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# Viviana Zelizer

## *Relational Exchange and Association*

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STEFANIE HAEFFELE AND JESSICA CARGES

Viviana A. Zelizer, sociologist and pioneer of the economic sociology field, has made significant contributions to economics and arguably should be more thoroughly recognized by the discipline.<sup>1</sup> Her work explores the cultural, social, and moral aspects of money and exchange, providing context and explanation to patterns of real-world activity that otherwise may seem to defy economic theory. Scholars and students would benefit from reading her work and pursuing research that advances her approach, which shares much in common with the mainline political economy tradition articulated by Peter Boettke.

Mainline political economy, as explained in Boettke, Haeffele, and Storr (2016, 4), is research that advances at least three propositions: that “(1) there are limits to the benevolence that individuals can rely on and therefore they face cognitive

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**Stefanie Haeffele** is senior fellow in the F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics at the Mercatus Center at George Mason University. **Jessica Carges** is a PhD student in economics at George Mason University.

1. Zelizer’s prominence in her field is apparent. She is the Lloyd Cotsen ’50 Professor of Sociology at Princeton University and has held positions at Columbia University and Rutgers University. Her research consists of six authored books, one edited volume, and more than seventy-five articles and book chapters. She was elected the first chair of the Economic Sociology section of the American Sociological Association in 2001, and in 2003, the section named its annual book prize in her honor. Zelizer also was elected to the American Academy of Arts and Sciences and the American Philosophical Society in 2007, received an honorary doctorate from Sciences Po University in Paris in 2019, and has earned numerous awards for her research over the course of her career. See Zelizer’s biography and current curriculum vitae at <https://sociology.princeton.edu/people/viviana-zelizer>.

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and epistemic limits as they negotiate the social world, but (2) formal and informal institutions guide and direct human activity, and, so (3) social cooperation is possible without central direction.” Such research focuses on understanding how fallible humans find ways to live together in society despite their differences in experiences, goals, values, and preferences. It does not just focus on efficient resource allocation under scarcity but, instead, on exchange and the institutions within which exchange takes place (Buchanan 1964).

Classical economists Adam Smith and Max Weber proposed that good social science integrates both economic and noneconomic dimensions of social life—including culture, morality, and interpersonal relations—to fully understand economic processes. For instance, Weber ([1904] 2002) described how religious and cultural attitudes shape economic activity. As such, he is seen as a major figure in the disciplines of economics and sociology. In *The Theory of Moral Sentiments*, Smith ([1759] 1982) focused on how sympathy and social relations influence our actions and understanding of morality. Although many saw this work as distinct from and contradictory to his political economy, others persuasively argued that Smith’s works provide a connected and integrated account of associational life (see Smith 1998). Likewise, more contemporary economists such as F. A. Hayek and Vernon Smith combine insights from psychology and social philosophy to better understand the complex world around us (see Boettke, Haeffele, and Storr 2016). Elinor Ostrom argued that multiple methods are needed to collect and study the varied ways in which humans cooperate with one another (see Potete, Janssen, and Ostrom 2010). And Deirdre McCloskey (2006, 2010) emphasized the shift in societal beliefs about commerce as a significant factor in the exponential progress seen since the Industrial Revolution. Ideas matter, and they shape economics.

Viviana Zelizer, in following in this tradition, advances a framework for understanding otherwise perplexing human phenomena. She seeks to examine “how connected people incorporate available culture and interpersonal relations into their daily negotiation of economic activity. In doing so, all of us incessantly reshape the economy at the small scale and the large” (Zelizer 2011, 11). Her work explores the complex relational patterns of people, bringing the interconnectedness of social relations and economic activity to the foreground of analysis. Specifically, Zelizer’s wide-ranging work includes analyzing how valuations of human life are calculated via the life insurance market in *Morals and Markets* (1979); how society shifted from treating children as economic assets to treating them as priceless in *Pricing the Priceless Child* (1985); the formation of “special monies,” used to earmark legal tender for different activities and social relations, in *The Social Meaning of Money* ([1994] 2017); the intersection of economic activity and intimate relations, such as the household, couples, the provision of personal care, and the legal disputes that arise from these relations, in *The Purchase of Intimacy* (2005); and the complex relational connections that shape exchange, known as circuits of commerce, in *Economic Lives* (2011).

Her unique contributions push economic understanding forward by illuminating the complex realities of real-world exchange relationships and adding nuance to preexisting economic models. She makes confounding interactions look intuitive and straightforward while adding needed substance to the tools of economics. This, we think, makes her worthy of study and appreciation as an economist of the mainline political economy tradition.

This essay proceeds as follows. In the next section, we summarize Zelizer's critiques of preexisting economic models. Then we briefly explore her theoretical advancements before adding concluding thoughts.

### Pushing against Preexisting Models

Viviana Zelizer (2011, 5) identified three common perspectives adopted by scholars concerning economic and social processes: the "separate spheres," "hostile worlds," and "nothing-but" viewpoints. The "separate spheres" concept describes two separate arenas of human life, one arena with rational economic calculation and the other with personal relations and sentiments. For instance, many scholars see markets as amoral spaces and moral development as something that occurs outside the market, in family, friendships, and community (see Storr and Choi 2019 for a review of this stance).

Consider money neutrality in the quantity theory of money—the idea that changes in the stock of money impact only nominal, not real, economic variables. Although money is primarily a common medium of exchange, distortions can affect various types of exchange differently. This non-neutrality can occur when money holds more meaning than just as a medium of exchange. Zelizer argued that

money is not one thing but many things. It turns out that how the money is earned, by whom, what it is spent on, when, and for whom often matters as much as—or more than—how much money is involved in the transaction. At stake is not just the quantity of money, but its quality; and that quality is variable. (Zelizer 2017, n.p.)

Zelizer ([1994] 2017) discussed the various ways that people earmark monies for special purposes. Parents, for example, often set aside money for their children to attend college and deem it inappropriate to dip into those reserves even when they are struggling financially. Or think of how money put in a communal "swear jar" is often used only for activities or goods the entire group can enjoy. There are also different moral evaluations of money (Zelizer [1994] 2017). Income earned by performing certain activities may be deemed inappropriate or dirty. Contested money, or blood money, may result in people returning the funds or spending it on charity as a way of cleaning it. Additionally, government interventions may not be used in the way they were originally intended. For instance, tax refunds and government stimulus checks are often put into savings or used to pay down debts instead of to boost consumption

(Halpern-Meeekin et al. 2015; Zelizer 2017; Belsie 2020). Understanding how people obtain, value, and spend money has implications for policy. Zelizer (2017, n.p.) concluded, “As soon as we recognize the inexorable social and moral differentiation of money, then it becomes clear that money will always be shaped by institutions and people’s social relations. In other words, money is not a social engine, but rather a malleable social product.”

The “hostile worlds” concept explains that if these two separate arenas interact, the result is contamination. The paired concepts of separate spheres and hostile worlds are how many social scientists view and understand economic and social processes. The efficient market, driven by self-interested, profit-maximizing behavior, is viewed as a separate sphere from the world of sentiments, such as family, customs and culture, and love and friendships. When the two worlds interact, particularly when markets are introduced to the world of sentiment, contamination and corruption results. Selling of blood or organs, intimate relations, and other so-called repugnant goods and services is viewed as unethical. Further, this view means that social and moral character must be buttressed against the forces of the everyday market, which rewards selfish behavior at expense of the collective (see Storr and Choi 2019).

The concept of separate spheres and hostile worlds permeates not only economics, sociology, and other social sciences, but also many people’s daily life. For example, Zelizer points out that couples make it clear to both themselves and others that they are not exchanging sex for economic rewards and that “courts, for example, regularly rule that economic transactions between spouses must count as free gifts rather than quid pro quo exchanges—at least until the moment of divorce” (Zelizer 2011, 152; see also Zelizer 2005). Terms such as “sugar daddies” and “gold diggers” point to the social disdain felt toward engaging in relations, and especially marriage, for money. Yet people can choose to marry for love when they have their own resources and careers, children receive allowances from their parents, and child support payments are common after divorce. Money is tangled in our social relations, and many forms seem not to corrupt but rather to ease tensions.

For instance, from a hostile worlds perspective, taking care of children may seem like an activity best left outside the market. And indeed, many parents stay home to tend to their children or rely on family and friends to help. However, many parents pay for day-care services, hire full-time nannies, or pool resources with other parents to pay for childcare. Zelizer (2005, 181) noted, “When it comes to care outside of households, you might expect it to be steely, brisk, and efficient, thus a contradiction in terms.” Instead, she finds that “people caring outside of households do establish warm personal ties, often involving extensive intimacy” (Zelizer 2005, 182). The women who care for other parents’ children often help out beyond their contractual obligations, treating the children as if they were their own and forming close bonds with both the children and the parents (Zelizer 2005).

Advancing social scientific analysis beyond the separate spheres and hostile world concepts is important because it moves the study of economic processes beyond

“the dichotomy between serious economic phenomena, such as firms, corporations, or financial markets, and supposedly inconsequential, sentimental economies, such as households, microcredits, local money communities, immigrant ROSCAs (rotations savings and credit associations), pawning, gifts, or remittances” (Zelizer 2011, 386–87). These understudied arenas are often treated as trivial, but Zelizer insists that even minor transactions can have macroeconomic effects. Zelizer ([1994] 2017) concentrated on small-scale monetary processes, such as family gifts, and explored the meanings people attach to money. In other works, she explored how college students from diverse financial backgrounds relate and exchange with one another and how money served as a way of connection during the pandemic (Zelizer 2022, 2023).

She argued against the common view that commodification and money corrupt social relations. Instead, she illustrated that “monetary phenomena consist of and depend on social practices” (Zelizer 2011, 390). She ultimately concluded:

Why did I choose to focus on families, welfare, and gifts? These are areas where, according to the traditional dichotomy between the market and personal relations, either money should not have entered at all or rationalization should have wrought the largest changes, homogenizing core personal and social relations and commodifying sentiment in family, friendship, charity, death. My research shows instead that it is very hard work to suppress the active creative power of supposedly vulnerable social relations. (Zelizer 2011, 393)

Social scientists who do not subscribe to the separate spheres / hostile worlds dichotomy can still hold a rather reductionist view of economic processes and phenomena. Zelizer describes this view as “nothing-but.” The “nothing-but” concept contains myriad accounts of the world to understand social activity, which includes “nothing but rationally organized markets, nothing but power, nothing but culture” (Zelizer 2011, 5). Culture, outside of a broader institutional context, does not have much explanatory power; as a “nothing-but” explanation, it is more of a tautology: it is what it is. Instead, integrating culture into economic processes can provide meaning within the institutional contexts within which exchange takes place. It can animate the different entrepreneurial spirits of communities (Weber [1994] 2002; Storr 2012). And it can help explain why interventions may stick in some societies and not in others (Boettke, Coyne, and Leeson 2008).

The nothing-but concept is also common among many economists in the way they view and understand economic processes; rational choice theory and economic models can explain not only economic concepts but also concepts typically thought of as outside the market space. Economists can be “imperialists by nature. [They] view the rational choice model as the uniquely correct way to explain and interpret human behavior and . . . apply it without apology to questions once thought to be the exclusive province of other disciplines” (Frank 1987, 1307). Zelizer (2011, 387) explained that “for economic reductionists, personal relations of caring, friendship,

sexuality, or parent-child ties become special cases of advantage seeking individual choice under conditions of constraint—in short, of economic rationality.” Viewed this way, sentiment and relational ties are baked into preference sets and are not worthy of further inquiry, taking the subjectivity of preferences to an extreme.

Take, for example, life insurance. One may look at the existence of life insurance through a nothing-but approach and determine it must be within people’s preference sets and any fluctuations in amounts purchased are based on various trade-offs and relative price changes. This rational choice explanation is no doubt correct but lacks nuance as to how life insurance evolved within society. Instead, Zelizer (1979) showed how changing societal beliefs, aided by clever marketing campaigns, resulted in people feeling obligated to purchase life insurance to make sure their loved ones could afford their funerals and maintain their lives without them. Life insurance went from being repugnant, as profiting off a loved one’s death, to a socially obligatory form of inheritance.

### **Advancing beyond Preexisting Models**

Although models can be useful abstractions to help us understand the world, and rational choice theory can be a powerful tool for understanding complex phenomena, Zelizer’s work illuminates how the nothing-but approach to social science is lacking. And her framework does not simply add on to the standard neoclassical models or rational choice theory. To Zelizer (2011, 367), “economic processes should not be set in opposition to extraeconomic cultural and social forces but understood as one special category of social relations.” Her research breaks free from the common concepts of separate spheres, hostile worlds, and nothing-but analysis. She recognizes that “economic phenomena, although partly autonomous, are interdependent with a system of meanings and structures of social relations” (Zelizer 2011, 367). And for Zelizer, social relations are not simply flatlined networks but rather resemble rich ethnographic relationships. She contends that “ethnography reveals a great deal of negotiation of meaning and the actual production of cultural meaning” (Zelizer 2011, 390; see Poteete, Janssen, and Ostrom 2010).

Zelizer’s alternative is the “connected-lives” approach. Zelizer recognizes the interconnected nature of markets and social relations, and the importance of understanding how subjective meanings influence both. She describes how “by promoting clearer descriptions and explanations, a connected-lives approach to the intersection of economic activity and personal relations, including intimacy, prods scholars, lawmakers, and policy experts to identify normatively superior combinations” (Zelizer 2011, 360). As such, she follows in the line of Adam Smith, Max Weber, Elinor Ostrom, and others in the mainline political economy tradition (Boettke, Haeffele, and Storr 2016).

Take, for example, the rapid decline in child labor in the United States between 1870 and 1930 (Zelizer 1985). Whereas conventional economic theory reveals how the decline in child labor during this period was largely due to a change in the

trade-offs between education and work, Zelizer (2004b, 155) reveals how “cultural guidelines profoundly shaped and directed the process of social change by differentiating legitimate from illegitimate occupations for children and distinguishing licit from illicit forms of child money.” She details a complex process of negotiation that spanned more than fifty years between the view that children are useful wage earners and the view that children are “economically useless but emotionally priceless” (Zelizer 2004b, 136). A new social understanding of what was appropriate work for children emerged, and the relationship between work and morality gradually strengthened. As Zelizer (2004b, 153) noted,

As twentieth-century American children became defined by their sentimental, noneconomic value, child work could no longer remain “real” work; it was only justifiable as a form of education or as sort of game. The useful labor of the nineteenth-century child was replaced by educational work for the useless child. While child labor had served the household economy, child work would benefit primarily the child.

This explanation animates the minimalist story told by standard economic reasoning, pinpointing the shifts in culture, social relations, and subjective meaning that pushed parents to invest in their children’s future.

Further, Zelizer’s development of “circuits of commerce” comes from the connected-lives approach (Zelizer 2011). Circuits of commerce include areas in which economic transactions are embedded within particular social ties rather than being clearly categorized within firms, bureaus, or other formal organizational structures. Zelizer compiled a list of common characteristics:

(a) distinctive social relations among specific individuals; (b) shared economic activities carried on by means of those special relations; (c) creation of common accounting systems for evaluating economic exchanges, for example, special forms of monies; (d) shared understandings concerning the meaning of transactions within the circuit, including their moral valuation; and (e) a boundary separating members of the circuit from nonmembers, with some control over transactions crossing the boundary. (Zelizer 2011, 304)

Circuits are not found everywhere in economic life but specifically where a network of people are connected by shared and distinctive cultural meanings that shape economic transactions, media, and social relations. Zelizer (2011, 347) described circuits as comparable to Ostrom’s (1990) common pool resources, but distinct because only circuits “draw attention to the fact that exchange is invariably conducted in particularized social and cultural settings” (Velthuis 2005, 57).<sup>2</sup>

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2. The connections between, and the usefulness of combining, the work of Zelizer and Ostrom is explored in a recent edited volume (Haefele and Storr 2023).



Examples of such circuits include remittances, reward systems, caring connections, clusters within corporations, and local monies (see Zelizer 2000, 2002, 2004a, 2005, 2011). Other examples include the markets for art (Velthuis 2005) and for fashion models (Mears 2011).

These circuits are deeply embedded and intertwined with social relations, cultural narratives, and the meanings participants ascribe to activities and products (such as status, prestige, etc.). In order to understand the meaning people attach to their actions and the relational work involved in circuits, qualitative methodologies such as interviews, ethnography, and archival work are most often utilized. The use of methodologies outside the conventional econometric analysis adds nuance, detail, and increased understanding to make sense of complex phenomena (see Poteete, Janssen, and Ostrom 2010; Chamlee-Wright 2010).

Circuits of commerce are a framework for understanding local, bottom-up activity that crosses economic and social arenas. They further advance research in private money and accounting systems as well as collective action and the commons. These types of self-governance show how individuals and communities can live together in novel and cooperative ways (see Haeffele and Storr 2023).

## Conclusion

Viviana Zelizer has pushed against prevailing theories of money and economic exchange that attempt to isolate economic behavior and has advanced an integrated, connected-lives approach to studying human association. In doing so, her work animates the complicated and messy economic and social lives of real-world people. Over time, life insurance has become an acceptable and even obligatory purchase, children have gone from productive inputs to priceless investments, and special monies permeate our personal accounting. Her accounts explain how social, moral, and cultural shifts led to these economic phenomena. Further, circuits of commerce provide a framework for understanding bottom-up exchange outside of formal organizations such as the firm and bureaucracies.

Students and scholars interested in understanding the rich and perplexing social world around us and, particularly, how everyday people find ways to live cooperatively, would benefit greatly from learning of Zelizer's work. Indeed, if more economists would integrate social relations, cultural considerations, and subjective meanings into their analysis, they, like Zelizer, could bring topics that are commonly overlooked in economics into the foreground. Social phenomena such as the market for intimacy, children and commerce, the caring economy, family labor, migrant circuits, and so on would all benefit from further inquiry. Fully appreciating Zelizer's work is a great step in that direction.



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