UNIT 7: MONEY

UNIT STRUCTURE

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7.1 LEARNING OBJECTIVES

- After going through this unit you will be able to
- understand the concept of money,
- know perspectives on sociology of money and the key definiations.

7.2 INTRODUCTION

Money has been tireless yet not an overwhelming theme in humanism. Old style sociological speculations, similar to Weber, Simmel, and Marx, watching the modern upset and the fast improvement of national market combination, were captivated by money as an operator of social change. The string of sociological enthusiasm for money was gotten by Parsons (1967; Parsons & Smelser, 1956) restored by sociologists, for example, Baker (1987), Coleman (1990), and Zelizer (1989). There is yet being that as it may, no methodical human science of money.

Despite the fact that the theme of money shows up in numerous subfields in humanism, we centre around sociological work in which money is a chief subject instead of an accidental point. We likewise think about crafted by social historians, economists, and economic anthropologists who

advance an expressly sociological origination of money. In this unit a detailed discussion on money as a sociological entity will be done.

To begin with, we contrast what sociologists state about money and the expert premiums of two different groups, economists and anthropologists. This correlation defines the wide limits inside which we look at the sociology of money.

In the first place, sociologists, similar to economists, solely study current money- yen, dollar, pound, rubbles, francs, etc. Most sociologists do not look beyond money, cash, and demand deposits as "money". Economists, likewise, incorporate colourful budgetary resources that are pretty much substitutable for money, for example, medium-term repurchase understandings, currency showcase mutual fund shares, commercial papers, investors acknowledgment, fluid treasury commitments, and even monetary prospects and alternatives. However the sociologists' rundown incorporates a few things that economists would exclude. Coleman (1990, pp. 129-131), for instance, considers economic wellbeing a utilitarian substitute for money. Economic anthropologists, as opposed to the two sociologists and economists, centre on primitive money, the money-stuff that shows up in noncapitalist, nonmarket economies, for example, woodpecker scalps, pigs, cows, ocean shells, and dogs' teeth (Dalton, 1967; Hogendorn & Johnson, 1986).

Money, primitive or modern, can be seen distinctly in its specific circumstance. Modern and primitive money infer their complete heap of attributes from the financial association of the social orders where they show up. Modern money exists in social orders incorporated by markets; primitive cash exists in stateless, premarket, noncapitalist social orders. Modern money and markets are so personally related that the expressions "money economy" and "market economy" are regularly utilized synonymously. Surely it is hard to consider modern money without making reference to the utilization of money in market trade. As Dalton (1967) places it, "In the economies for which the English fiscal jargon was made, there is one overwhelming value-based mode, showcase trade, to which all money uses relate". Whenever

sociologists and economists study money, in this way, they verifiably study money with regards to advertise coordinated industrialist social orders. For the good of brevity when we utilize the expression "money" here, we do not include the qualifier "in market-incorporated social orders" yet we generally suggest the association.

Second, sociologists, normally consider the economy as subordinate to society (see, e.g., Swedberg, 1991, Granovetter and Swedberg, 1992, on the "new human science of monetary life"). Most economists (and a few sociologists) contend that the long transformative walk of monetary advancement isolates the economy from society, changing it into a self-governing, autonomous circle of movement. This suspicion, sensible or not, concedes an extraordinary plausibility: The money supply is a monster switch that a country's national bank can dismantle to direct the economy and impact the general public. Alongside financial approach (tax collection and open use), controlling the money supply makes it conceivable (from a certain point of view) to produce full employment, development, and stable costs.

Sociologists dismiss the possibility that the economy works in a self-governing manner. The market, for instance, is viewed as a social organization (Baker, 1984, 1990; Baker and Iyer, 1992; Burt, 1983, 1988; White, 1981). In all actuality, "White (1988) stated, "that market action is seriously social-as social as connection systems or feudal militaries". In reality, economic on-screen characters are not self-sufficient, free-acting, under socialized, atomized specialists; rather, as Granovetter (1985) contended monetary activity is inserted in social structure.

The sociological position involves the centre ground between Economics and Anthropology. At one end, economists, see a solid partition of economy and society and break down monetary conduct regardless of social or cultural elements. At the other end, anthropologists contend that the (primitive) economy and society are intermeshed to such an extent that they are basically vague. The sociological position between these limits enables money to be treated as an autonomous variable, for example, a

reason for social change, or a needy variable, for example, an outcome of social relations or social implications.

Third, money takes less structures. Economists centre just on the restricted heap of unoriginal and unbiased characteristics given by market combination: a mechanism of trade, a methods for instalment, a store of significant worth, a unit of record, and a standard for conceded instalment (Dalton, 1967, pp. 256-259). Sociologists perceive such cash utilities however think about an a lot more extensive territory, particularly the utilization of money as power. Parsons and Smelser (1956), for instance, noticed that "money speaks to the speculation of buying capacity to control choices to trade products... also, it symbolizes frames of mind" (p.71). Weber (1922/ 1978) additionally underlined control and influence in financial activity: "money costs," he contended, are the result of an irreconcilable circumstance and of tradeoffs; they subsequently result from power heavenly bodies. Money is certainly not a negligible 'voucher for unknown utilities' which could be modified voluntarily with no basic impact on character of the value framework as a battle of man against man. 'Money' is fairly, fundamentally a weapon in this struggle"(p. 108).

Money shows different definitions and uses in numerous social circles. Zelizer's (1989) examination of local money, for instance, shows how men's pay and women's income (e.g., "stick money") are characterized and treated much in an unexpected way . A dollar of stick money though numerically equal to a dollar of a man's compensation was not seen as genuine money; it was strengthening, increasingly like a blessing, and it was spent less openly and for various purposes (family costs, fun, and luxuries).

Sociologists stress that cutting edge cash is limited in significant social ways.Cash is molded by target social relations (social structure) and subjective characterizations and reminiscent implications (culture). "Culture and social structure," contended Zelizer (1989), "mark the nature of cash by systematizing controls, limitations, and qualifications in the sources, utilizes, methods of distribution and even the amount of cash" (p.342).

Expanding on the anthropological idea of "constrained reason" cash (Polanyi, 1957) she builds up the idea of "unique monies" to inspect the social premise of present day cash (see likewise Douglas, 1967).

Language reflects social structure and culture, and even a short linguistic exercise exhibits the assortment of money utilities and their relationship to the hidden association of society. Consider, for a minute, the differing social settings, standards, and connections encompassing different wellsprings of money related pay: compensation, wage, charge, honorarium, passage, tip, premium, profit, gift, and blessing. In practically all social orders, money is recognized and named by its source; despite the fact that its economic value is numerically proportionate, a dollar of "filthy money" is not equivalent to a dollar of "clean money" (see Douglas, 1967). Money brought into a network by means of crook or improper exercises (drugs, prostitute, betting) does not have indistinguishable implications or impacts from money acquired through genuine business endeavours.

Indeed, even business analysts are compelled to make linguistic qualifications. The expression "abnormal" and "supernormal" are utilized to mark benefits supported over the aggressive standards. From time to time the Federal Reserve is compelled to change its meanings of the money related totals to reflect changes in financial structure (Baker, 1987). The expressions "gray market" and "black market" are utilized to recognize semi legal and unlawful financial foundation that in any case may capacity like legitimate focused markets. The underground market in outside monetary forms, for instance, is really "productive in the exemplary financial sense.

7.3 DEFINITION

Given below are some definitionsal money. "Money is not a "mere voucher for unspecified utilities", which could be altered at will without any fundamental effect on the character of the price system as a struggle of man against man. "Money" is, rather, primarily a weapon in this struggle, and prices are expressions of the struggle; they are instruments of calculation only as

estimated quantifications of relative chances in this struggle of interests." (Max Weber)

"It is an objectified social relation of production". (Karl Marx)

"Money is intimately tied up with labor and a concept of value based on labor and, therefore, labor products. To Marx, money is itself a commodity but one that in abstract form also represents the value of other commodities. As such, money is not just a medium of exchange, but also a means of production." (Karl Marx)

"Money is simply a means, a material or an example for the presentation of relations that exist between the most superficial, 'realistic' and fortuitous phenomena and the most idealized powers of existence, the most profound currents of individual life and history. The significance and purpose of the whole undertaking is simply to derive from the surface level of economic affairs a guideline that leads to the ultimate values and a thing of importance in all that is human." (Georg Simmel)

7.4 FRAMEWORK FOR SOCIOLOGY OF MONEY

The diversity of work on Sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural perspectives, each one of which is considered at the micro level and the macro level. The pattern of role and relationship are the primary concern of the structural perspective. At the micro level money is an object of the interpersonal relationship such as communication and exchange. At the macro level it includes the mechanism of money that control economic political and legal framework in trading and market. The cultural framework of money is related to the cognitive classifications and evocative meaning associated with money. At the micro level the value, attitude, and believes of individuals that influence their behavior towards money. At the macro level it includes the larger question of civil society and religion. How the larger values and meaning system affect the money.

The second dimension refers to money as a cause, catalyst, or facilitator (independent variable) and to money as an effect, consequences,

or result (dependent variable). Mostly economists regard money as an independent variable. Monetary policy and the supply of money is the main concern of economist. Many classical sociologists such as Marx, Weber, Durkheim and Simmel view money as the cause of social change.

7.5 STRUCTURAL PERSPECTIVE ON MONEY

The famous Sociologist and Philosopher George Herbert Mead once said of money: "The media of these tokens of wealth are, then, in this process of exchange just such gestures or symbols as language is in other fields." Money, in short, is similar to language; money "talks"; it possesses meaning. Money, like language, is based on social convention: there is no inherent reason why words on a page should be read left-to-right, rather than vice versa. There is equally no inherent reason why words and images on a special piece of paper should allow the possessor to command economic resources. The money/language parallel seems to break down when we consider that money is used narrowly to facilitate economic exchange, whereas language does many other things.

According to Coleman, in barter system "there is what Edgeworth called the double coincidence of wants. That is, not only does A have something that B wants, but it is also true that B has something that A wants, and both want what other has more than they want what they themselves have, which they are willing to give up in exchange. This however is a formidable requirement. Money is only means by which the necessity of double coincidence of wants is overcome". Edgeworth double coincidence of want is the starting point of the structural perspective of money. Modern money depersonalises transaction and dissemble relationships. In barter system, exchange of good for good, service for good or exchange of ceremonial goods shows particular structure of relationship in a society. Modern money permits exchange of good for money without any personal relationships. This shows the structural change of relationships in the society with the coming of modern money. Depersonalisation also gives particular person personal also. Parsons talks about four freedoms that money grants

i.e. you are free to buy what you want, from who you want, when you want, and can accept or reject the condition under which you buy. Simmel also emphasis on the personal freedom when it comes to money but he also pointed out that "the impersonal calculations inherent in money economy have the effect of promoting the purely cognitive disposition of actors at the expense of their emotional or sentimental disposition".

Coleman talks about three types of money, firstly commodity money, which contain its value; secondly fiduciary money, which is a promise to pay and; fiat money, which is less than such a promise. Commodity money is the most primitive money because it has its use value and fiat money is the most advanced because it has no instinct value. Fiat value is most accepted value because its acceptance is required by law or legal order and its value is related to the quality of goods and services. Coleman argues that caseless society is the next evolutionary stage where central electronic database keeps records of information about credit and debt. The caseless society brings changes in the exchange ritual pattern of the society. Sociologist who use structural perspective often use money as the tracer of society. Gift giving is one of the ways to understand the presence, strength and direction of social ties between individuals and between groups. Baker extended the economic anthropological argument that money reflects the underlying socio-economic structure arguing that modern money and its uses are determined by the social structure of the market economy. Structural perspective of money can be defined as the perspective that looks into the function of money in the structure of society.

7.6 CULTURAL PERSPECTIVE ON MONEY

Cultural perspective denotes the cultural definition, interpretation and meaning of money. Cultural perspective covers the cultural understanding money and according to this perspective culture determines what money is, what is used as money, and how money is used. Cultural perspective of money is an alien concept for economist. Economist usually looks into the quantitative aspect of money. Economist rejects the social interpretation

and meaning that culture put in money as well as in the monetary transactions. They also reject money as a dependent variable in itself. The economist Joseph Schumper argues that money is a part of a total social process and the cultural significance of money makes it impossible to deduce a monetary theory for all places and time. Zelizer in 1989 proposed the concept of social monies to denote how modern money is restricted by culture. She analyses domestic money in themes that can be applied to modern money in any social context. According to her extraeconomic factors systematically constrain and shape a) the uses of money i.e. certain money for certain uses b) users of money i.e. designating different people to handle different monies c) allocation system of each particular money d) the control of different monies and e) sources of money, linking different sources to different uses. The extraeconomics factors express themselves in the context of family which is the social arena most extensively studied from the cultural perspective.

Cultural perspective also tries to understand the circulation or use of money through culture. How culture defines money in different social situation. What is the role of money in a particular culture? What are different believe system related to culture. For instance,when a teenager earns money outside their household, they spend for their own consumption and rarely contribute to the expenses of household. In a study by Caplow (1984) in Middletown shows that during Christmas gift giving, money is appropriate gift from senior kin to junior kin bur in contrast money is inappropriate gift from junior kin to senior kin. This kind of instances show the cultural definition of money. Zelizir traces the changing meaning of married women's domestic money in United States between the 1870s to 1930s, explaining how "their money was routinely set apart from real money by a complex mixture of idea about family life, by changing gender power structure, and by social classes." All these things influence the allocation of money in the family, the timing of the allocation and the quantity of money allocated. Many other studies also show the similar content as of the Zelizir regarding money and family and control of money in the family.

The idea that culture influences money gain support from the fact that women earn less money as compared to male counterpart. The money disparity between male and female earning results from the prevailing belief of sex roles. It is believed that women give less effort in the jobs because she has other domestic responsibilities to fulfill. It is assumed that male is free money almost all household responsibilities so they can give full effort in their work. The wage difference between male and female is totally a social construct. The cultural perspective of money tries to understand such instances in the society and how money can also be understood from a very qualitative point of view. Money is a very quantitative but it has a very qualitative essence to understand. There are many studies done to understand money keeping in mind the social context of a situation. Domestic money is more emphasized in the cultural perspective but it also yields deep insights into money in the context of market, business and government. The calculation and definition of money made in the market, business and government sphere mostly value the socio, economic and political consequences. And the various categories used in the definition or use of money in market, business or government is of social construction. This shows that social factors have immense impact on the definition, circulation and articulation of money. The interplay of culture and money in market is keenly evident in the transaction involving human blood. Blood can be obtained by paid donor or as a gift from unpaid donor. But when it is purchased it is considered as a commodity as per law of the market, the argument here is that profanity of money alters the scared character of money and the donor mat manage the stigma associated with it.



CHECK YOUR PROGRESS

1. What are the different dimensions on money?
2. Differentiate between structural and cultural perspective on money.



7.7 LET US SUM UP

- Money has been tireless yet not an overwhelming theme in humanism. Old style sociological speculations, similar to Weber, Simmel, and Marx, watching the modern upset and the fast improvement of national market combination, were captivated by money as an operator of social change.
- We contrast what sociologists' state about money and the expert premiums of two different groups, economists and anthropologists.
- Money, primitive or modern, can be seen distinctly in its specific circumstance. Modern and primitive monies infer their complete heap of attributes from the financial association of the social orders where they show up. Modern money exists in social orders incorporated by markets; primitive cash exists instateless, premarket, non-capitalist social orders.
- Sociologists, normally consider the economy subordinate to society. Most economists (and a few sociologists) contend that the long transformative walk of monetary advancement isolates the economy from society, changing it into a self-governing, autonomous circle of movement.
- Sociologists dismiss the possibility that the economy works in a self-governing manner. The market, for instance, is viewed as a social organization.
- Economists centre just on the restricted heap of unoriginal and unbiased characteristics given by market combination: a mechanism of trade, a methods for instalment, a store of significant worth, a unit of record, and a standard for conceded instalment.
- Money shows different definitions and uses in numerous social circles.
- The diversity of work on sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural

perspectives, each one of which is considered at the microlevel and the macrolevel.

- The second dimension refers to money as a cause, catalyst, or facilitator (independent variable) and to money as an effect, consequences, or result (dependent variable).
- The famous sociologist and philosopher George Herbert Mead once said of money: "The media of these tokens of wealth are, then, in this process of exchange just such gestures or symbols as language is in other fields." Money, in short, is similar to language; money "talks"; it possesses meaning.
- Modern money depersonalises transaction and dissemble relationships. In barter system, exchange of good for good, service for good or exchange of ceremonial goods shows particular structure of relationship in a society. Modern money permit exchange of good for money without any personal relationships, this shows the structural change of relationships in the society with the coming of modern money.
- Simmel also emphasis on the personal freedom when it comes to money but he also pointed out that "the impersonal calculations inherent in money economy have the effect of promoting the purely cognitive disposition of actors at the expense of their emotional or sentimental disposition".
- Coleman talks about three types of money, firstly commodity money, which contain its value; secondly fiduciary money, which is a promise to pay and; fiat money, which is less than such a promise.
- Coleman argues that cashless society is the next evolutionary stage where central electronic database keeps records of information about credit and debt. The caseless society brings changes in the exchange ritual pattern of the society.
- Cultural perspective denotes the cultural definition, interpretation and meaning of money. Cultural perspective covers the cultural understanding money and according to this perspective culture

determines what money is, what is used as money, and how money is used. Cultural perspective of money is an alien concept for economist. Economist usually looks into the quantitative aspect of money.



7.8 FURTHER READING

- Baker ,W.E.&Jimerson,J.B.,(1992). The Sociology of Money. The American Behavioral;July/August,35,6

7.9 ANSWERS TO CHECK YOUR PROGRESS



Answer to Q No 1 : The diversity of work on sociology of money can be classified into two dimensions. The first distinguishes structural versus cultural perspectives, each one of which is considered at the micro level and the macro level.

Answer to Q No 2 : Structural perspective of money can be defined as the perspective that looks into the function of money in the structure of society. Cultural perspective denotes the cultural definition, interpretation and meaning of money. Cultural perspective covers the cultural understanding money and according to this perspective culture determines what money is, what is used as money, and how money is used.



7.10 MODEL QUESTIONS

A) Short Questions (Answer within 150 words)

Q 1. What is structural perspective on money?

Q 2. What is cultural perspective on money?

B) Long Questions (Answer within 300-500 words)

Q 1. Explain money including its definitions.

Q 2. Discuss the framework of sociology of money.

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