On studying money from the top down

A comment on "Inflation – Pragmatics of money and inflationary sensoria" by Federico Neiburg

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In "Inflation – Pragmatics of money and inflationary sensoria" (this issue), Federico Neiburg continues to expand the sociological reflection on money's uses in the unstable landscapes of the financial periphery. As he shows, in these landscapes, frequent currency crises and inflationary processes disrupt established monetary routines and encourage the emergence of creative solutions and new habits that help to combat price increases. Continuing a line of analysis introduced by anthropologists such as Chris Gregory (1997) and Jane Guyer (2004), Neiburg reminds us that specific ways of using money emerge in those areas where monetary instability and inflation are frequent occurrences. Drawing on the experiences gathered during his fieldwork in Brazil and Haiti, he urges us, like other sociologists in the past, to challenge orthodox economic theories, which, for many years, have tried to convince us that dynamics such as monetary plurality (the coexistence of multiple currencies) or the disaggregation of money's functions (situations in which the three classic functions of money are fulfilled by different currencies) are anomalous exceptions. Federico Neiburg is thus part of a line of studies highlighting the variety of monetary practices used by households located on the financial periphery (Dufy and Weber 2009; Heredia 2018; Luzzi and Wilkis 2018; Sánchez 2016; Wilkis and Carenzo 2008; Wilkis and Roig 2015) and thus in those areas that political economists call "financially subordinate" (Bonizzi, Kaltenbrunner, and Powell 2020) – those spaces of contemporary capitalism where "hard" currencies coexist with "soft" currencies, and where frequent crises force people to develop original solutions to buy, sell, pay, save, and spend in the midst of so much instability.

As many readers will already know, this scholarship tradition originates in the pioneering work of Viviana Zelizer, one of the first sociologists to challenge the classical sociological thesis that capitalist money is a unique and fungible commodity bearing an instrumental rationality that dissolves social bonds. As pointed out by Parry and Bloch ([1989] 1996) in the work of authors such as Simmel or Polanyi, capitalist money is defined as a unique and multifunctional commodity that dissolves social relations, a kind of acid that corrodes human bonds and brings capitalist instrumental rationality with it wherever it goes. The vast work of Viviana Zelizer (1994, 2007; Bandelj, Wherry, and Zelizer 2017) challenged this conception of money, which had dominated sociology until the 1960s. Zelizer initiated a line of research that would prove empirically that capitalist money is not single, but multiple, and does not erode, but builds, meaning. Thanks to Zelizer's enormous contribution, today we know that, in the varied contexts of late modernity, individuals constantly multiply money. Indeed, social actors distinguish or classify money according to its origins, destinations, and specific uses: for example, when a couple uses the money earned by the woman to buy food and the money earned by the man to pay the rent, or when mafia members and prostitutes distinguish between "dirty money" and "clean money" (Zelizer 1994). We also know that individuals use different currencies for specific functions (i.e. dollars as a store of value or pesos as a means of payment) and

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even create new forms of money from objects that were not money before (Luzzi and Wilkis 2018).[1] In addition to demonstrating that capitalist money is multiple, these studies gathered substantive evidence to show that capitalist money allows us not only to settle economic transactions but also to create and maintain meanings in our relationships with others (Bandelj, Wherry, and Zelizer 2017; Luzzi 2017, 2013; Luzzi and Wilkis 2019; Neiburg 2010). Thanks to them, we have learned that, beyond its purely economic attributes and functions, money is also a means of communication within society (Ganβmann 1988), an information network (Dodd 1994), a permanent source of cultural contestation (Carruthers and Babb 1996), and a source of collective identity (Dufy and Weber 2009).

Over the last 35 years, the sociology of money has been fervently engaged in questioning the classical conception of money as a purely economic and socially neutral instrument. But, as I have pointed out, although this enterprise has resulted in significant advances, it has also meant ignoring other central questions, among them the question of how modern money is institutionally reproduced and what are the social mechanisms and daily routines that allow this central institution of contemporary capitalism to endure. In other words, with few exceptions (Carruthers and Babb 1996; Holmes 2009; Riles 2018), sociologists and anthropologists continue to ignore the study of the central institutions that enable the top-down reproduction of capitalist money, such as central banks, governments, multilateral agencies, and the various entities that make up the financial sector. Instead, for over 35 years, sociologists have been tirelessly analyzing monetary practices "from below" (that is, individual economic practices) and pointing out the importance of "following the actors," "reconstructing their financial repertoires," and "taking seriously the meaning that these practices have for them" (Luzzi 2013, 205). As I have said, this perspective had its advantages; among them, it succeeded in expanding our knowledge about the multiplicity of monetary practices and financial repertoires employed by different social groups in different contexts and circumstances (Davis 2009; Fligstein and Goldstein 2015; González 2015; Krippner 2011; Langley 2008; van Gunten and Navot 2016). However, as with any scientific enterprise, there comes a point at which repeat studies are unlikely to yield new results.

My commentary in this issue emphasizes precisely that the sociology of money has reached this empirical saturation. As the more recent volume edited by Bandelj, Wherry, and Zelizer (2017) reveals, however refreshing this approach may have been in the past, the sociology of money is today at that point. What, then, should we do? Undoubtedly, as in any crisis, many solutions are possible. My specific proposal is only one of the avenues of analysis that could help to renew the sociological agenda of money studies. The timing is impeccable. In recent years, following the global financial crisis of 2008, heterodox money studies have flourished. For scholars trained in disciplines as diverse as heterodox economics (Mitchell, Wray, and Watts 2016), regulation theory (Aglietta 2018), and political economy (Braun 2016; Mellor 2019; Sahr 2017), one thing is clear: contemporary capitalist money is not the neutral commodity that economic textbooks claim it to be. The social mobilization produced in Europe and the United States after the subprime bubble burst and the advance of alternative projects such as Bitcoin indicate that civil society shares this diagnosis. Thus, in different intellectual spheres, a new consensus is slowly emerging that challenges the orthodox definition of capitalist money as a neutral and functional commodity. Steadily, other ideas are gaining ground. Among them, the notion that capitalist money is an enormously ramified and complex institution, a fragile and multifaceted construct, reproduced daily thanks to the coordinated efforts of states and the financial sector corporations. In this new paradigm, money is a single, global, hierarchical institution whose disciplining effects ramify from the financial center to the global peripheries.

Within this new intellectual climate, the question of what are the sociopolitical mechanisms that enable the everyday reproduction of money is at the center of the scientific agenda. Fortunately, sociologists have much to contribute to this debate. Studying money from the top down is a task that the sociology of money has pending and would do well to tackle, above all because it has an arsenal of concepts with which to address novel substantive questions in a productive lens. To give some examples, sociologists could ask themselves why central bankers can coordinate collective expectations about the stable value of money in some contexts, while in others it is not possible to exercise monetary governance. Or what is the role of social mediators (such as expert networks, or the financial press) in the daily reproduction of imaginaries that sustain collective trust in money? In short, if it chooses to join the current debate in other disciplinary fields, the sociology of money has much to contribute to our understanding of the processes by which money reproduces itself as a crucial economic institution at the core of contemporary capitalist economies. As the writer Scott Fitzgerald once argued: "Vitality [of a discipline, in this case] shows in not only the ability to persist but the ability to start over." Hopefully, the sociology of money will be up to this task.

Endnote

1 This phenomenon is well-illustrated in the article by Luzzi and Wilkis (2018). The authors show that citizens circumvent exchange controls in Argentina by using bricks or soybeans as alternative currencies.

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