

# How I Became a Relational Economic Sociologist and What Does That Mean?\*

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## Abstract

My paper proposes the concept of relational work to explain economic activity. In all economic action, I argue, people engage in the process of differentiating meaningful social relations. For each distinct category of social relations, people erect a boundary, mark the boundary by means of names and practices, establish a set of distinctive understandings that operate within that boundary, designate certain sorts of economic transactions as appropriate for the relation, bar other transactions as inappropriate, and adopt certain media for reckoning and facilitating economic transactions within the relation. I call that process relational work. After identifying specific elements of a relational work approach, the paper focuses on the case of monetary differentiation. It compares a relational work theory of earmarking money with behavioral economics' individually based mental accounting approach.

## Keywords

relational work, embeddedness, economic sociology, earmarking, mental accounting

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As the “new” economic sociology reaches middle age, the time is right for reflection and reassessment. There are promising signs. Instead of slumping into middle-age complacency or angst, the field bubbles with an exciting spectrum of alternative explanations for economic activity. In particular, a talented new generation of economic sociologists is taking inventory of standard frameworks and key concepts that successfully propelled the field in its earlier stages. This journal’s issue showcases an encouraging range of such fresh and promising theoretical agendas and empirical territories.

My paper contributes to this invigorating conversation by proposing an alternative relational account of economic activity. In brief, in all economic action, I argue, people engage in the process of differentiating meaningful social relations. For each distinct category of social relations, people erect a boundary, mark the boundary by means of names and practices, establish a set of distinctive understandings that operate within that boundary, designate certain sorts of economic transactions as appropriate for the relation, bar other transactions as inappropriate, and adopt certain media for reckoning and facilitating economic transactions within the relation. I call that process relational work.

I certainly did not start out as a relational analyst. In my earlier efforts to understand interactions among economic activities, interpersonal relations, and shared culture, I focused on showing how cultural transformations generated changes in people’s treatments of economic and social dilemmas, such as the adoption of life insurance in the face of strong taboos against monetizing human life. Gradually, I moved from cultural social history to closer analysis of economic activity. In particular, two problems began occupying the center of my work: how interpersonal negotiations actually transform both available culture and personal relations and how such negotiated interpersonal relations shape the accomplishment of concrete economic activity.

Much of my conversion occurred during enlightening conversations with Charles Tilly, a brilliant relational advocate, and then took specific shape in the classroom. Starting in 1998, teaching economic sociology for the first time (with such outstanding students as Nina Bandelj in that initial cohort, and Fred Wherry some years later, both contributors to this issue) forced me to think hard about the field in ways I seldom considered while sequestered within my own research projects.

I had made only a single foray into such broader explorations ten years earlier, in an essay “Beyond the Polemics of the Market.”<sup>1</sup> Impatient with stale complaints against standard economic models, I argued instead for the need to move forward by creating positive alternative frameworks for studying markets. Existing interdisciplinary efforts were, in my view, hampered by either an excessive cultural absolutism or narrow structural reductionism. In an effort to transcend such dichotomies, my call for a multiple markets approach offered a middle course designed to capture the complex historical, cultural, and social structural variability of economic life. But my well-intentioned proposal for an interactive scheme did not yet lay out a sufficiently specific blueprint for studying market activity.

As I continued searching for superior ways of explaining economic activity to my students, I felt constrained not only by certain features of mainstream economic sociology’s theoretical apparatus but also by the field’s continuing privileging of firms and

markets as research sites. In fact, at first I felt such an outsider to that world that I almost decided against teaching economic sociology. Where, I wondered, were studies of households, consumption, informal economies, gift exchanges, and more? After all, were those sites not part of an economic world deserving of serious attention? And what precisely, I asked, constituted the economic activity described as “embedded” in social relations and structures? If they are not simply equalizing resources, maximizing advantage, or reducing risk, what exactly are people doing when they engage in the economic activities of production, consumption, distribution, and transfer of assets? Why and how did shared meanings, so marginalized by economic sociology’s emphatically structural models, matter? Over the years, a relational approach gradually emerged as part of the effort to answer such questions.

My paper first identifies and explains key features of a relational approach to economic activity focusing primarily on the concept of relational work. The paper then turns to the case of monetary earmarking as a crucial relational work practice. How, I ask, does a relational work approach contribute to the explanation of monetary practices? In what ways does relational earmarking differ from behavioral economics’ influential mental accounting theory of monetary differentiation? I conclude with some suggestions for further research.

## **From Relational Embeddedness to Relational Work**

In the early 1980s, as economic sociologists took on economists’ standard accounts, they focused their efforts on demonstrating that social organization served as crucial context for shaping individual action. Context analysts examined standard economic phenomena, such as labor markets, commodity markets, or corporations, showing how social organization constrained or facilitated the options of economic actors. They spoke about the “embeddedness” of economic phenomena in social processes, centering their analyses on organizational structures and interpersonal networks.

Centering explanation on individual choice within constraint, this context approach made the implicit assumption that economists had gotten at least some phenomena, such as bargaining, right. What was missing, according to the economic sociologists? Economists, argued context theorists, had neglected the social context that mattered, such as previously existing connections among potential economic partners. As Mark Granovetter explained in a 1988 interview with Richard Swedberg:

What I mean by “embeddedness” is that the economic action of individuals as well as larger economic patterns, like the determination of prices and economic institutions, are very importantly affected by networks of social relationships. I think that for the economic action of individuals the embeddedness of individuals in networks of social relations is in most contexts extremely important, and you rarely see this taken into account in economic arguments.<sup>2</sup>

Context analysts injected a crucial sociological voice into the analysis of economic phenomena, vigorously shaking up orthodox economic models’ fundamental precepts.

It's time, however, to probe further, moving, as Randall Collins has urged, "beyond embedding."<sup>3</sup> More than a decade ago, in his *Structures sociales de l'économie*, Pierre Bourdieu similarly pushed for bolder explanations of the economy, impatiently declaring that: "Strategies aimed at 'correcting' the errors or omissions of a paradigm without challenging the paradigm itself . . . remind me of Tycho Brahe's heroic efforts to save Ptolemy's geocentric model from the Copernican revolution."<sup>4</sup>

Blasting its "residual economism," Greta Krippner offers a more sustained, trenchant critique of embeddedness.<sup>5</sup> Embeddedness theorists, most notably network analysts, Krippner claims, have left "the hard core of instantaneous market transacting outside the realm of economic sociology."<sup>6</sup> By dividing the world of relations into embedded and arm's-length ties, for example, the field perpetuates the illusion of an asocial market sphere. Thus, paradoxically, "the concept of embeddedness posits that the world of the market exists apart from society even as it attempts to overcome that divide."<sup>7</sup> Isabelle This Saint-Jean echoed this critique in *L'Année sociologique*:

When authors state that "economic facts" are "embedded" in the social . . . they suppose that there is something we can identify as "economic" which at the same time can be distinguished from the "social" . . . In a way, they are themselves drawing the boundary they are trying to question.<sup>8</sup>

The objections multiply. Alejandro Portes starts off his lucid assessment of economic sociology's theoretical corpus complaining about the "disturbing return to 'embeddedness' as if it were everything that, by way of theoretical contribution, contemporary economic sociology has to offer."<sup>9</sup> Still worse, he later notes, the concept of embeddedness, a metatheoretical assumption, is often erroneously treated as an explanatory mechanism, which results in impoverished accounts of specific economic transactions. Voicing similar concerns, Fred Block posits that, "despite twenty years of work, embeddedness has not generated a robust set of concepts that help us to make sense of different types of economic activity."<sup>10</sup> And in a 2006 interview, Michel Callon impatiently declared that unless their approaches become more experimental, the social sciences are condemned to an ineffectual incantation of "embeddedness! embeddedness! hoping this magical word will disqualify economic theory."<sup>11</sup>

Why the embeddedness bashing? We can explain it in part as a predictable historical shift in paradigms. Embeddedness certainly has had its day, profoundly transforming our understandings of economic activity. We might therefore expect that the field is ripe for a conceptual shift. More substantively, however, for many of its critics, embeddedness does not go far enough in debunking standard economic models. Skeptics complain that the concept typically assumes a social container within which economic processes, not fully conceived as socially constituted, operate. In this view, social relations, Krippner and Alvarez note, "affect the economy from the outside."<sup>12</sup> Harrison White made that point forcefully in *Markets from Networks*: "Producers are not just embedded in a market, as the sociologist Mark Granovetter (1985) would argue." Instead, White notes, "They actually constitute the market's interface in, and as the set of, their perceptions and choices."<sup>13</sup> David Stark likewise challenges

embeddedness's lingering allegiance to what he calls "Parson's Pact," by which sociologists agree to lay claim "on the social relations in which economies are embedded," but not the economy itself.<sup>14</sup>

To move forward, therefore, economic sociology must become even more transgressive by focusing on the meaningful and dynamic interpersonal transactions that make up all forms of economic activity. In this alternative view, negotiated interpersonal transactions, not the individual, become the starting point for social processes. Once we agree with the premise that economic transactions are fundamentally social interactions, the search is on for a better theory of social process to account for economic activity. A relational work approach moves toward such a theory. It posits that in all areas of economic life people are creating, maintaining, symbolizing, and transforming meaningful social relations. As they do so, moreover, they are carrying on cultural symbolic work. The goal, therefore, is to study variability and change in those social relations.

As dominant paradigms shift, so do the problems available for investigation.<sup>15</sup> Examining economic phenomena as the formation and negotiation of relations as well as the construction of meaning and the organization of categories, a relational work approach broadens economic sociology's subject matter. It certainly includes firms and markets, but it also ranges over households, immigrant networks, informal economies, welfare transfers, organ donations, and more. In the process, it breaks down artificial boundaries between the supposedly sturdier "real" economic spheres—such as firms and corporations—and allegedly peripheral or less seriously economic domains.

To be sure, relational approaches within sociology have a long tradition, which in the past decade or so has gained increasing visibility and influence. What's more, within contextual economic sociology, namely what Mark Granovetter calls "relational embeddedness" studies, scholars have centered their analyses on the variable configuration and strength of social relations.<sup>16</sup> Concentrating on what Brian Uzzi vividly describes as "the network architecture of material exchange relationships," these studies have repeatedly demonstrated, often with sophisticated models, how networks shape economic performance and individual decision making.<sup>17</sup>

The goal here, however, is not to review this vast literature's contributions or its limitations, but to redirect our efforts. The objective is to move beyond an approach that centers on "embedding relations"—how existing social ties constrain or facilitate economic activity—toward one that focuses on "constitutive relations." How can we analyze the continuously negotiated and meaningful interpersonal relations that constitute economic activity? What else beyond efficient outcomes, risk reduction, or economic performance guides the relational process?

The concept of relational work offers an entry into those relations' content, variation, and change. By relational work, I mean the creative effort people make establishing, maintaining, negotiating, transforming, and terminating interpersonal relations. Relational work goes on continuously, shaping boundaries that differentiate relations that might become confused with deleterious consequences for one party, both parties, or third parties.

Does relational work apply exclusively to the management of economic transactions? Certainly not. People engage in relational work as they negotiate and

differentiate their ties to others in multiple domains of their lives, including religious, political, civic, or other social interactions. The specific contours and elements of relational work, of course, vary since meanings and practices will diverge. Exploring relational work for economic activity, however, dramatizes the process, as it occurs in a domain supposedly impervious to such efforts.

This expansive definition is also how Tilly conceptualized relational work. More generally, during the last fifteen or so years of his life, Tilly unceasingly pursued a relational agenda for sociology, arguing that interpersonal exchanges have a logic that doesn't reduce to individual consciousness or to location within social structure. Interaction, he was determined to demonstrate, produces structure. Startling his followers by shifting his analytical lens away from "big structures, large processes, and huge comparisons," Tilly's *Why?* closely examined small-scale relational processes.<sup>18</sup>

Intrigued by the variety of reasons people give to account for their behavior, Tilly proposed a relational account of such reason-giving. *Why?* uses a simple scheme to survey how and why people offer explanations, excuses, justifications, and accounts. It makes a compelling case for reason-giving as a way of creating, maintaining, transforming, or terminating interpersonal relations. Specifically, reason-giving, in Tilly's view, performed four kinds of crucial relational work: "creation of new relations, confirmation of existing relations, negotiating shared definitions of the relations at hand, and repairing damaged relations."<sup>19</sup>

Notice for example, he tells us, how people repair relations by justifying their actions, as when "someone who has inflicted damage on someone else tells a story to show that the damage was inadvertent or unavoidable and therefore, despite appearances, does not reflect badly on the relationship between giver and receiver. The phrase 'I'm sorry, but . . . ' often starts a story that does relational repairs." It thus performs relational work.<sup>20</sup> The idea of relational work, Tilly buoyantly declared, "sings out."<sup>21</sup>

To be sure, multiple versions of relational work exist. If you Google the term, you find more than seven million entries that range from management advice (how relational work contributes to the bottom line) to politeness studies' linguistic analyses (polite and impolite speech and behavior as part of people's relational work). Most significantly, however, feminist scholars, whether actually using the term "relational work" or not, have amply documented the gendering of relational efforts. From Arlie Hochschild's pathbreaking investigations of emotional labor, to the analysis of care work, feeding work, kin work, volunteer work, and more, studies have traced women's crucial contributions (paid and unpaid) to the maintenance of relations. Moreover, feminist research, departing from standard network analyses, has paid serious attention to the substance and content of relations, not only their structure. As Fred Block observes: "the focus on relationships and emotional work has been one of feminism's key empirical and theoretical contributions, and a systematic attention to the role of relational work in economic sociology might finally bring these concerns to the core of the sociological enterprise."<sup>22</sup> Note the irony that it may take feminist theory to bring relational work into the predominantly male economic sociology territory.<sup>23</sup>

Relational work, in my own framework, certainly includes gender as one feature of relational efforts involved in economic activity. Introducing gender into what are ostensibly simply profit-maximizing economic transactions allows a window into the relational work involved in those transactions. More specifically, by studying gender we are able to observe participants in economic activity negotiating gender identities and relations where gender-blind economic analyses postulate the priority of interests and resources (the same would be true for other salient identities, such as race or ethnicity).

But relational work—the effort of establishing, maintaining, negotiating, transforming, and terminating interpersonal relations—is not only a gendered specialty. It applies more broadly to all participants in economic activity. What, then, are specific processes that make up relational work involving consumption, production, distribution, and asset transfer?

### **Relational Packages and Relational Work: Ordinary Practices and Legal Disputes**

Consider first four elements we find in all economic activities:

1. distinctive social ties: connections among individuals or groups involved in the economic activity;
2. a set of economic transactions: interactions and social practices conveying goods and services (e.g., compensation, gift, loan, bribe, theft);
3. media for those transactions: representations of rights to goods and services, often in the form of concrete tokens, ranging from state-issued legal tender or electronic monies, to more restricted forms such as credits in baby-sitting pools, casino chips, or food stamps. Media can also include such items as time, in-kind goods, or favors;
4. negotiated meanings: participants' understandings concerning the meanings of relations, transactions, and media including their moral valuation, combined with constant negotiation, modification, and contestation of those meanings.

Variable connections among such elements constitute what we can call *relational packages*. These consist of combinations among (a) distinctive interpersonal ties, (b) economic transactions, (c) media, and (d) negotiated meanings. Thus, the relationship between X and Y might fit into the category of friends or the category of lovers, each with its own meanings, economic transactions, and media, determining for example who pays, how, when, for what, how much, how often, for how long, and with which currency. The identity or social category of transactors (e.g., gender, race, age) introduces further crucial variation in relational packages.<sup>24</sup>

Relational work consists of creating viable matches among those meaningful relations, transactions, and media.<sup>25</sup> The actual character of the economic activity will



therefore vary, and significantly, by features of the relations among transactors, type of transaction, and media. As they differentiate their social relations in this way, furthermore, people establish a boundary separating each relationship from others that resemble it in some regards. In *Purchase of Intimacy*, I note that relational work becomes especially consequential when relations resemble others that have significantly different consequences for the parties. In such cases, people make extra efforts to distinguish the relations and mark their boundaries:

To the extent that two relations are easily confused, weighty in their consequences for participants, and/or significantly different in their implications for third parties, participants and third parties devote exceptional effort to marking what the relationship is and is not; distinctions among birth children, adopted children, foster children, and children taken in for day care, for instance, come to matter greatly for adult-child relations, not to mention relations to the children's other kin.<sup>26</sup>

More generally, *Purchase of Intimacy* draws on the concepts of relational packages and relational work to explain how people manage "connected lives" as they establish multiple links between their economic transactions and intimate relations. Instead of viewing economic activity and intimate relations as two separate spheres hostile to each other, I identify how people constantly mingle economic activity with intimacy. But they do not do so randomly: it matters greatly that the type of economic transaction matches the meaning of the particular intimate relation.

Not any economic transaction is compatible with any intimate relation. On the contrary, people work hard to find economic arrangements that both confirm their sense of what the relationship is about and sustain it. If you are my casual girlfriend but not my wife, we don't share a checking account; if you are my patient but also my friend, I won't charge you, but you might give me a gift. In the world of courtship, couples have historically differentiated among categories of relations: engagement, dating, treating, hooking up, and more; and they mark those relations apart from both marriage and prostitution. In each case, we see participants engaging in delicate, consequential relational work as they match each of those relations to specific sets of economic transactions (such as varied forms of payments and gift exchanges) and media (money, engagement rings, and more).<sup>27</sup>

For a poignant illustration of relational work, take the case of Christine Oxley, drawn from a *New York Times* report about the consequences of the 2008 recession. Oxley became part of what the *Times* described as a growing "underground banking system" of jobless Americans turning to family members and friends for financial assistance.<sup>28</sup> Fifty-six-year-old Christine and her husband had lost their jobs in 2008. Their troubles intensified after Mr. Oxley suffered a heart attack and the couple had no health insurance coverage for his hospitalization.

Forced to ask her elderly great-aunt for \$40,000, Ms. Oxley insisted on drawing a legal contract that required payment within five years, despite the fact that the money



would have been eventually hers as an inheritance. Oxley explains: “I wanted her to know I wasn’t going to walk away from this and I wasn’t trying to get a handout.” She wanted to establish her aunt’s donation as a loan rather than a handout or even a down payment on a future inheritance. To preserve her dignity and independence, it mattered greatly to her—as it often does to others in similar situations—to mark the relationship as lender-borrower, not benefactor-welfare recipient.

Legal disputes offer an illuminating window into how institutional third parties intervene in the arbitration of intimacy and economic activity. To be sure, intimate relations only become legal cases in rare circumstances; most of the time, intimately connected people work out their differences without litigation. But once intimate disputes turn into legally contested economic transactions, we find courts engaging in a form of relational work that both parallels and differs from everyday practices. Courts, like ordinary people, do not segregate spheres of intimacy and economic transaction. Instead, they engage in their own complex process of matching certain forms of intimacy to particular types of economic transactions and media, making them subject to legal action: enforcement, compensation, and penalties.

Legal disputes, therefore, concern how those four elements—relations, transactions, media, and meanings—are defined and matched. Courts must first establish the relationship among the parties (e.g., is this a married couple or are they cohabitants?) before determining which are appropriate and legally valid transactions and media for that particular relation. A divorcing couple might contest, for example, whether an earlier purchase of an automobile from their pooled funds was a gift from spouse to spouse, a common investment in the household, or a business deal. How the law adjudicates among “relational packages” is certainly consequential for the parties involved. Note that in the case of the Oxleys, the Internal Revenue Service might question whether the monetary transaction between aunt and niece was indeed a loan or instead a covert—and therefore taxable—family gift.

To be sure, legal relational work is not confined to intimate disputes. Consider for instance legal scholar Noah Zatz’s novel examination of prison labor’s contested employment status.<sup>29</sup> There is no debate over the fact that inmates in the United States engage in extensive economic activity, from building furniture to what Zatz calls “prison housework” such as cleaning and cooking prison meals.<sup>30</sup> But do such efforts constitute “real” employment? What distinguishes an ordinary worker from an inmate laborer and, more generally, market employment from penal work? To answer this question, employment law, Zatz argues, relies on relational packages and relational work.<sup>31</sup>

Included within employment law’s relational package, Zatz shows us, we find conceptions of what constitute proper worker–employer relationships, economic transactions, and payment media. Such legally conceived “relational markers,” as Zatz calls them, serve as boundaries differentiating prison labor from ordinary employment. For instance, the employment relationship—conventionally defined as a freely entered wage contract between worker and employer—contrasts with prison workers’ economic dependence on their employer (the prison) for basic subsistence needs of food, clothing, and shelter.

As for transactions, a few courts, Zatz reports, define inmates' payments as "gratuities," whereas most characterize payments as compensation for work. Yet the economic activity in which inmates engage is sometimes classified as rehabilitation or job training, which frames the exchange as a noneconomic therapeutic or educational transaction.<sup>32</sup>

What about media? Although ordinary workers typically receive unregulated cash payments, prisons may direct inmates' hourly or daily wages to specific uses such as victim restitution or confine the monies to special restricted accounts. Prisons can further regulate inmate money by paying in scrip valid only within the prison or by offering "good time" credits, which translate into reduced sentence length. Zatz explains that courts do not usually rely on such earmarking of prisoners' earnings to distinguish prison labor from market work; however, these particularized media nevertheless signal differences in categories of work.<sup>33</sup> Prison labor is further differentiated by restrictions on the circulation of inmate-produced goods.<sup>34</sup>

Legal definitions of prison-inmate relations, transactions, and media, while continuously contested, set the boundaries for a specific type of economic activity performed within the confines of a prison. Courts, Zatz explains, "Engage in relational work . . . invoking the presence or absence of various relational markers and assembling them into a coherent picture of the relational package that best fits prison labor." Such "relational packages" have direct consequences for prisoners' labor rights and responsibilities, including their right to demand minimum wage.<sup>35</sup> It also affects their tax status: for the IRS, for instance, inmates' earnings do not count as earned income for purposes of figuring the earned income credit.<sup>36</sup>

Courts' relational work, moreover, extends beyond adjudicating boundaries in particular prison labor cases. Because of their authoritative role, courts also provide influential templates for subsequent relational work. Prisons actively incorporate into their organization those relational markers recognized and enforced by the courts. Employment law, notes Zatz, does not merely regulate an existing labor market; it "is part of a *constitutive* legal environment."<sup>37</sup>

Meanwhile, within their enclosed and tightly supervised world, prisoners themselves routinely engage in private forms of relational work as they negotiate their social ties with other prisoners and with guards. They differentiate those relations with varying forms of transactions, including compensation, barter, favors, blackmail, and gifts. And inmates regularly create their own accounting systems, inventing currencies for prisons transactions, most famously trading with cigarettes, sex, and drugs (after prisons banned smoking, mackerel seemed to replace cigarettes as a popular exchange medium).<sup>38</sup> Still a different set of "relational packages" appear in prisoners' ties to wives, fiancés, and girlfriends, in which participants negotiate over a variety of economic transactions (gifts, payments, allowances, treating) and media (cash, food, clothing, calling cards).<sup>39</sup>

The concept of relational work involved in economic activity—the matching of meaningful relations, media, and transactions—whether applied to private interactions or legal intervention, provides analytical tools for analyzing the constitution

of economic transactions. To further explore the approach, I focus next on monetary differentiation. How does a relational approach advance our understanding of how money works? More specifically, how do we explain money and more generally media as resources for relational work?

## **Earmarked Money as Relational Work**

As we have already seen, media, most notably money, are crucial components of relational packages and relational work. People regularly employ money as a means of creating, transforming, and differentiating their social relations and economic transactions. Countering standard models of a single, fungible money, for the past twenty years sociologists and other social analysts have begun mapping money's pervasive differentiation, its integration into the whole range of interpersonal ties and economic transactions.<sup>40</sup> Money and other media are defined as flexible adaptations to multiple social ties rather than inevitably conforming to identical laws of exchange. This approach, furthermore, challenges rigid divisions between so-called real money—consisting only of legal tender imposed by powerful political and financial authorities—and other forms of socially created currencies.<sup>41</sup>

Relational explanations attach multiple monies and monetary practices to social relations, arguing that people regularly differentiate forms of monetary transfers in correspondence with their definitions of the sort of relationship that exists between them. They adopt symbols, rituals, practices, accounting systems, and physically distinguishable forms of money to mark distinct social relations. People work hard to maintain such distinctions: they care greatly about differentiating monies because payment systems are a powerful way to mark apart different social ties. Each of these ties has a different meaning, and each one therefore calls for different forms and rituals of payment. Different currencies, as Randall Collins perceptively notes, “exist to differentiate the levels of capitalist markets today, from financial instruments accessible to the highest financial circles, down to the earmarked currencies of poor people's welfare payments.”<sup>42</sup>

Consider the differentiation of household monies. Wives' earnings are often treated differently from their husbands' income; they are assigned particular uses, such as vacations, childcare expenses, or a college fund. Such distinctions have a long tradition. In the early twentieth century, for instance, among U.S. farm families, women's egg money and butter money was distinguished from their husbands' wheat money or corn money. Her money provided for the family's daily expenses; his paid for mortgages and new machinery. And as more married women entered the labor force their earnings were dubbed as “pin money,” often treated as a more frivolous income than their husbands'. Alice Kessler-Harris has shown how such distinctions mattered in determining married women's wages in the 1920s. Regardless of women's actual financial need or their skills, employers assumed women's income was supplementary to male earnings.<sup>43</sup>

The form, frequency, and timing of monetary transfers between parents and children, meanwhile, represent markers of their own distinct relationship. Consider what happens when standard “relational packages” are challenged, as with the growing phenomenon of “boomerang kids,” adult children who, for financial reasons, return home to live with their parents. Should parents charge those children rent, require help with living expenses, or expect regular assistance with household chores? According to media reports, a great deal of variation exists among parental strategies, with some parents, for instance, requiring rent payments but refunding the money when the child moves out to live independently, as “a reward for good financial behavior.”<sup>44</sup> As they work out such financial arrangements, parents and children are negotiating new definitions of their relationship: uncertain as to which is the “right” monetary transfer for their refashioned domestic economy.<sup>45</sup>

Negotiations about informal exchanges across households reveal a different set of transactions, relations, and media, as well as their own distinctive patterns of relational work. Colin C. Williams, for instance, uncovered a culture of what he calls “paid favours.”<sup>46</sup> Interviewing households in urban neighborhoods of British cities about material help they gave or received from wider kin, acquaintances, and neighbors, Williams found that those favors were often compensated with money. In this system, which Williams calls “not-for-profit monetized exchange,” the payment turned out to be an important relational medium. In some cases, the money served to maintain social ties (e.g., it avoided souring relations in case the favor was not reciprocated) or as a mechanism for redistribution. Paying an out-of-work relative for fixing a broken window, for example, was a way to dispense needed income as compensation for work rather than humiliating charity. As one employed woman explained, “it was a little job to give him [uncle] some pocket money.”<sup>47</sup>

Similarly, suppliers of favors often charged a relative for a job they would not afford to get done otherwise. In some cases, however, the payment was unacceptable, as when the supplier expected retribution in the form of a specific favor, such as baby-sitting. Moreover, Williams found that fees for paid favors varied contingent on the parties’ relationship: for example, the closer the relation the more the price fell below the market norm. Among close relations, when the payment was intended to prevent unpleasantness in case of unreciprocated favors, no more than a token fee was expected, but the price increased for more distant social relations.<sup>48</sup>

Similar relational work occurs outside households in the world of firms and corporations. Here too, people introduce monetary distinctions that serve to create and maintain significantly different sets of social relations and transactions; they correspond to distinct social ties and their meanings. Wage payment by the hour, for instance, implies a distinctly different sort of relation between employer and worker than an annual salary. Discretionary forms of payments such as bonuses or prizes represent their own categories of relations among the parties. When people struggle over such payments, of course, they often quarrel over the amount of money due, but they also frequently fight over the form of payment and its appropriateness for the relation in question.

Take, for instance, the issue of perquisites. Calvin Morrill's study of thirteen U.S. corporations identifies regular markers of boundaries between middle managers and top managers. In the case of top managers, corporations, reports Morrill, regularly paid for what some executives called multiple "goodies" including first-class transportation (e.g., private planes and limos); child care at exclusive day care centers; special office furniture and equipment (computers, health equipment, and Jacuzzis); plus miscellaneous items and functionaries (boats, private chefs, massage therapists, athletic trainers, dog groomers, private security personnel). Top executives, notes Morrill, frequently measured their success in terms of access to such perquisites rather than sheer income alone.<sup>49</sup>

Sometimes relational boundaries are enforced by segmenting media. In her astute observation of futures traders, Caitlin Zaloom documents how traders discipline and focus their workplace efforts by creating a local market medium, the "ticks" or price intervals that measure trading gains and losses for a financial product. Traders, Zaloom found, translated their accounts' dollar balance into the "abstract market measurement" of ticks. Ticks furthermore remained segregated from traders' private dollars: "specific to the time and space of trade. [They are] not exchangeable for food, mortgage, tuitions, cars, and vacations that draw the trader into a web of relationships outside the market arena."<sup>50</sup> Thus, paradoxically, in order to construct a market currency, traders must first remove money's persistent personal markers. "It takes orchestrated effort," Zaloom observes, "to maintain the segregation of market and 'outside' currencies."<sup>51</sup> "Like poker chips," she adds, "ticks are tokens that belong to an enclosed world."<sup>52</sup>

People thus perform relational work by means of multiple monetary distinctions. But how do they make such distinctions? One major set of practices people adopt repeatedly is the earmarking of currency so that its proper destination becomes obvious and compelling. Earmarking consists both of symbolic distinctions and of practices ranging from the keeping of cash in separate containers to the decoration of legal tender so it becomes a personalized gift. Earmarking techniques fall into three broad categories:

1. Establishing social practices that sort otherwise identical media (for example, two \$100 bank notes) into distinct categories depending on their destination or their source. Sometimes people do it by paying in a certain way (giving children an allowance), at a certain time of the year (employees' Christmas bonus), spending it for a designated person (mothers are more likely than fathers to spend household monies on their children), or for a specific purpose (migrants often demand that a particular share of the remittance money they send back home should be used for particular expenses, for example, to buy a child's clothing or school supplies).
2. The creation of new currencies: chits for gamblers, food stamps for the poor, lunch tickets for institutional canteens, frequent flier miles, money orders, vouchers, gift certificates, or affinity credit cards. The Internet has spawned

its own rapidly multiplying virtual currencies, including PayPal, Microsoft Points, Second Life's Linden Dollars, and Facebook's Credits;<sup>53</sup> and local currency communities mint multiple media (e.g., "Ithaca Hours," Berkshire's "BerkShares"). Although subsequently defeated, Idaho's House State Affairs committee initially approved in March 2010 a bill allowing Idaho citizens to pay state taxes with an official state silver medallion.<sup>54</sup>

3. Transforming cigarettes, postage stamps, subway tokens, poker chips, baseball cards, or other objects into monetary media, once again differentiated by social use. The flourishing babysitting co-ops use poker chips, movie tickets, or Monopoly money as their accounting media. Children engage in their own earmarking practices, trading in food, toys, and playing cards.

Notice that earmarking corresponds to the socially constructed boundaries of social relations: each of these currencies is acceptable for only some social relations and transactions. Monetary earmarking, thus, is a relational practice by which people perform relational work. The more delicate the relational work going on, moreover, the more extensive will be the earmarking of currencies. In his study of organ markets, for example, Kieran Healey has shown policymakers' efforts to earmark monies exchanged for organs. Staying away from direct cash payments to donors and their families, other more appropriate media are proposed, such as stipends for donor families toward funeral expenses (paid directly to the funeral home), or health insurance premium reductions for donors.<sup>55</sup>

Collins takes the argument about money's variable relational significance even further by arguing that such distinctions underlie contemporary differentiations of economic class: "We are increasingly in a world in which economic class is meaningful largely if one stays within the circuits of exchange that generated that money."<sup>56</sup> The "entire structure of social class," Collins concludes, can therefore be conceived as "a variety of circuits of money used to enact particular kinds of social relations."<sup>57</sup> The "upper class," for instance, engages "in circulating money as ownership, and in the process linking tightly with one another in webs of negotiation." At the other extreme, participants in illegal monetary circuits protect themselves against regulators by creating their own "rituals and symbols of every day encounters."<sup>58</sup>

To further clarify the relational grounding of monetary differentiation, I turn to a comparison with an alternative explanation of earmarking.

## Earmarked Money as Mental Accounting

With their ingenious model of mental accounts, behavioral economists have made parallel observations about monetary differentiation by showing how different media and economic activities occupy distinctive positions within a cognitive space. Richard Thaler, one of its leading proponents, defines mental accounting as "a set of cognitive operations used by individuals and households to organize evaluate, and keep track of financial activities."<sup>59</sup> People, for instance, often allocate their rent

money, entertainment money, or investment money to separate mental accounts in ways that influence their consumption and savings choices. Unexpected funds, furthermore, seem to occupy a different cognitive space than a salary or other forms of routine income, even when the sums involved are identical. People are likely to spend such windfalls less cautiously and more rapidly.

What explains mental accounting? Thaler points to the efficiency of such strategies, suggesting they “evolved to economize on time and thinking costs and also to deal with self-control problems.”<sup>60</sup> Jonathan Levav and Peter McGraw, meanwhile, add an intriguing affective variant to the categorization process, “warming” cognitive partitions with an “emotional accounting.”<sup>61</sup> Here feelings evoked by particular kinds of money create “affective tags” that influence its uses. In a series of experiments, Levav and McGraw show how a negative tag on a windfall, for instance, means the emotionally tarnished money will be more likely to be spent (and thereby cleansed) on what they call virtuous (e.g., charity) or utilitarian products rather than hedonic goods. Among other results, they found respondents who received a cash gift from an uncle just diagnosed with a serious illness avoided purchasing a stereo with that money.

Note, however, that whether it’s Thaler’s efficiency explanation or an affective model, the focus remains on individual accounting. Relations appear (as with the uncle in the example) as context, but not explanation. A study of favor reciprocation actually subsumes relational processes into a cognitive theory of “relationship accounting” that parallels mental accounting. Here people create a mental ledger of favors offered versus favors received.<sup>62</sup>

Mental accounting thus represents the individual counterpart of relational earmarking, two distinguishable yet interdependent processes. One sees monetary variations as cognitive or emotional computations leading to often-unexpected budgetary choices. The other sees monetary differentiation as emerging from interactions among persons and marking distinctive social relations and meaning systems.

The argument for individuals says that people earmark money for a wide variety of ultimate expenditures, some of which are quite personal and without external object—e.g., saving obsessively for a retirement that never comes. In that view, earmarking for particular social relations simply constitutes a special case. The argument for social relations says that earmarking for self-indulgence is the special case (self as object) of a general arrangement in which interacting people create special currencies for many, most, or even all different relationships.

Even self-indulgence, moreover, connects to others. If I decide to splurge an unexpected book royalty on a fancy pair of boots, I am deciding not to spend it on dinner out with friends or a new pair of sneakers for my child. Or if my grandmother gives me some money to spend on a vacation, my subsequent self-indulgence reproduces my relationship to her. The history of the relationship, moreover, will affect spending (as shown by Levav and MacGraw’s experiments). If I bear a grudge toward my grandmother for a past offense, I may deliberately spend the gifted money on something other than a vacation. If she dies before I spend the money, however, I might feel compelled to obey her wishes.<sup>63</sup>



The distinction between individual and relational accounting is more than rhetorical: in the first view we might expect a given person's array of special monies to display a lot of stability and to vary considerably among persons as a function of life history; in the second, we might expect otherwise disparate people who are closely connected to have similar arrays of special monies. Those expectations differ significantly. However, because life histories and social relations intertwine, we should expect difficulty, at times, in distinguishing sharply between both types of accounting.

Still, the effort is necessary. Although mental accounting clarifies crucial features of monetary earmarking, if we stop at individual mechanisms we explain only select features of the process. Most cognitively or emotionally established categories remain mysterious unless we understand that they emerge from social interaction and their content depends on that interaction. They become means of relational work. The relative value assigned in mental accounts to gains and losses should therefore vary depending on the consequences of that accounting for relations to others. When we earmark money for our child's college fund, for instance, we are affirming our parental relationship to that child. On the other hand, by gambling the money away we would seriously undermine that connection—unless the gambling was a means to obtain monies for some morally justifiable goal and similarly valued relation, such as subsidizing another child's emergency surgery.

To compare both perspectives, take the case of Christmas savings clubs. From a standard economic perspective, these low- or no-interest savings accounts remain puzzling arrangements. Why should people relinquish profit by depositing money in restricted accounts? Mental accounting proponents, however, explain depositors' apparent irrationality as evidence of how individuals use institutions for self-control or as precommitment devices, in this case protecting themselves from using those funds for other purposes.<sup>64</sup>

Yet the history of Christmas savings clubs suggests that these accounts also guarded funds away from specific others.<sup>65</sup> It appears that during the clubs' heyday in the early half of the twentieth century most users were working-class wives. The women likely relied on the clubs as a valuable institutional device for safeguarding holiday monies from other household members, especially their husbands. Indeed, the Christmas money was often reserved for domestic necessities such as a washing machine or a daughter's new coat. For housewives without access to earned income, moreover, the segregated Christmas money spared them from what was often considered the humiliating need to extract gift money from their wage-earning husbands.<sup>66</sup>

Thus, not only individual self-control but also negotiated household relations accounted for at least some of the Christmas clubs' great success in the United States. More specifically, Christmas club deposits were, in part, an outcome of relational work by wives, husbands, and children (and perhaps other kin), contesting which monies were to be spent, by which family member, when, for what purposes, for which recipient. For wives, the earmarking of Christmas money increased, albeit weakly, their financial autonomy vis-à-vis their husbands.

Currently, aside from respectful mutual references, the mental accounting literature and relational analyses of money remain ensconced within their own domains with no sustained effort at serious collaboration. In his presidential address to the American Economic Association, George Akerloff took some steps toward a possible rapprochement. Mental accounting explanations of people's consumption practices, Akerloff urged, should consider causal effects of decision makers' norms about "how money *should* be spent."<sup>67</sup> In this valuable model, however, norms remain principles internalized by individuals, a crucial "missing motivation" that nonetheless does not include in a systematic way norms' relational grounding; therefore, social relations are still missing. Norms along with mental accounts and practices are continuously affirmed, challenged, and transformed by our relations to others.<sup>68</sup>

Monetary differentiation as relational work opens up an exciting research agenda. Relational work theorists must specify when and how monetary earmarking emerges from, sustains, or challenges relations to others. We need to identify or even predict patterns in the ways people match various types of relationships with monetary differentiation: why and how does it matter who earns the money, who spends it, on what, and when? Can we anticipate where, how, and when certain forms of earmarking monies emerge and change? When are earmarks more likely to be contested and by whom? Can we expect different types of earmarking techniques by social class? When do people resist monetary earmarking, preferring instead the ambiguity of unmarked funds as a relational strategy?<sup>69</sup>

If social relations are central we should find that: (a) others characteristically have some say in an individual's expenditure of earmarked money, (b) holders of special money spend it only on particular others, or at least on particular classes of others; (c) recipients of certain kinds of money will spend that income differently, depending on the social tie with the provider; (d) changes in monetary usage will correspond closely to changes in social relations, e.g., those that occur with age or disability; (e) expressions of anger, shame, and resistance at processes (e.g., imprisonment, expulsion from a country, inflation) that erase important distinctions among monies and the corresponding social relations.

Finally, how durable are earmarks? Earmarking practices are obviously reversible. But are they erasable? We need to explore when and how established forms of monetary earmarking reverse or break down, including what Callon calls the process of "departicularizing" currencies that are "entangled in networks of circulation and bearing the marks of the attachments binding it."<sup>70</sup> What sorts of negotiation and rituals are involved in moving monies across boundaries? We should expect that some earmarks will be long-lasting (token institutional currencies); some earmarks carrying strong moral or sentimental attachments will stick perhaps forever, limiting both uses and users (inheritance); whereas some earmarks will turn out to be volatile and short-lived (lottery winnings).<sup>71</sup> Noting the difficulty in efforts to "disentangle" money, Callon makes a vivid comparison between a financier's attempts to launder money earned through illegal activities with Lady Macbeth's attempts to remove that famous spot of incriminating blood.<sup>72</sup>

A relational approach to earmarking therefore focuses the analysis on how monetary differentiation is one crucial way in which people manage their social ties to others. Indeed, when partners to a relation violate accepted earmarks, as in my earlier example of a parent gambling away money from a child's college fund, the culprit will have to engage in the kind of "repair" relational work Tilly identified (see p. 6, this paper) by, for instance, finding ways to justify their actions and preserve the relationship (or terminate it if repair is impossible).

The process and significance of monetary earmarking, however, goes beyond the cases of interpersonal negotiation I have examined. It represents a fundamental feature of modern capitalist economies. Contrary to the presumption that modernity and the expansion of markets led to a homogeneous legal tender, we find instead that not only people, but also states and organizations created highly distinctive uses of money and they worked hard (although not always successfully) to keep earmarked funds segregated. Indeed, between the 1870s and 1930s, governments and other institutions invented extensive systems of earmarking public and private monies precisely as a national market system was being consolidated in the United States, as industrial capitalism flourished, as consumerism boomed, and as the government worked hard to achieve a centralized, uniform legal tender.<sup>73</sup>

Consider, for instance, the creation of federal trust funds, which, in contrast to general revenues, are directed to specific programs and obtain their income from earmarked taxes. Social Security, our most prominent trust fund, was so designated by Congress in 1939 to be financed by payroll taxes and its uses restricted to workers' retirement benefits. Trust funds, as political scientist Eric Patashnik has shown, are financial devices designed to assure long-term political commitments to constituents.<sup>74</sup> As "consciously crafted political mechanisms intended by their designers to bind the government to its promises to the public," trust funds, while often contentious and financially unstable, do crucial political relational work.<sup>75</sup> Patashnik notes that although no actual "separate drawer" exists in the Treasury to safekeep Social Security cash, formally differentiating trust funds from general tax receipts facilitates oversight of its proper uses. It also enhances the program's "moral potency."<sup>76</sup>

Through often elaborate and contested processes, earmarking, therefore, blocks money's fungibility in both public and private life. With varying techniques, governments, organizations, and people fashion monies that match distinct kinds of relations and transactions.<sup>77</sup> As a result, earmarked money becomes a tool for interpersonal as well as political relational work. The outcome of such efforts, as we have seen, can be as consequential for public policy as it is for our personal transactions.

## **Next Steps**

Paying serious attention to relational work—the matching of meaningful relations, transactions, and media—unlocks a wide-ranging set of unexplored possibilities and research scenarios for explaining economic activity. While building on the contributions made by embeddedness theory, we should seize new options for broadening and

redirecting future investigations. This paper takes some modest first steps in that direction. Here are a few examples of the sort of questions we might pursue:

What determines the kind of social relation that people establish for different sorts of economic transactions, such as buying a used car or renting an apartment? Conversely, how do the kinds of social relations that already exist among the parties to an economic action affect its character and outcome? When buying a house, what difference does it make if buyer and seller are kin, friends, or strangers connected by a real estate agent?

How does the expansion of a certain kind of transaction in a given type of relation, for instance, an increase in asymmetrical gifts or a shift from payment by performance—as opposed to flat rates—affect a relationship? Or how does the breakup of a relationship redefine both economic transactions and type of media among the parties involved?

Beyond such specific queries, here are three general issues for future exploration: creativity versus constraints in relational work, relational variation, and the scope of relational work.

*Creativity versus constraints.* By exploring the constant negotiation of economic transactions and media, including the creation of new media, relational work emphasizes the creativity of interpersonal relations. Monetary media and economic practices thus emerge as eminently flexible adaptations to multiple social ties. This raises (at least) two issues:

First, how do we reconcile such interpersonal creativity with the existence of power, inequality, and domination? How do we strike a balance between invigorating voluntarism and steely determinism? Surely monetary differentiation serves as an instrument and marker of inequality. Any account of gender or other forms of categorical differentiation and inequality will show, for instance, how certain forms of currency enforce the dependency of discriminated or subservient populations. The history of welfare provision teems with examples of how variable forms of support—ranging from in-kind provisions, regulated cash relief, or restricted food stamps—impose choices and behaviors on recipients. Yet the histories of these currencies also demonstrate that people, however powerless, find ways to contest dominant systems of earmarking, redirecting the uses of their restricted funds in ways that define, maintain, and sometimes transform their social lives.

In order to further explore the issue of social agency, we need among other things to differentiate between top-down forms of monetary earmarking, such as those instituted by the state or other powerful agencies, and bottom-up differentiations created by people's everyday relations.

Second, how does the matching of relations/transactions/media work? What determines the content of relational work? How, more specifically, do we account for institutions and institutionalized relations? In her insightful comments on *Purchase of Intimacy*, Julia Adams half-jokingly speculated that my argument “represents social action as so subtle . . . in its multiple matching processes that we have to wonder whether people will need portable computers to make such complicated calibrations.”

They don't, she continues, because "discourses and relations on which we rely to do our daily relational work are fairly schematized."<sup>78</sup>

Granted, people's creative adaptations operate within boundaries set by historically accumulated meanings, legal constraints, and structural limits. Social relations, transactions, and media each come with histories and cultural packages we cannot shed. As a matter of common sense, for instance, people within a given culture recognize differences in shared meanings, operating rules, and boundaries between the relations of waitress/customer, waitress/restaurant owner, waitress/cook. Therefore, people draw from institutional supports, widely available cultural templates, and available practices as they match relations, transactions, and media. Part of a future agenda should therefore include systematic exploration of such cultural, historical, and institutional variation in the assembling of relational packages.

Nevertheless, locally specific negotiation constantly takes place. After all, no master blueprint hovers above, predetermining the multiple matches among relations, transactions, and media. People do not simply adopt categories from the surrounding culture. Instead, they constantly negotiate and create new matches and adaptations, often transforming existing ideas and practices. That is why we will repeatedly find mismatches, as people offer the wrong currency for a particular relation or engage in an offensive transaction in another.

Relational work is thus not only complex and constant but often also highly contested. Disputes arise when parties to an interaction have contradictory understandings of the relationship, when their values clash, when they are pursuing conflicting interests, or when there is a significant imbalance in their access to resources and power. Controversy can also surface when the parties have adopted different techniques for earmarking, especially when the preferred techniques of one party mean something different and undesirable to the other party.

Because often the "raw materials" of relations, transactions, and media remain sufficiently vague or unscripted, the outcome of relational work is necessarily contingent across a broad spectrum of circumstances. That is why the term relational "work" makes sense: it reflects the production of new or modified meaningful relations/transactions/media/matches by actors involved in economic transactions.<sup>79</sup>

**Relational Variation.** To further advance a relational work approach, we must develop fuller accounts of types of variation among relationships. Most economic sociologists have focused on the problematic polarity between embedded and arm's-length ties or on the relative strength of relations. We need to identify other forms of relational variation, for example by breadth, duration, or emotional weight. The variation we are after, furthermore, goes beyond structure and format to content.

So-called arm's-length or atomistic ties constitute a special theoretical challenge and also opportunity for relational theory. Here, too, substantial relational work and relational packages exist, but with more tightly scripted cultural scripts. We should closely investigate the relational content and sturdy institutional underpinnings of such relations. From Karin Knorr Cetina and Urs Bruegger's investigations, for instance, we have evidence that even in the automated world of global financial

traders, participants engage in interpersonal connections involving not only currencies but also information and thus develop mutual obligations.<sup>80</sup> Alex Preda pushes the challenge further by introducing the differential place of relations and interactions in electronic markets that involve not only anonymous others but also robots trading financial securities in online markets.<sup>81</sup>

*The scope of relational work.* Does relational work apply exclusively to microlevel economic transactions? Although I have concentrated on interpersonal interaction, the approach extends to economic activity at the macro level, including relational work by organizations and legal systems, as in the case of prisons discussed earlier, and including states, as in the example of federal trust funds. Nina Bandelj's exemplary investigation of foreign direct investment (FDI) offers a case in point.<sup>82</sup> Countering standard explanations of FDI as driven exclusively by economic efficiency, Bandelj reveals a specific patterning of foreign investment flows between pairs of countries. Drawing from systematic quantitative analyses, she discovers that country pairs featuring higher levels of investment are those that also share a history of cultural, political, migration, and trade relations.

Moreover, ably connecting macro- and microlevels of action, Bandelj suggests that such aggregate patterns are grounded in the efforts of firm actors within organizations. These participants in FDI, she finds, not only calculate risk and return; they also engage in negotiations (relational work) that are crucially shaped by actors' conceptions of appropriate transaction partners, their social ties, and political affinities. We should consider other sites for such macrolevel applications well as links between levels of relational work.<sup>83</sup>

Additional queries for a relational work agenda include such matters as methods and policy applications: which methodological approach will yield richer information on relational work? Does ethnographic investigation and historical reconstruction, for instance, get us closer to capturing participants' variable understandings of the process involved in matching relations, practices, media, and meanings as well as the continuous negotiation of relations?

Finally, can a relational work agenda translate into policy, and if so, how? Until now, mental accounting experts have been much more successful in influencing policy.<sup>84</sup> This is partly the result of their more restrained confrontation with economic models, including a continuing focus on individual decision making. The relational account does more than tinker with standard economic prescriptions by emphatically shifting emphasis away from individuals to relations. Designing policies aimed at intervening in relations rather than redirecting individual practices involves both practical challenges and ideological resistance.<sup>85</sup> Yet understanding how relational packages and relational work organize economic lives can lead to superior solutions. Notice, for instance, that the revolutionary (if contested) microcredit experiment is at least partly driven by the recognition of women's special role in household economic relations. Muhammad Yunus found that women not only repaid loans more often than men, but when women controlled the money, their families were more likely to benefit from the income.

In a *New York Times* editorial, David Brooks suggests that economists' failure to anticipate the financial crisis of 2008 and 2009 have led them to an unprecedented soul searching.<sup>86</sup> As a result, Brooks notes, economists "are taking baby steps into the world of emotion, social relationships, imagination, love and virtue." Economic sociologists are certainly specialists in at least some features of that world. As this twenty-first century unfolds, we should seize the opportunity and responsibility of building on our expertise to offer more realistic accounts of what people are doing when they engage in economic activity. Relational work provides some answers.

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  17. Brian Uzzi, "Social Structure and Competition in Interfirm Networks: The Paradox of Embeddedness," *Administrative Science Quarterly* 42 (1997): 35–67, at 36. Despite using the embeddedness imprimatur, some of these studies move us beyond context into relational content. See e.g., Asaf Darr, *Selling Technology* (Ithaca, New York: Cornell University Press, 2006); Paul DiMaggio and Hugh Louch, "Socially Embedded Consumer Transactions: For What Kinds of Purchases Do People Use Networks Most?" *American Sociological Review* 63 (1998): 619–37; Cheris Shun-Ching Chan, "Invigorating the Content in Social Embeddedness: An Ethnography of Life Insurance Transactions in China," *American Journal of Sociology* 115 (2009): 712–54; Paul Ingram and Peter W. Roberts, "Friendships among Competitors in the Sydney Hotel Industry," *American Journal of Sociology* 106 (2000): 387–423; Margaret R. Somers and Fred Block, "From Poverty to Perversity: Ideas, Markets, and Institutions over 200 Years of Welfare Debate," *American Sociological Review* 70 (2005): 260–87; Uzzi, "Social Structure and Competition in Interfirm Networks." For an overview and categorization of the interplay between economic transactions and social relations, see Nicole Woolsey Biggart and Richard P. Castanias, "Collateralized Social Relations: The Social in Economic Calculation," *American Journal of Economics and Sociology* 60 (2001): 471–500. For a seminal statement on relational sociology see Mustafa Emirbayer, "A Manifesto for a Relational Sociology," *American Journal of Sociology* 103 (1997): 281–317; and for an illuminating review, Ann Mische, "Relational Sociology, Culture, and Agency," in John Scott and Peter Carrington, eds., *The Sage Handbook of Social Networks Analysis* (London: SAGE Publications, 2011), chapter 5. On relational models theory in anthropology, Alan P. Fiske, *Structures of Social Life: The Four Elementary Forms of Human Relations* (New York: Free Press, 1991); Nick Haslam, ed., *Relational Models Theory: A Contemporary Overview* (Mahwah, NJ: Erlbaum, 2004), 27–57. For economics' perspective on "relational contracts", George Baker, Robert Gibbons, and Kevin J. Murphy, "Relational Contracts and the Theory of the Firm,"

- The Quarterly Journal of Economics* (2002): 39–84. The authors draw from relational contract theory, especially Ian Macneil, “Contracts: Adjustments of long-term economic relations under classical, neoclassical, and relational contract law,” *Northwestern University Law Review* LCCII (1978): 854–906. For an early legal treatment of “relational interests” see Leon Green, “Relational Interests,” *Illinois Law Review* 29 (1934): 460–90.
18. Charles Tilly, *Why?* (Princeton: Princeton University Press, 2006).
  19. *Ibid.*, 50.
  20. *Ibid.*, 20.
  21. Charles Tilly, “Another View of Conventions,” *The American Sociologist* 41 (December 2010): 390–99. For other examples of Tilly’s relational approach see Chris Tilly and Charles Tilly, *Work Under Capitalism* (Boulder: Westview, 1988); Charles Tilly, *Durable Inequality* (Berkeley: University of California Press, 1988).
  22. Fred Block, “Initial Conference Invitation,” April 2009.
  23. On the skewed gender distribution of economic sociology, see Viviana A. Zelizer, “Enter Culture,” in Mauro F. Guillén, Randall Collins, Paula England, and Marshall Meyer, eds., *The New Economic Sociology: Developments in an Emerging Field*. (New York: Russell Sage Foundation, 2002): 101–25. For an interesting argument about the economic significance of women’s “practices of sociality” or what she calls their “phatic labor,” see Julia Elyachar, “Phatic Labor, Infrastructure, and the Question of Empowerment in Cairo,” *American Ethnologist* 37 (2010): 452–64.
  24. This definition of relational package adapts my earlier version in Viviana A. Zelizer, *The Purchase of Intimacy* (Princeton: Princeton University Press, 2005), 56. Drawing from the anthropological literature, Florence Weber, in “Transactions marchandes, échanges rituels, relations personnelles. Une ethnographie économique après Le Grand Partage,” *Genèses* 41 (2000): 85–107 and “Forme de l’échange, circulation des objets et relations entre les personnes,” *Hypothèses* (Paris: Publications de la Sorbonne, 2001), 287–98 offers her own valuable analysis of how economic transactions and social relations mingle, showing with fine ethnographic detail the relational work involved in the process.
  25. By viable matches I do not mean a morally superior arrangement or that the match is equal and just. Instead I mean it gets the economic work of the relationship done and sustains the relationship. Bad matches between any one of these relations and the economic transactions the parties carry on damage the relations.
  26. Zelizer, *The Purchase of Intimacy*, 34.
  27. *Ibid.*, chapter 3. I have applied a similar relational approach to a variety of areas, including consumption (Viviana A. Zelizer, “Culture and Consumption,” in Neil Smelser and Richard Swedberg, eds., *Handbook of Economic Sociology*, second edition (Princeton: Princeton University Press and New York: Russell Sage Foundation, 2005), 331–54, and the creation of categories and boundaries (Viviana A. Zelizer and Charles Tilly, “Relations and Categories,” in Arthur Markman and Brian Ross, eds., *The Psychology of Learning and Motivation* 47 (San Diego, CA: Elsevier, 2006), 1–31. For a vivid application of relational work to intimate relations, see Parreñas’ analysis of how migrant Filipino hostesses working in a Tokyo nightclub differentiate among ties they establish with different

- categories of customers, in Rhacel Salazar Parreñas, *Illicit Flirtations: Labor, Migration and Sex Trafficking in Tokyo* (Stanford: Stanford University Press, 2011).
28. Michael Luo, "Jobless Turn to Family for Help, Often with Complications," *The New York Times* (January 30, 2010).
  29. Noah D. Zatz, "Working at the Boundaries of Markets: Prison Labor and the Economic Dimension of Employment Relationships," 61 *Vanderbilt Law Review* 857 (2008); Noah D. Zatz, "Prison Labor and the Paradox of Paid Nonmarket Work," in Nina Bandelj, ed., *Economic Sociology of Work*. Volume 19 in *Research in the Sociology of Work* (Bingley, UK: Emerald, 2009), 373–401.
  30. Zatz, "Working at the Boundaries of Markets," 868–70.
  31. Zatz, "Working at the Boundaries of Markets," uses a slightly modified conception of "relational packages," 927n318h. Prison labor is only one case in Zatz's innovative analysis of what he calls "paid nonmarket work," which includes such activities as welfare work programs, graduate student teaching and research assistance, and vocational rehabilitation. For a different, exemplary application of legal relational packages to the market for genetic materials, see Martha M. Ertman, "For Both Love and Money: Viviana Zelizer's *The Purchase of Intimacy*," *Law & Social Inquiry* 34 (2009): 1017–37.
  32. Zatz, "Prison Labor and the Paradox of Paid Nonmarket Work," 388; 888–89.
  33. Zatz, "Working at the Boundaries of Markets," 943; Zatz, "Prison Labor and the Paradox of Paid Nonmarket Work," 381, 388.
  34. Zatz, "Working at the Boundaries of Markets," 869. Zatz, *Ibid.*, 934 points to the racialization of this process. For a catalogue featuring various forms of official prison media, including tokens, coupons, punch cards, and charge systems, see Jerry Zara and Bob Lemke, *Prison Money. The Media of Exchange of Our "Penal Institutions"*. Token and Medal Society (1981).
  35. Zatz, "Working at the Boundaries of Markets," 936, 871.
  36. <http://www.irs.gov/publications/p596/ch01.html>. Accessed July 1, 2011.
  37. Zatz, "Working at the Boundaries of Markets," 866.
  38. For a classic study of converting cigarettes into currency by inmates in a prisoner of war camp, see R. A. Radford, "The Economic Organization of a P.O.W. Camp," *Economica*. New Series 12 (1945): 189–201. On substitute money in total institutions, Erving Goffman, *Asylums* (Garden City: Anchor Books, 1961), 270–73.
  39. Megan Comfort, *Doing Time Together: Love and Family in the Shadow of the Prison* (Chicago: University of Chicago Press, 2008).
  40. For recent reviews of that literature, see Jérôme Blanc, "Usages de l'argent et pratiques monétaires," in Philippe Steiner and François Vatin, eds., *Traité de sociologie économique*. (Paris: Quadrige, PUF, 2009); Bruce G. Carruthers and Laura Ariovich, *Money and Credit: A Sociological Approach*. (Cambridge: Polity Press, 2010); Caroline Dufy and Florence Weber, *L'ethnographie économique* (Paris: La Découverte, 2007); and Bill Maurer, "The Anthropology of Money," *Annual Review of Anthropology* 35 (2006): 15–36.
  41. Simone Polillo offers a persuasive theory of money that bridges state-centered and local production accounts, "Money, Moral Authority, and the Politics of Creditworthiness,"

- American Sociological Review* 76 (June 2011): 1–28, 437–64. See also Nigel Dodd, “Reinventing Monies in Europe,” *Economy and Society* 34 (2005): 558–83.
42. Collins, *Interaction Ritual Chains*, 167.
  43. Alice Kessler-Harris, *A Woman's Wage* (Louisville: University of Kentucky Press, 1990).
  44. Ron Lieber, “When the Fledglings Return to the Nest,” *The New York Times* (July 11, 2009).
  45. Standard studies of household economies that concentrate on how husband and wives’ relative earnings affect each spouse’s bargaining power over housework focus too narrowly on either partners’ attempt to maximize individual gain or to signal gender identity. As a result, such studies miss two crucial elements: first, the reciprocal and relational features of such transactions, and second, the impact of monetary differentiation. Focusing only on the amount of money obscures the impact on household negotiations of money’s variation by source and destination.
  46. Colin C. Williams and Jan Windebank, “Why Do People Engage in Paid Informal Work? A Comparison of Higher- and Lower-income Urban Neighborhoods in Britain,” *Community, Work & Family* 5 (2002): 67–83; Colin C. Williams, *A Commodified World? Mapping the Limits of Capitalism* (London: Zed Books, 2005) and “Repaying Favours: Unravelling the Nature of Community Exchange in an English Locality,” *Community Development Journal* 44 (2009): 488–99.
  47. Williams and Windebank, “Why Do People Engage in Paid Informal Work?” 77.
  48. Williams, “Repaying Favours,” 495. Williams also identifies class and gender variations in “paid favours.” For further insights into the relational work involved in monetary exchanges among neighbors, kin, and acquaintances, see e.g., Margaret K. Nelson and Joan Smith, *Working Hard and Making Do: Surviving in Small Town America* (Berkeley: University of California Press, 1999) and Florence Weber, *Le travail à-côté* (Paris: Éditions de l’École des hautes études en sciences sociales, [1989] 2009).
  49. Calvin Morrill, *The Executive Way* (Chicago: University of Chicago Press, 1995), 37–38. For a relational account of doormen’s bonuses, see Peter Bearman, *Doormen* (Chicago: Chicago University Press, 2005). Stephen R. Barley and Gideon Kunda, *Gurus, Hired Guns, and Warm Bodies* (Princeton: Princeton University Press, 2004) report how amount and forms of payment create conflicts between independent contractors and permanent employees in the knowledge economy. See Paul Willis, “Shop Floor Culture, Masculinity and the Wage Form,” in J. Clarke, C. Critcher and R. Johnson, *Working-Class Culture. Studies in History and Theory* (New York: St. Martin’s Press, 1980), 185–98 for a discussion of the workingman’s weekly wage packet and its symbolic meaning, including its assertion of masculinity. On the impact of hourly vs. salaried forms of payment on workers’ allocation of leisure time, see Sanford E. DeVoe, Byron Y. Lee, and Jeffrey Pfeffer, “Hourly versus Salaried Payment and Decisions about Trading off Time and Money Over Time,” *Industrial & Labor Relations Review* 63 (2010): 624–36.
  50. Caitlin Zaloom, *Out of the Pits* (Chicago: University of Chicago Press, 2006), 130.
  51. Zaloom, *Out of the Pits*, 131.
  52. Caitlin Zaloom, “The Derivative World,” *The Hedgehog Review* (2010): 20–27, at 26.
  53. Daniel Roth, “The Future of Money: It’s Flexible, Frictionless and (Almost) Free,” *Wired* (February 22, 2010).

54. <http://www.spokesman.com/blogs/boise/2010/mar/15/committee-endorses-silver-medal-lion-bill/>. Accessed March 1, 2010.
55. Kieran Healey, *Last Best Gifts. Altruism and the Market for Human Blood and Organs* (Chicago: Chicago University Press, 2006), 37. Healey also documents extensive cultural and institutional work involved in constructing organ donation as a gift. For additional examples of delicate or difficult social interactions when people are more likely to adopt especially elaborate controls over money and establish differential earmarks, see Viviana A. Zelizer, *The Social Meaning of Money* (New York: Basic Books, 1994), 26.
56. Randall Collins, *Interaction Ritual Chains*, 296.
57. *Ibid.*, 265.
58. *Ibid.*, 265, 267. On the significance of variable media in defining what I call “circuits of commerce,” see e.g., Viviana A. Zelizer, “Circuits within Capitalism,” in Victor Nee and Richard Swedberg, eds., *The Economic Sociology of Capitalism* (Princeton: Princeton University Press, 2005), 289–322.
59. Richard H. Thaler, “Mental Accounting Matters,” *Journal of Behavioral Decision Making* 12(1999): 39–60, at 183. For a review of the mental accounting literature, see Dilip Soman and Hee-Kyung Ahn, “Mental Accounting and Individual Welfare,” in G. Keren, ed., *Perspectives on Framing* (Hove, UK: Psychology Press-Taylor and Francis, 2011), 65–92.
60. Thaler, “Mental Accounting Matters,” 202.
61. Jonathan Levav and Peter McGraw, “Emotional Accounting: How Feelings About Money Influence Consumer Choice,” *Journal of Marketing Research* 46(2009): 66–80.
62. Candy P.S. Fong and Robert S. Wyer Jr., “A Theory of Favor Reciprocation,” working paper, Hong Kong University of Science and Technology.
63. Thanks to Noah Zatz for suggesting this example. In their study of British inheritance practices, Janet Finch and Jennifer Mason, *Passing On: Kinship and Inheritance in England* (London: Routledge, 2001) offer compelling examples of how recipients’ ties to donors influence their spending of inherited money. See Peter A. McGraw, Philip E. Tetlock, and Orie V. Kristel, “The Limits of Fungibility: Relational Schemata and the Value of Things,” *Journal of Consumer Research* 30(2003): 219–29 on how relationship history moderates the effects of mental accounting in influencing consumer behavior.
64. Thomas C. Schelling, *Choice and Consequence* (Cambridge, Mass.: Harvard University Press, 1984), 58–59; Richard H. Thaler, “Toward a Positive Theory of Consumer Choice,” *Journal of Economic Behavior and Organization* 1:39–60(1980): 284–285.
65. From a game-theoretic perspective, the specific other can mean one’s temptation-prone future self. Here the game of self-control involves “one’s current self (who takes a long-run viewpoint and wants to improve health or wealth) against a future short-run self (who is tempted to overeat and overspend).” Avinash K. Dixit and Barry J. Nalebuff, *The Art of Strategy* (New York: Norton, 2008), 174.
66. Zelizer, *The Social Meaning of Money*. On the impact of commitment devices on women’s decision-making power within households, see Nava Ashraf, Dean Karlan, and Wesley Yin, “Female Empowerment: Impact of a Commitment Savings Product in the Philippines,” CEPR Discussion Paper Number DP 6195 (2007), [http://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1134236](http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1134236). Accessed December 1, 2010.



67. George A. Akerlof, "The Missing Motivation in Macroeconomics," *The American Economic Review* 97 (2007): 17.
68. See McGraw, Tetlock, and Kristel, "The Limits of Fungibility: Relational Schemata and the Value of Things," for a valuable attempt at integrating individual and relational approaches.
69. Ekedi Mpondo-Dika raises the intriguing possibility that in some circumstances preserving fungibility and fuzzy relational boundaries becomes the preferred relational strategy (personal communication).
70. Callon, "Introduction," 36.
71. On the closing of mental accounts, see Daniel Kahneman, "Preface," in Daniel Kahneman and Amos Tversky, eds., *Choices, Values, and Frames* (New York: Russell Sage Foundation and Cambridge University Press, 2000), xiv.
72. Callon, "Introduction," 36.
73. Zelizer, *The Social Meaning of Money*.
74. Eric M. Patashnik, *Putting Trust in the US Budget* (Cambridge: Cambridge University Press, 2000).
75. *Ibid.*, 15.
76. *Ibid.*, 9, fn. 40; 63.
77. On how earmarking funds via budgets serves to regulate liquidity within organizations, increase organizational flexibility, and segregate risks among various hierarchical levels, see Bruce G. Carruthers and Arthur L. Stinchcombe, "The Social Structure of Liquidity: Flexibility in Markets, States, and Organizations," in Arthur L. Stinchcombe, *When Formality Works: Authority and Abstraction in Law and Organizations* (Chicago: University of Chicago Press, 2001), 100–39.
78. Julia Adams, "'Only Connect. . .': Connected Lives and Differentiated Transactions," Symposium on Viviana A. Zelizer's *The Purchase of Intimacy, Accounts*, Section on Economic Sociology Newsletter, American Sociological Association (Spring 2007): 4–6, at 6.
79. See Zatz, "Working at the Boundaries of Markets," and Zatz, "Prison Labor and the Paradox of Paid Nonmarket Work." There is still some paradox in relying on a single term (work), which is commonly associated with standard market transactions, to identify relational multiplicity and differentiation of economic activity.
80. Karin Knorr Cetina and Urs Bruegger, "Global Microstructures: The Virtual Societies of Financial Markets," *American Journal of Sociology* 107 (2002): 905–50.
81. Alex Preda, "The Interactional Embeddedness of Market Transactions: The Case of Electronic Trading," unpublished manuscript, 2010.
82. Nina Bandelj, *From Communists to Foreign Capitalists: The Social Foundations of Foreign Direct Investment in Postsocialist Europe* (Princeton: Princeton University Press, 2007); Nina Bandelj, "The Global Economy as Instituted Process," *American Sociological Review* 74 (2009): 128–49.
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84. See e.g., Richard H. Thaler and Cass R. Sunstein, *Nudge* (New Haven: Yale University Press, 2008); Sendhil Mullainathan and Eldar Shafir, "Savings Policy and Decision-Making in Low-Income Households," in Michael Barr and Rebecca Blank, eds., *Insufficient Funds: Savings, Assets, Credit and Banking among Low-Income Households* (New York: Russell Sage Foundation Press, 2009), 121–45.
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86. David Brooks, "The Return of History," *The New York Times* (March 25, 2010).

## Bio

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