

## Character Capital: Social Impact Bonds and the Financialization of Behaviour

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### Abstract:

Since 2010, social impact bonds (SIBs) have taken hold in numerous countries. Given shortfalls in governmental social welfare spending, SIBs invite investors to ‘do well by doing good,’ injecting start-up capital into charities’ social welfare projects, and gaining returns from governments, based on successful attainment of those projects’ targeted impacts (for instance, a 7.5% reduction in recidivism among short-term prisoners at Peterborough Prison, UK, over a seven-year period). Many SIBs target behavioural reform in ‘at-risk’ populations: transforming aberrant into assimilated daily life practices, purportedly for the benefit of both beneficiaries and investors. How does this financialization of behavioural modification put pressure on human capital-inflected theories of assetized selfhood? Seen in terms of human capital theory, SIBs align different stakes in the same project: at-risk populations’ human capital (as they receive career training, counseling and support); investors’ profit and portfolio diversification; and governments’ risk mitigation. However, SIBs instantiate tensions between beneficiaries’ human capital and investors’ profits; and between the lifespan and the limited timespan of the SIB term, that exacerbate latent contradictions within human capital theory to a breaking point. Thus, SIBs demand an alternate theory of the financialization of behavioural modification, focused not on human capital as such, but instead on financial intermediaries’ construction of *images* of beneficiaries’ increased human capital. Drawing from recent literary theories of character and analyzing SIB promotional material, I argue that SIBs require a theory of *character capital*, pertaining to the discursive construction, through narration and measurement, of overall ‘improvements in character’ in a target population, within the limited ‘plot’ of an investment term. Character capital best conveys the alignment between investor and beneficiary interests in behavioural modification that SIBs aim to produce, through investment term ‘plots’ in which changes in ‘character’ can be staged, produced, measured, and speculated on.

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