

REVIEW

ON VIVIANA A. ZELIZER: ECONOMIC LIVES. HOW CULTURE SHAPES THE ECONOMY (2011, PRINCETON UNIVERSITY PRESS, PRINCETON)

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This recent book contains the essence of the outstanding work of Zelizer concerning her analysis of economic institutions from the perspective of culture and society. Economic activities are viewed using a micro-habitual approach according to which our casual habits and everyday actions are embodied in monetary transactions which reflect power relations and social structures. The earnings and expenditure of a loving couple or the resources that a household allocates to a child, etc., represent economic dilemmas which involve our most intimate ties as parents, children, partners and lovers.

Viviana Zelizer has created a priceless work in the emerging field of new economic sociology, a field whose birth she was present at, about three decades ago. She has a unique style of argumentation and an overarching economic and sociological approach, which attempts to synthesize the overlapping fields of economics and sociology through research about institutions which shape our economic lives. As a member (and now the head) of the American Sociological Association's Economic Sociology Section she enables dialogue between European and American sociologists and economists in the field, especially concerning the French line of research.

Zelizer's approach to money-related activities in human lives invites 'homo economicus' to retire, and take his rational choice mechanism with him as he goes. The book puts forward a new approach, along with a new theoretical path, by seeking through economics to understand the processes of capitalism (market) unbundling which have taken place since 2008. In this discourse sociologists have their role in grounding the cultural and structural elements

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of individual economic preferences. The book argues for the importance of examining one's relations to others in understanding economic behavior, rather than analyzing personal choices and their details. By doing this, economic actions are viewed from both sides of the transaction and involve the 'passive' partner into the analysis; i.e. the one who benefits from the transaction (gift, loan, share, donation, investment or spending). The book investigates the role of ties in transactions and the differences in economic interactions according to kinship, friendship, and even transactions with strangers.

Back in the day, the alleged tensions between notions about economic behavior, rationality and morality (the latter 'culture', in other terms) raised concerns in the classic literature of economic sociology. Economic behavior was viewed as being something that might crowd out morality. It was Simmel who (by stretching perspectives about the sociology of economic behavior) suggested that money was an impersonal way of relating to others in society. In Fevre's words "money became the yardstick which everyone used to measure themselves against everyone else" (Fevre 2003, p. 12). Since the early 1960s it has been stressed that economic behavior has a social context and that "economic sociology look[s] towards the neoclassical economics rather than classical social theory" (Fevre, 2003, p. 19). This division is viewed as being rooted in assumptions about human society and "presumably inhuman economics", and is characterized by the approach taken by economic sociological research (Nelson 2008, p. 11).

In the context of the above tradition, Zelizer blazes her own path within the interpretation of intimate relations and economic interchanges by distinguishing between the twin perspectives of 'hostile worlds' and 'nothing-but'. These are supposed to be the two opposite views, which are taken in social and economic analysis. In the theoretical frames of the 'hostile world', as she calls it, the spheres of economic transactions and intimacy remain antagonistic, and are thus morally unbridgeable. On the other end stands the reductionist 'nothing-but' approach, split into subdivisions, where rationality is displaced on the one hand by culture (viewed through symbolism and discourse) and on the other hand by power structures. She proposes that we follow neither of the above-described approaches when she suggests that the transcendence of the two better approximates social reality. It is hence better to follow the path of recognizing differentiated ties with their distinctive forms of economic transactions ('connected lives conception') (Zelizer 2005, *Chapter 1*). The connected lives approach bridges the intersection between the market and the 'supposedly non-market' realms with a refined, elaborate, in-depth analysis using research about intimate relationships (forthcoming).

Economic sociologists can be misled if they solely investigate networks and

neglect the cultural dimension of social structures. Zelizer bridges culture and structure by investigating values and meaning structures which are at the core of economic phenomena, and in doing so she discovers the interplay of economic, cultural and social structural forces (Swedberg 2003, p. 247). Zelizer herself locates cultural content within social ties in her analyses of monetary transfers by pointing out that symbols, rituals and practices mark distinct social relations and forms of monetary transfers (Zelizer 2005).

The essays collected in this volume document the research path of Zelizer in economic sociology and reflect the interaction of different approaches, methodologies and investigations. They present a broad but coherent (and evolving) picture of economic activities from a scholarly perspective.

The book is more than just a compilation of three decades of work. What makes it even more precious is that the author provides an overview of how the field of economic sociology took shape from the 1980s onwards. She places herself within this field, as well as reflecting on the disciplines of economics and sociology. She refers to the era when synthesizing economics and sociology was popularized, starting in the eighties, as the period of 'new economic sociology'. Zelizer finds that this trend appropriated mainstream economics in the way that it extended economic analysis into areas economists ignored and identified social contexts that facilitate or constrain economic action. Zelizer criticizes context theorists for maintaining the distinction between a world of social lives and a distinctly different world of economic activities. Network analysis has moved from straightforward network conceptions about interpersonal ties to an emphasis on variable quality, intensity, meaning and the consequences of relational ties between economic actors. A shift towards a critical examination of distinctive economic forms such as households, informal economies, remittances, care economy, micro-credit and gift transactions is in progress and leads away from the previously simple exportation of economic models to areas outside of firms and markets.

It is very intriguing that Zelizer welcomes the developing dialogue between economics and sociology (which has given birth to behavioral economics, game theory, feminist economics, organizational economics, institutional economics, and household dynamics), as overviewed by the author. She points out how important it is that economists look at culture and social relations seriously by referring George A. Akerlof, who recognizes norms as the 'missing motivation in macroeconomics'. This latter is crucial in respect to opening up a new way to move away from a focus on individual preferences and motivation towards a group-level investigation of economics from the perspective of norms. Including interaction (through game theory) in economic analysis has paved the way for a more comprehensive dialogue to occur between social sciences

and economics. Behavioral economics involves the modification of the individualism of economic models; this is the reason the author finds this path particularly important.

The author sees new institutional economics as being an innovative field, which incorporates the results and findings of behavioral economics; a surprising and a fresh view. In Zelizer's understanding, new institutional economics has provided insights into the distinction of the rules of the game and the nature of the game (D. North). O. Williamson's analysis of opportunism, T. Schelling's credibility, Acemoglu's formal models of constitution, economic transactions and the role of institutions (property rights and contracts) are the real contributions to the field of economic sociology.

What distinguishes Zelizer's approach from new institutional economics is that the unit of analysis focuses on how relationships are defined, rather than on economic transactions. Transaction cost theory is very relevant to the author's frame here (although not explicitly). We find that price mechanisms and the market are at the core of her institutional perspective when it comes to investigating the human (cultural, or moral in other terms) dimension of transactions which are carried out by culturally and socially-enriched economic actors.

The methods employed by Zelizer vary from historical analyses to scrutinizing how people maintain their households in different social settings. She also examines legal cases and disputes that arise in the course of negotiating economic issues to understand how different actors in social milieus deal with similar dilemmas. Economic dilemmas are solved using the principles and influences of culture and power structures; monetary evaluation of all aspects of our lives constitutes a part of the game, and each element can be represented as a distinct market.

The book is split into six parts: *valuation of human lives, the social meaning of money and intimate economies, the economy of care, circuits of commerce, appraising economic lives: critiques and syntheses.*

The first section, which addresses the valuation of human lives, tackles a special institution – “the” market. One of the questions raised is: ‘how can we establish monetary equivalents for human existence? Are all lives worth the same, or are some more valuable than others?’ Solutions employed in such valuation-of-life cases rely on formulae constructed according to economic appraisals, although they continue to raise questions about justice and fairness, as well as highlighting the sensitive issue of who decides. This invites three types of response: cost-benefit accounting, a moral justice ledger, and separate-spheres/hostile-worlds purism. The essays in this section go beyond these stock responses as such responses treat these types of valuations as ordinary market

transactions. From life insurance, which involves consideration of even the very sensitive topic of the valuation of children's lives (e.g. the 'low-cost' of children's insurance during an era in which society is shifting away from the use of child labor) which requires addressing the paradoxes of the economic valuation of children, to the impact of children's changing (economic and sentimental) value on turn-of-the-twentieth-century baby markets.

A great classic from Zelizer is her analysis of the social meaning of money, to which a whole section is devoted. Core ideas are structured around investigation of where money comes from, and in what forms, and how strongly this affects how people see it. The essays describe how money gained from income tax-refunds or welfare payments are spent depending on the recipients (the male or female head of the household). The contribution of the author is an elaborate theory of money as a seamlessly fungible medium in which each unit is identical to every other unit; where money transforms the social relations it touches, converting them into objects of the market. The articles argue that people employ money as a means of transforming or differentiating their social relations. This is the point at which the institution translates economic evaluation into social reality.

Intimate economies are a recent path of investigation for the author. Divorcing couples negotiating in court are used to construct a picture which reveals how divorce transforms the character of a couple's relationship, and redefines their earlier economic exchanges. Intimate economies tell us about households (and their breakups) and various forms of sexual relationships. Delicate questions about how one should value his or her economic exchanges with his or her intimates, and how economic appraisals spoil or do not spoil intimate relationships are tackled in-depth. The articles argue that economic interactions serve to create, sustain and challenge one's multiple intimate relations. The chapter on 'Kids and Commerce' documents children's involvement in production, consumption and distribution. This section proposes that, in reality, children have active economic lives.

The section on the economy of care tackles the problem of the 'care deficit' in the context of an ageing population, with traditional caregivers employed in wage work, and the problems associated with care of children and adults. The demands of care-workers are growing; economic estimates of such work contrast with the value of care provided by family members and friends. Informal care is provided by a large and unrecognized group of unequally compensated workers. The book chapters argue for the promotion of appropriate and equitable economic arrangements for the various kinds of caring relations, which require special forms of contracting, negotiating and payment. The author contributes to the literature on care economics by

her approach to forming perspectives about intimate relations. The sensitive field of baby markets is explored as well and proposals for the examination of markets for human goods, such as blood, organs, eggs, sperm, genetic materials and mothers' milk are elaborated.

Circuits of commerce tackles the motivations and mechanisms behind remittances, the functioning and creation of local monetary systems and household bookkeeping for exchange services such as babysitting, cliques of people who promote each other to gain power and the illegitimate exchanges of goods within military or prison organizations. The chapters put forth a research agenda for resolving concerns with such transactions in the future. The commonality between these circuits of commerce is that they do not fit neatly within established networks.

A 'circuit' is a distinctive form of economic interaction that recurs across a variety of circumstances, such as a firm, a household or a clique. "Zelizer circuits" is a term coined by Randall Collins to illustrate the micro-foundations of our economic life. The term 'circuit of commerce' refers to a structure which combines its own economic activities, media, accounting systems, interpersonal relations, boundaries and meanings which reappear in a variety of social circumstances and cannot be reduced to firms, markets or networks. Zelizer reminds us about the importance of households, informal economies and gift networks as fields of research for economic sociology (in addition to the hierarchies, markets and networks investigated so far). She also turns her attention to the multiplicity of economic arrangements in the twenty-first century: internet peer production, micro-credit, barter groups, local currency systems, investment clubs, mutual aid associations, garage sales, etc. It seems that the new and vigorous investigations undertaken by actors from new institutional economics have inspired her work and scope of interests. Her explanations go beyond the circuits of commerce, which however still serve as a frame for understanding the new arrangements. Circuits may emerge in spatially-segregated domains, or they may cut across multiple social sites. Literature, which investigates these circuits, has covered the topics of care economies and art markets, and even includes large organizations and corporations. It is important to mention though, that many economic transactions do not form circuits (e.g. bank-to-bank electronic transactions) as they lack the interaction which would make their activities open to negotiation, or reshaping.

Overviews of the field of economic sociology published at different times (the late 80s and 2005) close this volume. The pearl here is the writing on "Culture and Consumption" which reviews and critiques studies of consumption and was published in an edition of *The Handbook of Economic*

Sociology in 1994.

Through following the path of economic and institutional investigation, Zelizer investigates the market from a social perspective. What makes her voice unique is that by getting rid of the notion of morality by transforming it into culture, she sees economic transactions as forms of interactivity and stretches the notion of ‘the economic actor’ to include households, and socially-constructed individuals.

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