THE MEANINGS OF NEW MONEY: SOCIAL CONSTRUCTIONS OF VALUE IN THE RISE OF DIGITAL CURRENCIES


Committee:
Edgar Kiser (Co-Chair), Benjamin C. Hill (GSR), Ross L. Matsueda, Sarah L. Quinn, Katherine W. Stovel.

In the wake of the Great Recession, a novel monetary object was introduced to the world: Bitcoin. As its collective valuation has risen into the billions (USD), it has brought with it a sustained disruption to some of the most deeply taken-for-granted aspects of modern life: money and value. This dissertation undertakes a set of interrelated investigations into the collective processes of social construction and valuation that have been part of this ascent.

The first study begins by considering the challenge that digital currencies pose to established economic models of the origins of money and value. Using a series of agent-based models (ABM) based on Bayesian updating agents, it shows how sociological models of value construction may be able to help solve this theoretical problem. Specifically, it shows how treating valuation as a process of learning under uncertainty clarifies how “something” can legitimately come from “nothing” in social valuation processes. It also shows how this model can be used to systematically explore the differences between social versus non-social valuation processes, the dependency of social valuation processes on time, initial states, and early actors, and how a mix of non-social and social feedbacks can impede a system's ability to arrive at the “correct” assessment of an object’s underlying value.

The second study uses text gathered from 100,000s of messages posted by individuals in the main communities surrounding Bitcoin and a combination of automated and traditional content analysis to explore the “talks” (Swidler 2001) of money and value that individuals have employed to make sense of this new monetary object. The resulting analysis traces the manner in which the initial metallist views that first inspired Bitcoin’s creation continue to influence the discourses surrounding it, and then goes further to unpack the ways in which members have had to go beyond those founding ideas in order to account for how the new digital currency has come to hold value. In exploring these variegated, sometimes contradictory, discussions of the economic, political, and social origins of money and value, this analysis sheds light on the ways the individuals at the advent of digital currency are making sense of this new arena of economic activity and how they are creatively reworking established notions of money and value in order to understand what Bitcoin is and where its worth comes from.

The final study takes on the puzzle of how Bitcoin has gone from being an obscure monetary experiment of a small group of “techno-Libertarians” to becoming the basis of a new multi-billion dollar financial technology industry – an industry dominated by the very same actors it was initially intended to subvert. Using the documented history of Bitcoin’s evolution, the application of automated content analysis and topic modeling methods to thousands of news reports, and analyses of trends in quantitative measures of Bitcoin related Google searches, venture capital funding, and price and market transaction volumes, this chapter shows how Bitcoin’s multivalent identity has facilitated its adoption by a multiplicity of groups, but also, ultimately left it vulnerable to being preferentially defined in ways that benefit powerful actors. In charting the rise of Bitcoin and linking it to the collective definitional processes that have surrounded it, this study chapter examines the social dynamics that surround “robust objects” and the role that these processes play in the reproduction of power structures in new social and economic fields.

People Involved: Lynette Shaw
Adviser(s): Edgar Kiser, Sarah Quinn, Katherine Stovel, Ross L. Matsueda