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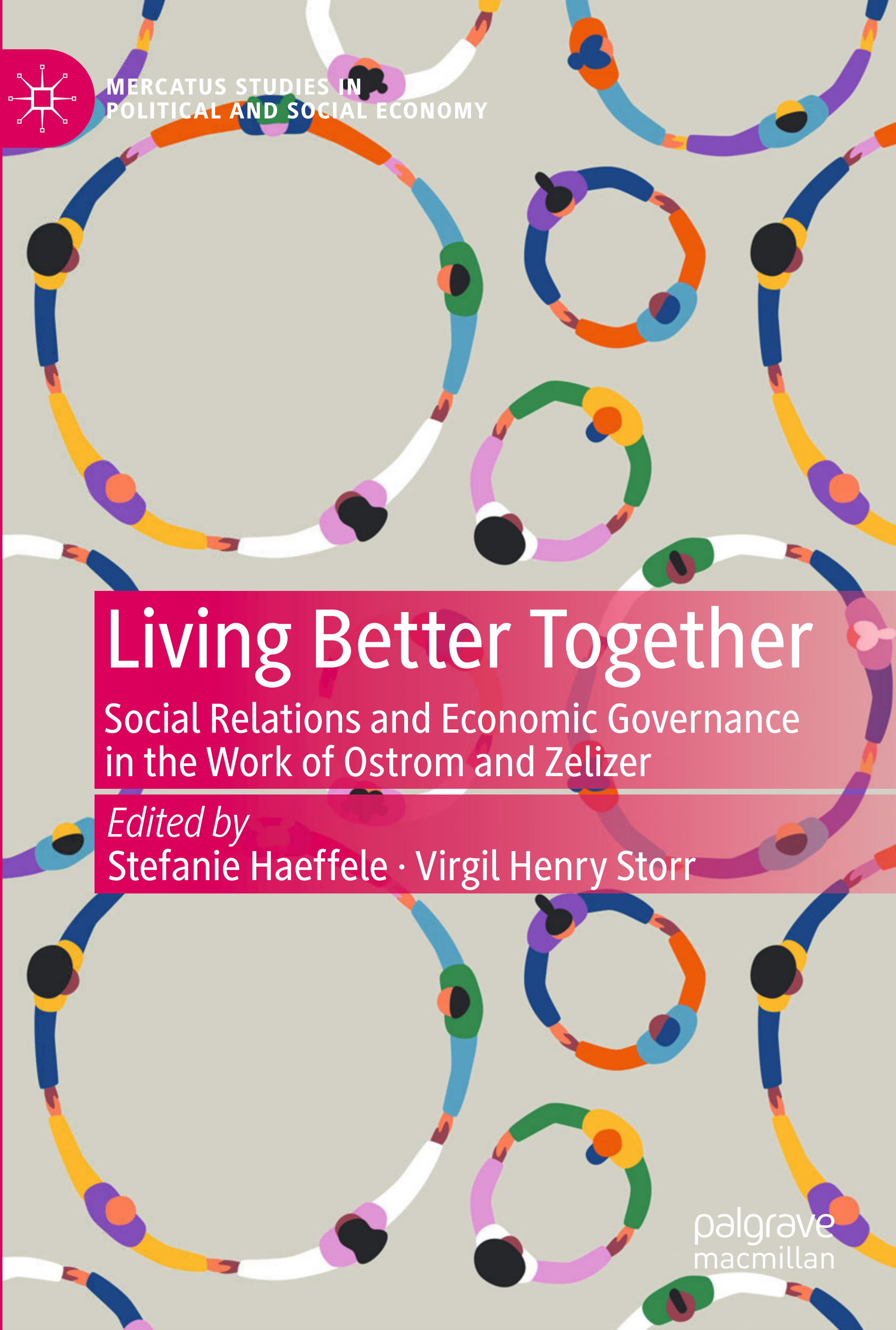

Living Better Together

Social Relations and Economic Governance in the Work of Ostrom and Zelizer

Edited by
Stefanie Haeffele · Virgil Henry Storr

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Mercatus Studies in Political and Social Economy

Series Editors
Virgil Henry Storr, Mercatus Center at George Mason University, Fairfax, VA, USA
Stefanie Haeffele, Mercatus Center at George Mason University, Fairfax, VA, USA

Political economy is a robust field of study that examines the economic and political institutions that shape our interactions with one another. Likewise, social economy focuses on the social interactions, networks, and communities that embody our daily lives. Together, these fields of study seek to understand the historical and contemporary world around us by examining market, political, and social institutions. Through these sectors of life, people come together to exchange goods and services, solve collective problems, and build communities to live better together.

Scholarship in this tradition is alive and thriving today. By using the lens of political and social economy, books in this series will examine complex social problems, the institutions that attempt to solve these problems, and the consequences of action within such institutions. Further, this approach lends itself to a variety of methods, including fieldwork, case studies, and experimental economics. Such analysis allows for deeper understanding of social phenomena, detailing the context, incentives, and interactions that shape our lives. This series provides a much-needed space for interdisciplinary research on contemporary topics on political and social economy. In much of academia today, scholars are encouraged to work independently and within the strict boundaries of their disciplines. However, the pursuit of understanding our society requires social scientists to collaborate across disciplines, using multiple methods. This series provides such an opportunity for scholars interested in breaking down the boundaries of disciplines in order to better understand the world around us.

Stefanie Haeffele · Virgil Henry Storr
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Mercatus Studies in Political and Social Economy
ISBN 978-3-031-17126-0 ISBN 978-3-031-17127-7 (eBook)
https://doi.org/10.1007/978-3-031-17127-7

Cover illustration: Cienpies Design/Alamy Stock Vector

This Palgrave Macmillan imprint is published by the registered company Springer Nature Switzerland AG
The registered company address is: Gewerbestrasse 11, 6330 Cham, Switzerland

Contents

List of Contributors

Chase V. Miranda Babson College, Wellesley, MA, USA

Dalla Chiesa Carolina Department of Arts and Culture, Erasmus University, Rotterdam, The Netherlands;
Leuphana University, Lüneburg, Germany

Dozier Crystal A. Department of Anthropology, Wichita State University, Wichita, KS, USA

Grube Laura E. Beloit College, Beloit, WI, USA

Haeffele Stefanie Mercatus Center at George Mason University, Fairfax, VA, USA

Hobson Anne George Mason University, Fairfax, VA, USA

Hudson Jennifer L. School of Politics, Security, and International Affairs, University of Central Florida, Orlando, FL, USA

Lemke Jayme S. Mercatus Center at George Mason University, Fairfax, VA, USA

Lin Wanlin The University of Hong Kong, Pok Fu Lam, Hong Kong

Morea Valeria Department of Architecture and Arts, Iuav University of Venice, Venice, Italy

Reyes Victoria University of California, Riverside, CA, USA

Sabatini Francesca Department of Architecture, Alma Mater Studiorum, University of Bologna, Bologna, Italy

Storr Virgil Henry Mercatus Center at George Mason University, Fairfax, VA, USA

Tucker Hannah Knox Copenhagen Business School, Copenhagen, Denmark

Wolf Brianne Political Theory and Constitutional Democracy, Michigan State University, East Lansing, MI, USA

Yuan Minjun The University of Hong Kong, Pok Fu Lam, Hong Kong

Zelizer Viviana A. Princeton University, Princeton, NJ, USA

List of Tables

CHAPTER 1

Introduction: Connecting Elinor C. Ostrom and Viviana A. Zelizer

Stefanie Haeffele and Virgil Henry Storr

In the social sciences, models are abstractions that help us to understand the social world. Just as a map is a representation of the physical world that guides individuals as they navigate their environments, social scientific models are used to study how people make decisions, cooperate to solve problems, coordinate their actions with others, or engage in conflict. While models necessarily leave out a great deal of detail about the social world, if they completely smooth out the differences between individuals and the possibility of contestation, these models can behave less like lenses and more like blinders, limiting our view of the complexities, capabilities, and limits of social life. Elinor C. Ostrom and Vivianan A. Zelizer

S. Haeffele (✉) · V. H. Storr
Mercatus Center at George Mason University, Fairfax, VA, USA
e-mail: shaeffele@mercatus.gmu.edu

V. H. Storr
e-mail: vstorr@mercatus.gmu.edu

S. Haeffele and V. H. Storr (eds.), *Living Better Together*, Mercatus Studies in Political and Social Economy,
https://doi.org/10.1007/978-3-031-17127-7_1

are two prominent and influential scholars that have expanded our worldview, pushed back on constricting models and methods, and advanced social science to better understand our complex world.

Elinor C. Ostrom was the first woman to win the Nobel Prize in Economic Sciences, in 2009, for her pioneering work on the capabilities of everyday citizens around the world to devise, implement, and maintain governance arrangements for common-pool resources (see Ostrom 2010). Trained as a political scientist, she contributed to several disciplines, including political science, economics, public policy, sustainability, and natural resource management. She also advanced research using multiple methods, including fieldwork, game theory, and experimental economics, and built a vibrant workshop at Indiana University and global scholarly network with her husband, Vincent Ostrom (Aligica and Boettke 2009; Tarko 2017; Lemke and Tarko 2021).

Despite being told to steer away from economics early on in her academic career, Ostrom paved a path for women and minorities in the social sciences, highlighting how a diversity of backgrounds, disciplines, and methods better enables us to study and understand real-world problems and the importance of governance from the ground up (Poteete, Janssen, and Ostrom 2010). This holistic approach to institutional analysis is a corner stone of her work. Over the course of her lifetime, she wrote over 30 books and edited volumes and hundreds of scholarly articles, won dozens of awards, and served as the president of the American Political Science Association, International Association of the Study of Common Property, Midwest Political Science Association, and Public Choice Society.[1]

Ostrom left a vibrant legacy as a truly diligent scholar, encouraging mentor, and lovely person. Upon her death, Rick K. Wilson and Catherine C. Eckel (2013) remarked how Ostrom was hardworking, connected, and grounded in her academic and personal life. Kenneth J. Arrow et al. (2012, 13136) assert that "Elinor Ostrom was a profoundly important scholar, a great teacher and mentor, an energetic presence in any conversation, and a warm and generous person. She combined personal and scholarly virtues in a seamless and authentic way." Ever breaking boundaries, Ostrom redefined the commons and the capabilities of people and communities (see Nicole 2014; Nordman 2021). Vlad Tarko (2017, 169) declared her a "role model for the social scientists."

Viviana A. Zelizer, the Lloyd Cotsen'50 Professor of Sociology at Princeton University, likewise, has contributed ground-breaking work across multiple fields. She has advanced the interdisciplinary field of economic sociology, highlighting the complex social context of economic exchange. Her work emphasizes the interconnectedness and vibrance of social relations in economic activity, ranging from the complexity of money to the links between markets and intimacy. Through her notion of "circuits of commerce," for instance, Zelizer points out the ways that communities develop shared norms, practices, and accountability around particular types of exchange. Such an understanding of the complex world counters the distinct approaches often found in social science that delineate relations and interactions into neat spheres of economic, political, and social.

Zelizer has authored seven books and a plethora of academic articles, won dozens of awards, and served in many professional associations and committees.[2] And, like Ostrom, Zelizer has made a lasting impact among scholars and students, not only making theoretical and empirical advancements but breaking barriers for women, immigrants, and minorities all while being an exemplar of curiosity and empathy in the academy. Charles Tilly states that, "Viviana Zelizer has long been known as the world's most astute, discerning, and original cultural analyst of economic processes."[3] And Jeanne Lazarus (2020, 24) describes her contributions when she was awarded an honorary doctorate, along with Joseph Stiglitz, at Sciences Po in Paris: "Viviana Zelizer brought to economic sociology, if you will pardon the pun, a *voix différente* and a *voie différente*, 'a different voice' and 'a different path.' She has succeeded in making gifts, the circulation of money within the family, consumption, and the informal economy central to inquiry."

Both Ostrom and Zelizer enrich social scientific discourse with how they approach social science, how they conceive of social relations, and how they illuminate the complex lives of everyday people. Unfortunately, the traditions they inspire are not really in conversation with one another but are rather in parallel. There is, however, much to be learned from collaboration among these two approaches. This volume is an effort to bring these discourse communities together.

1.1 Connected Lives and Associational Beings

Much of social science theory has compartmentalized market activity, government, and the role of society. The leading models of market activity in the twentieth century focused on competitive equilibrium, and when real-world markets failed to live up to those standards, efforts for central intervention to improve social welfare were at the forefront of policy analysis. These ways of thinking siloed the study of human life into various disciplines and emphasized particular methods over others. And, while these contributions provide insight into how people act rationally within constraints, the implications were often lacking real-world complexity. Developments in new institutional economics and new economic sociology, along with others, aimed at steering the study of economic action and interaction back in the interdisciplinary direction. Peter J. Boettke calls this more complex approach 'mainline political economy,' a tradition that goes back to Adam Smith and that centers around three propositions of human action: "(1) there are limits to the benevolence that individuals can rely on and therefore they face cognitive and epistemic limits as they negotiate the social world, … (2) formal and informal institutions guide and direct human activity, and … (3) social cooperation is possible without central direction" (Boettke et al. 2016, 4). Both Ostrom and Zelizer push back on conventional theories of social science and contribute to this mainline tradition.

Zelizer (2011, 5) discusses the three standard ways in which economic processes were viewed within economics and sociology: separate spheres, hostile worlds, and nothing-but. The "separate spheres" approach treats economic and social interactions as separate aspects of life; an individual's social ties, community obligations, or familial support are assumed to be irrelevant while she is engaging in the market, and vice versa. The "hostile worlds" approach views the intermingling of the market and social life as leading to disastrous results; rationality and economization corrupt interactions with family and friends, and sympathy and philanthropy erode the market's effectiveness. The "nothing-but" approaches recognize that such dichotomies lack real-world relevance while settling on one characteristic as the driver for social life, such as power, rationality, culture, or so on.

This seemed specious to Zelizer, who noticed that in the real world, outside these models, people lived connected lives. A person, with their background, education, relationships, and ambitions, brings all of themselves to the market, politics, and society. We learn about new jobs through family friends, meet our spouses and closet friends at work, and get involved in our communities through the businesses we are associated with. As we advance in our careers, we pay it forward by helping those just starting their educations or careers and give back to those who helped us along the way, earmarking money to go back home through remittances or for our children's college fund. This nuanced understanding of how real life occurs has implications for scholarship and for policy. As Zelizer (ibid., 360) states, "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."

Similarly, Ostrom saw a disconnect between theory and practice in regard to property held in common. The commons include such resources as water, fisheries, grazing lands, and the internet that are often not owned individually through private property nor owned and managed by government. Such resources are difficult to exclude but rivalrous in nature. A large open pasture can be grazed upon by many livestock, though any individual patch of grass cannot be consumed by all. Regrettably, as Ostrom observed and in the wording of Zelizer, much of the theory on the commons was influenced by separate spheres and hostile worlds reasoning.

Ostrom (1990, 2–7) identifies three models used to examine the commons: the tragedy of the commons, the prisoner's dilemma game, and the logic of collective action. In the tragedy of the commons, the lack of ownership results in overconsumption because each individual user can consume without the responsibility of maintaining the resource. The prisoner's dilemma provides a formal game theory model to show how individually rational choices lead to a worse social outcome. While everyone would benefit from cooperating to maintain the commons, their incentives are to consume without taking responsibility. And, finally, the logic of collective action supposedly demonstrates that communal cooperation is only likely to take place in small-group settings; otherwise, the incentives of the individuals involved will overpower the potential social benefits. Ostrom (ibid., 6) concludes that, "At the heart of each of these models is the free-rider problem. Whenever one person cannot be excluded from the benefits that others provide, each person is motivated not to contribute to the joint effort, but to free-ride on the efforts of others." As a result, policy prescriptions tend to rely on "only way" approaches—privatization or public intervention is viewed as the only way out of the tragedy (ibid., 8).

Ostrom challenged this view along several lines. First, privatization did not always seem like the logical solution. Dividing up grazing lands could eliminate competition among herders, but also increased risks of a shortage of feed due to weather, crop yield, and so on. In such instances, herders would have to devise new arrangements to exchange resources (ibid.). Second, it was epistemically problematic to assume that government agencies could manage, monitor, and enforce consumption laws in ways that provided more social benefit than the local actors.

Instead, Ostrom theorized that maybe the actors themselves could come up with governance arrangements to maintain their commons, and then documented this theory in practice with case studies from around the world (ibid.). "Instead of presuming that the individuals sharing a commons are inevitably caught in a trap from which they cannot escape," Ostrom (ibid., 14) argued that "the capacity of individuals to extricate themselves from various types of dilemma situations *varies* from situation to situation." They do so through associational relations—they deliberate, devise rules, and monitor one another. In other words, they actively participate in their own governance within their community to "deal creatively and constructively with perverse problems such as the tragedy of the commons" to "change the situation themselves" (ibid., 21).

In contrast to hostile worlds models, both Ostrom and Zelizer sought to understand more complex phenomena that seemed to blur the clean distinctions of markets, government, and relational life. Zelizer (2011), for instance, continually observed what she termed as "circuits of commerce." In many circumstances, in both the short term and long term, commerce has a particular relational connection that does not neatly reflect the conventional notions of markets, firms, networks, or bureaucratic hierarchies. As Zelizer (ibid., 304) argues, we observe circuits of commerce "when we find complex and variable coexistence between people's social ties and their economic transactions."

Circuits of commerce include remittance flows, the complex finances of childcare, and creation of local monies, reward systems, and alternative accounting schemes. They have the following characteristics:

> (a) distinctive social relations among specific individuals; (b) shared economic activities carrier 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. (ibid., 304)

Likewise, Ostrom examined how governance structures were devised for common-pool resources and developed a set of criteria, termed institutional design principles, that were common among successful efforts. They include:

- 1A. *User Boundaries:* Clear and locally understood boundaries between legitimate users and nonusers are present.
- 1B. *Resource Boundaries:* Clear boundaries that separate a specific common-pool resource from a larger social-ecological system are present.
- 2A. *Congruence with Local Conditions:* Appropriation and provision rules are congruent with local social and environmental conditions.
- 2B. *Appropriation and Provision:* Appropriation rules are congruent with provision rules; the distribution of costs is proportional to the distribution of benefits.
- 3. *Collective Choice Arrangements:* Most individuals affected by a resource regime are authorized to participate in making and modifying its rules.
- 4A. *Monitoring Users:* Individuals who are accountable to or are the users monitor the appropriation and provision levels of the users.
- 4B. *Monitoring the Resource:* Individuals who are accountable to or are the users monitor the condition of the resource.
- 5. *Graduated Sanctions:* Sanctions for rule violations start very low but become stronger if a user repeatedly violates a rule.
- 6. *Conflict Resolution Mechanisms:* Rapid, low cost, local arenas exist for resolving conflicts among users or with officials.
- 7. *Minimal Recognition of Rights:* The rights of local users to make their own rules are recognized by the government.
- 8. *Nested Enterprises:* When a common-pool resource is closely connected to a larger social-ecological system, governance activities are organized in multiple nested layers (Ostrom 2010, 653).

These rules and characteristics allow community members to create their own governance structures, monitor for free riders, and adapt to changing circumstances.

The similarities and complementarities between the circuits of commerce that Zelizer described and the governance arrangements that Ostrom highlighted are worth noting. Indeed, a line of research that might be productively advanced would be to connect the scholarship of Zelizer's circuits and Ostrom's arrangements. Both Ostrom and Zelizer believed that people are innovative and capable of making their own rules to engage in self-governance. Such people—rational, adaptable, and entrepreneurial—complicate our world, both for social scientists to try to understand and for policymakers who hope to improve lives. Embracing this complexity, thus, both shows how as a society we are finding ways to live better together all of the time and adds perspective as we strive for further development and social change.

1.2 Structure of the Volume

This volume brings together scholars from a variety of disciplines and who use a variety of methods to engage in a discourse on social science as influenced by Ostrom and Zelizer. The volume begins with an essay by Zelizer, reflecting on the connections between her own work and Ostrom's. Then, in the chapters that follow, there are discussions on why political economy benefits from stressing that individuals live connected lives and are associational beings, how reading Ostrom and Zelizer together brings something important to the conversation, and how to incorporate these ideas into other disciplines such as archeology, history, and security studies as well as topics like the family, disaster recovery, and e-commerce. There are discussions of new circuits of commerce in Cuban remittance networks, activist communities in the Amazon, and in the mail delivery systems of the past, combined with Ostrom's concepts of polycentricity and institutional diversity. This volume hopefully serves as an opening of a discourse into these scholars and their ideas for years to come.

Notes

1. See Ostrom's CV here: https://ostromworkshop.indiana.edu/pdf/CVs/eostrom_vitae.pdf.
2. See Zelizer's most recent CV here: https://sociology.princeton.edu/sites/g/files/toruqf1236/files/people-cv/zelizer_cv_1.pdf.
3. Quoted in his praise for Zelizer (2005).

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CHAPTER 2

Why and How Do Social Relations Matter for Economic Lives?

Viviana A. Zelizer

Elinor Ostrom deeply appreciated the sort of interdisciplinary dialogue she so vigorously fomented with her own research and with Vincent Ostrom, at the Indiana University Ostrom Workshop they co-founded.

This paper adapts my keynote lecture prepared for the launching of the Ostrom Speaker Series celebrating the 10th anniversary of Elinor Ostrom's Nobel Prize in Economics, sponsored by the Mercatus Center at George Mason University's F. A. Hayek Program for Advanced Study in Philosophy, Politics, and Economics on October 17, 2019. I draw substantial portions of the paper from Zelizer (2011, 2015). I am grateful to Stefanie Haeffele and Virgil Storr for their generosity and editorial efforts to make this volume possible. Stefanie also wonderfully coordinated my initial visit.

V. A. Zelizer (✉)
Princeton University, Princeton, NJ, USA
e-mail: vzelizer@princeton.edu

S. Haeffele and V. H. Storr (eds.), *Living Better Together*, Mercatus Studies in Political and Social Economy,
https://doi.org/10.1007/978-3-031-17127-7_2

Ostrom repeatedly decried disciplinary blindfolds for cramping intellectual progress by training scholars into, as she described it, "separate languages that do not help us identify the common work parts of all this buzzing confusion that surrounds our lives" (Ostrom 2005, 5). She would surely welcome this volume's effort to bring together an interdisciplinary team of scholars working toward shared understandings of our economic lives. In this essay, I bring my own perspective as an economic sociologist to pay tribute to an Economic Sciences Nobel Prize-winning political scientist.

Although Ostrom and I never met nor corresponded and despite the fact that our conceptual frameworks and methodologies differ, we have shared a lifetime quest to figure out how people manage to organize their economic activities. This pursuit has become an integral part of the Hayek Program for Advanced Study in Philosophy, Politics, and Economics' mission, with its program uniquely designed to facilitate meaningful interdisciplinary dialogue. While too often such efforts reduce to window-dressing, the program's publications and course curricula certify its bona fide cross-disciplinary bridge building. Not only have Peter Boettke and Virgil Storr taught economic sociology courses but the department incorporated economic sociology as a field of studies, arguably a first for an economics department. All this means we share an understanding that social relations and culture matter in economic lives.

As it turns out, an intellectual highlight of my last few decades has been the growing exchange of ideas with economists. Most memorably, years ago, Avinash Dixit, Professor of Economics Emeritus at Princeton University, and I co-organized an Economics & Sociology workshop—the first at Princeton, hosting speakers from both disciplines whose work focused on the social organization of economic life. Plus, and also a first, we co-taught a graduate seminar on issues of common interest to both disciplines. I was further drawn into the world of economics as member of the advisory council for the Paris School of Economics, as it re-organized the teaching of economics in Paris.

But, of course, Elinor Ostrom's revisioning of economic activity goes much beyond celebrating cross-disciplinary exchanges. With bold concepts, methodological versatility, refusal to accept theoretical straightjackets, and unrelenting persistence, Ostrom pioneered a radical rethinking of economic activity. From my perspective as an economic sociologist, one of her most transformative contributions was paying close attention to the critical significance of social relations for explaining economic governance. Countering rationalist individual-driven accounts, she demonstrated how, when, and why others matter in shaping economic arrangements. She also shook up standard economic theory by including cultural norms within her explanatory model and by insisting that abstract models be grounded in observations of real people involved in economic activity.

In dialogue with Ostrom's arguments, this paper presents my own approach to the study of social relations in the economy. I first briefly identify a transformation in how economic sociologists, including myself, have grappled with explaining the place of social relations in shaping economic activity and then explore how social relations matter for a set of economic arrangements I call "circuits of commerce."

To be sure, it is no big news to report that social relations matter for economic sociologists. From the launching of what is called the "new economic sociology" in the 1980s, social ties have remained a staple explanatory element, yet the usual way of introducing social relations had been as context: as external facilitators or constraints on economic processes. That is what we mean by the "embeddedness" of economic phenomena in social processes. Context analysts look at standard economic phenomena such as labor markets, commodity markets, or corporations, showing how social networks as context shape the options of economic actors. Those studies certainly jump-started a major research agenda focusing on the role of social networks in economic activity.

But twenty-first-century analyses have moved on and away from context accounts toward the formulation of more subversive explanations of economic activity. In this alternative framework, we identify social processes and social relations no longer as context but at the very heart of economic activity, including the previously unexplored territory of markets and money. In the process, straightforward social network conceptions of interpersonal ties have shifted to an emphasis on the variable quality, intensity, meaning, and consequences of relational ties among economic actors. In this alternative view, negotiated and dynamic interpersonal interactions, not the individual, become the starting point for economic processes.

At the same time, economic sociologists have expanded the territory of what we consider to be "core" economic institutions and "real" economic activity: while studies of capitalist firms and production markets certainly advance the field, younger scholars increasingly step outside those domains as they explore household economies, art worlds, markets for human goods, care economies, consumption practices, digital platforms, and more. Importantly, this broadened lens breaks down artificial boundaries between the supposedly sturdier "real" economic spheres such as firms and corporations and allegedly peripheral or less seriously economic domains.

What's more, while in its earliest stages economic sociology remained allergic to cultural analysis—mostly in an effort to distance itself from discredited Parsonian notions of an autonomous culture—the field has now fully legitimized the place of shared meanings in its explanations of economic activity. Culture no longer conceived as an "autonomous force behind or above social life but as a constitutive element of social relations" (Tilly 2008, 183). Most recently, we see a surge of pathbreaking studies addressing the morality of markets, including financial organizations (e.g., Beunza 2019).

I have spent the past four decades trying to make sense of intersections among economic activities, small-scale interpersonal relations, and shared culture. In books on the morality of life insurance, the economic valuation of children, the social meaning of money, and intimate economies, I explored how people manage "connected lives" as they establish multiple links between their economic transactions and personal relations (see Zelizer 1979, 1985, 1994, 2005, 2011). Countering what I call mistaken yet ingrained "hostile worlds" views that define economic activity and relations as separate spheres necessarily hostile to each other, I show how people constantly meld personal relations and economic transactions.

But importantly they do not do so randomly: it matters greatly that the type of economic transaction as well as the form of payment matches the meaning of the particular relation. I call this matching of relations, transactions, and media, relational work. In all economic action, I argue, people, all of us, differentiate among our social relations. For each category of relation, people erect a boundary, mark the boundary by means of names and practices, and designate certain forms of economic transaction and media as appropriate for the relation, barring other transactions and media as inappropriate.

That is why we will tip a waiter but not our spouse, we may give our child a weekly allowance but rarely our grandfather, and we pay our employee with a salary not a gift certificate (unless it is Christmas). We all care a great deal about such distinctions: the wrong kind of payment might sometimes amuse us but will more often shock or offend. Why? Because mistakes violate our expectations of how social relations should work. Just imagine my shock if one of my students offered me a thick envelope full of hundred-dollar bills as an incentive to teach a better class.

For a concrete and uplifting demonstration of how forms of payment matter, consider Elinor Ostrom's donation of her share of the $1.4 million Nobel Prize money to the Indiana University Ostrom Workshop: she transformed a monetary prize into a donation that certified her meaningful relationship to the workshop. Such distinctions, or what I call monetary earmarking, defy entrenched assumptions of money's fungibility.

In my decades-long exploration of such meaningful economic relationships, I became increasingly puzzled by the creation of certain unexpected forms of economic organization, what I identify as "circuits of commerce." I was especially intrigued by the management of social relations in the formation, transformation, persistence, or breakdown of those circuits.

So let me turn to circuits starting with four examples: (1) why do immigrants, often at the expense of their own needs, set as a budgetary priority sending large chunks of their hard-earned money to relatives in their country of origin? How do such transnational bonds shape the immigrant economy? (2) When legal tender works so well to bridge across commodities, transactions, and people, why do people go to great lengths to produce local alternative currency systems sometimes called social or "civic currencies," some of them now digital, with their own names, rules, membership, trading, and value? and (3) What explains the popularity around the world of informal lending and savings associations, such as ROSCAS (rotating credit and savings associations). How is it that people trust their money to potentially risky networks of acquaintances? And what explains that such collective arrangements frequently work with little default and considerable return for all participants? Indeed, Frederick F. Wherry, Kristin Seefeldt, and Anthony Alvarez's *Credit Where It's Due: Rethinking Financial Citizenship* (2019) reports how lending circles have been galvanized by organizations such as the Mission Asset Fund as conduits for the unbanked to obtain formal credit scores. And finally, from the corporate world: (4) given the fact that corporations set up hierarchies with clear rewards and mobility, how is it that cliques of people promoting each other's welfare arise, frequently trading time off, swapping shifts, donating leaves, and sharing bonuses? Dan Clawson and Naomi Gerstel's *Unequal Time: Gender, Class, and Family in Employment Schedules* (2014), a study of health professionals' time management in a set of health facilities, discovered the prevalence of coworker schedule swaps. To manage unexpected events such as a family illness or emergency childcare or to free time for attending family events, employees regularly swapped hours and schedules. In contrast to most studies focusing on vertical scheduling arrangements between supervisors and workers, Clawson and Gerstel thus identified a crucial practice initiated by co-workers: a swapping circuit.

I ask when, why, and how do people create such distinct economic arrangements? And what are their common properties? Standard thinking about economic structures does not fully capture what is going on with the multiple, often surprising ways in which people organize their economic lives. Many of these economic connections do not function quite like markets or as firms, hierarchies, or networks, at least in the conventional understanding of those concepts. And yet we see them spurting in all sorts of locations. Sometimes we may dismiss them or not even notice them precisely because they do not fit neatly within established frameworks.

Elinor Ostrom certainly noticed. In studying economic governance, she focused her sharp analytical gaze precisely on social arrangements that did not "closely resemble the standard models of a market or a hierarchy" (Ostrom 2010, 645). And she set out to understand what she described as the "wide diversity of institutional arrangements that humans craft to govern, provide, and manage public goods and common-pool resources" (ibid., 642).

Indeed, her discovery of common-pool resource governance demonstrated local communities' ingenious creation of multiple arrangements for managing the equitable sharing of forests, freshwater, fisheries, and more (ibid., 645). By observing what was happening on the ground, Ostrom's field studies revealed economic actors creating novel collaborative institutional arrangements independently from or despite government dictates or market intervention.

What mattered for the creation of such bounded common-pool arrangements? Not individual rational egoists, as she called them, acting for short-term profit. Ostrom demonstrates instead the crucial place of social relations and social communication (including face-to-face interactions) along with shared norms and culture. To be sure, as she recognized, not all such common resource communities were successful, but when they worked, they relied on participants' dynamic social ties as well as their shared understandings of local norms.

Ostrom thus replaced visions of the common's inevitable relational tragedy with evidence of participants' relational resilience and problem-solving creativity. Her student and friend, political scientist Margaret Levi, aptly summed it up in her 2018 TedX as she discussed the moral economy: "Ostrom," Levi told her audience, "taught us that we are social and creative human beings who build communities and find solutions to common problems."[1]

There is deep affinity between Ostrom's common resource pool communities and my circuits, as both involve often overlooked special forms of economic arrangements which rely on informal governance in an exceptional way. Perhaps she and I both noticed these arrangements not because we are women, but because as women working in male-dominant fields (in my case economic sociology) we surveyed the economic landscape as the Simmelian stranger, which Simmel ([1908] 1971) described as "freer practically and theoretically": in our case perhaps less beholden to mainstream paradigms of what constitutes core economic institutions.

I identify these alternative economic arrangements as circuits of commerce in an old sense of the word, where commerce meant conversation, interchange, intercourse, and mutual shaping. I will first define those circuits and then focus on two cases: one, the remittance puzzle, and second, the college circuit, as an example of a separate category of organizational circuit.

So first, what are circuits? Like a firm, a clique, or a household, an economic circuit is a distinctive and widespread form of economic interaction that recurs across an enormous variety of circumstances. How do we recognize a circuit? By the following characteristics: (a) distinctive social relations among specific individuals, (b) shared economic activities carried on by means of those social 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 non-members with some control over transactions crossing the boundary. Relational work is what sustains circuits as participants create viable matches among those meaningful relations, economic transactions, and media.

Economists, sociologists, and anthropologists who have noticed circuits in operation have commonly treated them as imperfect markets, as institutional contexts for market transactions, or as non-market systems of exchange, but not as distinctive social structures with dynamics of their own.

Circuits thus expand the repertoire of economic structures deserving close attention. Where do we find circuits? As my initial queries suggest, we observe them in a wide range of contexts and social circumstances. Circuits vary from relatively short-lived or fixed-term (but never instantaneous) to long-term; from intimate to impersonal; from equal to unequal; and from small to large.

Since I introduced the concept of circuits some 20 years ago, other scholars have also applied the framework to a remarkable variety of economic arrangements, and they include marvelous studies on the modeling industry (Mears 2011), art markets (Velthuis 2005), the commerce of cadavers (Anteby 2010), the provision of personal care in Brasil (Araujo Guimarães 2021), the sharing of credit cards among low-income households in Chile (Ossandon 2017), financial innovations among postbellum US bankers (Polillo 2011), intersections between cultural markets and politics in Hungary (Molnár 2017), ties between financiers and elite universities (Eaton and Gibadullina 2020), and transnational debt circuits (Henchoz et al. 2020; for a theoretical application of what he calls "Zelizer circuits," see Collins 2000). It has been gratifying to watch the proliferation of circuit research: for instance, in 2019, André Vereta-Nahoum (University of Sao Paulo, Brazil) and Frederick F. Wherry (Princeton University) launched a comparative research project involving faculty and graduate students on "Circuits of Economic Life in Times of Crisis."

As you can see by this list, circuits are not an exotic phenomenon, outside more conventional economic transactions but emerge in multiple economic settings not just in the allegedly "softer" economies of the poor, immigrants, or local currency communities. Nor are circuits archaic leftovers on their way to extinction, replaceable by more efficient problem-solving organizations.[2]

Still, you may wonder, why invent a new concept such as circuits, when we already have the old reliable network tool? In what ways does thinking about circuits improve on just thinking about networks? After all, network analysts have developed an impressive set of tools for deciphering economic connections. Network specialists, however, have largely focused on relatively stable patterns and configurations of social relations. They have not explored the variable content of transactions or their meanings nor the incessantly negotiated interactions they involve. As I searched for ways to better understand precisely these features, I was drawn to the concept of circuits.

Circuits flesh out and inject dynamic energy into the network skeleton. A French scholar vividly characterized my effort as inserting "le coeur dans les networks" (heart into networks). But circuits, however, are not simply constituted by adding and mixing culture into networks.

Instead, circuits define a special social structure. Every circuit certainly includes a network—particular ties and relations—and a boundary. But as we have seen in the examples I cited, it also contains distinctive cultural materials, particular forms of economic transactions and media, as well constant relational negotiation. Circuits therefore are not simply a culturally sensitive version of networks. Thinking about circuits raises questions about meanings and relational negotiations (along with emotions and power as Nina Bandelj (2015, 2020) has so brilliantly demonstrated) mostly invisible in standard network analysis.

Let's return to the remittance puzzle. Migrant remittance systems are a wonder to behold. Almost any time substantial numbers of low-wage migrants move in streams from low-wage areas to distant high-wage areas while leaving significant numbers of relatives behind, remittance systems spring up. They do so without any globally available cultural model, any promoting worldwide organization, and any legal requirement.

Yet they operate in remarkably similar ways across the globe, with migrants at their destinations regularly earmarking major shares of their usually meager wages for transmission to folks back home through couriers or wire services, or digitally, and receiving accounts of how the remittances are spent, with recipients in sending communities relying on the funds for daily maintenance, home improvements, and provisions for the migrants' return. At both ends of migration streams, most migrants attach moral significance to remittances, and shame to those who fail to pay their share.

Migration scholars have amply documented the economic significance of these monetary transfers. For 2019, remittance flows to low- and middle-income countries were estimated by the World Bank (2019) to reach $550 billion, on route to become the largest source of external financing for developing countries. But how do these transfers work? What explains that many migrants give remittances priority overpaying their own bills in the US?[3]

To better understand what's at stake, listen to how Junot Díaz, the Dominican-American novelist, reminisces about the poignant special meaning of his family's remittance funds in *The New Yorker* story, "The Money":

> 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 even look at that forbidden stash. (Díaz, 2011)

Why should we consider Diaz's household economy as part of a circuit? Here is a check list of circuit "ingredients":

1. Which set of distinctive social relations are involved here? Notice the relational linkages marked by the remittance transfer, connecting Diaz's mother and her parents, with consequences for her household's other ties, her husband, and her children.
2. Shared economic activities carried on by means of those social relations? That is the transfer of household funds involved in the remittance transaction. In Diaz's account, we also see a decrease in the family's consumption in order to safeguard money for the grandparents.
3. Common accounting systems including special forms of monies: here the remittance money flows as a distinct currency. Diaz reports the social but also physical earmarking of that money, hidden in a special spot and kept separate from the daily housekeeping expenses.
4. Shared understandings concerning the meaning of transactions within the circuit? Diaz clearly conveys the remittance's crucial sentimental almost sacred significance for his mother. And the

unquestionable moral boundary between that money earmarked for the grandparents in Santo Domingo and ordinary coins in Diaz's mother's purse.

5. And finally, as for boundaries separating members of the circuit from those outside, in this case, kin relations establish those boundaries. In other remittance cases, boundary-setting poses greater challenges as they may include more distant kin, neighbors, friends, children's caretakers, clergy, and even local officials.

As the Diaz family example demonstrates, participants in this remittance circuit are engaged in relational work, matching a specific category of monetary transfer to a set of deeply meaningful and long-term intimate ties. And they protect that money from being confused with ordinary spending money. Contra those "hostile worlds" views I mentioned earlier that separate intimacy from the allegedly tarnishing contact with economic exchange, we have here a tangible example of how remittance money serves to affirm and maintain long-distance family ties between emigrants and family back home.

Remittance circuits are just one example of a form of organization that lends coherence to economic activity that neither purely individual interest nor general market principles can explain. In combination, moreover, circuits' five elements imply the presence of an institutional structure that reinforces credit, trust, and reciprocity.

Circuits to be sure do not always run smoothly. In remittance transactions, for instance, participants often struggle not only over who has the right to receive remittances or who has the duty to send them, but over quantities of money and its uses. In such circuits, moreover, those who fail to meet their obligations first feel sanctions and then exclusion. In migration remittance systems, participants regularly warn, shame, sanction, and finally expel defaulters or foot-dragging members; they become pariahs.

We should therefore not sentimentalize circuits as economic structures that automatically eliminate inequality. What we still do not know is how much and which kind of social inequality is consistent within circuits. When do circuits serve to reproduce, challenge, or mask inequalities of class, gender, race, ethnicity, or other types of categorical differentiation? Drawing from a series of ethnographies in Senegal and South India, Isabelle Guérin (2011), for instance, documents what she calls the "gender of financial circuits" including women-led informal lending