Derivative Character Investments: Social Impact Bonds as Path-Changing Devices

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Emily Rosamond
Lecturer in Visual Cultures, Goldsmiths, University of London
Emily.Rosamond@gold.ac.uk

Abstract:

Since 2010, social impact bonds (SIBs) have invited investors to ‘do well by doing good’: injecting capital into social welfare projects, and gaining returns based on successful attainment of impacts. A foregrounded interest in behavioral change typifies much of this market (with SIBs aiming to reduce recidivism, truancy, and addiction, for example). Commentators have situated these behavioral concerns within debates on nudging, ‘caring capitalism’, and the financialization of social welfare. Lesser attention has been paid to how SIB promotional materials transpose behavioral interests into narrative and representational terms. Given their role in fabricating consent for social impact investing, this article questions how promoters narrate SIBs’ construction of behavioral changes as objects of investment, both drawing from and reshaping conventions for representing *character* in the process. Analyzing three examples, I argue that behavior-focused SIB promotional videos depict societal improvement as ‘improved character’ at scale. By depicting beneficiaries as better able to morally direct their lives, they represent SIBs as *path-changing devices*, threading more fulfilling life paths through society. They encourage *derivative character investments* in bundles of bettered behavior, narratively linked to changed life paths at scale.

Keywords:

Social impact bonds, financialization, character, behavior, nudging

Since 2010, social impact bonds (SIBs) have garnered widespread interest – and widespread criticism. SIBs are pay-for-success tools whereby investors inject capital into social welfare projects for which governments cannot (or will not) front the funds. Investors then receive government returns based on whether the project met its social impact targets. Many SIBs construct behavioral change as an object of investment, by aiming to reduce recidivism, truancy, or addiction, for example (Lilley et. al, 2019; Berndt and Wirth, 2018). Commentators have often situated these behavioral interests within debates on ‘nudging’ (Thaler and Sunstein 2008; Mitchell 2017; Chiapello and Knoll 2020, p. 11), ‘caring capitalism’ (Barman 2016; Rosenman, 2019), the privatization of social services (Lilley *et al*. 2019, Neyland 2018; Warner 2013, Tse and Warner 2018, Tse and Warner 2019), and the financialization of social welfare (Berndt and Wirth 2018, Chiapello 2015, Chiapello and Godefroy 2017). Lesser attention has been paid to how SIBs’ behavioral interests have been *represented* and *narrated* as objects of investment within promotional materials – although the visual and narrative tropes used to “produce consent” (Dowling 2017, p. 305) to social impact investing have received occasional mention (Andreu 2018). Given the importance of promotional images in establishing SIBs’ credibility, this article questions how behavior-focused SIB promotional videos produce impact investing imaginaries, which might pre-empt or counter the myriad critiques of SIBs. In particular, it focuses on how these videos stage beneficiaries’ ‘improved behavior’ – and translate the *behavioral* interests of the investment products themselves into *narrative investments in character*. I analyze three SIB promotional videos, and situate these within critiques of SIBs, literary studies of character, sociological accounts of the policy ‘turn to character’, and accounts of datafication. These promotional videos portray SIBs as *path-changing devices*: investment products that alter life paths in bulk, via improving ‘character’. Transposing SIBs’ behavioral interests into narrative interests in character allows promoters to suggest that their programmes’ benefits transcend limited investment terms, altering the very lifespans, and even destinies, of represented beneficiaries.

These videos promote SIBs as *derivative character investments*: investments in bundled, statistically measured behavioral changes – narratively coded as 'improved character' – which weave 'bettered life paths' throughout society. While SIBs themselves might well be structurally indifferent to the underlying lives they purportedly invest in (Lilley *et al*. 2019), the videos narratively counter that indifference, reconstituting derivative investments in bundled beneficiaries by singling out compelling, singular turning points in represented lives.

Context and Method

First, it is necessary to contextualize how social impact bonds construct 'at-risk' populations' betterment as investment opportunity – and to recount key critiques of their efforts to do so. Delineating the many unresolved problems within SIB investing will enable analysis of how promotional materials might aim to resolve these problems (narratively, if not actually) by positing character as an underlying object of investment that transcends the actual investment term. The SIB market has expanded considerably since its 2010 inception, with 127 SIBs reported worldwide as of January, 2019 (Brookings 2019) – even though SIBs remain as yet a niche investment sub-category (Fraser *et al.* 2018, p. 11). The largest proportions of the world's SIBs address social welfare (47 bonds) and employment (45 bonds) (Brookings, 2019). While SIBs support a wide range of aims (such as supporting health and environmental outcomes, for instance), this article concentrates on social welfare and employment-focused interventions, as paradigmatic of a tendency to foreground behavioral modification as a privileged object of impact investment. Such investment projects position behavioral change within "caring capitalism" (Barman 2016): the free market-focused, investor-led pursuit of 'social impact'. Chiapello (2015, p. 25-26) traces the shift from a logic of donations and grants, to one of Social

Return on Investment (SROI) for charitable work – foundational for SIBs – through 1990s California 'venture philanthropy' and American 'social entrepreneurship' (p. 26). The relationships between SIBs' construction of financial and social values have been much debated. Chiapello has argued that SIBs reflect a broader "financialization of valuation," according to which financial means of establishing value ("net present value, probability-based estimation, and market prices") colonize other areas of life (Chiapello 2015, p. 17) – even if 'financializing' social impact has never been a straightforward proposition (Chiapello and Godefroy 2017, p. 175). Conversely, Barman argues that "valuation infrastructure" (2015, p. 17) in "concerned markets" (Geiger et. al 2014) does *not* effectively financialize or economize social values; rather, it inaugurates impact "as a distinct regime of value, alongside financial value" (2015, p. 37). Langley (drawing on Emerson's theory of "blended value") (Emerson 2003) describes financial value as being "folded into 'values-based' judgments of investors interested in 'societal value'" (Langley 2020, p. 140).

Fraser *et al.* (2018) note three predominant narratives within SIB literature: a 'public sector reform narrative,' advocating importing private sector management into social services (p. 9); a 'private sector reform narrative' advocating for social entrepreneurship (p. 10); and a third, cautionary narrative emphasizing the downfalls of 'venture philanthropy' (p. 12), which they view as the most convincing of the three (p. 4). Indeed, critiques of SIBs are legion. Some cite methodological difficulties, such as the "boundary work" required to establish Impact Investing (II) as a new investment category (Chiapello and Godefroy 2017, p. 181) with appropriate "judgment devices" (Chiapello and Godefroy 2017, p. 174) for measuring impact; or the lack of methodological rigor in treating experimental social programs as "randomized field experiments" (Favereau 2016). Others have critiqued SIBs' tendency to produce “perverse incentives” (Neyland 2018, p. 502; Mitchell and Sparke 2016, p. 741; Lilley et. al. 2019, p. 13), such as keeping those in need out of care in order to improve a project’s metrics; “cherry-picking” easier cases (Chiapello and Knoll 2020, p. 5; Carter 2019); and writing terms favourable to investors into contracts (Whistler *et al.* 2014).

Many have critiqued how SIBs expropriate public funds into private hands – a pursuit sometimes facilitated by suspect valuation methods, such as the “‘avoided cost’ method […] of attempting to estimate the value of impacts” (Chiapello and Godefroy 2017, p. 180), by projecting future government savings to which a SIB-backed program might lead. Chiapello and Godefroy describe this method as “paradoxical to say the least”, since it “assumes the existence of an effective welfare state”, even as it claims to compensate for that welfare state’s shortcomings (2017, p. 180). Dowling and Harvie (2014, p. 870) note that non-profit sector workers, unpaid community members, and indeed, ‘served’ populations contribute to investors’ returns, by investing time and effort in the offered programs, often with little or no pay. Any government savings made (though these, too, are questionable) (Ogman 2016) could ultimately come at the cost of care workers (Dowling 2017, p. 302). Thus, SIBs enable “accumulation by dispossession” (Harvey 2004), whereby “public funds are being privatized through the use of financial instruments” (Dowling 2017, p. 302). Lucrative tax incentives for impact investing significantly decrease the risk of SIBs, rendering the presupposition that investors are being rewarded for assuming risk questionable (Langley 2020, p. 142; Neyland 2018, p. 502; Chiapello and Godefroy 2017 p. 170; Chiapello and Knoll 2020, p. 5). Given such ample investor protections, Neyland refers to SIBs as “hidden rentier regimes” (Bear 2013, p. 394; Neyland 2018, p. 505) and “anti-market” devices, “effectively ruling out competition and creating a proposition that protects specific parties against the standard risks of an investment" (Neyland 2018, p. 493). Tse and Warner caution that SIBs risk "turning vulnerable people into a new investment class" and undermining "broader conceptions of public value" (2019, p. 2). However, they also note (2018) that some SIBs successfully leverage support for a program's subsequent state funding – particularly within conservative political contexts.

SIBs arguably over-emphasize small-scale interventions (such as beneficiaries' behavioral changes) and ascribe outsized importance to elite benefactors (Mitchell 2017), while failing to address the structural and political causes of inequality, such as lack of access to childcare (Tse and Warner 2019), economic recessions (Chiapello and Knoll 2020, p. 3), and structural racism (Kish and Leroy 2015). Kish and Leroy (2015) argue that many studies overlook the racialized nature of SIBs – despite the fact that 'at risk' populations purportedly served are disproportionately of colour in countries such as the US and UK (p. 640). Similarly with prior instruments of racial capitalism (Robinson 2000), then, SIBs "pre-constitute populations, such as […] the incarcerated as risky subjects, and then purport to resolve those same risks by saving the subjects from themselves" (Kish and Leroy 2015, p. 632).

Some critics paint the SIB form as structurally indifferent to investees, since they register benefits to government and society via 'proxies that measure subjective changes' (Chiapello and Knoll 2020, p. 6), at a remove from the underlying lives purportedly invested in. Lilley *et al.* argue that SIBs are best understood as derivative contracts, which remain "always and utterly indifferent to the underlying state of the world" (2019, p. 2), since their success is derived from "the performance of the service provider against the set of metrics that measure the success of the intervention funded by the SIB" (2019, p. 4). This design feature greatly diminishes SIBs' chances of improving social welfare. To illustrate SIBs' indifference to underlying conditions, the authors imagine how service providers might 'game' behavioral metrics – for example, by encouraging 'problem students' to sign into class (thereby improving a project's attendance metrics), only to leave straight afterwards (Lilley *et al*. 2019, p. 11). As Sara Ahmed writes of literary characters, the 'problem' or "willful character is the one who poses a problem for a community of characters, such that willfulness becomes that which must be resolved and even eliminated" (2011, p. 233). The SIB form perfectly resolves and eliminates the problem of the 'problem student' for the investor, via its indifference to the students themselves – if only they will sign the register as a sign of their 'improved behavior'.

While SIBs are often premised on helping disadvantaged populations, the critiques above render this premise highly suspect. How do promotional narratives steel SIBs against such critiques, by displacing, resolving or compensating for them through narrative and figurative form? In the next section, I analyze how three SIB promotional videos, which typify the aim to "produce consent" (Dowling 2017, p. 305) to social impact investing, compensate for the conflicts above, by depicting SIBs as *character-oriented, path-changing* devices whose significance transcends investment terms. These videos focus on three different SIBs: the UK's Peterborough SIB (the world's first, launched in 2010), designed to reduce recidivism among short-term male prisoners; Social Ventures Australia's Aspire SIB for helping the homeless in Adelaide (launched in 2017); and the State of Connecticut's first SIB, the Family Stability Pay for Success Project, which aids addicted parents (launched in 2016). These three videos – released by the Good Deals UK annual impact investing and social enterprise conference, Social Ventures Australia, and BNP Paribas, respectively

– can be understood as public relations outputs, which seek to enhance the "production of trust" in financial markets (Bourne 2017, p. 11). I chose these videos because they share two common rhetorical features typical of behavior-focused SIB promotional videos: profiling or featuring direct or indirect beneficiaries; and underpinning beneficiaries' testimony with interviews of policymakers, financial intermediaries, and/or service providers. I also chose these examples because they frame social impact differently from one another – as operating either primarily on individuals, or primarily on communities. These differences enable discussion of the conflicted conceptions of 'impact' that typify SIBs as "institutional configurations constantly on the move" (Chiapello and Knoll 2020, p. 14), which inflect the videos' complex means of representing character.

Promoting SIBs: Peterborough

In 2013, Good Deals featured the Peterborough SIB (UK) in a case study video exploring "the brave new world of social investment" (Good Deals 2013). Social Finance (a financial intermediary company founded in 2007) launched the Peterborough SIB in 2010, in partnership with the UK Ministry of Justice. They gathered approximately £5 million in investor capital to fund One Service, an umbrella organization connecting rehabilitation services delivered by St Giles Trust, Ormiston Families, MIND, and other charities. The program aimed to reduce recidivism rates among short-term male prisoners (serving less than 12-month sentences) at Peterborough prison, by either 10% for each of three cohorts of 1000 former inmates per year for an early payout, or 7.5% overall across the investment term of seven years (Disley *et. al* 2011 p. 3; Birkwood 2014). At the end of the term (cut short due to early cancellation of the program), studies showed a 9% overall decrease in recidivism compared to a control group (Ainsworth 2017); thus, the 17 investors received full repayment plus just over 3% per annum on their investment (Social Finance 2017).

The Good Deals video features former Peterborough prisoner, 26-year-old Chris Burden, discussing the support he received from One Service. Speaking in uniform, at work – a Jewson builders' merchants – Burden describes how he used to repeatedly reoffend after leaving prison. Thanks to the outcome-based focus of SIBs, One Service (so the featured employees tell us) boasts flexible, adaptable implementation, along with enhanced data analytics, allowing facilitators to better understand the needs profile of their clients. For instance, featured data analyst Antonio Miguel describes how One Service's improved analytics revealed that many of their clients had low-level mental health issues. Thus, they adapted their provision, adding a mental health support service for low-level needs (Good Deals 2013).

"Although it's me that's changed, it's through them, if you like," Burden says:

> It's knowing that you've got that support there, if you need someone to ring up, and you need a bit of help… rather than… just having one option: and that's to commit crime. … It's massive for me. It makes me feel good inside. It makes me feel better all round, really. You have to work just as hard as everybody else… If it weren't for… the support group, I wouldn't have understood that… I didn't have this frame of mind last year (Good Deals 2013, see also Rosamond 2016).

Aspire

In 2017, the not-for-profit organization Social Ventures Australia introduced the Aspire SIB, Australia's first homelessness-focused social impact bond. The Hutt St Centre, which works exclusively on homelessness in Adelaide, administers the program in partnership with Common Ground Adelaide, Unity Housing and other community housing providers. Aspire offers a "'housing first' intervention model", which focuses on "strengthening community engagement and employment participation" (Social Ventures Australia, n.d. a). It provides each recipient with a dedicated 'navigator' to help them locate support services (a feature shared with the London Homelessness SIB) (Andreu 2018; Cooper, Graham and Himick 2016;), and offers payouts on a combination of 'fixed coupons' for the first four years of the 7.75-year term, and 'performance coupons' for the remaining three years (Social Ventures Australia 2019). Returns range from 8.5-13%, based on success measured by reductions in hospital bed days, convictions, and crisis accommodation periods. Investors risk losing approximately 50% of their capital if interventions underperform (Social Ventures Australia n.d. b). In Social Ventures Australia's Aspire video, Hutt St Centre Chief Operating Officer Lynda Forrest explains that the Centre typically works with a client for three to four months: insufficient time to address the complex underlying issues associated with homelessness, including childhood and adult trauma, abuse, domestic violence and addiction. The Aspire SIB allows Hutt St Centre to work with clients for up to three years, thus better addressing these complexities. The resulting "strong sense of self-worth" fostered through the program's initial stages is followed by support finding work: "it's the work and the house and the self-confidence that changes their lives" (Social Ventures Australia n.d. a). We turn to 26-year-old Alysha, who went through the SIB-backed Pathways jobs program and now works in a café. She describes her renewed sense of purpose: "being able to be back at work and feel like I have a purpose to serve in this life: to be needed, to feel that sense of accomplishment is excellent – and I couldn't be any happier" (Social Ventures Australia n.d. a). Cut to Jack Snelling, then Minister for Health in the South Australian cabinet, who describes the SIB as an opportunity to "break the cycle": benefitting the homeless, and significantly saving taxpayers on services of which the homeless are high consumers, such as health and criminal justice system resources (Social Ventures Australia n.d. a).

Change your mindset

French international banking group BNP Paribas releases 'Social Impact Bond: Change Your Mindset', which showcases the BNP-backed State of Connecticut's first Social Impact Bond (administered through Social Finance US). Launched in 2016, the Family Stability Pay for Success Project addresses substance use in parents, mobilizing "$11.2 million to expand [Yale Child Study Center's] Family-Based Recovery's services to an additional 500 families across Connecticut" (Social Finance n.d.). Tracy Palandjian, CEO of Social Finance US, explains that their aim is to "scale up the work of great non-profits" (BNP Paribas 2017). Cut to Yale Child Study Center's Karen Hanson, who describes the rationale for the program: to provide "in-house substance use treatment to parents" and take advantage of their strongest motivation to recover: their children. (Elsewhere, Hanson has said, "We've heard many times, 'I was not worth stopping for, but my child was.'") (Rosenberg 2018) While their parents receive treatment, children remain in their homes rather than being removed to foster care. Over images of children drawing or being tucked into bed is Hanson's voiceover: "Children who have secure attachments do better in school; they learn to be more resilient. That is one of the huge benefits is thinking about not only helping parents achieve recovery […] but it's really […] setting up the next generation" (BNP Paribas 2017). Commissioner Joette Katz (Connecticut Department of Children and Families) chimes in with the fiscal rationale: "When you do the math, it's actually pennies compared to what it would cost us down the road if we in fact took all those children and had to raise them in foster care over the course of their lives" (BNP Paribas 2017).

These three videos create airtight *narratives of alignment* between personal betterment; a fiscal rationale; and 'smart', scaled-up early intervention. They construct ideas of efficiently instilled value changes for direct beneficiaries (such as improved work ethic in former prisoners) or life improvements for indirect beneficiaries (such as no longer needing foster care). These early interventions are presented as putting people on a different path, and yielding benefits beyond the investment term. Effective presentation of the presumed 'path-changing' benefits of SIBs necessitates a nod (however brief or vague) to a *counterfactual claim*: an alternate world imagined without investment, in which governments would have faced higher costs, and lives would have been lived less happily. Through hinted counterfactuals (woven through beneficiaries' testimonies to their happier lives, and policymakers' accounts of future savings, alike), these videos depict SIBs as *path-changing:* investments setting lives in new directions, benefitting societies and social networks in the process. SIBs, thus, appear to magically align governments', investors' and 'beneficiaries' interests through the medium of the imagined 'changed life path' – and broker *derivative character investments* in the process. Derivatives are securities such as swaps and options, derived from underlying assets or asset groups, which can be traded without the underlying assets changing hands. For Randy Martin, the derivative was also a social logic, operating far beyond the bounds of financial markets:

> as a means of bundling together attributes from disparate values, the derivative holds the key to the most salient mode of sociality of our moment, one that makes the future actionable in the present, that connects what is near and far, that assembles bits and moments together for appreciable gain (Martin 2015, p. 5).

While SIBs are derivative investments in themselves, in Lilley *et al.*'s reading (2019), the promotional videos partake of their own social logic of the derivative, in Martin's broader sense. They entice remote investment in bundled, underlying 'changed life paths' – even as that investment remains indifferent to the underlying lives themselves, in favour of the improved performance metrics they produce. The shadows of these 'underlying lives' reappear to anchor derivative character investments only through promotion.

Character as Narrative Construct: Counterfactuals, Character Spaces, and Viewpoints

How, exactly, do these videos stage exemplary underlying lives, promoting derivative character investment in the process? To further analyze such stagings requires expanded attention to character as *narrative* and *attributive* construct, developed within literary studies and other disciplines. The three videos hinge on implied counterfactuals: if their leading characters hadn't received support, then they *might have* led lives 'uninvested'. The conditional mood invites imaginings of 'at-risk' populations' unhappier lives left unled, but precludes the possibility of a more radical counterfactual: that their lives might have unfolded in less unequal societies with less etiolated welfare states, within which they might not have been 'at-risk' in the first place. In spite of its limited scope, the hint of an invitation to consider what lives can now be – much for the better – left unled partakes of what Andrew Miller described as a key concern in modern realist fiction: the "counterfactual lives each character is pointedly not living" (2007, p. 119). Interest in lives unled, Miller claims, is caught up with the modern promise of class mobility (2007, p. 123). It accrues

> only within certain economies of attention and investment. Such economies encourage us to understand our lives as determinate, bounded (as by a body), *separate* from others; at the same time, they encourage us to abstract from that separateness, to treat lives as comparable, perhaps in some sense exchangeable (Miller 2007, p. 123, emphasis in original).

This twinned demand to both singularize lives *and* render them comparable is built into SIBs' representational logic – so much so that SIB promotional videos arguably extend and alter Miller's modernist interest in unled lives, resolving the tension between characters' separateness and comparability through the derivative character investment form. Attuned to the specificities of individual lives (via apparatuses such as navigators and tailored delivery), SIBs then translate such specificities into derived metrics that imply interchangeability between one 'changed life' and the next.

Character itself is often understood as a future-oriented concept concerned with how behaviors and beliefs add up to a life's path – as in Heraclitus' aphorism "character is destiny" (c. 500 B.C.). The concept of character governs "broad moral traits", such as selflessness, courage or grit – whereas "less morally charged behavioral tendencies", such as gregariousness or shyness, "are often ascribed to personality" rather than character (Redmayne 2015, p. 6). As Redmayne notes, character connotes a "disposition which persists over time", allowing one to "project current behavior into the future"; thus, "character and risk are intertwined" (2015, p. 4). Character also implies a depth of understanding someone. As one London homelessness SIB worker puts it, SIBs allow service providers to "really drill down, because everyone's got a story" (Andreu 2018, p. 718). SIB promotional videos imagine beneficiaries better able to morally direct their lives toward better paths, thereby decreasing risks to the state, as they 'drill down' to understand what might set someone on a different path. They invite imagination of how derivative character investments weave bettered lives through societies, with small-scale character changes virtuously and virally spreading.

While all three videos align beneficiaries', service providers' and investors' interests, they differ on *how* and *for whom*, exactly, behavioral changes matter. The Peterborough and Aspire videos profile beneficiaries in their twenties, staging personal transformations within early adulthood. The Family Stability video focuses on the children of addicted parents, even though the interventions themselves treat parents. Thus, they emphasize how families, social networks and environment shape lives. This difference expresses a tension within SIBs:

> some SIBs tend to articulate social problems as individual deficits located in the psychological, behavioural, or motivational characters of persons. Others tend to focus on the closer environment of targeted individuals and address their communities or families. The causes of social ills such as socio-economic inequalities or economic recessions are typically not addressed (Chiapello and Knoll 2020, p. 3).

The videos' differing foci – on individuals or social networks – translate into different kinds of character-spaces therein. Literary theorist Alex Woloch describes character-spaces as "the *intersection* of an implied human personality… with the definitively circumscribed form of a narrative"… the "distributional pressures" that govern how limited attention is distributed between characters within plots (Woloch 2003, p. 13). He argues that minor characters point to the limits of narrative attention within plots, hinting that anyone *could* be the main character – even if few, in fact, are. Thus, novels convert concerns for class inequality into concern for formal, narrative inequalities of attention. The SIB videos grant beneficiaries different kinds of *character-spaces*, according to their individual or community focus: either temporarily turning minor into main characters (as in the Peterborough and Aspire videos, which reconstitute derivative character investments into featured lives at the crux of a changed path), or emphasizing networks of minor, indirect beneficiaries (as in the children in the Family Stability video) – with improved life paths intimated and left abstract.

Judging character involves attributing traits to someone from a distance – a way of seeing built into SIBs, and inflecting the promotional forms that advocate for them. As Andreu notes, the London homelessness SIB "seemed to maintain a (contemplative) distance between 'us' and 'them' through a focus on numerical output, incorporating outreach work into a frame of economic calculation" (2018, p.

718). This distancing enabled a situation in which, "[r]ather than effectively addressing the problem, the project only acted on the behavior and destinies of socially distant others whose existence is defined in terms of suffering" (Andreu 2018, p. 725). The "valuation work" (Barman 2015, p. 27) needed to set up an SIB (or any other financial product) is a "situated activity aimed at establishing a value for a particular actor and purpose" (Moor and Lury 2011, p. 440; Barman 2015, p. 27). This involves a "redefinition of the object being valued, which comes to be seen from the investors' viewpoint" (Chiapello 2015, p. 30). Such a redefinition mobilizes character as a "technology of attribution" (Ahmed 2011, p. 233): a way of navigating, and regulating, the difference between the expectation and perception of people's tendencies and traits. Ahmed's theorization of characterization as a relation between perceivers and perceived highlights how attributions of character can create normative understandings of behavior, inflecting beneficiaries' traits with investors' projected interests. Though their testimonies often appear in the first person, the SIB videos substantially reframe these changed lives as fragments of a service provider's impact rationale.

Character as moral construct

Recently, 'character capabilities', such as application, self-control, empathy and grit, have been positively correlated with class mobility (Paterson, Tyler and Lexmond 2014, p. 11), and foregrounded in social and educational policy. Bull and Allen speak of "a broader 'turn to character' within contemporary neoliberalism" (2018, p. 392), which imagines "remaking or improving the subject's interiority as a way of weathering chronic hardship and worsening insecurity" (p. 396). Given the UK's policy interest in how 'character' answers to the problem of social mobility – as in the All-Party Parliamentary Group's 2014 *Character and Resilience Manifesto,* for instance (Paterson, Tyler and Lexmond 2014; Burman 2018) – "character and resilience have been operationalized as both the cause *and* solution to social problems as diverse as educational underachievement, poverty, unemployment, the gender pay gap, and social unrest" (Bull and Allen 2018, p. 395). Nick Taylor identifies a confluence between the UK's current drive to "identify character skills and traits as the basis for various individual successes and achievements" (Taylor 2018, p. 399) and Victorian discourses on character – notably those of Alfred Marshall, a key early proponent of human capital theory (Sweetland 1996, p. 344). Taylor writes of "how evaluations of character have been attached to ideas about work and foresight or future orientation, which are in turn connected to improved social mobility and employability" (Taylor 2018, p. 400); with habituation being "essential within character discourses" (p. 407). He argues that the Victorian "paternalistic concern for cultivating the character of the poor and unemployed" (Taylor 2018, p. 403) – which involves positing the "inability for poor and working-class people, or people of other races and civilizations, to form a proper relationship to the future" (Taylor 2018, p. 404) carries into the present:

> The *explicitly* race and class-based focus of Victorian character discourses is no longer present in contemporary character discourses. But in connecting upwards social mobility and employability with character, present-day agendas implicitly suggest that those groups with low mobility or employment rates lack the personal qualities and behaviors that set privileged classes apart. (2018, p. 408)

Taylor's point chimes with Kish and Leroy's critique of the racialized nature of SIBs (2015). SIBs' paternalistic concern for character and the changed life path echoes this broader policy interest in 'character' as a perceived problem and solution to problems of class mobility.

Character as measured construct

SIBs measure and aggregate data (on recidivism rates, for instance) derived from behavioral changes. Thus, they instantiate the *datafication* of character – reordering character according to an "expansion in what can be rendered as data" (Amoore and Piotukh 2016, p. 19). Expanding from Woloch's account of minor characters (2003), we might say that SIBs epitomize a 'derivative minoritarian' condition, aggregating data from many 'minor characters' (beneficiaries), and producing metrics markedly removed from the underlying lives which these metrics ostensibly represent (Lilley *et al*. 2019). As Louise Amoore argues, aggregated data (derived from other data sets) acts similarly to financial derivatives; just as the latter make it possible to invest in the attributes of an underlying asset, without the underlying asset actually changing hands, so the relationship between data derived from other data, and the underlying lives from which they have been derived, becomes "fleeting, uncertain and loose" (Amoore 2011, p. 28). Following Amoore, we might say that the measured, behavioral reform that SIBs package invite investment in 'character development' in derivative form, 'slicing and dicing' (Appadurai 2016, p. 65) personal traits and behaviors according to "statistical protocols of risk, profit, and calculated expectations" (p. 68). Beneficiaries' changes in habit and heart are aggregated into data derivatives: percentage-point pictures of a program's success. The promotional videos then realign these derivatives with an examplary underlying asset: a singular, narrated life lived better, diverted from disaster by improved character.

Adjacent Discourses: Nudging, Neuroliberalism, Human Capital, Neocommunitarianism

It might be argued that SIBs relate to debates on behavioral modification within nudging and neuroliberalism; human capital; or a neocommunitarian turn within neoliberalism, far more than character. All of these discourses inflect understandings of SIBs; but the promotional materials *translate* various of these adjacent debates into the narrative and representational terms of character, without the latter being fully encapsultated by any of the former terms. Many commentators have noted that SIBs privilege behavioral modification (Chiapello and Knoll 2020, p. 11; Lilley *et al*. 2019, p. 11) – a concern developed within debates on 'nudging' in behavioral economics (Thaler and Sunstein 2008; Andreu 2018, p. 721), and 'neuroliberalism' in public policy: "systems of government that are primarily characterized by the mobilization of novel cognitive strategies, emotions, and pre-cognitive affects as a way of securing preferred forms of social conduct while ostensibly supporting liberal orthodoxies of freedom" (Whitehead *et al*. 2019, p. 633). In the Good Deals Peterborough SIB video, Chris Burden gives testimony to his changed habits and behaviors, such as his improved work ethic and ability to hold down a job. More than a simple, uplifting personal narrative, such testimony, when reframed as part of a programme's fiscal rationale, also models "a shift of attention from the market to the market subject, that is, from market failure to behavioural failure, and from market regulation to behavioural engineering" (Berndt 2015, p. 569). Alongside interest in behavioral engineering comes a renewed emphasis on living "useful lives" (Ronald Cohen, quoted in Chiapello and Godefroy 2017, p. 179) – and on the lifespan as a temporality of intervention. As Whitehead *et al*. (2018) argue, neuroliberal policies "display some sensitivity to the *lifespan* dynamics of context, particularly in relation to recognizing how particular moments in life (such as moving home, having your first child, or going to college) provide opportunities for behavioural modification" while ignoring "the ways in which these behavioural patterns are an emerging part of the unfurling of intergenerational […] contexts"

(Whitehead *et al*. 2019, p. 641, emphasis in original). With typical term lengths around 3-7 years (Social Finance 2019), SIBs represent relatively long-term engagements between beneficiaries and investors, compared with block service contracts (Fraser *et al*. 2018, p. 10); but the promotional narratives surrounding them point to the lifespan as a unit of engagement – identifying, selecting and framing ‘turning points’ undertaken by beneficiaries who have been helped to help themselves. SIB promotional materials’ interest in overall life improvement inscribes SIBs with a “politics of life” – Didier Fassin’s term for the assignment of particular kinds of meaning and value to particular lives (Fassin 2007, p. 500; Andreu 2018, p. 720). It performs a faith that behavioral intervention can surpass the limits of personal achievement, and ‘scale up’ as economic intervention. It also (as Burden’s monologue makes so clear) models an expectation that beneficiaries should be grateful to investors, which Chiapello and Knoll associate with a “philanthropic convention” of social welfare, stipulating that the fortunate should be chivalrous with their wealth, and the poor should “show their respect towards these elites through decent moral habits and thankfulness” – while the persistence of wealth inequality itself should remain unchallenged (2020, p. 10).

Human capital has also been a relatively foregrounded conceptual framework within social impact investing debates. While investors receive payouts, SIBs’ beneficiaries enhance their behavior, skills, values, habits and capabilities: their human capital. Human capital refers to the value of a person’s knowledge, traits and abilities – aspects of themselves which might secure them employment, income streams and opportunities (Schultz 1961, Becker 1964). Though most often associated with Schultz and Becker’s work in the 1960s, human capital theory’s early roots are complex (Sweetland 1996; Kiker 1966). Human capital is invoked with relative frequency in SIB literature (Tse and Warner 2019, p. 5, 7; Mitchell 2017, p. 6; Mitchell and Sparke 2016, p. 731), although some analyses, such as Fisher *et al.*'s extensive review, overlook the theme altogether (2018) – and there is no consensus position on whether SIBs are fully commensurate with human capital theory (compare, for instance, Cooper, Graham and Himick 2016 p. 65; and Kish and Leroy 2015, p. 635). While human capital is often associated with Foucault's neoliberal *homo oeconomicus* as an "entrepreneur of himself" (Foucault 2008, p. 226), Michel Feher has argued that this association ought to be updated to better suit financialized neoliberalism (which Foucault could not have fully anticipated in 1979). Feher rethinks subjects of human capital as "investors" in the self (Feher 2009, p. 33): portfolio managers of their traits and assets, which might appreciate over time. Key to this shift, Feher argues, is an increased emphasis on esteem:

> while the utilitarian subjects still postulated by Becker and other rational choice theorists seek to maximize their satisfaction […] their neoliberal counterparts are primarily concerned with the impact of their conducts, and thus of the satisfaction they may draw from them, on the level of their self-appreciation or self-esteem (Feher 2009, p. 27)

This interest in human capital as esteem is prominently displayed in the Aspire video. Alysha's testimony highlights her increased confidence and self-esteem as she finds housing, support and steady employment, which in turn boost her skills and future employability.

Conversely, SIBs' interests in promoting socially valuable behavior partakes of what Will Davies has called a neocommunitarian critique of neoliberalism, which has subsequently been incorporated into neoliberal thought (2012). Neocommunitarianism, for Davies, involves interest in community as the basis for moral and political principles (2012, p. 772), positing definitively 'good' and 'bad' behavior (with 'good' meaning something close to 'sustainable'); and a focus on 'good' and 'bad' behavior's epidemiological spread within communities and networks (Davies 2012, p. 773). The neocommunitarian strain within neoliberal thought resonates with the "communitarian" welfare convention identified by Chiapello and Knoll, which seeks solutions to societal ills in community action and group self-organization (2020, p. 10); and with Tse and Warner's observation that SIBs can conceptualize "social infrastructure for economic development" (2018, p. 3). The BNP Paribas Connecticut SIB prominently features a neocommunitarian bent, focusing on how the benefits of overcoming addiction can spread through families and communities. Character, as a representational concern governing ideas of moral disposition and life direction, absorbs and inflects concerns with behavior, in debates on nudging and neuroliberalism; on beneficiaries' value and self-esteem, on human capital and community organization; and on neocommunitarianism. In different ways, these discourses gain credibility and rhetorical force within narratives that represent them *in* and *as* character – cementing them as 'common sense'.

Conclusion

"Although it's me that's changed, it's through them, if you like," says Chris Burden in the Good Deals video (Good Deals 2013). Employment and social welfare-focused SIBs display many forms of interest in the 'me' and 'through them' of behavioral change. In order to understand how SIBs seem to credibly claim legitimacy (in spite of abundant critiques which suggest they are anything but), it is necessary to analyze how SIB promotional materials transpose interests in behavior, human capital and communitarianism into the narrative and representational terms of character. These videos aim to pre-empt prominent critiques of social impact investing, by pointing beyond the SIB investment term itself, with all its itinerant problems – and instead, representing SIBs as path-changing devices, with potentially lifelong effects. Such framings would have little credibility without making careful use of character tropes. Equally, they correspond to a broader ‘turn to character’ within social policy, which recasts character as both problem and solution for social ills – and needs compelling images of the benefits of improved character spreading epidemiologically throughout society. The use of images to encourage investors to make derivative character investments bears careful attention. Answering to Deidre Shauna Lynch’s call to derive new ways of “thinking about character in connection with commerce” (Lynch 1998, p. 15), this account of the ‘derivative character investment’ form in promotional plots might extend discussions of the “social logic of the derivative” (Martin 2015). Close attention to how derivative forms of investment in behavioral modification demand narratives that partially reconstitute the underlying lives to which their investment products ostensibly correspond might nuance debates on the political economy of character, and complicate the presumed separation between social investment products and the promotional images used to justify them. Fundamentally, SIBs enable investment in *images* of bettered lives: derivative investments in character. Understanding this is essential for exploring how narratives of character development might be leveraged toward more egalitarian ends.

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