

The Practical Organization of Moral Investment:
Gift-Giving, Market Exchange, and the Making of Diaspora Bonds

Dan Lainer-Vos

University of Southern California

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Abstract: Economic transactions often combine elements of gift-giving and market exchange. This *mélange* is particularly noticeable in moral investments, that is, economic transactions that explicitly fuse moral and pecuniary interests. The fusion of elements in such transactions creates practical difficulties. If the transaction combine elements of gift-giving and markets exchange, how can the parties involved agree over the value of the exchanged objects and the social relations that exist between them? In order to understand how actors negotiate moral investments, this article explores the floating of Irish and Israeli diaspora bonds—state bonds that are sold to well-wishing members of diaspora communities. The article examines the difficulties involved in regulating such a transaction. It shows that the organization of such transaction crucially depends on the making of a *zone of indeterminacy* in which the parties involved can cooperate without first having to form a consensus regarding the meaning of their mutual engagement or the relationship between them.

That gift-giving and market exchange do not belong to entirely different spheres is now a commonplace. Rather than adhere to neat analytical models, actors combine elements of gift-giving and market exchange in order to leverage philanthropy, extract special treatment, or sometimes to gain market advantage. This *mélange* is particularly noticeable in moral investments, that is, transactions that weave together moral and pecuniary interests (micro lending, socially responsible investment, and ethical consumerism are but a few noticeable examples of such transactions). This realization raises important and understudied practical issues. If gift-giving and market exchange exist along a continuum, there is no guarantee that the parties involved would attribute the *same* meaning to the object that changes hands. Mistaking an object intended as a gift for a commodity, or vice versa, is likely to result in conflict and failed transaction. More fundamentally, given that gift-giving and market exchange rely on different and conflicting principles of valuation, how can the two sides come to an agreement over the worth of the exchanged objects *and* the social relations that exist between them when they engage in transactions that combine elements of these practices?

To better understand how actors complete such complex transactions, this paper will examine the floating of diaspora bonds, a unique type of moral investment. Diaspora bonds are securities offered by a homeland government in order to raise capital principally from

sympathetic members of its diaspora communities (Chander 2001; Ketkar and Ratha 2009). In recent years, the World Bank has promoted the idea of diaspora bonds as one potential solution to chronic lack of capital in the developing worlds. Countries such as India, Sri Lanka, Ghana, Armenia, Rwanda, Nepal, and recently also Greece have either launched or are preparing to launch diaspora bonds campaigns.

The principle of diaspora bonds is simple. Investors motivated by for-profit consideration are typically reluctant to loan money to developing countries whose credit ratings are often unimpressive. When they extend such credit, it is often for prohibitively expensive interest rates. On the other hand, conventional philanthropy, due to its unidirectional nature—no *monetary* return is expected from the giving of money as a gift—often fall short of meeting actual needs. Diaspora bonds carry the promise generating large sums of money by tapping the generosity of members of diaspora communities that may be more risk-tolerant than regular investors due to their interest in the wellbeing of the country of their origin. In addition to providing direct capital, the existence of such a debt instrument may improve the country's credit rating and thus improve its ability to borrow from conventional financial market. Lastly, in contrast with remittances, which typically go to individual households, diaspora bonds offer significant opportunity to finance large-scale projects of infrastructure, health and education.

Specifically, this article explores the issue of Israeli and Irish diaspora bonds. The Israel Bond is probably the best known example of diaspora bonds. Israel has sold diaspora bonds since 1951. American Jews have bought these bonds as a fairly steep discount rate, as compared with other bonds with similar risk and duration. Over the years, Israel has sold more than \$30 billion worth of these debt instruments to hundreds of thousands of subscribers (Rehavi and Weingarten 2004).¹ Furthermore, the Israel bonds served to alleviate tensions between Israeli and American Jews. The Irish bond project provides a counterexample to the Israeli case. Facing a similar predicament, the Irish Republican Government issued diaspora bonds in 1920. More than 300,000 subscribers bought almost \$6 million worth of these bonds. Nevertheless, in contrast with the Israeli case, the Irish bonds did not become institutionalized. Instead of alleviating tensions between Irish and Irish-Americans, the Irish bond became an object of conflicting interpretations and gave rise to intense inter-organizational struggles. When the Irish government launched a second issue of the bonds in late 1921, it met a dismal failure. The article focuses on the difficulties involved in issuing these diaspora bonds and on the innovations introduced in order to allow the parties involved to cooperate and complete the transaction. The contrasting outcomes of these projects provide an outstanding opportunity to study the organization of moral investments.

Choosing to study moral investment using the case of diaspora bonds may seem odd. Discussions of gift-giving and market exchange often focus on dyadic transactions between individuals. Diaspora bonds are obviously very different from typical face-to-face exchanges. Unlike dyadic transactions, in diaspora bonds, the recipient of the money is not a

¹ Another known example is India. India issued diaspora bonds on three occasions: during a balance of payment crisis in 1991, following the embargo imposed on India after it conducted nuclear tests in 1998, and during a liquidity crisis in 2000. Together, through these issues, the Indian government raised more than \$11 billion (Ketkar and Ratha 2009).

person but a large organization, a state or an aspiring national movement. In addition, the complexity of such projects also necessitate deep involvement diaspora organizations that are capable of actually contacting large numbers of potential subscribers that are far removed from the recipient of the money. Instead of direct exchange, in our case, the relations between the transactors are mediated through crucially important intermediary organizations. These deep and consequential differences make, however, makes diaspora bonds all the more relevant. As Ilana Silber notice, modern gift-giving often takes place between individuals and bureaucratic organizations (Silber 1998). Furthermore, current models of philanthropy, which blend notions of gift giving and market exchange, typically rely on intermediary institutions (Dees and Anderson 2003). In important respects, therefore, studying diaspora bonds provide an outstanding opportunity to explore moral investments in a highly relevant setting.

Close examination of the Irish and Israeli bond experience clarify that the organization of moral investments is a delicate organizational accomplishment. The fusion of elements of gift-giving and market exchange renders such transactions prone to misunderstandings and leaves the parties involved particularly ill-equipped when it comes to determining the worth of the exchanged objects or the relationships that such transactions imply. Interestingly, however, despite their complexity, such hybrid transactions are not rare. The paper examines the conditions that allow for such a transaction to be completed. It shows that the completion of such transactions requires creating a *zone of indeterminacy*, i.e., an institutional context wherein the parties involved are less likely to treat the transaction as *either* gift-giving *or* market exchange. Such *zone of indeterminacy* allows the parties involved to cooperate without sharing a consensus about their mutual engagement. This challenge of creating a *zone of indeterminacy* has two aspects. On the one hand, the *zone of indeterminacy* must allow the actors to transacts without clarifying the precise meaning of their mutual engagements. On the other hand, the *zone of indeterminacy* must reduce the motivation of the actors to determine the precise nature of the transaction. A key element in the construction of a zone of *indeterminacy* is the creation of a temporal gap wherein neither of the parties is particularly motivated to or able to determine whether it was engaged in gift-giving (or receiving) or market exchange.

The article is divided to three sections. Section One examines the concepts of gift-giving, market exchange, and whatever lies between them. The section also scrutinizes credit as a specific type of transaction that is particularly apt to serve as a moral investment. Section Two explore the difficulties and tensions that are involved in the production of moral investment by examining the first and second issue of the Irish and Israeli diaspora bonds. It pays close attention to the tensions and difficulties that arise from the fusion of elements of gift-giving and market exchange in these projects. Section Three delves into the details of the bond campaigns in order to identify the practices that actors use in order to stabilize the exchange of hybrids of gift-giving and market exchange. The discussion explores the challenge of creating a *zone of indeterminacy* in other settings and examines the implications of this argument for economic sociology.

I. Gift-giving, market exchange, and hybrid economic transactions

Max Weber's model of market exchange and Marcel Mauss's theory of gift giving provide useful starting point for our examination. Weber treats the market as the quintessential arena for instrumental rational action. The market is a place where individual buyers and sellers attempt to maximize their advantages by exchanging alienable commodities. Markets operate as

a coordination mechanism. Actor A wants something that actor B possesses. The actors compromise by means of creating an equivalence between the commodities each side possesses. The agreed upon price allows the actors to secure desired resources without resorting to violence. That markets foster non-violent exchange, however, does not mean that they engender solidarity. Instead, the market is a competitive arena where the parties involved seek to control opportunities in order to generate profits (Weber 1978:72, 635-640). For this reason, sociologists often treat market exchange as an inherently alienating practice (Weber 1978:637; Polanyi 1957; Simmel 1990).

In contrast with market exchange, gift-giving is widely acknowledged as a cultural practice that creates and reinforces social ties and obligations (Malinowski 1920; Lévi-Strauss 1969; Mauss 1967). In sharp contrast to the exchange of commodities, gifts are inalienable. When one gives a gift, she also gives a bit of herself with it, and the ongoing ties between the giver and the object given, compel the recipient of a gift to reciprocate in kind (Gregory 1982). The obligation to give a gift, to receive a gift, and to reciprocate an initial gift with a counter-gift generate ongoing social ties and commitments (Mauss 1967). Importantly, whereas market exchange typically does not alter the status of the involved parties, gift-giving, especially the giving of *unreciprocated* gifts, generates status inequality between the parties (Sahlins 1963).

The idealized models of market exchange and gift-giving suggest that the two practices belong to entirely different spheres. In recent years, however, economic sociologists challenged the dichotomous view of these practices (Stark 2009:6-13). In contrast with the rationalist idealization of market exchange, in real life, market exchange is deeply embedded in social relations, cultural norms, and ideological commitments. As a consequence, market transactions are rarely as impersonal and narrowly interested as economists assume (Granovetter 1985; Baker 1984; Swedberg 2005). The parties that engage in gift-giving are not oversocialized cultural dopes that simply enact norms (Garfinkel 1967), as the anthropological models of gift-giving in “archaic” societies sometimes assume.

Instead of belonging to entirely different spheres, gift-giving and market exchange exist along a continuum. In between the pure gift-giving and the pure market exchange lies a whole spectrum of practices that do not conform to the idealized models of transaction. Importantly, rather than simply enacting innate propensities or predetermined cultural codes, actors reflexively and creatively mix and match elements of gift-giving and market exchange in order to extract special privileges or sometimes to gain market advantage (Zelizer 1996; 2005; Darr 2003; Bird-David and Darr 2009; Davis 1996). Moral investments, in which appeals to generous giving are explicitly woven into market exchanges illustrate this point particularly well. The point is not that pure market exchange and gift-giving are idealizations with little relevance to real life. Quite the contrary. In addition to providing a frame of reference with which economic action can be evaluated, these models provide templates for action, that is, actors can sometimes consciously shape or “perform” their transactional setting so as to generate transactions that resemble the idealized models of exchange.²

² The burgeoning literature on the “performativity” of economics shows that actors can sometimes construct markets wherein actors actually conform to the idealized assumption of formal economics (Callon 1998; MacKenzie and Millo 2003; Garcia-Parpet 2007). Kieran Healy’s work on the construction of human organ exchange can be seen as a study on the performativity of the gift economy (Healy 2006).

Pierre Bourdieu's (1992; 2000) and Michel Callon's (1998; Caliskan and Callon 2010) analysis of the calculations that are involved in economic transactions provide a useful analytical framework with which to think about hybrid transfer of objects.³ According to Bourdieu, the sense of disinterestedness that constitutes gift-giving is manufactured by actively preventing the calculation of the exchanged objects. Specifically, the time lag between gift and counter-gift as well as their dissimilarity makes it hard to compare gifts, and creates a never-closing debt of gratitude between the parties.⁴ The organization of gift-giving, in other words, creates obstacles to the calculation of the exchanged objects and leaves the parties involved susceptible to the belief that, in addition to the gift, they are also the recipients of the giver's goodwill.

Callon expands this insight by suggesting that, in contrast with gift-gifting, market exchange is constituted through the introduction of devices that facilitate calculation (1998; Callon and Muniesa 2005). The placing of commodities one next to the other on a shelf in a supermarket, for example, facilitates the comparison of various items and thus allow buyers to act a bit more like interested rational actors. Similarly, the use of money in markets facilitates the creation of equivalences between heretofore incommensurable objects and dramatically improves actors' ability to act rationally. The calculations involved in market exchange have an important relational byproduct. At the completion of such transaction, no unclosed debt remain between the parties. The ability to interact without incurring unclosed debts, permits the parties involved to remain strangers despite their ongoing engagement. The alienating effect of markets is an result of the calculations that the organization of the marketplace makes possible. Thinking about gift-giving and market exchange as practices that are distinguished by the degree and type of calculation involved provides us with a useful framework with which to explore how people mix and match these practices in actual encounters.

Clear appreciation of the sometimes blurry boundaries between gift-giving and market exchange raises an important and understudied practical questions. First, if gift-giving and market exchange exist along a continuum, there is no guarantee that the parties involved would attribute the *same* meaning to the objects that change hands (table 1 illustrates this problem). The outcome of a mismatch in interpretations can be dreadful. Treating an object intended as a gift instead as a commodity (lower left cell of the table), is likely to result in an estrangement between the parties involved in the transaction. The receiver, in such case, may try to make a payment or, even worse, she may begin haggling over the gift's value or desirability in effort to extract a discount.⁵ The giver in such a case is likely to interpret the response of the beneficiary as a sign of ingratitude or outright hostility. Treating commodities as gifts (the upper right cell in the table) would be injurious too. In such cases, the receiver may insist that no payment should be expected—thereby offending the giver who thinks of the transaction as strictly business. This problem is far from a theoretical issue. Since economic transactions, and moral investment in

³ Many, perhaps most, economic transactions combine such elements. When a sales representative invites a potential client for a meal, for example, the free lunch serves as a gift that generates some sense of obligation on the side of the client (Darr 2003). The focus of this article, however, is narrower. I am interested specifically in those transactions that present themselves from the get-go as combining elements of gift-giving and market exchange.

⁴ For a balanced assessment of Bourdieu's contribution to gift theory and its place in his *oeuvre*, see Silber (2009).

⁵ Barry Schwartz observes that gift giving surrenders intimate information, which may be risky. The giver always reveals something about herself—her intentions towards the receiver, her taste, her means, etc. In addition, she surrenders her own perception of the receiver – what *she* believes her needs, taste, and means are (1967). An inappropriate gift, therefore, is potentially damaging for both the giver and the receiver. The possibility of a gift mistaken as a commodity multiply these risks.

particular, often involve elements of gift-giving and market exchange, it is easy to see why an object given as a gift may sometimes be interpreted by the other side as a commodity, or as an interested manipulation (the giver, after all, expects something in return, even if not a payment)(Herrmann 1997). It is also easy to understand why commodities may be mistaken as gifts. When the orientations of the actors involved in the transaction are heterogeneous, agreeing on the meaning of the exchange may be even harder to pin down.

Table 1) Agreement and disagreement in economic transactions

	Gift-giving	Selling a commodity
Accepting a gift	Mutually agreed gift giving	Misplaced gratitude/ misplaced expectation for payment
Buying a commodity	Misplaced expectations for gratitude/ misplaced haggling	Mutually agreed market exchange

Second, and perhaps more fundamentally, if economic transactions combine elements of gift-giving and market exchange, how can the two sides to the exchange come to an agreement over the value of the exchanged objects *and* the social relations that exist between them? The stylized models of gift-giving and market exchange provide a relatively clear answer to these questions. In market exchange, valuation is accomplished through the mechanism of price. The work of scholars in the burgeoning field of sociology of finance clarify that price setting is a complex accomplishment, but still, the general principles of this process are fairly clear. Similarly, the stylized model of gift-giving too provide a somewhat clear answer with regards to how actors accomplish such transaction and regulate their relationships. Importantly, however, the principles of valuation that are at play in these two types of transactions are different and conflicting. Engaging in comparisons, and trying to minimize costs, is acceptable in market exchange but is utterly rude when one deals with gift-giving. Commodities have a price. Gift, in contrast, are by definition priceless. How, then, can the two sides come to an agreement over the value of the exchanged objects *and* the social relations that exist between them when they engage in transactions that combine elements of these practices? How, in other words, can we account for actors’ ability to transact without *a priori and arbitrarily* assuming that the actors involved agree about the meaning of their mutual engagement?⁶

a) Clarification: transaction through consensus

Viviana Zelizer is one of the few to consider the practical implications of the blurry boundaries of practices of gift giving and market exchange (1994; 1996; 2000; 2005). In her work on the social uses of money, Zelizer notes that money can be used as either a compensation, a gift, or an entitlement. Each type of payment corresponds to and implies different social relations (1996:482). To avoid harmful misinterpretations, actors “earmark” their exchange medium so as to avoid confusion or to assert their own interpretation of the encounter. Earmarking strategies *clarify* what the meaning of the exchange is and therefore help actors avoid potentially damaging confusion.

⁶ A number of scholars suggest that the blurry boundaries between gift giving and market exchange create tensions and sometimes even conflicts (Darr 2003; Bird-David and Darr 2009; Herrmann 1997). In general, however, researcher have not developed a theoretical framework to explain how actors prevent or handle such tensions when they arise.

Zelizer's work focuses on monetary transactions that are particularly liable to be interpreted as interested exchange, but actors use the strategy of earmarking more broadly to clarify the meaning of transactions in other settings as well. Removing a price tag and wrapping an object, for example, can be understood as a method of earmarking that increases the likelihood that the receiver would identify the object as a gift. The wrapping not only symbolically declares the object as a gift, it also literally prevents the calculation of its value, for a while. Placing a price tag in a prominent location, in contrast, clarifies that one is dealing with a commodity. More generally, the context within which a transaction takes place gives the parties involved cues that allow them to identify whether the exchanged objects should be treated as either gift-giving or market exchange even when the transaction contains mixed elements. When people sing "happy birthday" and invite you to blow the candles, you are not expected to negotiate or pay for the wrapped objects next to the cake. In contrast, the same items on the supermarket shelves are commodities and you are expected to pay for them even if the price tag is missing. Clearly, the context of the exchange allows the parties involved to treat most transactions as constituting either gift-giving *or* market exchange and, importantly, to concur in their interpretation of these events. Referring back to table 1, earmarking preempts the possibility of misplaced haggling or misplaced gratitude by establishing consensus over the nature of the transaction prior to its taking place.

b) Blurring: transaction without consensus

That so many transactions combine elements of both gift-giving and market exchange and yet we treat them as constituting either gift-giving *or* market exchange suggests that clarification strategies are extremely effective at preventing damaging misunderstandings and streamlining transactions. While shrewd observers may point out that many transactions combine elements of gift-giving and market exchange, relatively few of them are perceived as hybrid transactions.⁷ In general, we are able to use context to determine the nature of the transaction and, more often than not, the accounts of the parties as to the nature of the exchange match.

But clarification is only one of the strategies used to accomplish transaction. As noted before, sometimes actors playfully combine elements of gift-giving and market exchange in order to secure economic and relational ends. This point is particularly relevant for moral investments. Transactions like the purchase of fair-trade coffee or donating in return for a discount card, for example, crucially depend on their being not quite a gift but also not simply a market transaction. In such cases, it is precisely the blurring of the meaning of the exchange that produces desired effects for one or more of the parties involved. The use of promotional gifts in fundraising campaigns provides a good example of this point. Professional fundraisers sometimes shower donors with discount cards whose benefits may have significant economic value in order to boost giving. One can probably attach a precise monetary value to the comps that such discount cards offer. But such clarification would defeat the purpose of this fundraising technique. The whole point about offering comps in return for monetary donation is to allow donors to indulge in thought that they gave a large sum of money and enjoy the benefits of the discount card without discounting the value of the later from the former. Thus, sometimes—

⁷ Think, for example, on the marketing strategy of offering a "second item for free." While one can interpret such transactions as "mass gifts," (Bird-David and Darr 2009) the fact of the matter is that typically both sellers and buyers treat these transactions as nothing more than a marketing device and approach it as a straightforward market exchange (have you ever seen a client attempting to take only the second item without paying because it is a gift?).

when one or both sides of the transaction wishes to escape the limitation and obligations associated with either gift-giving and market exchange—the actors involved may try to blur the meaning of the transaction.

Carrying out such hybrid forms of exchange is a tremendous organizational challenge. Attempts to blur the meaning of the exchange are liable to be perceived as a sinister or even deceitful efforts to avoid the costs or obligations associated with more straightforward transactions. For example, fundraisers that place too much weight on the value of the benefits associated with donation to particular causes can aggravate donors who resent the suggestion that their gift was motivated by anything other than sheer generosity. Instead of gullibly accepting offers for hybrid transactions as they are presented, that is, as a mixture of elements of gift-giving and market exchange, actors often reduce the multivocality of the offer to the dimension most pleasing to themselves and, if the two sides differ in their interpretations, an argument is likely to ensue.

To prevent the reduction of hybrid transactions to either gift-giving or market exchange in is not enough to rhetorically weave elements of these practices. Given that actors make sense and determine the meaning of transactions with reference to the context within which it takes place, they may still determine that an object that changes hand is, say, a gift, even if the other side presents it as a mixture of a gift and a commodity (the difficulty is, of course, related to the fact that most object can serve as a gift or a commodity).⁸ in disguise may still look like a gift in disguise even after it was claimed to be something else. Rather, accomplishing such an exchange demands creating conditions within which the parties involved (or at least one of them) would refrain from reducing the meaning of the exchange to either gift-giving or market exchange. In other words, accomplishing hybrid exchanges requires creating a *zone of indeterminacy*, a context within which it would be less likely that the bivalent character of the exchange would be reduced. The challenge of creating a *zone of indeterminacy* has two aspects. On the one hand, the context of the transaction should be arranged such that the two sides of the transaction *can* attribute *different* meanings to the exchange without this incongruence becoming immediately a matter of dispute. On the other hand, this context, this *zone of indeterminacy*, should discourage the parties to the transaction from exploring the differences in the interpretations they devise. Successful construction of such a *zone of indeterminacy*, may enable parties to exchange objects without the two sides agreeing over the meaning of the exchange.

c) Credit transactions

Anchoring our discussion with the concrete example of credit transactions—a type of transaction that is highly relevant for the following discussion—may be useful. Loans illustrate the blurry lines between gift giving and market exchange particularly well.⁹ Extending a loan entail a provision of resources with the expectation of return (Carruthers 2005:356). Different types of loans may resemble either gift-giving or market exchange. Loans that are extended without specification of time and conditions of return resemble gifts, and are typically extended to intimates (Offer 1997). In contrast, loans that include enforceable contracts, specifying the

⁸ Exceptions to this rule are a few but important. Blood donations, as Richard Titmuss have shown, are particularly inadequate to serve as a commodity (Titmuss 1971). In contrast, labor power cannot by definition be given as a gift.

⁹ The literature on debt and credit usually adopt the framework of market exchange (see Guseva and Rona-Tas 2001). But the risk involved in loans is not *qualitatively* different from the risk of no reciprocity in gift-giving.

time frame, interest, and terms of redemption, resemble market exchange and are typically exchanged between strangers.

Regardless of the orientation of actors, loans always include a time lag between extension and return. This time lag is no different from the one that, according to Bourdieu, constitutes gifts. Yet, a loan is not a gift. What distinguishes a loan from a gift is the degree of specification that enhances the ability to calculate its value. But the specification of terms and conditions, and even the identification of collateral, are only part of the story. In order to increase the calculability of a loan one can, for example, purchase for a known price, an insurance policy against default from a third party. This strategy reduces the uncertainty associated with future behavior of the debtor by linking it to the perhaps less uncertain future of the insurer. For a loan to really resemble pure market exchange, however, it needs to be liquid. Liquidity allows, quite literally, closing the time gap that separate credit from other types of market transactions for a known price.¹⁰ The ability to manipulate the temporal schedule of a loan and receive a return prior to maturation makes loans resemble market exchange.

Credit transactions are also particularly liable to generate productive ambiguity regarding their true nature. In the period between the extension of a loan and the date of redemption, each side to the exchange can tell herself a story about what the exchange was all about. The lender may believe that the transaction was more of a gift than a pecuniary investment, while the debtor may think that the transaction was strictly business affair and that therefore, she owes her creditor nothing but principal and interest. The reverse possibility—that the debtor believes that the loan is a gift and the creditor expects principal and interest—is also not farfetched. Importantly, during the loan's period, neither side may be particularly well-equipped or eager to determine, once-and-for-all, what the exchange is all about. In other words, the temporal structure of credit transaction is particularly serviceable to the creation of a *zone of indeterminacy* wherein both lender and borrower can attribute to it the meanings that they are most comfortable with, without having to struggle over the agreed upon meaning of the transaction.¹¹

II. The making of moral investments: issuing diaspora bonds

To examine the construction of hybrid transactions, this section will explore the issue of Irish and Israeli diaspora bonds in 1920 and 1951 respectively. The goal of this section is to identify the meanings attributed to the purchase of these bonds and, by looking on the issue of a second round of bonds, in 1921 and 1954, to understand the difficulties that are involved in regulating such moral investments.

During the late 1910s and 1940s the Irish and Zionist nascent governments teamed up with diasporic organizations to establish large-scale philanthropic fundraising apparatuses in the United States (Doorley 2005; Stock 1987). These apparatuses, the Irish Victory Fund (IVF) and the United Jewish Appeal (UJA) funneled large sums of money in support of the national struggles in Ireland and Israel respectively.

a) Issuing the first diaspora bonds

¹⁰ Tellingly, Carruthers notes that liquidity renders credit and money almost indistinguishable (2005:370).

¹¹ When the date of maturation arrives, the conditions for the preservation of this status change. A failure to repay principal and interest may provoke the creditor to clarify that the loan was not a gift or vice versa.

Despite their success, during 1919 and the late 1940's, the IVF and the UJA experienced severe and roughly parallel crises that were related to their nature of the mechanisms used to extract diaspora resources. The donations given to the IVF and UJA were gifts. Given with no expectation of monetary return, Irish-Americans and Jewish-Americans were willing to give substantial yet limited sums of money (McCartan 1932; Lehrman 1949; 1950). In addition, as gifts, the IVF and UJA monies carried burdensome social obligations. Seeing the donations as an act of generosity, the diaspora organizations that actually collected the IVF and UJA monies, the Friends of Irish Freedom (FOIF) and the Jewish Federations and Welfare Funds (JFWF), demanded a share of the collection for their domestic needs and insisted on having a say in determining the use of the rest of the money (Tansill 1957; Raphael 1982; 1989; Stock 1987:21). The national leaders in Ireland and Israel, however, believed that the Irish-American and Jewish Americans gifts were intended to them, and therefore questioned the rights of the diaspora organizations to keep a portion of the donations in the United States and denied the right of diaspora leaders to take part in the shaping of the national struggles in the respective home fronts (McCartan 1932; Cronin 1972; Ganin 2005:66; Halperin 1985).

To overcome these problems, in January 1920 and May 1951 respectively, the Irish and Israeli nascent governments developed fundraising mechanisms that combined elements of gift-giving and market exchange. Instead of relying only on donations, the Irish government, the *Dáil Éireann*, and the Israeli government issued national bonds and sold them to their American supporters. The Irish and Israeli bonds both offered modest interest rates for the bonds, but given their shaky political and economic status, they marketed the bonds as a unique moral investment (Carroll 2002; Rehavi and Weingarten 2004). An ad for the Irish bond, for example, challenged potential subscribers: "Measure your friendship for the Republic of Ireland by the size of your subscription to its first bond certificate issue. The world is watching and the world will know." (*Irish Press*, January 24, 1920). Similarly, an ad in *Life Magazine* explained that "Every time you invest in a State of Israel Bond, you invest in far more than 3 1/2% interest. You also invest in the dignity of man and in the future of democracy." (October 8, 1951). A combination of moral and pecuniary interests was supposed to lure subscribers to invest more money in the bonds than they would have otherwise be willing to give as a gift.

Both the FOIF and the JFWF were deeply concerned about the new bond initiatives. From their perspectives, the Irish and Israeli bonds were aimed at marginalizing their position by allowing the respective governments, a direct access to the Irish-American and Jewish-American purses.¹² The Israeli bond initiative placed the JFWF in a particularly sensitive situation. Beginning in 1948, in response to urgent appeals from the Israeli government, many Jewish Federations borrowed large sums of monies from American banks, using wealthy community leaders as collateral, and forwarded the money to Israel to prevent immediate default. Competition from the Israeli bond project over the generosity of donors, they now feared, could drive them to bankruptcy. Nevertheless, given the determination of the Irish and Israeli governments, both organizations were forced to cooperate, even if half-heartedly, with the respective bond campaigns.

Despite the reservations of the FOIF and the JFWF, the Irish and Israeli bonds seemed, at first at least, like a big success. In the Irish case, over a span of a few months, more than

¹² See Schell to Devoy, February 20, 1920 (NL/McGarrity papers/MS.17522(1)); "Summary of CJFWF participation in Jerusalem Meetings, September 3-6, 1950" (CZA/A371/28).

300,000 subscribers purchased Irish bonds for an overall sum of \$5,123,640, by far the largest sum ever raised by the Irish nationalists in the United States (Carroll 2002:23). Subscription to the Israeli bonds was impressive too. During the three years of the first “Independence Issue” campaign, the AFDCI sold \$145,500,000 worth of bonds, mostly to Jewish-American sympathizers (Rehavi and Weingarten 2004). But a quick look at the Irish and Israeli attempts to float a second diaspora bond drives, in 1921 and 1954 respectively illustrates that, in fact, the two ventures had radically different results.

b) Issuing the second diaspora bonds

The financial success of the Irish bond did not end the arguments between the FOIF and de Valera and his colleagues. Seeing their contribution to the success of the bond campaign, as an act of generosity, the leaders of the FOIF insisted on continuing to play an active role in *shaping* the Irish political struggle. Thus, when in early 1920 de Valera issued conciliatory statement toward England in an interview to the *Westminster Gazette*, John Devoy, the seasoned leader of the FOIF, charged:

The Irish people in America... have given magnificent support on the faith of the Dail Eireann’s Declaration of Independence and Proclamation of the Irish Republic. Every dollar subscribed, either to the Victory Fund or to the Bond Certificate of the Irish Republic, was given on the distinct understanding that the policy announced in Dublin on January 21, 1919... would be firmly adhered to.

From Devoy’s perspective, the differences between the IVF money and the bonds money were immaterial. Both subscriptions were given in support of specific national struggle and out of sheer generosity. “The Dail Eireann [he continued] has the power, but not the right, to change the policy and objectives because [these objectives] aroused the enthusiasm of the Irish in America and loosened their purse-strings.... (*Gaelic American*, February 21, 1920) Thus, instead of taking the backseat, Devoy believed that the extraordinary generosity of the Irish-Americans entitled them for a special consideration.

Devoy was not alone in holding onto this interpretation. When, in June 1920, de Valera used the proceeds of the bond campaign to lobby for Irish recognition at the national convention of the Republican party in Chicago, the FOIF’s national executive charged: “President De Valera’s expenditure of money obtained in America from the sale of Irish Republic Bonds was, in our judgment, a misappropriation of those funds, and we protest against any further such expenditure of these funds in America.”¹³ From the FOIF perspectives, the bond’s money was essentially a gift, and they therefore felt entitled to determine, at least in part, what will be done with the bonds’ proceeds.

The Irish Republican leaders had a different interpretation of the relationships between the Irish at home and in the United States and of the meaning of the Irish-American money. In response to accusation of misuse of the bonds’ money, de Valera explained:

The moneys that have been subscribed to the Irish Bonds, whether here on in Ireland, or anywhere else, is Irish Government money, the property of the Irish nation. It is subscribed for all legitimate governmental purposes. Some time ago, having noticed the

¹³ Circular to members of the FOIF, June 17, 1920 (AIHS/Cohalan papers/5/5).

symptoms of a disease of which the present charges are but a symptom, I wrote to my government pointing out the situation. I feared that an effort would be made to use the power of the purse to make me subservient to the wishes of other than the Irish people. To prevent that policy, I asked for an appropriation from my government giving me and my co-trustees discretionary powers to use government funds....¹⁴

Later, when Massachusetts's council of the FOIF further questioned the way the Irish bond money was used, Joseph McGarrity, de Valera's close ally, explained that

The people of Ireland, in authorizing through their representatives the floating of a loan bound themselves to repay the loan at the closest opportunity. These funds are, therefore, their property to be used according to their representatives, [as] the Dail Eireann, shall direct (*Irish Press*, December 25, 1920)

From de Valera's and McGarrity's perspectives, the Irish bond was a loan and therefore, the key obligation of the Irish Republic was to return the loan to the bondholders in a timely manner. Importantly, this obligation annulled other obligations that would have been associated with the bond's money had it been a gift. Consequently, they argued, the authority to determine the legitimate use of the money rested with the *Dáil Éireann* and not with any other entity.

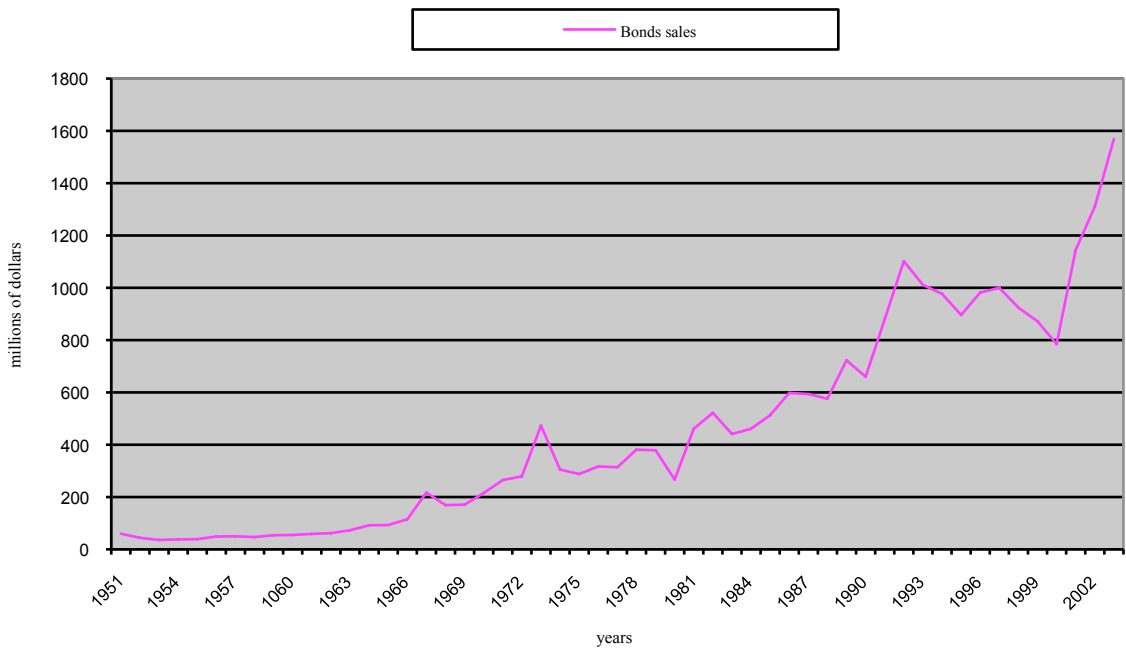
On the one hand, Devoy and his associates treated the bond's money as a gift and believed that it entitled them to a special consideration, in particular on matters that touched the very heart of the Irish struggle for independence. De Valera and McGarrity, on the other hand, drew a distinction between the IVF money, which they saw as a gift, and the Irish bond money which they saw as more of an investment, even if one motivated by non-pecuniary interests. The differing interpretations of the nature of the exchange and, more importantly, the rights and obligations associated with these interpretations intensified the tensions between the FOIF and the Irish Republicans.

Eventually, the tensions between the Irish mission in the United States and the FOIF resulted in an open conflict. In late 1920, de Valera declared the creation of a new organization, the American Association for the Recognition of the Irish Republic (AARIR). The open conflict between the de Valera and his associates and the FOIF had important practical consequences. When, in mid-1921, the Irish Republicans prepared a second drive, they could not rely on the FOIF for support and had tremendous difficulties recruiting able organizers around the country. As a result, the second Irish bond drive was a fiasco. Lacking able organizers, the drive opened only in Chicago and Washington D.C. and the Irish republican leaders hoped to extend its reach to other locals later. Eventually, however, the plan to extend the drive did not pan out and the Irish mission was forced to terminate it prematurely, raising less than \$700,000 of the planned \$20 million (Carroll 2002).

Like in the Irish case, Israeli and American Jews harbored different understandings of what the Israel Bonds were. For Jewish Americans, the Israeli bond was mostly a gift. After all, if they were seeking profits, the United States offered investors far more promising investment opportunities. Perhaps the most convincing evidence for this attitude comes from examining the sales and redemptions of Israel Bonds over the years (see figure 1). Almost without exception,

¹⁴ Statement by de Valera, undated, AIHS/Cohalan papers/4/3.

the sales of the bonds surge and redemptions decline in times of war. In sharp contrast with typical investors, Jewish-Americans were not deterred by the uncertainty associated with wars but, instead, opt to become more deeply invested in Israel at these times.



Israeli Jews, in contrast, saw the Israel Bond mostly as a loan and enjoyed the independence associated with this type of transaction. Abba Eban, the Israeli Ambassador in the United States, for example, explained:

The project [of the Israel Bond] gave the Hebrew nation the vision of Israel’s economic independence, and expressed in the field of economic thinking the idea of independence and sovereignty . . . A very healthy atmosphere, an atmosphere of equality and mutual respect is emanating from the very idea of the loan.¹⁵

The independence and respect that Eban associates with the Israel Bond was not a figment of his imagination. Israel indeed controlled to proceeds of the bonds.

Despite the difference in emphases, both sides recognized the twofold truth of the Israel Bond. The vast majority of the subscribers remembered to redeem the bonds upon maturation (Ketkar and Ratha 2009). On the other hand, Israeli dignitaries, speaking in AFDCI sales events, never failed to thank subscribers for their generosity. Thus, both sides of the exchange recognized the bonds as both an investment *and* a gift *at the same time*.

¹⁵ Eban to Sharett, June 30, 1952, GA/Foreign Affairs/2420/12.

As in the Irish case, the inter-organizational struggles over the bonds did not subside once the sale began. The JFWF continued to suspect that the Israel Bond would reduce donations given to the UJA and conditioned their support to AFDCI on the curtailment of the bonds' campaign during their campaign season (reflecting their belief that the bonds were nothing but a gift in disguise).¹⁶ In 1951 alone AFDCI and Jewish Federation activists clashed in New York City, Chicago, Cleveland, Detroit, Los Angeles, Miami, Newark, Pittsburgh, and Washington, DC.¹⁷ In economic terms, however, the proceeds from bond sales more than doubled the amount of dollars Israel received from Jewish sources. Therefore, in late 1953, the Israeli government decided to float a second Israel Bond issue.

The AFDCI launched "Development Issue" drive on May 1 1954. As in the first issue, the Israel Bonds were marketed as a special kind of moral investment and the sale of the new bond continued at the same rate. Following the first and second drives, others followed and the sale of Israel Bonds continues to this day. Whereas in the 1950s annual sales varied between \$40-60 million, in the following decades sales increased, peaking at \$1.5 billion in 2003. About a third of Israel's \$30 billion external debt is to Israel Bond subscribers (Rehavi and Weingarten 2004).

The tumultuous histories of the Irish and Israeli bond campaigns illustrate the difficulties involved in the organization of moral investments. In both cases, the impetus for the issue of these hybrids financial instrument was the need to overcome the limitations associated with gift giving in terms of the size of the gift and in terms of the obligations it produced. Furthermore, in both cases, the ambiguous nature of the bonds served as a source of tension between the diaspora organizations and the respective homeland governments. The tensions revolved precisely around the question of what are the obligations and entitlements that were associated with each type of transactions. Nevertheless, the abrupt termination of the Irish Bond Certificate drive and the ongoing sale of the Israel Bonds provide a clear indication of failure and success. The point is not merely that the Israeli government managed to raise more money than the Irish government, although that was obviously true, but that the AFDCI was better able to keep the tensions between the parties involved from stifling further cooperation. In the trials of strengths that the Irish and Israel socio-financial networks endured, the Israel Bond proved more robust.

III. Moral investments and the production of a *zone of indeterminacy*

The contrasting outcomes of the Irish and Israeli bond project provide an interesting puzzle. At first glance, the Irish and Israeli bonds project seem similar but whereas the Israeli bond helped regulate the relationship between Jewish-Americans and Israel and generated large sums of money for Israel's economic development, the Irish Bond became an object of contention between the Irish government and the FOIF. Both the Irish and Israeli bond projects induced some misunderstanding regarding the nature of the transaction and the relationships that prevail between the parties. Referring back to table 1, it looks as if the Irish and Israeli bond project occupied the lower left bracket where the giver is motivated above all by sheer generosity while the receivers believe that the exchange is more of the nature of an investment. But whereas in the Irish case, this discrepancy served as a bone of contention, in the Israeli case, the two sides

¹⁶ See report of Bronstein to Indianapolis Federation Board, March 19, 1952, AJHS/CJFWF/I-69/194/3.

¹⁷ See CZA/A371/10; CZA/Z6/582.

were able to continue their mutual engagement despite and perhaps even due to their mismatched interpretations.

In retrospect, once the outcomes of the bond projects are known, it is easy to identify key contextual differences that may explain *why* the Irish bond project failed whereas the Israel project succeeded. First, at the time of floatation, Ireland was under British control and the Irish government was still struggling for international recognition. In contrast, the Israeli government exercised control over its territory and enjoyed international recognition. Second, in comparison with the Irish-American community, the Jewish-American community was better organized to effectively support such large scale project. Third, it may be argued that conditions for such operation in the United States were better in 1951, especially after the holocaust, in comparison with 1920. Clearly, the historical circumstances within which the Irish and Israeli governments operated were different. But while the outcomes of the drives may have been the result of these difference, understanding the process of the construction of moral investments requires a different kind of historical investigation, one that pays close attention to the process of through which the Irish and Israeli governments qualified the bonds so as to fit the worlds of their potential subscribers.¹⁸ To do that, this section will explore the difficulties that were involved in issuing the bonds and identify the innovations that were introduced in order to overcome them at a level usually below the level of scrutiny of historical comparative researchers.

The issue of the Irish and Israeli diaspora bonds was a complex organizational accomplishment. At first, the Irish Republicans hoped to sale the bonds over the counter of commercial banks, just like regular bonds. However, they soon discovered that no bank, not even those owned by Irish-American financiers were willing to float their bonds (see American Bank Note company to McGarrity, December 12, 1919, NL/McGarrity Papers/MS.17522(1)). Therefore, Eamon de Valera, the President of the Irish Republic then on a visit to the United States decided to establish a new organization to issue and sale the bonds directly, the American Commission on Irish Independence (ACII).¹⁹ To his disappointment, de Valera also discovered that since the American Government was yet to recognize the Irish Republic, selling the Irish bonds as regular bonds contravened the Blue Skies Laws which regulated trade in securities. To overcome this hurdle, the ACII resolves to sale bond certificates. These bond certificates were

... not negotiable, but exchangeable at par for Gold Bonds of the republic upon presentation at the Treasury of the Republic one month after the Republic has received international recognition and the British Forces have withdrawn from Ireland. These Gold Bonds will bear interest... at the rate of Five per cent per annum.... (Carroll 2002:105)

Unlike regular bonds, the bond certificate contained only a *conditional* obligation for redemption. At the time of purchase, the bond certificate, according to the prospectus, was a gift bearing no financial obligations. If and when the Republic would be recognized and British forces evacuate the island, it would become an interest bearing bond. Given this constraint, and

¹⁸ As Michel Callon and his colleagues argue, the objects that change hands in various types of transactions, as well as the context in which they change hands, should not be taken as a given. Instead, researchers must pay close attention to the diverse methods and techniques through which actors “qualify” the objects and the situation of the transaction in order to accomplish their ends (Callon, Méadel, and Rabeharisoa 2002)

¹⁹ To be precise, the ACII was a committee of three dignitaries that the Friends of Irish Freedom established in order to present the Irish case at the Peace Conference in Paris. By the time de Valera entrusted Frank Walsh, the head of the ACII with the task of issuing and selling the bonds, it was practically defunct.

in order to distinguish the bond certificates from regular philanthropy, the Irish Republic offered a 5% annual interest rate for the bonds. This interest rate, which was slightly higher than the one offered by U.S. treasury bonds at the time, the Irish Republicans hoped, would secure some businesslike appeal for the bonds.²⁰

When the Israel floated its diaspora bonds, the United States government already recognized its government. Nevertheless, just like in the Irish case, given Israel's unstable status, commercial banks refused to underwrite the bond. Therefore, the Israeli government established an independent corporation, the American Financial and Development Corporation for Israel (AFDCI), to issue and sale the bonds directly to subscribers. Suspecting the free trade would result in radically depressed price, the Israeli government determined that the bond would be not negotiable and offered a moderately attractive interest rate in order to create some businesslike appeal for its bonds. But Henry Montor, the executive director of the AFDCI, understood that a promise of repayment alone would not be enough to persuade potential subscribers of the pecuniary value of the Israeli bonds.²¹ In the period between purchase and redemption, he realized, the Israel bond would be entirely useless and any downbeat news from Israel would turn the AFDCI's efforts to present the bond as a sound investment into a sham. Therefore, in order to increase confidence in the bonds, the AFDCI introduced a number of special privileges. First, the Israel Bond organization promised that the bonds would be convertible to Israeli pounds at any time. Jewish-Americans who traveled to Israel could use the bond as a traveler's check even prior to its maturation. Second, in case of the death of a subscriber, the AFDCI allowed the bond's inheritors to redeem it immediately without penalties. This privilege, which turned the bond into a kind of simple life insurance, was designed to attract elderly subscribers that would have otherwise avoided the bonds. In addition, the AFDCI sold some of the bonds as coupon bonds, where the interest was paid in 24 semiannual installments.²² The prompt payment of interest on these coupon bonds and the special privileges allowed some subscribers to receive their money back prior to maturation thereby making it harder to claim that the Israel Bond was just a gift in disguise.

Distributing the bonds presented another challenge. The ACII and AFDCI had to establish an elaborate network of local committees to sale the bonds, but they had no way oversee the operation of these committees and assure that the money collected will actually be sent to the headquarters in New York.²³ Anxious to maintain centralized control over the bonds and their proceeds, the ACII provided local organizers with application forms and receipts. Only once the headquarters received the applications along with the money, did it issue the bonds and sent to the subscribers via mail.²⁴ James O'Mara, the fiscal agent of the Republic who oversaw the operation believed that this procedure would act as a self-correcting mechanism. Subscribers who await their bonds, he believed, would put pressure on local organizers and urge them to promptly send the money to the headquarters (O'Mara to Collins November 5, 1920,

²⁰ Nunan to Collins, September 17, 1919, INA/DE 2/292.

²¹ See Minutes of a meeting between Montor and partners of Kuhn Loeb, December 14, 1950, CZA/A371/2).

²² See Fiscal Agency Agreement, May 1, 1951, AJHS/AFDCI/I-322/5.

²³ This problem is obviously relevant for philanthropic drives as well but the danger in the case of the bonds was multiplied by the nature of the transaction. If a corrupt local organizer sales bonds and keeps the money in her pocket, not only will the respective government not enjoy the money subscribed, years later it may be required to pay principal and interest for these lost monies.

²⁴ O'Mara to Collins, November 5, 1920, INA/DE 5/57/14.

NA/DE5/57/14). In practice, O'Mara's procedure created serious delays and frustration. The headquarters were overwhelmed with thousands of applications, some of them entirely illegible, and were not able to send them back in a timely manner. In the meantime, local organizers had to deal with impatient subscribers who often accused them of stealing their money.²⁵

The Israeli organizers faced similar problem and they too decided to provide local organizers with only application forms and receipts for the bonds. But in order to make the process more efficient, the AFDCI commissioned the task of issuing and delivering the bonds to eighteen district banks that had extensive experience with handling such matters.²⁶ In addition, the AFDCI purchased an insurance policy for lost money.²⁷ As a result, delays and failures were relatively rare, fewer subscribers felt cheated, and fewer organizers felt misused.

Lastly, the inter-organizational setup of the drives was different as well. In the Irish case, the Irish Republican leaders insisted that the FOIF cease their philanthropic fundraising to make way for the bond campaign. As a result, the FOIF was left with no substantive role to play in the Irish struggle, and its leaders suspected that de Valera conspired to destroy them (Tansill 1957). In contrast, in the Israeli case, perhaps due to the influence of the JFWF, philanthropic fundraising efforts continued alongside the bond campaign. The side-by-side operation of these two fundraising instruments helped make the case for the difference between the philanthropic donations and subscriptions to the Israel bonds. Perhaps even more importantly, to continue the operation of the UJA, the JFWF needed the cooperation of the Israeli government, which supplied them with moving speakers and a credible cause. This dependency forced them to tone down their criticism and not to question, at least not in public, the precise nature of the Israel bonds.²⁸

As we have seen before, both the Irish and Israeli bond projects generated discrepant interpretations regarding their true nature, but this lack of consensus had strikingly different results. In the Irish case, the different interpretation of the nature of the bond certificate, and more importantly, of the rights and obligations that follow from subscription to the bonds became a bone of contention. In the Israeli case, in contrast, Israeli and American Jews were able to continue their mutual engagement in part due to their different perspectives. Put simply, had Jewish-Americans saw no difference between the Israel bonds and bonds issued by General Motors, for example, they would have in all likelihood purchased *only* General Motors bonds. In contradistinction, the Israelis attributed moral value to the bonds precisely because they saw them as a type of investment that is different from the philanthropic funds provided by the UJA. The difference, I argue, lies in the particular way in which the Irish and Israeli organizations handled these mismatched interpretations.

Given the shaky political and economic status of the Irish and Israeli governments, a key challenge for the respective bond organizations was persuading subscribers that the bonds were anything other than a gift in disguise. Without accomplishing that there was little hope that the

²⁵ Dunne to Lynch, April 8, 1920, NYPL/Maloney collection/4/5.

²⁶ See AJHS/AFDCI/I-322/1/10.

²⁷ See Sanders to Keller, May 15, 1952, CZA/A371/9; Kurash to Montor, May 23, 1952, CZA/A371/9.

²⁸ To be sure, many JFWF leaders questioned the depiction of the Israel Bond as a sound moral investment, but, like the AFDCI, they had an interest in maintaining a distinction between their philanthropic efforts and the bonds (see Ben Gurion to Even, July 22, 1952, IGA/Foreign affairs/2420/13).

bonds would yield an more money than the previous system of philanthropy did, and place the respective governments under crippling debt (Tansill 1957). But the bonds were differently qualified to accomplished this task. The sole difference between the Irish bond certificates and regular gift was a conditional promise to repay them but, essentially, prior to their redemption, treating the bonds as an investment was essentially an act of faith. In contrast, the special privileges built into the Israeli bonds provided the actors involved with tangible evidence that the bonds were different from the UJA funds. The special privileges of the bonds did not have persuaded subscribers that the bonds were a sound investment but they have rendered the attempt to reduce their meaning to simply a gift a bit harder.

It would be a mistake, however, to conclude that the Israeli bond project succeeded because it was somehow more ambiguous or more investment-like in comparison with the Irish bond certificate. In important respects, both bonds were ambiguous and this ambiguity served as a source of tensions in both cases, but the context within which these tensions unfolded were different. In the Irish case, a number of organizational glitches and strategic decisions forced the Irish American and Irish Republican to confront the different interpretations they had for the Bond Certificates. De Valera's decision to deny the FOIF of active role in the issuing of the bonds, had caused the little goodwill that may have existed between the leaderships to evaporate. In this atmosphere of mutual suspicion, the delays in the delivery of the bond certificate was interpreted as a sign of corruption. Furthermore, de Valera use of the bond certificate proceeds in the United States for purposes that were at odd with the FOIF's policy gave the FOIF leaders with an opportunity to asset their own interpretation of the bonds' meaning. It is as if the deterioration of the relationships between the parties forced them to take a stand and clarify their understanding of the nature of their mutual engagement.

In the Israeli case, the combination of the terms of the bonds along with the delicate inter-organizational arrangement or the relationship between the parties combined to create a *zone of indeterminacy* in which neither of the parties was particularly well equipped or motivated to clarify the nature of the bonds or the relationships that prevailed between the parties to the transaction. The leaders of the JFWF were not thrilled about the launching of the bonds, but the ongoing operation of the UJA curtailed their motivation to clarify whether the Israeli bonds was a sound investment or, perhaps, nothing other than a gift in disguise. The division of labor between the AFDCI and the UJA, in other words, allowed the leaders of the JFWF to occupy themselves with philanthropic fundraising and not contest the presentation of the Israel bond as a sound moral investment. The temporal order of the transactions played an important role in the construction of this *zone of indeterminacy*. In the time window between subscription and maturation, determining whether the Israel bond was a gift or and investment, was essentially an act of faith. In the period between subscription and redemption, each party could have told itself a pleasing story about the nature of the transaction, without them having to confront the mismatch in their interpretations. Thus, the combination of the ambiguity that was built into the terms of the bonds together with the context in which they were issued that allowed the Israel bond to become a moral investment.

IV. Discussion

This article examines the practical difficulties involved in organizing moral investment. Close examination of the Irish and Israeli diaspora bond project illustrate the tensions that are

associated with the fusion of gift-giving and market exchange. The combination of these elements in the case of the bonds, made it harder for the parties involved to negotiate and agree over the rights and obligations that were associated with the transactions. In the Irish case, the ambiguous nature of the bond certificate had turned them into a bone of contention that forced the parties involved to clarify their attitude towards each other and resulted in termination of the bond certificate project. The issue of the Israeli diaspora bonds was fraught with difficulties too, but in this case, the ambiguous nature of the transaction served a facilitating role, allowing each side to interpret the transaction in a way most pleasing to itself. Together, the analysis shows that the organization of moral transactions—the orchestration of the conflicting rights and expectation that different types of exchange generate—is a tremendous organizational accomplishment. Successful orchestration of such transaction necessitate creating a *zone of indecision* within which the parties can engage in transaction without having to clarify the rights and obligations that follow from this exchange.

Close examination of the Irish and Israeli cases offers a sobering correction to current research and policy regarding diaspora bonds. In their influential study, Suhas Ketkar and Dilip Ratha from the World Bank examine the cases of Israel and India, probably the most successful instances of diaspora bond issue. By calculating the “patriotic discount” of these bonds, that is, the gap between the cost of these bonds and similarly positioned bonds, they conclude that diaspora bonds offer developing countries with a unique opportunity to raise more capital at a cost substantially below the one offered by conventional financial markets (Ketkar and Ratha 2009). An attractive feature of Ketkar and Ratha’s proposal is that it provides an alternative to shrinking government sponsored development programs. But in addition to suffering from an obvious selection bias, the econometric approach of Shuas and Ratha glosses over the organizational and political complexity of these projects. The analysis of the Irish and Israeli bond projects suggests that the belief that diaspora bonds can fill the financing gap that developing countries experience is too optimistic. Analysis that takes these elements into account clarify that rather than a fast and easy way to get money, the floating of diaspora bonds is an extraordinarily complex organizational challenge. It is quite reasonable to suspect that only a few diaspora communities today enjoy the organizational infrastructure necessary to issue and sale diaspora bonds on a large scale.

The empirical cases tackled in this article involve large-scale organization. Exploring this scale is highly relevant given recent trends in philanthropy and the rise conscious consumerism, but it is obviously quite different from face-to-face economic transactions which also tend to fuse elements of gift-giving and market exchange. While the difference is scale should not to be taken lightly, the analytical framework developed in this paper can be useful for understanding face-to-face hybrid transactions as well. Exploring the case of garage sales in the United States illustrates this point. In a brilliant ethnography, Gretchen Herrmann notes that the location of garage sales, somewhere between the private and public sphere as well as the personal nature of the items offered for sale, endows garage sales transactions with properties of both gift-giving and market exchange. This ambiguous setting, she further observes, generates “uneasy tension and uncertainty about rules of behavior” (Herrmann 1997:915; 2003).

Given that the principles of valuation in gift-giving and market exchange are contradictory, it is therefore quite remarkable that parties that are involved in garage sale typically manage to complete their transaction *without* having to decide whether the transaction

entails gift-giving or market exchange. The factor that allows such transactions to be complemented, I suggest, is not simply the agreeable orientation of the trans but their ability to maintain a *zone of indecision* and not clarify the precise meaning of the exchange or the exact value of the objects that change hands. This accomplishment is made possible due to the fact that garage sales entails a process of re-commodifying possessions. That is, the price in garage sale does not need to cover sellers' costs since the objects that are offered for sale were bought long ago and had been used by the seller. Furthermore, calculating the value of items in garage sales is particularly hard due to their eclectic nature and because of the difficulty to assess the decrease in their value due to previous usage. In short, the unique features of garage sales, allows the transactors to create a *zone of indecision* that facilitates the completion of these hybrid transaction. As in the case of diaspora bonds, the existence of a temporal gap, this time between the initial purchase of the item and its resale, allows the parties involved to cooperate and reach an agreed upon price, without having to a-priori determine whether the items that changes hands are a gift or a commodity.

More generally, while the Parsonian emphasis on moral consensus has been largely abandoned by current sociology, mainstream sociology still assume that that some level of consensus is indispensable for accomplishing cooperation. In recent years, however, a number of scholars have challenged this truism. The works of Susan Star and James Griesemer (Star and Griesemer 1989) and David Stark (Stark 2009), for example, show how a certain level of ambiguity can play a facilitating role in establishing cooperation without consensus. This article contributes to this line of research by increasing the specificity of the argument. While it is true that ambiguity, in economic transactions and elsewhere, can sometimes serve to lubricate social encounters and promote cooperation, it is quite obvious that it can also lead to the opposite results. Close examination of the bond projects suggests that in situations that are characterized by diversity of opinions, ambiguity can generate cooperation only when the parties involved can somehow avoid clarifying their differences to one another. The construction of a *zone of indecision*, that is, of a social context within which the parties involved are less likely to make sense of a situation by way of clarifying and are somehow restricted in their ability do so, is a key for stabilizing cooperation without consensus. It further highlights the importance of temporal orchestration in the production of such a *zone of indecision*.

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