creativity of their users.

Conclusion

On May 24, 2010, an American lawyer known online as Beowulf posted a comment on a discussion thread suggesting that the US Treasury could, if it wanted, mint twelve one-trillion-dollar platinum coins and deposit them at the Federal Reserve in order to "pay off the national debt by lunch." It was able to do this, he claimed, because of a legal anomaly that gives the secretary of the treasury power to fix the denomination on a platinum coin at any level he or she chooses. Less than three years later, Beowulf's idea of the one-trillion-dollar platinum coin took on emblematic significance. Its use was widely discussed—even at the White House—as a means of evading political efforts to impose a ceiling on US public debt. A Twitter campaign to promote the idea, hashtag MintTheCoin, became a matter of passionate public debate and generated fierce doctrinal disputes between monetary experts about its plausibility and potential impact on inflation. Many dismissed the idea as juvenile and batty; some saw the coin as a last-ditch means of avoiding America's fiscal cliff; while others read in the coin a Baudrillard-style subversion of monetary realism. Beowulf himself said that the idea began as a "silly question" and a deliberate absurdity: "There's really no reason for a trillion dollar coin," he said, "it's kind of sad that it's gone this far" (quoted in Tate 2013).

If hashtag MintTheCoin was utopian, it was surely no less so than believing that America's $16 trillion debt could eventually be repaid, just as if it were a personal bank loan or a credit card bill. Though our national monetary systems were once captive to this premise, it is becoming increasingly difficult for governments and banks to sustain the illusion that money is a thing: an entity that can be acquired, accumulated, and stored up, ergo, something a country simply runs out of. A monetary crisis will always expose the social life of money, that is to say, the complex and dynamic configuration of social, economic, and political relations on which money depends. Such a crisis does not simply show money up for "what it really is." More important, it reveals money for what it is not: that is to say, it is not an objective entity whose value is independent of social and political relations. This is the underlying significance of the debate about the one-trillion-dollar coin: the very possibility that such a coin could be minted by popular demand, and that it could indeed be used to redeem some of America's public debt, seemed to reinforce the argument that money is a process, not a thing.

When Nietzsche said that money had replaced God, he was referring to all that ever has been or ever could be subsumed in the name of God. All that remained, he said, was the "contemptible" money economy. This would be home to the banker who is unable or unwilling to tell the difference between financial obligation and moral guilt. But as I have argued in this chapter, there is considerable life in the notion that money can be reclaimed from the grip of the banking system. A placard from an Occupy demonstration in London's Paternoster Square—"we are the true currency"—conveys the inspiring, unashamedly utopian message: money should be an embodiment of our common humanity.

Notes

1. These are best treated as distinct terms: whereas "complementary" currencies are designed to circulate alongside official currency, "alternative" currencies are meant to rival and even replace them. Of the utopian monies discussed in this chapter, only Bitcoin really aspires to be an alternative currency.

2. See "Do You Have Change for a Bowie? The Advent of Artisanal Cash," *New York Times*, August 9, 2015, accessed November 13, 2015, http://www.nytimes.com/2015/08/09/fashion/change-for-a-bowie-the-advent-of-artisanal-cash.html.

3. See Estefania Aguirre, "'Money Has to Serve, Not Rule!' Pope Tells New Ambassadors," Catholic News Agency, May 16, 2013, accessed August 7, 2015, http://www.catholicnewsagency.com/news/money-has-to-serve-not-rule-pope-tells-new-ambassadors.

4. "Fair Value Is Not the Same as Market Price," *Financial Times*, April 16, 2013, accessed August 7, 2015, http://www.ft.com/cms/s/0/652040be-a5c4-11e2-b7dc-00144feabdc0.html#axzz3i9SqSVuH.

5. Taking account of both views, Jocelyn Pixley writes of a "finance utopia," rooted in the idea of a self-correcting market, which is not partial and modest as utopian projects ought to be (if they are realizable), but all-embracing: "The 'market' utopia is 'total' in dismissing and manipulating everything else, democracy notably. 'Money capitalism' dominates the world's wealth; the sector acts through mindless competition that pulls the world apart. Authoritarian mediocrity rules" (Pixley 2012: 226). The "partial and modest" version of utopianism that Pixley yearns for can perhaps be found in Erik Olin Wright's notion of "real" utopias, which seek to combine normative principles and emancipatory visions with pragmatic institutional design (Wright 2010). Just such a spirit of pragmatic utopianism

can increasingly be found, I would suggest, in the local currency movement (see New Economics Foundation 2015).

6. "Quantitative easing" is the policy that has been adopted by central banks in the United States, United Kingdom, and eurozone as a means of stimulating economic growth. Sometimes referred to simply as "printing money," quantitative easing does not entail producing real cash but actually involves trying to increase the money supply through central banks buying financial assets from commercial banks. The policy has not been widely seen as successful, not least because its main impact seems to have been to boost the price of financial assets rather than (as it was designed to do) encouraging banks to lend. Hence the argument put forward by the "QE for the People" campaign in Europe, for example, which is that central banks should use more direct means of injecting money into the economy; see "Better Ways to Boost Eurozone Economy and Employment," *Financial Times*, March 26, 2015, accessed November 13, 2015, http://www.ft.com/cms/s/0/7bc99348-d40b-11e4-99bd-00144feab7de.html#axzz3Va5I8EHR.

7. See "Money's No Object with Heidi Hinder," Watershed, March 6, 2013, accessed August 7, 2015, http://www.watershed.co.uk/news/moneys-no-object-with-heidi-hinder.

8. "McDonald's Will Now Accept Selfies and Hugs as Payment," *Business Insider UK*, January 30, 2015, accessed August 7, 2015, http://uk.businessinsider.com/mcdonalds-to-accept-selfies-as-payment-2015-1?r=US&IR=T.

9. "Pret Staff's Free Coffee for People They Like: Discrimination or a Nice Gesture?," *Guardian*, April 22, 2015, accessed August 7, 2015, http://www.theguardian.com/uk-news/2015/apr/22/pret-free-coffee-people-they-like-discrimination-or-nice-gesture.

10. See Preston Byrne, "Smart Contract Platforms! = Law . . . Smart Contracts as Law?," April 25, 2014, accessed June 2, 2015, http://prestonbyrne.com/2014/04/25/smart-contract-platforms-law.

11. See Olga Kharif, "Bitcoin 2.0 Shows Technology Evolving beyond Use as Money," *Bloomberg Business*, March 28, 2014, accessed May 28, 2015, http://www.bloomberg.com/news/2014-03-28/bitcoin-2-0-shows-technology-evolving-beyond-use-as-money.html.

12. There are about seven hundred digital currencies now operating that broadly follow the Bitcoin idea, although fewer than ten of these stand any realistic chance of being widely used. Besides Bitcoin, Dogecoin and Litecoin are two of the better-known such currencies, which differ from the former mainly in technical ways (for example, Dogecoin has no upper limit to its production—unlike Bitcoin, whose production is capped—while Litecoin aims to be faster, processing each block on its chain every two and a half minutes, as opposed to Bitcoin's ten).

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